

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015  
4

As Engrossed: S1/15/15

# A Bill

SENATE BILL 7

5 By: Senator Hickey  
6

## For An Act To Be Entitled

8 AN ACT TO ABOLISH THE ARKANSAS LOTTERY COMMISSION; TO  
9 ESTABLISH THE ARKANSAS LOTTERY DIVISION OF THE  
10 *DEPARTMENT OF FINANCE AND ADMINISTRATION FOR THE*  
11 *PURPOSE OF OPERATION AND MANAGEMENT OF THE ARKANSAS*  
12 *LOTTERY; AND FOR OTHER PURPOSES.*  
13  
14

### Subtitle

15 TO ABOLISH THE ARKANSAS LOTTERY  
16 COMMISSION; TO ESTABLISH THE ARKANSAS  
17 LOTTERY DIVISION OF THE DEPARTMENT OF  
18 *FINANCE AND ADMINISTRATION.*  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code § 5-55-501(b)(1), concerning lottery fraud,  
25 is amended to read as follows:

26 (1) Falsely makes, alters, forges, utters, passes, or  
27 counterfeits a ticket or share in a lottery with a purpose to defraud the  
28 Arkansas Lottery ~~Commission~~ ~~Commission~~ Division of the Department of *Finance*  
29 *and Administration*; or  
30

31 SECTION 2. Arkansas Code § 6-60-902(b)(2)(B)(ii), concerning the  
32 Arkansas Higher Education Information System, is amended to read as follows:

33 (ii) Disclose to the bureau and to the Arkansas  
34 Lottery ~~Commission~~ Division Legislative Oversight Committee the method of  
35 electronic blocking or redaction the Department of Higher Education will use  
36 under this subsection.



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SECTION 3. Arkansas Code § 6-60-903(b), concerning compliance by institutions of higher education, is amended to read as follows:

(b) Within two (2) weeks of an institution of higher education's failure to comply with the requirements for submission of data published by the department, the department shall report to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee:

- (1) The name of an institution of higher education that has not complied with the deadline;
- (2) The type of data the institution of higher education failed to submit;
- (3) The length of time of noncompliance; and
- (4) Any additional information requested by the committee.

SECTION 4. Arkansas Code § 6-85-205(a)(2), concerning the authority and duties of the Department of Higher Education, is amended to read as follows:

(2) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee shall perform the function of the Legislative Council required by law for the review of a proposed rule or proposed change to a rule promulgated by the Department of Higher Education under this subchapter.

SECTION 5. Arkansas Code § 6-85-205(d)(3), concerning the authority and duties of the Department of Higher Education, is amended to read as follows:

(3) The Department of Higher Education shall provide a copy of the informational materials developed under this section to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee for review.

SECTION 6. Arkansas Code § 6-85-205(g), concerning the authority and duties of the Department of Higher Education, is amended to read as follows:

(g)(1)(A) By July 15 of each year, the Director of the Department of Higher Education shall provide a report to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee on:

- (i) The implementation of this subchapter;
- (ii) The number of recipients that either:

1 (a) Dropped out during the academic year; or  
2 (b) Lost the scholarship during the academic  
3 year; and

4 (iii) Any additional information requested by the  
5 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

6 (B) The Arkansas Lottery ~~Commission~~ Division Legislative  
7 Oversight Committee shall include the information reported under this  
8 subsection in its annual report to the General Assembly under § 6-85-220.

9 (2) By August 1 of each year, the Department of Higher Education  
10 shall provide to the Arkansas Lottery ~~Commission~~ Division Legislative  
11 Oversight Committee an unaudited financial report on the administration of  
12 the Arkansas Academic Challenge Scholarship Program for the fiscal year just  
13 ended.

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15 SECTION 7. Arkansas Code § 6-85-212(e)(2)(B), concerning scholarship  
16 award amounts, is amended to read as follows:

17 (B)(i) The department shall return to the Arkansas Lottery  
18 ~~Commission~~ Division of the Department of Finance and Administration the  
19 excess funding, if any, for scholarship awards the department received under  
20 § 23-115-801.

21 (ii) The ~~commission~~ division shall deposit any funds  
22 received from the department under this subdivision (e)(2)(B) into a trust  
23 account established under § 23-115-801(b).

24  
25 SECTION 8. Arkansas Code § 6-85-212(f), concerning scholarship award  
26 amounts, is amended to read as follows:

27 (f) Annually by December 15, the Arkansas Lottery ~~Commission~~ Division  
28 Legislative Oversight Committee shall provide to the General Assembly its  
29 recommendations for any changes to the:

- 30 (1) Award amounts;  
31 (2) Number or type of scholarships; and  
32 (3) Eligibility requirements.

33  
34 SECTION 9. Arkansas Code § 6-85-212(j), concerning scholarship award  
35 amounts, is amended to read as follows:

36 (j) When the General Assembly determines that sufficient net lottery

1 proceeds exist to fund students enrolling in certificate, associate degree,  
2 and baccalaureate degree programs, the department shall submit  
3 recommendations to the Arkansas Lottery ~~Commission~~ Division Legislative  
4 Oversight Committee for the award of scholarships and grants to certain  
5 graduate and professional programs at approved institutions of higher  
6 education.

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8 SECTION 10. Arkansas Code § 6-85-216(c), concerning an institution  
9 report to the Department of Higher Education, is amended to read as follows:

10 (c) The department shall use the information provided under this  
11 section to conduct the research and analysis needed to support the annual  
12 report of the Director of the Department of Higher Education to the Arkansas  
13 Lottery ~~Commission~~ Division Legislative Oversight Committee under § 6-85-205.

14

15 SECTION 11. Arkansas Code §§ 6-85-219 and 6-85-220 are amended to read  
16 as follows:

17 6-85-219. Reports to legislative committees.

18 (a)(1) Annually by August 1, the Department of Higher Education shall  
19 report to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
20 Committee in the manner and format that the Arkansas Lottery Division  
21 Legislative Oversight Committee requires on all state-supported student  
22 financial assistance awarded by the department and awarded by approved  
23 institutions of higher education.

24 (2) The information provided shall include without limitation:

25 (A) Current year expenditures for scholarships and grants  
26 under the Arkansas Academic Challenge Scholarship Program-Part 2;

27 (B) Projected obligations for succeeding years from each  
28 scholarship or grant funding source;

29 (C) Fund balances for the:

30 (i) Higher Education Grants Fund Account; and

31 (ii) Trust accounts maintained by the Director of  
32 the Department of Higher Education to hold the net proceeds from the state  
33 lottery;

34 (D) An evaluation of whether the net proceeds from the  
35 state lottery available for the program supplement and do not supplant  
36 nonlottery state educational resources; and

1 (E) Other information that the Arkansas Lottery ~~Commission~~  
2 Division Legislative Oversight Committee or the General Assembly requests.

3 (b) Annually by December 1, the department shall report to the  
4 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee its  
5 recommendations for changes to the program, including without limitation:

6 (1) Adjustments to the eligibility requirements of the program;  
7 and

8 (2) Increases or decreases in the amounts awarded for an  
9 Arkansas Academic Challenge Scholarship based on the amount of net proceeds  
10 from the state lottery available.

11 (c) Annually by December 31, the Department of Higher Education shall  
12 report to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
13 Committee the following information on recipients of the Arkansas Academic  
14 Challenge Scholarship Program – Part 2 who applied as of June 1:

15 (1) Race;

16 (2) Grade point average;

17 (3) Composite score on the ACT or the equivalent score on an ACT  
18 equivalent; and

19 (4) Family or individual income as reported on the student's  
20 Free Application for Federal Student Aid "FASFA".

21  
22 6-85-220. Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
23 Committee – Annual report.

24 (a) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
25 Committee shall:

26 (1) Oversee the development and implementation of Arkansas Code  
27 requirements with regard to the Arkansas Academic Challenge Scholarship  
28 Program;

29 (2) Review whether and how the use of net state lottery proceeds  
30 helps to accomplish state objectives for higher education;

31 (3) Review the ongoing data collection, research, and evaluation  
32 of the program;

33 (4) Review the annual report of the Director of the Department  
34 of Higher Education under § 6-85-219;

35 (5) Review and recommend changes to the:

36 (A) Number of awards for each scholarship and grant;

- 1 (B) Award levels;  
2 (C) Eligibility requirements; and  
3 (D) Overall administration of the program; and  
4 (6) Review and recommend policies for scholarships and grants  
5 funded with nonlottery state educational resources, including without  
6 limitation ways to ensure that net proceeds from the state lottery are used  
7 to supplement and not supplant nonlottery state educational resources.

8 (b) Annually by December 15, the Arkansas Lottery ~~Commission~~ Division  
9 Legislative Oversight Committee shall report its findings and recommendations  
10 to the Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
11 Administration, the President Pro Tempore of the Senate, the Speaker of the  
12 House of Representatives, the Governor, the House Committee on Education, and  
13 the Senate Committee on Education.

14

15 SECTION 12. Arkansas Code § 19-4-201(b)(2), concerning the authority  
16 of the Governor, is amended to read as follows:

17 (2) Budget requests for administration and operation of the  
18 legislative branch, the judicial branch, the elective constitutional offices,  
19 the Arkansas State Highway and Transportation Department, the Arkansas  
20 Lottery ~~Commission~~ Division of the Department of Finance and Administration,  
21 and the Arkansas State Game and Fish Commission shall be submitted directly  
22 to the Legislative Council without any recommendation by the Governor.

23

24 SECTION 13. Arkansas Code § 19-4-607(a), concerning review and  
25 approval of annual operations plans, is amended to read as follows:

26 (a) Each state agency other than the elected constitutional officers,  
27 the legislative branch and its staff offices, the judicial branch and its  
28 staff offices, the Arkansas State Highway and Transportation Department, the  
29 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
30 Administration, the state-supported institutions of higher education, and the  
31 Arkansas State Game and Fish Commission shall prepare an annual operations  
32 plan for the operation of each of its assigned programs for submission to the  
33 Chief Fiscal Officer of the State.

34

35 SECTION 14. Arkansas Code § 19-4-801(2)(B)(xii), concerning  
36 definitions, is amended to read as follows:

1 (xii)(a) Arkansas Lottery ~~Commission~~ Division of the  
2 Department of Finance and Administration.

3 (b) However, the Arkansas Lottery ~~Commission~~  
4 Division of the Department of Higher Education shall be considered a state  
5 agency for the purposes of §§ 19-4-810 – 19-4-816;

6  
7 SECTION 15. Arkansas Code § 19-4-1303 is amended to read as follows:  
8 19-4-1303. Exemptions.

9 Funds disbursed by the Arkansas State Highway and Transportation  
10 Department, the Arkansas State Game and Fish Commission, and the Arkansas  
11 Lottery ~~Commission~~ Division of the Department of Finance and Administration  
12 and the funds appropriated in the general appropriation bill provided for in  
13 Arkansas Constitution, Article 5, § 30, shall be exempt from this subchapter.  
14

15 SECTION 16. Arkansas Code § 19-4-1415(b)(5), concerning projects  
16 exceeding five million dollars, is amended to read as follows:

17 (5) The Board of Trustees of the University of Arkansas, the  
18 Board of Trustees of Arkansas State University, and the Arkansas Lottery  
19 ~~Commission~~ Division of the Department of Finance and Administration shall be  
20 exempt from review and approval by the authority and any regulations  
21 promulgated by it, provided that the Board of Trustees of the University of  
22 Arkansas, the Board of Trustees of Arkansas State University, and the  
23 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
24 Administration have adopted policies and procedures involving the awarding  
25 and oversight of the contracts for design and construction services.  
26

27 SECTION 17. Arkansas Code § 19-4-1912(b)(2), concerning overtime pay,  
28 is amended to read as follows:

29 (2)(A) The Chief Fiscal Officer of the State will specify those  
30 specific employees or groups of employees other than employees of the  
31 Arkansas State Highway and Transportation Department and the Arkansas Lottery  
32 ~~Commission~~ Division of the Department of Finance and Administration eligible  
33 to receive overtime compensation, the circumstances under which overtime pay  
34 is to be allowed, and such other matters which the Chief Fiscal Officer of  
35 the State may deem appropriate and necessary to comply with the federal Fair  
36 Labor Standards Act as regards the payment of overtime compensation.

1 (B) The Director of State Highways and Transportation  
2 shall make these determinations as to employees of the Arkansas State Highway  
3 and Transportation Department.

4 (C) The Director of the Arkansas Lottery ~~Commission~~  
5 Division of the Department of Finance and Administration shall make these  
6 determinations as to employees of the Arkansas Lottery ~~Commission~~ Division of  
7 the Department of Finance and Administration.

8  
9 SECTION 18. Arkansas Code § 19-5-1138 is amended to read as follows:  
10 19-5-1138. Lottery ~~Commission~~ Division Trust Fund.

11 (a) There is hereby created on the books of the Treasurer of State,  
12 the Auditor of State, and the Chief Fiscal Officer of the State a trust fund  
13 to be known as the "Lottery ~~Commission~~ Division Trust Fund".

14 (b) The Lottery ~~Commission~~ Division Trust Fund shall consist of funds  
15 transferred from the Budget Stabilization Trust Fund.

16 (c) The Lottery ~~Commission~~ Division Trust Fund shall also consist of  
17 other moneys as may be authorized by law.

18 (d) The Lottery ~~Commission~~ Division Trust Fund shall be used for  
19 personal services and operating expenses associated with the Arkansas Lottery  
20 ~~Commission~~ Division of the Department of Finance and Administration.

21  
22 SECTION 19. Arkansas Code § 19-10-212(b), concerning reports of state  
23 agency liability, is amended to read as follows:

24 (b) The Arkansas Lottery ~~Commission~~ Division of the Department of  
25 Finance and Administration shall file its report under subsection (a) of this  
26 section with the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
27 Committee.

28  
29 SECTION 20. Arkansas Code § 19-11-203(14)(AA), concerning definitions,  
30 is amended to read as follows:

31 (AA) Major procurement contracts of the Arkansas Lottery  
32 ~~Commission~~ Division of the Department of Finance and Administration under §  
33 23-115-103;

34  
35 SECTION 21. Arkansas Code § 19-11-220(a)(2), concerning agency  
36 procurement officials, is amended to read as follows:



1           (2) Arkansas Lottery ~~Commission~~ Division of the Department of  
2 Finance and Administration;

3  
4           SECTION 22. Arkansas Code § 19-11-1003(d), concerning contracts  
5 exempted, is amended to read as follows:

6           (d) This subchapter does not apply to major procurement contracts of  
7 the Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
8 Administration under § 23-115-103.

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10          SECTION 23. Arkansas Code § 19-11-1103 is amended to read as follows:  
11          19-11-1103. Exemptions.

12          This subchapter does not apply to major procurement contracts of the  
13 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
14 Administration under § 23-115-103.

15  
16          SECTION 24. Arkansas Code Title 23, Chapter 115, is amended to read as  
17 follows:

18                                   Subchapter 1 – CHAPTER 115  
19                                   ARKANSAS SCHOLARSHIP LOTTERY ACT  
20                                   General Provisions

21  
22          23-115-101. Short title.

23          This chapter shall be known and may be cited as the “Arkansas  
24 Scholarship Lottery Act”.

25  
26          23-115-102. Legislative intent.

27          It is found and declared by the General Assembly that:

28                  (1) Net proceeds of lotteries conducted under this chapter shall  
29 be used to:

30                                  (A) Fund and provide for scholarships and grants to  
31 citizens of the State of Arkansas enrolled in public and private nonprofit  
32 two-year and four-year colleges and universities located within the state;  
33 and

34                                  (B) Supplement, not supplant, nonlottery educational  
35 resources;

36                  (2) Lotteries shall be operated and managed in a manner that:

- 1 (A) Provides continuing entertainment to the public;
- 2 (B) Maximizes revenues; and
- 3 (C) Ensures that the lotteries are operated with
- 4 integrity, dignity, and adequate internal controls and free of political
- 5 influence; and

6 (3) The Arkansas Lottery ~~Commission~~ Division of the Department  
7 of Finance and Administration shall be accountable to the General Assembly  
8 and to the public through a system of audits and reports.

9

10 23-115-103. Definitions.

11 As used in this chapter:

12 (1) "Administrative expenses" means operating expenses, excluding  
13 amounts set aside for prizes, regardless of whether the prizes are claimed,  
14 and excluding amounts held as a fidelity fund under § 23-115-603;

15 (2) "Administrative order" means the final disposition of the Arkansas  
16 Lottery ~~Commission~~ Division of the Department of Finance and Administration  
17 in any matter other than a claim in contract or in tort, including without  
18 limitation licensing, in which the Arkansas Lottery ~~Commission~~ Division of  
19 the Department of Finance and Administration is required by law to make its  
20 determination after notice and a hearing;

21 (3)(A) "Casino gambling" means a location or business for the purposes of  
22 conducting illegal gambling activities, including without limitation  
23 activities under § 5-66-101 et seq. that are not authorized under this  
24 chapter.

25 (B) "Casino gambling" does not include the sale and purchase of  
26 tickets or shares;

27 (4)(A) "Compensation" means any money or anything of value received or to  
28 be received as a claim for future services, whether in the form of a  
29 retainer, fee, salary, expense, allowance, forbearance, forgiveness,  
30 interest, dividend, royalty, rent, or any other form of recompense or any  
31 combination thereof.

32 (B) "Compensation" includes without limitation a payment made under  
33 obligation for services or other value received.

34 (C) Subdivisions (4)(A) and (B) of this section do not apply to  
35 "compensation" as used in § 23-115-304;

36 (5) "Female-owned business" means a business:

1 (A) Whose management and daily business operations are under the  
2 control of one (1) or more females; and

3 (B) Either:

4 (i) Individually owned by a female who reports as her personal  
5 income for Arkansas income tax purposes the income of the business;

6 (ii) Which is a partnership in which a majority of the ownership  
7 interest is owned by one (1) or more females who report as their personal  
8 income for Arkansas income tax purposes more than fifty percent (50%) of the  
9 income of the partnership; or

10 (iii) Which is a corporation organized under the laws of this state  
11 in which a majority of the common stock is owned by one (1) or more females  
12 who report as their personal income for Arkansas income tax purposes more  
13 than fifty percent (50%) of the distributed earnings of the corporation;

14 (6) "Fiscal impact statement" means a realistic written statement of the:

15 (A) Purpose of a proposed law or proposed amendment to a law under  
16 this chapter; and

17 (B) Estimated financial cost to the Arkansas Lottery ~~Commission~~  
18 Division of the Department of Finance and Administration, the lottery, and  
19 this state of implementing or complying with the proposed law or proposed  
20 rule;

21 (7) "Gift" means any payment, entertainment, advance, services, or  
22 anything of value, unless consideration of equal or greater value has been  
23 given therefore;

24 (8) "Immediate family" means the father, mother, sister, brother,  
25 husband, wife, child, grandmother, grandfather, grandchild, father-in-law,  
26 mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law,  
27 stepchild, grandmother-in-law, grandfather-in-law, stepgrandchild, or any  
28 individual acting as parent or guardian;

29 (9) "Incompetence" means:

30 (A) Gross ignorance of official duties;

31 (B) Gross carelessness in the discharge of official duties; or

32 (C) Inability or unfitness to discharge promptly and properly official  
33 duties because of a serious physical or mental defect that did not exist at  
34 the time of the person's appointment;

35 (10) "License" means authorization granted by the Arkansas Lottery  
36 ~~Commission~~ Division of the Department of Finance and Administration to an

1 individual to operate as a retailer, including without limitation the  
2 execution of a contract between the Arkansas Lottery ~~Commission~~ Division of  
3 the Department of Finance and Administration and the individual relating to  
4 obligations and terms for operating as a retailer;

5 (11) "Lobbying" means communicating directly or soliciting others to  
6 communicate with any member of the Arkansas Lottery ~~Commission~~ Division of  
7 the Department of Finance and Administration, the Director of the Arkansas  
8 Lottery ~~Commission~~ Division of the Department of Finance and Administration,  
9 any employee of the Arkansas Lottery ~~Commission~~ Division of the Department of  
10 Finance and Administration, or a member of the Arkansas Lottery ~~Commission~~  
11 Division Legislative Oversight Committee with the purpose of influencing the  
12 actions of the Arkansas Lottery ~~Commission~~ Division of the Department of  
13 Finance and Administration or the Arkansas Lottery ~~Commission~~ Division  
14 Legislative Oversight Committee;

15 (12) "Local government" means:

16 (A) A county;

17 (B) A city of the first class or a city of the second class;

18 (C) An incorporated town; or

19 (D) Any other district or political subdivision or any board,  
20 commission, or agency of the political subdivisions under subdivisions

21 (12)(A)-(C) of this section;

22 (13)(A) "Lottery" means a game of chance approved by the Arkansas Lottery  
23 ~~Commission~~ Division of the Department of Finance and Administration and  
24 operated under this chapter.

25 (B) "Lottery" includes without limitation:

26 (i) An instant ticket;

27 (ii) A draw game;

28 (iii) Participation in a multistate or multisovereign game; and

29 (iv) A raffle.

30 (C) "Lottery" does not include:

31 (i) Casino gambling;

32 (ii) A video lottery;

33 (iii) Pari-mutuel wagering on horse racing or greyhound racing  
34 governed by the Arkansas Horse Racing Law, § 23-110-101 et seq., or the  
35 Arkansas Greyhound Racing Law, § 23-111-101 et seq., whether the pari-mutuel  
36 wagering is on live racing, simulcast racing, or races conducted in the past

1 and rebroadcast by electronic means;

2 (iv) Wagering on electronic games of skill under the Local Option  
3 Horse Racing and Greyhound Racing Electronic Games of Skill Act, § 23-113-101  
4 et seq.; or

5 (v) Conducting or participating in charitable bingo and raffles  
6 under the Charitable Bingo and Raffles Enabling Act, § 23-114-101 et seq.;

7 (14) "Lottery proceeds" means all revenue derived from the sale of  
8 tickets or shares and all other moneys derived from or in connection with the  
9 operation of a lottery, including without limitation fees, offsets,  
10 reimbursements, insurance proceeds, damages, and liquidated damages collected  
11 or imposed by the Arkansas Lottery ~~Commission~~ Division of the Department of  
12 Finance and Administration under this chapter;

13 (15)(A) "Major procurement contract" means a contract for a gaming  
14 product or service costing more than seventy-five thousand dollars (\$75,000),  
15 including without limitation:

16 (i) A major advertising contract;

17 (ii) An annuity contract;

18 (iii) A prize payment agreement;

19 (iv) A consulting service;

20 (v) Lottery equipment;

21 (vi) Tickets; and

22 (vii) Any other product and service unique to lotteries.

23 (B) "Major procurement contract" does not include a material, supply,  
24 equipment, or service common to the ordinary operations of the Arkansas  
25 Lottery ~~Commission~~ Division of the Department of Finance and Administration.

26 (C) When the cost of a proposed contract for a gaming product or  
27 service is to be paid in whole or in part on a contingent basis, the Arkansas  
28 Lottery ~~Commission~~ Division of the Department of Finance and Administration  
29 shall estimate the value of the proposed contract to determine whether it is  
30 a major procurement contract;

31 (16) "Member of a minority" means a lawful permanent resident of this  
32 state who is:

33 (A) African American;

34 (B) Hispanic American;

35 (C) American Indian;

36 (D) Asian American; or

1 (E) Pacific Islander American;

2 (17) "Minority-owned business" means a business that is owned by:

3 (A) An individual who is a member of a minority who reports as his or  
4 her personal income for Arkansas income tax purposes the income of the  
5 business;

6 (B) A partnership in which a majority of the ownership interest is  
7 owned by one (1) or more members of a minority who report as their personal  
8 income for Arkansas income tax purposes more than fifty percent (50%) of the  
9 income of the partnership; or

10 (C) A corporation organized under the laws of this state in which a  
11 majority of the common stock is owned by one (1) or more members of a  
12 minority who report as their personal income for Arkansas income tax purposes  
13 more than fifty percent (50%) of the distributed earnings of the corporation;

14 (18) "Multidraw screen-based lottery game" means a lottery game that:

15 (A) Is played in real time at regular intervals throughout a single  
16 day; and

17 (B) Uses a video screen or monitor to display lottery game information  
18 or lottery game results for players;

19 (19)(A) "Multistate or multisovereign lottery" and "multistate or  
20 multisovereign game" mean a lottery or game:

21 (i) Provided by an association or group of state-operated or  
22 sovereign-operated lotteries that is:

23 (a) Organized for the purpose of government benefit; and

24 (b) Wholly owned and operated by the member lotteries under a  
25 mutual agreement, contract, or compact; and

26 (ii) Operated pursuant to the terms of the association's or group's  
27 rules governing the operation and the payment of prizes of the game.

28 (B) "Multistate or multisovereign lottery" and "multistate or  
29 multisovereign game" do not include a lottery prohibited or excluded under  
30 this chapter;

31 (20) "Net proceeds" means lottery proceeds less:

32 (A) Operating expenses;

33 (B) The amount of fidelity fund revenue under § 23-115-603 that  
34 exceeds five hundred thousand dollars (\$500,000);

35 (C) The undepreciated amount of capital assets; and

36 (D) Accruals that will not result in a cash outflow;

1 (21) "Nonlottery state educational resources" means the same as defined  
2 in § 6-85-204;

3 (22) "Operating expenses" means all costs of doing business, including  
4 without limitation:

5 (A) Prizes, commissions, and other compensation paid to retailers;

6 (B) Contracts for products or services necessary for the operation of  
7 the lottery, including without limitation the execution of major procurement  
8 contracts;

9 (C) Advertising and marketing costs;

10 (D) Personnel costs;

11 (E) Capital costs or depreciation of property and equipment;

12 (F) Funds for compulsive gambling education and treatment;

13 (G) The payment of sums to the Arkansas State Claims Commission for  
14 the reconciliation of valid claims against the Arkansas Lottery ~~Commission~~  
15 Division of the Department of Finance and Administration;

16 (H) Payments for the cost of a state and federal criminal background  
17 check;

18 (I) Payments to the Department of Higher Education to:

19 (i) Reimburse the Department of Higher Education for the costs of  
20 administering scholarship awards funded with net proceeds; and

21 (ii) Replenish nonlottery state educational resources expended by  
22 the Department of Higher Education on scholarship awards otherwise funded  
23 with net proceeds;

24 (J) Amounts annually transferred to a fidelity fund under § 23-115-  
25 603;

26 (K) Amounts paid to governmental entities for goods or services  
27 provided to the Arkansas Lottery ~~Commission~~ Division of the Department of  
28 Finance and Administration, including without limitation services provided by  
29 the Division of Legislative Audit, the Department of Human Services, and the  
30 Department of Finance and Administration; and

31 (L) Withholding and payment of income taxes from lottery prizes;

32 (23) "Person" means any individual, corporation, partnership,  
33 unincorporated association, or other legal entity;

34 (24) "Prize promotion" means an action taken to enhance the play for an  
35 individual game by one (1) or more of the following:

36 (A) Funding player affinity programs to promote play of a particular

1 instant or online game;

2 (B) Enriching the prize for an instant or online game;

3 (C) Instituting player incentives for an individual game;

4 (D) Instituting retailer commission incentives for an individual game;

5 or

6 (E) Funding supplemental advertising expenses related to enhancing the  
7 promotion of an individual game;

8 (25)(A) "Public official" means:

9 (i) The Governor;

10 (ii) The Lieutenant Governor;

11 (iii) The Secretary of State;

12 (iv) The Treasurer of State;

13 (v) The Attorney General;

14 (vi) The Commissioner of State Lands;

15 (vii) The Auditor of State; or

16 (viii) A member of the General Assembly.

17 (B) "Public official" includes an individual during the time between  
18 the date he or she is elected and the date he or she takes office;

19 (26) "Retailer" means a person who sells tickets or shares on behalf of  
20 the Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
21 Administration under a license;

22 (27) "Share" means any intangible evidence of participation in a lottery;

23 (28) "Ticket" means any tangible evidence issued by a lottery to provide  
24 participation in a lottery;

25 (29)(A) "Unclaimed lottery prize money" means a lottery prize expense on  
26 the financial books of the Arkansas Lottery ~~Commission~~ Division of the  
27 Department of Finance and Administration that is released from the expense  
28 category when a lottery prize is not claimed within the required claim period  
29 for the game during a fiscal year.

30 (B) With respect to a multistate or multisovereign game, "unclaimed  
31 lottery prize money":

32 (i) Includes any unclaimed prize money returned to the Arkansas  
33 Lottery ~~Commission~~ Division of the Department of Finance and Administration  
34 from a multistate or multisovereign game; and

35 (ii) Does not include unclaimed prize money from a multistate or  
36 multisovereign game that under the agreement of the states participating in



1 the multistate or multisovereign game is not returned to the participating  
2 states but is applied under the terms of the agreement;

3 (30)(A) "Vendor" means a person who provides or proposes to provide goods  
4 or services to the Arkansas Lottery ~~Commission~~ Division of the Department of  
5 Finance and Administration under a major procurement contract.

6 (B) "Vendor" does not include:

7 (i) An employee of the Arkansas Lottery ~~Commission~~ Division of the  
8 Department of Finance and Administration;

9 (ii) A retailer; or

10 (iii) A state agency or instrumentality.

11 (C) "Vendor" includes a corporation whose stock is publicly traded and  
12 that is the parent company of the contracting party in a major procurement  
13 contract;

14 (31) "Video lottery" means a lottery game that allows a game to be played  
15 using an electronic computer and an interactive computer terminal device:

16 (A) That is equipped with a video screen and keys and a keyboard or  
17 other equipment allowing input by an individual player;

18 (B) Into which the player inserts coins, currency, vouchers, or tokens  
19 as consideration in order for play to be available; and

20 (C) Through which the player may receive free games, coins, tokens, or  
21 credits that may be redeemed for cash, annuitized payments over time, a  
22 noncash prize, or nothing, as may be determined wholly or predominantly by  
23 chance.

24

25 23-115-104. Fiscal impact statement.

26 (a) The author of a bill filed in the House of Representatives or the  
27 Senate shall have a fiscal impact statement prepared if the bill:

28 (1) Amends this chapter; or

29 (2) Will impose a new or increased cost to:

30 (A) The Arkansas Lottery ~~Commission~~ Division of the  
31 Department of Finance and Administration; or

32 (B) A lottery.

33 (b) The author of the bill shall file the fiscal impact statement with  
34 the chair of the committee to which the bill is referred:

35 (1) At least three (3) days before the bill may be called up for  
36 final action in the committee during a regular session of the General

1 Assembly;

2 (2) At least three (3) days before the bill may be called up for  
3 final action in the committee during a fiscal session of the General  
4 Assembly; and

5 (3) At least one (1) day before the bill may be called up for  
6 final action in the committee during an extraordinary session of the General  
7 Assembly.

8 (c)(1) A fiscal impact statement under this section shall be developed  
9 by the Bureau of Legislative Research within the guidelines adopted by the  
10 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

11 (2) The Department of Higher Education or the ~~commission~~  
12 division, as applicable, shall assist in the preparation of the fiscal impact  
13 statement.

14 (d)(1)(A) If a bill requiring a fiscal impact statement under this  
15 section is called up for final passage in the House of Representatives or the  
16 Senate and a fiscal impact statement has not been provided by the author of  
17 the bill or by the committee to which the bill was referred, any member of  
18 the House of Representatives or the Senate may object to the bill's being  
19 called up for final passage until a fiscal impact statement is prepared and  
20 made available on the desk of each member of the House of Representatives or  
21 the Senate at least one (1) day before the bill's being called up for final  
22 passage.

23 (B) An affirmative vote of two-thirds (2/3) of a quorum  
24 present and voting shall override the objection.

25 (2) If an objection is made without override, the presiding  
26 officer of the House of Representatives or the Senate shall cause the bill to  
27 be referred to the bureau for the preparation of a fiscal impact statement  
28 that shall be filed with the presiding officer of the House of  
29 Representatives or the Senate not later than five (5) days from the date of  
30 the request.

31

32 Subchapter 2– Arkansas Lottery ~~Commission~~ Division of the Department of  
33 Finance and Administration

34

35 23-115-201. Arkansas Lottery ~~Commission~~ Division of the Department of  
36 Finance and Administration – Creation – Venue.

1 (a) There is created the Arkansas Lottery ~~Commission~~ Division of the  
 2 Department of Finance and Administration to establish and oversee the  
 3 operation of one (1) or more lotteries under this chapter.

4 (b) The ~~commission~~ division is a self-supporting and revenue-raising  
 5 agency section of the state.

6 (c) The ~~commission~~ division shall reimburse other governmental  
 7 entities that provide goods or services to the ~~commission~~ division.

8  
 9 ~~23-115-202. Members — Duties.~~

10 ~~(a)(1) The Arkansas Lottery Commission consists of the following~~  
 11 ~~members:~~

12 ~~(A) Three (3) members appointed by the Governor;~~

13 ~~(B) Three (3) members appointed by the Speaker of the~~  
 14 ~~House of Representatives; and~~

15 ~~(C) Three (3) members appointed by the President Pro~~  
 16 ~~Tempore of the Senate.~~

17 ~~(2) The members of the commission shall elect annually:~~

18 ~~(A) A chair; and~~

19 ~~(B) Other officers necessary to carry on its business.~~

20 ~~(b)(1) Of the initial appointees to the commission by the Governor:~~

21 ~~(A) One (1) member shall serve a term of two (2) years;~~

22 ~~(B) One (1) member shall serve a term of four (4) years;~~

23 ~~and~~

24 ~~(C) One (1) member shall serve a term of six (6) years.~~

25 ~~(2) Of the initial appointees to the commission by the President~~  
 26 ~~Pro Tempore of the Senate:~~

27 ~~(A) One (1) member shall serve a term of two (2) years;~~

28 ~~(B) One (1) member shall serve a term of four (4) years;~~

29 ~~and~~

30 ~~(C) One (1) member shall serve a term of six (6) years.~~

31 ~~(3) Of the initial appointees to the commission by the Speaker~~  
 32 ~~of the House of Representatives:~~

33 ~~(A) One (1) member shall serve a term of two (2) years;~~

34 ~~(B) One (1) member shall serve a term of four (4) years;~~

35 ~~and~~

36 ~~(C) One (1) member shall serve a term of six (6) years.~~

1           ~~(4) All succeeding appointments to the commission shall be for~~  
2 ~~terms of six (6) years.~~

3           ~~(5) The appointing authorities shall determine the length of~~  
4 ~~terms of the initial members of the commission.~~

5           ~~(6) A member of the commission shall not serve more than two (2)~~  
6 ~~terms.~~

7           ~~(c) A vacancy on the commission shall be filled by the appointing~~  
8 ~~authority for the unexpired portion of the term in which it occurs.~~

9           ~~(d)(1) The commission shall meet at least quarterly upon the call of~~  
10 ~~the chair.~~

11           ~~(2) A majority of the total membership of the commission~~  
12 ~~constitutes a quorum.~~

13           ~~(e) The following shall not be appointed as a member of the~~  
14 ~~commission:~~

15           ~~(1) A member of the General Assembly; or~~

16           ~~(2) A member of the immediate family of a member of the General~~  
17 ~~Assembly.~~

18           ~~(f) Members of the commission may receive expense reimbursement under~~  
19 ~~§ 25-16-901 et seq.~~

20  
21           ~~23-115-203. Qualifications of commission members.~~

22           ~~(a)(1) In making appointments to the Arkansas Lottery Commission, the~~  
23 ~~appointing authorities under § 23-115-202 shall consider racial, gender, and~~  
24 ~~geographical diversity among the membership as well as legal, financial, or~~  
25 ~~marketing experience.~~

26           ~~(2) Individuals appointed to the commission shall be residents~~  
27 ~~of the State of Arkansas.~~

28           ~~(b)(1) An individual considered for appointment to the commission~~  
29 ~~shall apply to the Identification Bureau of the Department of Arkansas State~~  
30 ~~Police for a state and federal criminal background check, to be conducted by~~  
31 ~~the Identification Bureau of the Department of Arkansas State Police and the~~  
32 ~~Federal Bureau of Investigation.~~

33           ~~(2) The state and federal criminal background check shall~~  
34 ~~conform to the applicable federal standards and shall include the taking of~~  
35 ~~fingerprints.~~

36           ~~(3) The applicant shall sign a consent to the release of~~

1 ~~information for the state and federal criminal background check.~~

2 ~~(4) The commission shall be responsible for the payment of any~~  
3 ~~fee associated with the state and federal criminal background check.~~

4 ~~(5) Upon completion of the state and federal criminal background~~  
5 ~~check, the Identification Bureau of the Department of Arkansas State Police~~  
6 ~~shall forward to the appointing authority all releasable information obtained~~  
7 ~~concerning the applicant.~~

8 ~~(c) An individual shall not be appointed as a commission member if the~~  
9 ~~individual has:~~

10 ~~(1) Been convicted of a felony or a gambling offense in a state~~  
11 ~~or federal court of the United States;~~

12 ~~(2) Been convicted of a crime involving moral turpitude; or~~

13 ~~(3) Entered into a plea agreement to avoid felony prosecution.~~

14 ~~(d) Each member of the commission, before entering upon the discharge~~  
15 ~~of the duties of a commissioner, shall file with the Secretary of State the~~  
16 ~~constitutional oath of office.~~

17 ~~(e) Upon the end of his or her term, a former member of the commission~~  
18 ~~shall not:~~

19 ~~(1) Represent a vendor or retailer before the commission for a~~  
20 ~~period of two (2) years after the end of the former member's term; or~~

21 ~~(2) Engage in lobbying on any matter related to the operation or~~  
22 ~~conduct of lotteries under this chapter for a period of two (2) years after~~  
23 ~~the end of the former member's term.~~

24  
25 23-115-204. Lottery Retailer Advisory Board.

26 (a)(1) The ~~Chair~~ Director of the Arkansas Lottery ~~Commission~~, ~~subject~~  
27 ~~to the approval of a majority of a quorum of the Arkansas Lottery Commission,~~  
28 Division of the Department of Finance and Administration shall appoint a  
29 Lottery Retailer Advisory Board to be composed of ten (10) retailers.

30 (2) In making appointments to the board, the ~~chair~~ director may  
31 consider a broad spectrum of geographical, racial, gender, and business  
32 characteristics of retailers.

33 (3) The board shall advise the ~~commission~~ division on retail  
34 aspects of lotteries and present the concerns of retailers throughout the  
35 state.

36 (b)(1) Except as provided in subdivision (b)(2) of this section, each

1 member appointed to the board shall serve a term of two (2) years.

2 (2)(A) Five (5) of the initial appointees shall serve initial  
3 terms of one (1) year.

4 (B) The initial appointees shall draw lots to determine  
5 which five (5) members shall serve a one-year term.

6 (3) A member of the board shall not serve more than six (6)  
7 terms.

8 (c)(1) The board shall provide by rule for its operating procedures.

9 (2) Members shall serve without compensation or reimbursement of  
10 expenses.

11 (3) The board may report to the ~~commission~~ division and the  
12 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee in  
13 writing at any time.

14 (4) The ~~commission~~ director may invite the board to make an oral  
15 presentation to the ~~commission~~ division at any meeting of the ~~commission~~  
16 division.

17 (d) The following shall not be appointed as a member of the board:

18 (1) A member of the immediate family of a member of the  
19 ~~commission~~ director; or

20 (2) ~~A member of the immediate family of the director of the~~  
21 ~~commission; or~~

22 (3) A member of the immediate family of an employee of the  
23 ~~commission~~ division.

24

25 23-115-205. ~~Commission~~ Division powers.

26 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of  
27 Finance and Administration has all powers necessary or convenient to its  
28 usefulness in carrying out this chapter that are not in conflict with the  
29 Arkansas Constitution or the United States Constitution, including without  
30 limitation the following powers:

31 (1) To adopt and alter a seal;

32 (2) To adopt, amend, and repeal rules for the regulation of its  
33 affairs and the conduct of its business, to prescribe the duties of officers  
34 and employees of the division, and to perform other matters as the division  
35 determines;

36 (3) To bring suits to enforce demands of the state under this

- 1 chapter;
- 2 (4) To procure or to provide insurance;
- 3 (5) To hold copyrights, trademarks, and service marks and to  
4 enforce the division's rights with respect to those copyrights, trademarks,  
5 and service marks;
- 6 (6) To initiate, supervise, and administer the operation of  
7 lotteries in accordance with this chapter and rules adopted under this  
8 chapter;
- 9 (7) To enter into written agreements with one (1) or more other  
10 states or sovereigns for the operation, participation in marketing, and  
11 promotion of multistate or multisovereign games;
- 12 (8) To conduct market research as necessary or appropriate;
- 13 (9) To acquire or lease real property and make improvements to  
14 the real property and acquire by lease or by purchase personal property,  
15 including without limitation:
- 16 (A) Computers;
- 17 (B) Mechanical, electronic, and online equipment and  
18 terminals;
- 19 (C) Intangible property, including without limitation  
20 computer programs, computer systems, and computer software; and
- 21 (D) Broadcast equipment;
- 22 (10) To administer oaths, take depositions, issue subpoenas, and  
23 compel the attendance of witnesses and the production of books, papers,  
24 documents, and other evidence relative to any investigation or proceeding  
25 conducted by the ~~commission~~ division;
- 26 (11) To employ:
- 27 (A) The Director of the Arkansas Lottery ~~Commission~~  
28 Division of the Department of Finance and Administration, as appointed by the  
29 Governor; and
- 30 (B) An internal auditor to perform the duties and  
31 responsibilities required under § 23-115-212;
- 32 (12) To select and contract with vendors;
- 33 (13) To select and license retailers;
- 34 (14) To enter into contracts or agreements with state or local  
35 law enforcement agencies for the performance of law enforcement, background  
36 investigations, and security checks;

1 (15) To conduct background investigations and, if considered  
2 necessary by the division, credit investigations on each potential vendor and  
3 retailer;

4 (16) To supervise ticket or share validation and lottery  
5 drawings;

6 (17) To inspect at times determined solely by the ~~commission~~  
7 division the facilities of a vendor or a retailer to determine:

8 (A) The integrity of the vendor's product or the  
9 operations of the retailer; and

10 (B) Whether the vendor or the retailer is in compliance  
11 with its contract or license;

12 (18) To report any suspected violation of this chapter to the  
13 appropriate prosecuting attorney or the Attorney General and to any law  
14 enforcement agencies having jurisdiction over the violation;

15 (19) Upon request, to provide assistance to the Chief Fiscal  
16 Officer of the State, the Legislative Auditor, the appropriate prosecuting  
17 attorney, the Attorney General, or a law enforcement agency investigating a  
18 violation of this chapter;

19 (20) To enter into contracts of terms and conditions that the  
20 ~~commission~~ division determines;

21 (21) To establish and maintain banking relationships associated  
22 with the maintenance and investment of lottery proceeds, including without  
23 limitation the establishment of checking and savings accounts and trust  
24 funds;

25 (22)(A) To advertise and promote lotteries and scholarships and  
26 grants funded by net proceeds.

27 (B) The ~~commission~~ division shall seek the advice of the  
28 Department of Higher Education when advertising to promote scholarships and  
29 grants funded by net proceeds;

30 (23) To approve, disapprove, amend, or modify the budget  
31 recommended by the director for the operation of the ~~commission~~ division;

32 (24) To act as a retailer and to establish and operate a sales  
33 facility to conduct promotions that involve the sale of tickets or shares and  
34 any related merchandise;

35 (25)(A) To contract with one (1) or more independent testing  
36 laboratories to scientifically test and technically evaluate lottery games,



1 lottery terminals, and lottery operating systems.

2 (B) An independent testing laboratory shall:

3 (i) Have a national reputation that is demonstrably  
4 competent; and

5 (ii) Be qualified to scientifically test and  
6 evaluate all components of a lottery game, lottery terminal, or lottery  
7 operating system.

8 (C) An independent testing laboratory shall not be owned  
9 or controlled by a vendor or a retailer;

10 (26) To withhold state and federal income taxes as required by  
11 law; and

12 (27) To adopt and amend rules necessary to carry out and  
13 implement the division's powers and duties, organize and operate the  
14 ~~commission~~ division, regulate the conduct of lotteries in general, and any  
15 other matters necessary or desirable for the efficient and effective  
16 operation of lotteries for the convenience of the public.

17 (b) The powers enumerated in subsection (a) of this section:

18 (1) Are in addition to those powers of the ~~commission~~ division  
19 enumerated elsewhere in this chapter; and

20 (2) Do not limit or restrict any other powers of the ~~commission~~  
21 division.

22 ~~(c) The commission may delegate to one (1) or more of its members, to~~  
23 ~~the director, or to any agent or employee of the commission powers and duties~~  
24 ~~as it deems proper.~~

25

26 23-115-206. Internal controls – Annual audit.

27 (a) To ensure the financial integrity of lotteries, the Arkansas  
28 Lottery ~~Commission~~ Division of the Department of Finance and Administration  
29 shall:

30 (1) Establish and maintain effective internal controls over  
31 financial reporting, including the monitoring of ongoing activities, and  
32 comply with the Arkansas Constitution and applicable laws, rules, contracts,  
33 agreements, and grants;

34 (2)(A) Establish and maintain effective internal controls to  
35 prevent and detect fraud, including without limitation a system of internal  
36 audits.

1 (B) The ~~commission~~ Director of the Arkansas Lottery  
2 Division of the Department of Finance and Administration shall:

3 (i) By July 1, ~~2011~~ 2015, approve a formal, written  
4 three-year audit plan; and

5 (ii) Annually review the audit plan.

6 (C) The ~~commission or a subcommittee of the commission~~  
7 director shall review and take action to approve or reject a recommendation  
8 from the internal auditor to amend the audit plan;

9 (3) Include in any contract or license with a vendor or retailer  
10 for data processing services or other computer services a provision  
11 permitting the Division of Legislative Audit to have access and authority to  
12 audit the computer systems of the vendor or retailer;

13 (4) Notify the ~~division~~ Division of Legislative Audit of all  
14 known fraud or suspected fraud or all known or suspected illegal acts  
15 involving management or other employees of the ~~commission~~ Arkansas Lottery  
16 Division of the Department of Finance and Administration or others with whom  
17 the ~~commission~~ Arkansas Lottery Division of the Department of Finance and  
18 Administration contracts;

19 (5) Inform the Division of Legislative Audit and the Chief  
20 Fiscal Officer of the State of any known material violations of the Arkansas  
21 Constitution, applicable statutes, rules, contracts, agreements, or grants;

22 (6) Prepare the financial statements, including the related  
23 notes to the financial statements, of the ~~commission~~ Arkansas Lottery  
24 Division of the Department of Finance and Administration in accordance with  
25 generally accepted accounting principles and in accordance with guidelines  
26 and timelines established by the Chief Fiscal Officer of the State to permit  
27 incorporation into the state's financial statements and to permit the audit  
28 of the state's financial statements and the ~~commission's~~ Arkansas Lottery  
29 Division of the Department of Finance and Administration's financial  
30 statements in a timely manner;

31 (7) Make all financial records and related information available  
32 to the ~~division~~ Division of Legislative Audit, including the identification  
33 of significant vendor relationships in which the vendor has the  
34 responsibility for program compliance, in accordance with §§ 10-4-416 and 10-  
35 4-424;

36 (8)(A) Submit monthly reports to the Governor and the Arkansas

1 Lottery ~~Commission~~ Division Legislative Oversight Committee disclosing the  
2 following budgeted and actual information for the reporting period and  
3 cumulatively for the fiscal year:

- 4 (i) Total lottery revenues;
- 5 (ii) Prize disbursements;
- 6 (iii) Operating expenses;
- 7 (iv) Net assets; and
- 8 (v) Administrative expenses.

9 (B) The ~~commission~~ director shall submit a comprehensive  
10 annual financial report to the Governor and to the Arkansas Lottery  
11 ~~Commission~~ Division Legislative Oversight Committee by placing the report on  
12 the ~~commission's~~ Arkansas Lottery Division of the Department of *Finance and*  
13 *Administration's* website and providing notice of its availability to the  
14 Governor and to the Arkansas Lottery ~~Commission~~ Division Legislative  
15 Oversight Committee.

16 (C)(i) The comprehensive annual financial report shall  
17 comply with Statement No.34 of the Governmental Accounting Standards Board  
18 and follow the guidelines of the Certificate of Achievement for Excellence in  
19 Financial Reporting Program of the Government Finance Officers Association.

20 (ii) The Arkansas Lottery ~~Commission~~ Division  
21 Legislative Oversight Committee shall identify the statistical data required  
22 for compliance with this subdivision (a)(8)(C).

23 (D) The comprehensive annual financial report shall  
24 include without limitation:

25 (i) Information concerning the ~~commissioners~~  
26 director of the Arkansas Lottery ~~Commission~~ Division of the Department of  
27 *Finance and Administration*;

28 (ii) A current organizational chart;

29 (iii) Information on each type of lottery game  
30 offered by the Arkansas Scholarship Lottery, game promotions, or other  
31 activities related to games during the fiscal year;

32 (iv) The annual financial audit report made to the  
33 Legislative Joint Auditing Committee;

34 (v) A statement of revenue, expenses, and changes in  
35 net assets for each fiscal year since inception of the Arkansas Scholarship  
36 Lottery;

1 (vi) Separate reports from each component or  
2 department of the ~~commission~~ Arkansas Lottery Division of the Department of  
3 Finance and Administration or Arkansas Scholarship Lottery, including without  
4 limitation sales, marketing, retailers, gaming operations, players, and  
5 security;

6 (vii) A fiscal year-end report on any information  
7 required to be reported by the ~~commission~~ Arkansas Lottery Division of the  
8 Department of Finance and Administration on a monthly basis, including  
9 without limitation:

10 (a) Unclaimed lottery prize money under § 23-  
11 115-403;

12 (b) The Scholarship Shortfall Reserve Trust  
13 Account under § 23-115-802; and

14 (c) Minority-owned business and female-owned  
15 business participation under § 23-115-401;

16 (viii) Information concerning the Arkansas  
17 Scholarship Lottery's industry standings or rankings;

18 (ix) Information concerning the scholarships awarded  
19 from net lottery proceeds, including without limitation:

20 (a) Demographic reports from the Department of  
21 Higher Education for each full semester during the fiscal year on  
22 accessibility to scholarships, award amounts for each approved institution of  
23 higher education; and

24 (b) The ~~department's~~ Department of Finance and  
25 Administration's report to the Arkansas Lottery ~~Commission~~ Division  
26 Legislative Oversight Committee required under § 6-85-219(b);

27 (x) A report from the Lottery Retailer Advisory  
28 Board, if a report was received during the fiscal year;

29 (xi) Where to find information on gambling disorder  
30 treatment and education programs;

31 (xii) Where to find website information on rules,  
32 gaming, and frequently asked questions; and

33 (xiii) Contact information for the Arkansas  
34 Scholarship Lottery and key employees of the ~~commission~~ Arkansas Lottery  
35 Division of the Department of Finance and Administration;

36 (9) Maintain weekly or more frequent records of lottery

1 transactions, including without limitation:

2 (A) The distribution of tickets or shares to retailers;

3 (B) Revenues received;

4 (C) Claims for lottery prizes;

5 (D) Lottery prizes paid;

6 (E) Lottery prizes forfeited; and

7 (F) Other financial transactions of the Arkansas Lottery

8 Division of the Department of Higher Education;

9 (10)(A) Submit to the cochairs of the Arkansas Lottery

10 ~~Commission~~ Division Legislative Oversight Committee by April 30 of each year  
11 the estimated annual operating budget for the ~~commission~~ Arkansas Lottery  
12 Division of the Department of Finance and Administration for the next fiscal  
13 year.

14 (B) At a minimum, the estimated annual operating budget  
15 submitted for the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
16 Committee's review shall:

17 (i) Contain an estimate of the net proceeds to be  
18 available for scholarships and grants during the succeeding fiscal year;

19 (ii) Compare the:

20 (a) Actual revenues and expenditures for the  
21 last completed fiscal year;

22 (b) Budgeted revenues and expenditures for the  
23 current fiscal year; and

24 (c) Estimated revenues and expenditures for  
25 the next fiscal year;

26 (iii) Contain an explanation of increases or  
27 decreases in revenues and expenditures shown in the estimated annual  
28 operating budget for the next fiscal year compared to the budgeted revenues  
29 and expenditures for the current fiscal year;

30 (iv) Classify all revenues and expenditures by  
31 specific purpose instead of "miscellaneous" or "other";

32 (v) Contain a schedule of the total amounts of  
33 regular salaries, extra help compensation, overtime compensation, and  
34 personal services matching as defined in § 19-4-521; and

35 (vi) For each position title authorized under §§ 23-  
36 115-305 – 23-115-307, contain a schedule of the annual salary, special

1 allowance, or grade and include:

2 (a) The total number of persons currently  
3 employed;

4 (b) The number of Caucasian male employees;

5 (c) The number of Caucasian female employees;

6 (d) The total number of Caucasian employees;

7 (e) The number of African-American male  
8 employees;

9 (f) The number of African-American female  
10 employees;

11 (g) The number of other employees who are  
12 members of racial minorities; and

13 (h) The total number of minorities currently  
14 employed; and

15 (11) Adopt the same fiscal year as that used by state  
16 government.

17 (b)(1)(A) The ~~division~~ Division of Legislative Audit shall annually  
18 audit the ~~commission~~ Arkansas Lottery Division of the Department of Finance  
19 and Administration.

20 (B) The ~~division~~ Division of Legislative Audit may conduct  
21 an investigation or audit or prepare special reports regarding the ~~commission~~  
22 Arkansas Lottery Division of the Department of Finance and Administration or  
23 related entities, scholarships, grants, vendors, retailers, or any other  
24 transactions or relationships connected or associated with the ~~commission~~  
25 Arkansas Lottery Division of the Department of Finance and Administration or  
26 its operations, duties, or functions upon the approval of the Legislative  
27 Joint Auditing Committee.

28 (2) The ~~commission~~ Arkansas Lottery Division of the Department  
29 of Finance and Administration shall reimburse the ~~division~~ Division of  
30 Legislative Audit at an hourly rate set by the Legislative Joint Auditing  
31 Committee for work performed by the ~~division~~ Division of Legislative Audit  
32 relating to any audit, investigation, or special report regarding the  
33 ~~commission~~ Arkansas Lottery Division of the Department of Finance and  
34 Administration and related entities, scholarships, grants, vendors,  
35 retailers, or other related matters.

36 (3)(A) If the ~~commission~~ Director of the Arkansas Lottery

1 Division of the Department of Finance and Administration, the General  
2 Assembly, the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
3 Committee, or the Legislative Joint Auditing Committee requests additional  
4 audits or performance reviews of the fiscal affairs or operations of the  
5 ~~commission~~ Arkansas Lottery Division of the Department of Finance and  
6 Administration to be conducted by a private certified public accountant or  
7 other consultant, the ~~division~~ Department of Finance and Administration shall  
8 select and contract with appropriate certified public accountants or  
9 consultants to provide the services.

10 (B) The ~~division~~ Department of Finance and Administration  
11 shall contract for the services which shall be paid directly to the  
12 contractor by the ~~commission~~ Arkansas Lottery Division of the Department of  
13 Finance and Administration.

14 (C) A copy of any report or management correspondence  
15 prepared by the certified public accountants or consultants shall be  
16 forwarded to the ~~commission, the division~~ Arkansas Lottery Division of the  
17 Department of Finance and Administration, the Division of Legislative Audit,  
18 and the Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

19 (4) This chapter does not limit the statutory authority of the  
20 ~~division~~ Division of Legislative Audit or the responsibilities of the  
21 ~~commission~~ Arkansas Lottery Division of the Department of Finance and  
22 Administration or related entities, board members, employees, vendors,  
23 retailers, or any other individuals or entities to cooperate with the  
24 ~~division~~ Division of Legislative Audit or provide information or records  
25 requested by the ~~division~~ Division of Legislative Audit.

26  
27 23-115-207. Rulemaking.

28 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of  
29 Finance and Administration may adopt rules regulating the conduct of  
30 lotteries in general, including without limitation rules specifying:

31 (1) The types of lotteries to be conducted;

32 (2)(A) The sale price of tickets or shares and the manner and  
33 method of sale.

34 (B)(i) All sales of tickets or shares are for cash only.

35 (ii) Payment by checks, credit cards, charge cards,  
36 or any form of deferred payment is prohibited;

- 1           (3) The number and amount of prizes;
- 2           (4) The method and location of selecting or validating winning
- 3 tickets or shares;
- 4           (5) The manner and time of payment of prizes, including without
- 5 limitation lump-sum payments or installments over a period of years;
- 6           (6)(A) The manner of payment of prizes to the holders of winning
- 7 tickets or shares.
- 8                   (B) Winners of five hundred dollars (\$500) or less may
- 9 claim prizes from any of the following:
- 10                      (i) A retailer; or
- 11                      (ii) The ~~commission~~ division.
- 12           (C)(i) Winners of more than five hundred dollars (\$500)
- 13 shall claim prizes from the ~~commission~~ division.
- 14                      (ii) The ~~commission~~ division may establish claim
- 15 centers throughout the state as it deems necessary;
- 16           (7) The frequency of lotteries and drawings or selection of
- 17 winning tickets or shares;
- 18           (8) The means of conducting drawings;
- 19           (9)(A) The method to be used in selling tickets or shares.
- 20                   (B) The selling of tickets or shares may include the use
- 21 of electronic or mechanical devices.
- 22                   (C) If the ~~commission~~ division elects to use electronic or
- 23 mechanical devices to sell tickets or shares, the ~~commission~~ division shall
- 24 provide by rule:
- 25                      (i) Specifications and required features for
- 26 electronic or mechanical devices that may be used to sell tickets or shares;
- 27 and
- 28                      (ii) Procedures and requirements to prevent the use
- 29 of electronic or mechanical devices by an individual under eighteen (18)
- 30 years of age.
- 31           (D) A retailer who knowingly allows a person under
- 32 eighteen (18) years of age to purchase a lottery ticket from an electronic or
- 33 mechanical device is subject to the penalties under § 23-115-901.
- 34           (E) The ~~commission~~ division shall publish a notice on the
- 35 ~~commission's~~ division's public website that provides the location, including
- 36 without limitation the street address, of each self-service lottery ticket



1 vending machine in operation in this state;

2 (10) The manner and amount of compensation to retailers; and

3 (11) Any other matters necessary, desirable, or convenient  
4 toward ensuring the efficient and effective operation of lotteries, the  
5 continued entertainment and convenience of the public, and the integrity of  
6 the lotteries.

7 (b) The ~~commission~~ division may adopt rules requiring the publication  
8 on a ticket or share of the odds of winning a particular lottery game.

9 (c)(1)(A) Except as provided in subdivision (c)(1)(B) of this section,  
10 the promulgation of rules under this chapter shall comply with the Arkansas  
11 Administrative Procedure Act, § 25-15-201 et seq.

12 (B) The ~~commission~~ division is not required to file rules  
13 under § 10-3-309.

14 (2)(A) The promulgation of rules by the ~~commission~~ division is  
15 exempt from § 10-3-309.

16 (B) The ~~commission~~ division shall file its rules with the  
17 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee for  
18 review at least thirty (30) days before the expiration of the public comment  
19 period.

20

21 23-115-208. Sovereign immunity.

22 (a) This chapter does not waive the sovereign immunity of the State of  
23 Arkansas.

24 (b)(1) A claim in contract or in tort against the Arkansas Lottery  
25 ~~Commission~~ Division of the Department of Finance and Administration or its  
26 employees shall be presented to the ~~Arkansas Lottery Commission~~ division.

27 (2) The ~~Arkansas Lottery Commission~~ division shall promulgate  
28 rules concerning the consideration of claims in contract or in tort presented  
29 to the ~~Arkansas Lottery Commission~~ division, including without limitation  
30 rules concerning the conduct of hearings on claims in contract or in tort.

31 (c)(1) A claimant may appeal the decision of the ~~Arkansas Lottery~~  
32 ~~Commission~~ division under subsection (b) of this section to the Arkansas  
33 State Claims Commission.

34 (2) The claimant may:

35 (A) Within forty (40) days after the decision is rendered,  
36 file with the Arkansas State Claims Commission a notice of appeal of the

1 decision of the ~~Arkansas Lottery Commission~~ division;

2 (B) Within forty (40) days after the decision is rendered,  
3 file with the ~~Arkansas Lottery Commission~~ division a motion for  
4 reconsideration requesting the ~~Arkansas Lottery Commission~~ division to  
5 reconsider its decision; and

6 (C) Within twenty (20) days after the ~~Arkansas Lottery~~  
7 ~~Commission's~~ division's reconsideration or denial of the motion for  
8 reconsideration, file with the Arkansas State Claims Commission a notice of  
9 appeal of the decision of the ~~Arkansas Lottery Commission~~ division.

10 (3) When the ~~Arkansas Lottery Commission~~ division notifies  
11 parties of a decision of the ~~Arkansas Lottery Commission~~ division, it shall  
12 advise the parties of the right of appeal.

13 (d)(1)(A) Except as provided in subdivisions (d)(2)-(4) of this  
14 section, appeals of claims in contract or in tort against the ~~Arkansas~~  
15 ~~Lottery Commission~~ division or its employees shall be conducted by the  
16 Arkansas State Claims Commission in the same manner as a claim under § 19-10-  
17 201 et seq.

18 (B) The Arkansas State Claims Commission shall consider an  
19 appeal de novo.

20 (2) A decision of the Arkansas State Claims Commission relating  
21 to a claim in contract or in tort against the ~~Arkansas Lottery Commission~~  
22 division or its employees shall not be appealed to the General Assembly.

23 (3)(A) A valid claim in any amount against the ~~Arkansas Lottery~~  
24 ~~Commission~~ division shall not be referred to the General Assembly for an  
25 appropriation.

26 (B) The Clerk of the Arkansas State Claims Commission  
27 shall notify the ~~Arkansas Lottery Commission~~ division of the amount of the  
28 valid claim.

29 (C) Upon receipt of notification from the clerk, the  
30 ~~Arkansas Lottery Commission~~ division shall deliver a check to the clerk, who  
31 shall deposit the sum as a nonrevenue receipt into the Miscellaneous  
32 Revolving Fund from which he or she shall disburse the amount of the claim to  
33 the claimant.

34 (4) Written reports under § 19-10-212 shall be filed with the  
35 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

36

1 23-115-209. Appealing administrative orders of the division.

2 (a) A retailer, a vendor, or an applicant for a contract or a retailer  
3 license aggrieved by an administrative order of the Arkansas Lottery  
4 ~~Commission~~ Division of the Department of Finance and Administration may  
5 appeal that decision to Pulaski County Circuit Court.

6 (b) The court shall hear appeals from administrative orders of the  
7 ~~commission~~ division, and based upon the record of the proceedings before the  
8 ~~commission~~ division, may reverse the administrative order of the ~~commission~~  
9 division only if the person appealing the administrative order proves the  
10 administrative order to be:

11 (1) Clearly erroneous;

12 (2) Arbitrary and capricious;

13 (3) Procured by fraud;

14 (4) A result of substantial misconduct by the ~~commission~~  
15 division; or

16 (5) Contrary to the United States Constitution, the Arkansas  
17 Constitution, or this chapter.

18 (c) The court may remand an appeal to the ~~commission~~ division to  
19 conduct further hearings.

20 (d)(1) A person who appeals the award of a contract, including without  
21 limitation a major procurement contract, is liable for all costs of appeal  
22 and defense if the appeal is denied or the contract award upheld.

23 (2) If upon the motion of the ~~commission~~ division the court  
24 finds the appeal to have been frivolous, the cost of appeal and defense shall  
25 include without limitation the following expenses of the division resulting  
26 from institution of the appeal:

27 (A) Court costs;

28 (B) Bond;

29 (C) Legal fees; and

30 (D) Loss of income.

31 (3) A person appealing the award of a contract may be entitled  
32 to the reasonable costs incurred in connection with the contract  
33 solicitation, including without limitation bid preparation costs.

34  
35 ~~23-115-210. Removal of commission member.~~

36 ~~(a)(1) A member of the Arkansas Lottery Commission may be removed by~~

1 ~~the appointing authority for:~~

2 ~~(A) Misconduct;~~

3 ~~(B) Incompetence; or~~

4 ~~(C) Any malfeasance in office.~~

5 ~~(2) The appointing authority shall appoint a qualified~~  
6 ~~individual to replace the removed member of the commission to serve the~~  
7 ~~remainder of his or her term.~~

8 ~~(b) An order of removal of a commission member by the appointing~~  
9 ~~authority shall:~~

10 ~~(1) Be in writing;~~

11 ~~(2) Be delivered to the removed commission member or counsel for~~  
12 ~~the removed commission member; and~~

13 ~~(3) Specifically set out the grounds relied upon for removal.~~

14 ~~(c)(1) A removed commission member may institute proceedings for~~  
15 ~~review by filing a petition in Pulaski County Circuit Court within thirty~~  
16 ~~(30) days after delivery to him or her or his or her attorney of the~~  
17 ~~appointing authority's order of removal.~~

18 ~~(2) This petition shall not supersede or stay the order of~~  
19 ~~removal, nor shall any court enter an order to this effect or one that would~~  
20 ~~impair the authority of the appointing authority to appoint a commission~~  
21 ~~member whose service begins immediately upon fulfillment of the normal~~  
22 ~~requirements for assuming office.~~

23 ~~(d)(1) When the matter is heard by the circuit court, it shall be~~  
24 ~~tried de novo without a jury.~~

25 ~~(2) The appointing authority shall have the burden of proof to~~  
26 ~~show by clear and convincing evidence that cause under subdivision (a)(1) of~~  
27 ~~this section existed for removal of the commission member.~~

28 ~~(3)(A) If the circuit court determines that cause has been~~  
29 ~~shown, it shall enter an order removing the commission member in question~~  
30 ~~from office.~~

31 ~~(B) If the circuit court determines that cause under~~  
32 ~~subdivision (a)(1) of this section has not been shown by clear and convincing~~  
33 ~~evidence, the circuit court shall order the removed commission member~~  
34 ~~reinstated to his or her position and upon request shall award a reasonable~~  
35 ~~attorney's fee and court costs to the reinstated party.~~

36 ~~(e)(1) Subject to the restrictions of subsection (c) of this section~~

1 ~~on supersedeas or stay orders, a removed commission member may appeal the~~  
2 ~~decision of the circuit court to the Supreme Court.~~

3 ~~(2) The appointing authority may appeal the decision of the~~  
4 ~~circuit court to the Supreme Court, but the appeal shall not preclude the~~  
5 ~~circuit court, in its discretion, from entering an order reinstating the~~  
6 ~~removed member.~~

7 ~~(f) A commission action in which the appointed replacement commission~~  
8 ~~member participates is not void, voidable, or in any way subject to~~  
9 ~~invalidation on grounds of participation of the appointed replacement~~  
10 ~~commission member or lack of participation by the removed commission member~~  
11 ~~if the circuit court or the Supreme Court orders the removed commission~~  
12 ~~member reinstated.~~

13  
14 23-115-211. Certain sections inapplicable.

15 In addition to any provision of law expressly exempting the Arkansas  
16 Lottery ~~Commission~~ Division of the Department of Finance and Administration,  
17 the following sections shall not apply to the ~~commission~~ division:

- 18 (1) Section 19-1-211;
- 19 (2) Section 19-1-301 et seq.;
- 20 (3) Section 19-1-609;
- 21 (4) Section 19-4-1802;
- 22 (5) Section 19-5-206;
- 23 (6) Section 19-11-301 et seq.;
- 24 (7) Section 22-9-103;
- 25 (8) Section 22-9-104;
- 26 (9) Section 25-1-104; and
- 27 (10) Section 25-27-104.

28  
29 23-115-212. Duties and responsibilities of internal auditor.

30 (a) The internal auditor employed by the Arkansas Lottery ~~Commission~~  
31 Division of the Department of Finance and Administration shall report  
32 directly to the ~~commission~~ Director of the Department of Finance and  
33 Administration.

34 (b) The ~~commission~~ director shall determine the duties and  
35 responsibilities of the internal auditor that:

- 36 (1) Assist the ~~commission~~ Arkansas Lottery Division of the

1 Department of Finance and Administration in the ~~commission's~~ Arkansas Lottery  
2 Division of the Department of Finance and Administration's obligations under  
3 § 23-115-206; and

4 (2) Are consistent with the suggested standards for the  
5 professional practice of internal auditing as adopted by the Institute of  
6 Internal Auditors, including without limitation:

7 (A) Preparing a formal written three-year audit plan and  
8 presenting it to the ~~commission~~ director for ~~commission~~ director approval;

9 (B) Conducting ongoing reviews of the internal procedures,  
10 records, and operating procedures of the ~~commission~~ Arkansas Lottery Division  
11 of the Department of Finance and Administration and the lotteries to:

12 (i) Verify compliance with established policies,  
13 procedures, and control systems;

14 (ii) Assure compliance with regulatory and statutory  
15 conditions; and

16 (iii) Assure adherence to generally accepted  
17 accounting principles; and

18 (C) Advising the ~~commission~~ director of inconsistencies  
19 within or improvements needed to the internal controls, operating procedures,  
20 or accounting procedures of the ~~commission~~ Arkansas Lottery Division of the  
21 Department of Finance and Administration or the lotteries.

22 (c)(1) The internal auditor shall report to the Arkansas Lottery  
23 ~~Commission~~ Division Legislative Oversight Committee one (1) time per month  
24 to:

25 (A) Advise the Arkansas Lottery Division Legislative  
26 Oversight Committee concerning current issues and problems reported to the  
27 ~~commission~~ director under subsection (b) of this section; and

28 (B) Update the Arkansas Lottery Division Legislative  
29 Oversight Committee concerning the resolution of findings of the Division of  
30 Legislative Audit in the annual financial report for the ~~commission~~ Arkansas  
31 Lottery Division of the Department of Finance and Administration.

32 (2) The internal auditor is not required to file a report, but  
33 shall include a statement in the monthly report of the ~~commission~~ Arkansas  
34 Lottery Division of the Department of Finance and Administration if:

35 (A) There are no current issues or problems reported to  
36 the ~~commission~~ Arkansas Lottery Division of the Department of Finance and

1 Administration; and

2 (B) The ~~commission~~ Arkansas Lottery Division of the  
3 Department of Finance and Administration and the ~~division~~ Division of  
4 Legislative Audit agree that all audit findings are resolved.

5

6 Subchapter 3 – Employees of Arkansas Lottery ~~commission~~ Division of the  
7 Department of Finance and Administration

8

9 23-115-301. Director – Appointment – Duties.

10 (a)(1)(A) The ~~Arkansas Lottery Commission~~ Governor shall appoint the  
11 Director of the Arkansas Lottery ~~Commission~~ Division of the Department of  
12 Finance and Administration.

13 (B) The director is an employee of the ~~commission~~ Arkansas  
14 Lottery Division of the Department of Finance and Administration and shall  
15 direct the day-to-day operations and management of the ~~commission~~ division.

16 (2) The director is vested with powers and duties as specified  
17 ~~by the commission and~~ by law.

18 (3) The director serves at the pleasure of the ~~commission~~  
19 Governor.

20 (b)(1) An individual considered for appointment as director shall  
21 apply to the Identification Bureau of the Department of Arkansas State Police  
22 for a state and federal criminal background check to be conducted by the  
23 Identification Bureau of the Department of Arkansas State Police and the  
24 Federal Bureau of Investigation.

25 (2) The state and federal criminal background check shall  
26 conform to the applicable federal standards and shall include the taking of  
27 fingerprints.

28 (3) The applicant shall sign a consent to the release of  
29 information for the state and federal criminal background check.

30 (4) The ~~commission~~ division shall be responsible for the payment  
31 of any fee associated with the state and federal criminal background check.

32 (5) Upon completion of the state and federal criminal background  
33 check, the Identification Bureau of the Department of Arkansas State Police  
34 shall forward to the ~~commission~~ Governor all releasable information obtained  
35 concerning the applicant.

36 (c) The ~~commission~~ Governor shall not ~~employ~~ appoint as director an

1 individual who has:

- 2 (1) Been convicted of a felony or a gambling offense in a state  
3 or federal court of the United States;  
4 (2) Been convicted of a crime involving moral turpitude; or  
5 (3) Entered into a plea agreement to avoid felony prosecution.  
6

7 23-115-302. Duties of director.

8 (a) The Director of the Arkansas Lottery ~~Commission~~ Division of the  
9 Department of Finance and Administration shall direct and supervise all  
10 administrative and technical activities related to the operation of a lottery  
11 in accordance with this chapter and with rules adopted by the Arkansas  
12 Lottery ~~Commission~~ Division of the Department of Finance and Administration.

13 (b) The director shall:

- 14 (1) Facilitate the initiation and supervise and administer the  
15 operation of the lotteries;  
16 (2) Direct personnel as deemed necessary;  
17 (3) Employ and compensate persons and firms as deemed necessary;  
18 (4) Appoint, select, and employ officers, agents, and employees,  
19 including professional and administrative staff and personnel and hearing  
20 officers, and fix their compensation and pay their expenses as authorized by  
21 Arkansas law;  
22 (5) Promote or provide for the promotion of lotteries and any  
23 functions related to the operation of a lottery;  
24 (6) Prepare a budget for the approval of the ~~commission~~  
25 division;  
26 (7) Require bond from retailers and vendors in amounts as  
27 required by the ~~commission~~ division;  
28 (8) Report monthly to the ~~commission~~ division and the Arkansas  
29 Lottery ~~Commission~~ Division Legislative Oversight Committee a complete  
30 statement of lottery revenues and expenses for the preceding month and an  
31 accompanying statement of net assets;  
32 (9) Annually by November 15, report to the Arkansas Lottery  
33 ~~Commission~~ Division Legislative Oversight Committee the following:  
34 (A) For the immediately preceding fiscal year:  
35 (i) The total amount of net proceeds from the state  
36 lottery; and



1 (ii) The amounts deposited into and disbursed from  
2 the Scholarship Shortfall Reserve Trust Account under § 23-115-802; and

3 (B) The ~~commission's~~ division's projection for net  
4 proceeds from the state lottery for the current fiscal year; and

5 (10) Perform other duties generally associated with a director  
6 of a ~~commission~~ division of an entrepreneurial nature.

7 (c) The director may for good cause suspend, revoke, or refuse to  
8 renew any contract or license entered into in accordance with this chapter  
9 and the rules of the ~~commission~~ division.

10 (d) The director or his or her designee may conduct hearings and  
11 administer oaths to persons to assure the security and integrity of lottery  
12 operations or to determine the qualifications of or compliance by vendors and  
13 retailers.

14  
15 23-115-303. Employees – Background investigation.

16 (a) As required by Arkansas Constitution, Article 16, § 4, the General  
17 Assembly shall fix the salaries of all employees of the Arkansas Lottery  
18 ~~Commission~~ Division of the Department of Finance and Administration,  
19 including without limitation the Director of the Arkansas Lottery ~~Commission~~  
20 Division of the Department of Finance and Administration.

21 (b) A ~~commission~~ division employee shall not have a financial interest  
22 in a vendor doing business or proposing to do business with the ~~commission~~  
23 division.

24 (c) A ~~commission~~ division employee with decision-making authority  
25 shall not participate in a decision involving a retailer with whom the  
26 ~~commission~~ division employee has a financial interest.

27 (d)(1) A ~~commission~~ division employee who leaves the employment of the  
28 ~~commission~~ division shall not:

29 (A) Represent a vendor or retailer before the ~~commission~~  
30 division for a period of two (2) years after leaving the employment of the  
31 ~~commission~~ division; or

32 (B) Engage in lobbying on any matter related to the  
33 operation or conduct of a lottery for a period of two (2) years after leaving  
34 the employment of the ~~commission~~ division.

35 (2)(A) Subdivision (d)(1) of this section is supplemental to §  
36 19-11-701 et seq.

1 (B) If any provision of § 19-11-701 et seq. would impose a  
2 restriction on a specific employee greater than the restrictions under  
3 subdivision (d)(1) of this section, the provision of § 19-11-701 et seq.  
4 shall apply.

5 (e)(1) Each person considered for employment by the ~~commission~~  
6 division shall apply to the Identification Bureau of the Department of  
7 Arkansas State Police for a state and federal criminal background check to be  
8 conducted by the Identification Bureau of the Department of Arkansas State  
9 Police and the Federal Bureau of Investigation.

10 (2) The state and federal criminal background check shall  
11 conform to the applicable federal standards and shall include the taking of  
12 fingerprints.

13 (3) The applicant shall sign a consent to the release of  
14 information for the state and federal criminal background check.

15 (4) The ~~commission~~ division shall be responsible for the payment  
16 of any fee associated with the state and federal criminal background check.

17 (5) Upon completion of the state and federal criminal background  
18 check, the Identification Bureau of the Department of Arkansas State Police  
19 shall forward to the ~~commission~~ division all releasable information obtained  
20 concerning the applicant.

21 (f) The ~~commission~~ division shall not employ an individual who has:

22 (1) Been convicted of a felony or a gambling offense in a state  
23 or federal court of the United States;

24 (2) Been convicted of a crime involving moral turpitude; or

25 (3) Entered into a plea agreement to avoid felony prosecution.

26 (g)(1) The ~~commission~~ division shall bond a ~~commission~~ division  
27 employee with access to ~~commission~~ division funds or lottery revenue in an  
28 amount as provided by the ~~commission~~ division and may bond other ~~commission~~  
29 division employees as deemed necessary.

30 (2) Bonds under subdivision (g)(1) of this section shall be  
31 fidelity bonds in excess of the amount provided by the Governmental Bonding  
32 Board.

33  
34 23-115-304. ~~Commission~~ Division employees – Participation in Arkansas  
35 Public Employees' Retirement System.

36 (a) Employees of the Arkansas Lottery ~~Commission~~ Division of the

1 Department of Finance and Administration shall be members of the Arkansas  
 2 Public Employees' Retirement System.

3 (b)(1) A ~~commission~~ division employee's compensation for retirement  
 4 purposes includes only the base salary of the employee under § 23-115-305.

5 (2) A ~~commission~~ division employee's compensation for retirement  
 6 purposes does not include a multiplier or other special salary allowance used  
 7 to increase the employee's salary as authorized by the General Assembly,  
 8 including without limitation the special salary allowances authorized under §  
 9 23-115-306.

10  
 11 23-115-305. Regular salaries.

12 There is established for the Arkansas Lottery ~~Commission~~ Division of  
 13 the Department of Finance and Administration the following regular employees,  
 14 the grades to be assigned to the respective positions, and the maximum annual  
 15 salaries for each position. The maximum annual salary for the positions  
 16 assigned to grades shall be determined in accordance with, but shall not  
 17 exceed, the maximum annual amount for the grade assigned in this section, as  
 18 established in § 21-5-209. Except for the purpose of determining the maximum  
 19 annual salary rate, which is to be applicable to each of the positions to  
 20 which a salary grade is assigned in this section, in accordance with § 21-5-  
 21 209, all positions set forth in this section shall be exempt from other  
 22 provisions of the Uniform Classification and Compensation Act, § 21-5-201 et  
 23 seq., but shall not be exempt from the Regular Salaries Procedures and  
 24 Restrictions Act, § 21-5-101 et seq.

25  
 26 Item  
 27 Class  
 28 No.

29	Code	Title	Maximum No. of	Maximum Annual
30			Employees	Salary Rate
31	(01)	LOTTERY CMSN DIRECTOR	1	\$141,603
32	(02)	LOTTERY CMSN INTERNAL	1	\$141,603
33		AUDITOR		
34	(03)	LOTTERY CMSN CHIEF	1	\$126,050
35		OPERATING OFFICER		
36	(04)	LOTTERY CMSN	1	GRADE N912

1	INFORMATION TECH DIR		
2	(05) LOTTERY CMSN ADMIN &	1	GRADE N912
3	OPERATIONS DIR		
4	(06) LOTTERY CMSN CHIEF	1	GRADE N910
5	LEGAL COUNSEL		
6	(07) LOTTERY CMSN CHIEF	1	GRADE N910
7	FISCAL OFFICER		
8	(08) LOTTERY CMSN MARKETING	1	GRADE N909
9	& PROD DEV DIR		
10	(09) LOTTERY CMSN	1	GRADE N909
11	SALES/RETAIL RELATIONS DIR		
12	(10) LOTTERY CMSN	1	GRADE N908
13	PROCUREMENT DIRECTOR		
14	(11) LOTTERY CMSN ADMIN	2	GRADE C115
15	ANALYST		
16	(12) LOTTERY CMSN ADMIN	2	GRADE C113
17	SUPPORT SUPERVISOR		
18	(13) LOTTERY CMSN ADMIN	6	GRADE C112
19	SUPPORT SPEC III		

20

21 23-115-306. Special salary allowances.

22 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of  
 23 Finance and Administration, upon approval of the Arkansas Lottery ~~Commission~~  
 24 Division Legislative Oversight Committee, may make special salary allowances  
 25 authorized by this section for recruitment or retention in amounts as the  
 26 ~~commission~~ division may determine equitable in view of the exacting duties  
 27 that are involved as a part of the salary of the:

28 (1) Director of the Arkansas Lottery ~~Commission~~ Division of the  
 29 Department of Finance and Administration;

30 (2) Internal auditor of the ~~commission~~ division; and

31 (3) Chief operating officer of the ~~commission~~ division.

32 (b) For a position subject to a special allowance under subsection (a)  
 33 of this section, the sum of the salary authorized by the General Assembly and  
 34 the special salary allowance shall not exceed an amount equal to two and one-  
 35 half (2½) times the salary for the position authorized by the General  
 36 Assembly.

1 (c)(1) The requirement of approval by the Arkansas Lottery ~~Commission~~  
2 Division Legislative Oversight Committee before granting a special salary  
3 allowance under this section is not a severable part of this section.

4 (2) If the requirement of approval by the Arkansas Lottery  
5 ~~Commission~~ Division Legislative Oversight Committee is ruled unconstitutional  
6 by a court of competent jurisdiction, this section is void.

7  
8 23-115-307. Expansion pool.

9 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of  
10 Finance and Administration is authorized an expansion pool of sixty (60)  
11 positions not to exceed the career service grade C130 and fifteen (15)  
12 positions not to exceed the professional and executive grade N922 to be used  
13 to establish additional positions of the proper title and salary if the  
14 ~~commission~~ division does not have sufficient positions available to address  
15 growth needs.

16 (b) A position established under this section shall not exceed a  
17 salary rate in excess of the highest rate established by grade or by line  
18 item in this subchapter.

19 (c) A position shall not be authorized from the expansion pool until  
20 the specific positions that are requested by the ~~commission~~ division are  
21 reviewed by the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
22 Committee.

23 (d) When seeking review of positions by the Arkansas Lottery  
24 ~~Commission~~ Division Legislative Oversight Committee under this section, the  
25 ~~commission~~ division shall provide an organizational chart indicating the  
26 current structure of the ~~commission~~ division and its employees.

27 (e)(1) The requirement of review by the Arkansas Lottery ~~Commission~~  
28 Division Legislative Oversight Committee before authorizing positions from  
29 the expansion pool is not a severable part of this section.

30 (2) If the requirement of review by the Arkansas Lottery  
31 ~~Commission~~ Division Legislative Oversight Committee is ruled unconstitutional  
32 by a court of competent jurisdiction, this section is void.

33  
34 23-115-308. Participation in Arkansas Administrative Statewide  
35 Information System.

36 The Arkansas Lottery ~~Commission~~ Division of the Department of Finance

1 and Administration may participate in the Arkansas Administrative Statewide  
2 Information System.

3  
4 Subchapter 4 – Operation of Lottery

5  
6 23-115-401. Minority-owned businesses and female-owned businesses.

7 (a) It is the intent of the General Assembly that the Arkansas Lottery  
8 ~~Commission~~ Division of the Department of Finance and Administration encourage  
9 participation by minority-owned businesses and female-owned businesses.

10 (b) The ~~commission~~ division shall adopt a plan that encourages to the  
11 greatest extent possible a level of participation by minority-owned  
12 businesses and female-owned businesses taking into account the total number  
13 of all retailers and vendors, including any subcontractors.

14 (c) The ~~commission~~ division shall provide training programs and other  
15 educational activities to encourage minority-owned businesses and female-  
16 owned businesses to compete for contracts on an equal basis.

17 (d) The ~~commission~~ division shall employ staff to assist prospective  
18 vendors and retailers with entering into and competing for contracts,  
19 including without limitation the development and implementation of the plans  
20 and programs under subsections (b) and (c) of this section.

21 (e) The ~~commission~~ division shall monitor the results of minority-  
22 owned business and female-owned business participation and shall report the  
23 results of minority-owned business and female-owned business participation to  
24 the Governor and the Arkansas Lottery ~~Commission~~ Division Legislative  
25 Oversight Committee on at least an annual basis.

26  
27 23-115-402. Restriction on sales.

28 (a)(1) Unless authorized to do so in writing by the Director of the  
29 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
30 Administration, a person shall not sell a ticket or share at a price other  
31 than established by the Arkansas Lottery ~~Commission~~ Division of the  
32 Department of Finance and Administration.

33 (2)(A) Only a retailer holding a valid certificate of authority  
34 from the ~~commission~~ division shall sell a ticket.

35 (B) This subsection does not prevent an individual who may  
36 lawfully purchase tickets or shares from making a gift of tickets or shares

1 to another individual.

2 (b) This chapter does not prohibit the ~~commission~~ division from  
3 designating certain of its agents and employees to sell or give tickets or  
4 shares directly to the public.

5 (c) Subject to prior approval by the ~~commission~~ division, retailers  
6 may give away tickets or shares as a means of promoting goods or services to  
7 customers or prospective customers.

8 (d) A retailer shall not sell a ticket or share except from the  
9 locations evidenced by the retailer's license issued by the ~~commission~~  
10 division unless the division authorizes in writing any temporary location not  
11 listed in the retailer's license.

12 (e)(1) Tickets or shares shall not be sold or given to individuals  
13 under eighteen (18) years of age.

14 (2) An individual under eighteen (18) years of age is not  
15 eligible to win a lottery prize.

16 (f) An individual is not eligible to win a lottery prize while the  
17 individual is incarcerated in:

- 18 (1) The Department of Correction;  
19 (2) The Department of Community Correction; or  
20 (3) A county or municipal jail or detention facility.

21

22 23-115-403. Attachments, garnishments, or executions withheld from  
23 lottery prizes – Validity of tickets or shares – Lottery prize restrictions –  
24 Unclaimed lottery prizes.

25 (a) Proceeds of a lottery prize are subject to Arkansas state income  
26 tax.

27 (b)(1) Except as otherwise provided in this chapter, attachments,  
28 garnishments, or executions authorized and issued under Arkansas law shall be  
29 withheld if timely served upon the Arkansas Lottery ~~Commission~~ Division of  
30 the Department of Finance and Administration.

31 (2) Subdivision (b)(1) of this section does not apply to a  
32 retailer.

33 (c) The ~~commission~~ Arkansas Lottery Division of the Department of  
34 Finance and Administration shall adopt rules to establish a system of  
35 verifying the validity of tickets or shares claimed to win lottery prizes and  
36 to effect payment of lottery prizes, except that:

1 (1)(A) A lottery prize, any portion of a lottery prize, or any  
2 right of any individual to a lottery prize is not assignable.

3 (B) A lottery prize or any portion of a lottery prize  
4 remaining unpaid at the death of a lottery prize winner shall be paid to the  
5 estate of the deceased lottery prize winner or to the trustee of a trust  
6 established by the deceased lottery prize winner as settlor if:

7 (i) A copy of the trust document or instrument has  
8 been filed with the ~~commission~~ Arkansas Lottery Division of the Department of  
9 Finance and Administration along with a notarized letter of direction from  
10 the settlor; and

11 (ii) No written notice of revocation has been  
12 received by the ~~commission~~ Arkansas Lottery Division of the Department of  
13 Finance and Administration before the settlor's death.

14 (C) Following a settlor's death and before any payment to  
15 a successor trustee, the ~~commission~~ Arkansas Lottery Division of the  
16 Department of Finance and Administration shall obtain from the trustee a  
17 written agreement to indemnify and hold the ~~commission~~ Arkansas Lottery  
18 Division of the Department of Finance and Administration harmless with  
19 respect to any claims that may be asserted against the ~~commission~~ Arkansas  
20 Lottery Division of the Department of Finance and Administration arising from  
21 payment to or through the trust.

22 (D) Under an appropriate judicial order, an individual  
23 shall be paid the lottery prize to which a winner is entitled;

24 (2) A lottery prize shall not be paid arising from claimed  
25 tickets that are:

26 (A) Stolen, counterfeit, altered, fraudulent, unissued,  
27 produced or issued in error, unreadable, not received, or not recorded by the  
28 ~~commission~~ Arkansas Lottery Division of the Department of Finance and  
29 Administration within applicable deadlines;

30 (B) Lacking in captions that conform and agree with the  
31 play symbols as appropriate to the particular lottery involved; or

32 (C) Not in compliance with rules and public or  
33 confidential validation and security tests of the ~~commission~~ Arkansas Lottery  
34 Division of the Department of Finance and Administration appropriate to the  
35 particular lottery involved;

36 (3)(A) A particular lottery prize in any lottery shall not be



1 paid more than one (1) time.

2 (B) If there is a determination that more than one (1)  
3 claimant is entitled to a particular lottery prize, the sole remedy of the  
4 claimants is the award to each of them of an equal share in the lottery  
5 prize;

6 (4)(A) Within one hundred eighty (180) days after the drawing in  
7 which a cash lottery prize has been won, a holder of a winning cash ticket or  
8 share from an Arkansas lottery or from a multistate or multisovereign lottery  
9 shall claim the cash lottery prize.

10 (B)(i) In an Arkansas lottery in which a player may  
11 determine instantly if he or she has won or lost, a player who has won shall  
12 claim a cash lottery prize within ninety (90) days after the playing of the  
13 instant game.

14 (ii) In any multistate or multisovereign lottery in  
15 which a player may determine instantly if he or she has won or lost, a player  
16 who has won shall claim a cash lottery prize within one hundred eighty (180)  
17 days after the playing of the instant game.

18 (C) If a valid claim is not made for a cash lottery prize  
19 within the applicable period, the cash lottery prize constitutes an unclaimed  
20 lottery prize for purposes of this section.

21 (D) The ~~commission~~ Arkansas Lottery Division of the  
22 Department of Finance and Administration at any time may alter the time  
23 periods under subdivisions (c)(4)(A) and (B) of this section by rule; and

24 ~~(5)(4)~~ If practicable, an auditor chosen by the ~~commission~~  
25 Arkansas Lottery Division of the Department of Finance and Administration  
26 shall be present at a draw to determine the winners of a draw game to verify  
27 the accuracy of the results.

28 ~~(B) The commission may request an auditor employed by the~~  
29 ~~Division of Legislative Audit for the purposes of this subdivision (e)(5).~~

30 (d)(1) A lottery prize shall not be paid upon a ticket or share  
31 purchased or sold in violation of this chapter.

32 (2) A lottery prize described in subdivision (d)(1) of this  
33 section is an unclaimed lottery prize for purposes of this section.

34 (e) The ~~commission~~ Arkansas Lottery Division of the Department of  
35 Finance and Administration is discharged of all liability upon payment of a  
36 lottery prize.

1 (f)(1) The ~~commission~~ Arkansas Lottery Division of the Department of  
2 Finance and Administration shall not pay a lottery prize that exceeds the  
3 amount of five hundred dollars (\$500) to any:

4 (A) ~~Member of the commission;~~

5 ~~(B)~~ Employee of the ~~commission~~ Arkansas Lottery Division  
6 of the Department of Finance and Administration; or

7 ~~(C)~~(B) Member of the immediate family of a member of ~~the~~  
8 ~~commission or~~ an employee of the ~~commission~~ Arkansas Lottery Division of the  
9 Department of Finance and Administration living in the same household as the  
10 ~~member of the commission or the~~ employee.

11 (2) If an officer, employee, agent, or subcontractor of a vendor  
12 has access to confidential information that may compromise the integrity of a  
13 lottery, a ticket or share shall not be purchased by and a lottery prize  
14 shall not be paid to the:

15 (A) Officer, employee, agent, or subcontractor of the  
16 vendor; or

17 (B) Immediate family of the officer, employee, agent, or  
18 subcontractor of the vendor.

19 (g)(1) During a fiscal year, the ~~commission~~ Arkansas Lottery Division  
20 of the Department of Finance and Administration may expend up to two million  
21 five hundred thousand dollars (\$2,500,000) of unclaimed lottery prize money  
22 for one (1) or more of the following:

23 (A) Increasing the pool from which future lottery prizes  
24 are to be awarded;

25 (B) Maintaining online game reserves at a fiscally sound  
26 level; or

27 (C) Prize promotion.

28 (2) On the last day of each fiscal year, the ~~commission~~ Arkansas  
29 Lottery Division of the Department of Finance and Administration shall  
30 deposit into the trust account for net lottery proceeds the amount of  
31 unclaimed lottery prize money existing at the end of the fiscal year less one  
32 million dollars (\$1,000,000).

33 (3) The ~~commission~~ Arkansas Lottery Division of the Department  
34 of Finance and Administration shall include in its monthly reports to the  
35 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee the  
36 following monthly and year-to-date amounts:

- 1 (A) Unclaimed lottery prize money;
- 2 (B) Expenditures from unclaimed lottery prize money; and
- 3 (C) Deposits to net lottery proceeds from unclaimed
- 4 lottery prize money.

5  
6 23-115-404. Confidential information.

7 (a)(1) Except as provided in subdivision (a)(2) of this section, the  
8 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
9 Administration shall comply with the Freedom of Information Act of 1967, §  
10 25-19-101 et seq.

11 (2) The following records or information shall be treated as  
12 confidential and are exempt from public disclosure under the Freedom of  
13 Information Act of 1967, § 25-19-101 et seq.:

14 (A) Information pertaining to the security of lottery  
15 games and lottery operations, including without limitation:

- 16 (i) Security measures, systems, or procedures; and
- 17 (ii) Security reports; and

18 (B) Any records exempt from disclosure under the Freedom  
19 of Information Act of 1967, § 25-19-101 et seq.

20 (b) The Division of Legislative Audit shall have full access to the  
21 records of the ~~commission~~ Arkansas Lottery Division of the Department of  
22 Finance and Administration.

23  
24 23-115-405. Intelligence sharing, reciprocal use, or restricted use  
25 agreements.

26 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of  
27 Finance and Administration may enter into an intelligence sharing, reciprocal  
28 use, or restricted use agreement with the United States Government, law  
29 enforcement agencies, lottery regulation agencies, and gaming enforcement  
30 agencies of other jurisdictions that provide for and regulate the use of  
31 information provided and received under the agreement.

32 (b) Records, documents, and information in the possession of the  
33 ~~commission~~ division received under subsection (a) of this section are exempt  
34 from the Freedom of Information Act of 1967, § 25-19-101 et seq., and shall  
35 not be released without the permission of the person or agency providing the  
36 records, documents, and information.

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23-115-406. Authority of local government.

(a)(1) The authority of local government concerning all matters relating to the operation of lotteries is preempted by this chapter.

(2) Local government shall not take any action, including without limitation the adoption of an ordinance, relating to the operation of lotteries.

(b) This section does not prohibit local government from requiring a retailer to obtain an occupational license for any business unrelated to the sale of tickets or shares.

23-115-407. Video lotteries prohibited.

A video lottery shall not be used as part of a lottery under this chapter.

23-115-408. Video lotteries by institution or facility governed by other wagering laws prohibited.

This chapter does not permit the use of a video lottery for any purposes by any institution or facility governed by the:

- (1) Arkansas Horse Racing Law, § 23-110-101 et seq.;
- (2) Arkansas Greyhound Racing Law, § 23-111-101 et seq.; or
- (3) Local Option Horse Racing and Greyhound Racing Electronic Games of Skill Act, § 23-113-101 et seq.

23-115-409. Laws under other wagering chapters not affected. This chapter does not alter wagering that may be conducted under the Arkansas Horse Racing Law, § 23-110-101 et seq., the Arkansas Greyhound Racing Law, § 23-111-101 et seq., or the Local Option Horse Racing and Greyhound Racing Electronic Games of Skill Act, § 23-113-101 et seq.

23-115-410. Compulsive gambling disorder treatment and educational programs.

(a) The Arkansas Lottery ~~Commission~~ Division of the Department of Finance and Administration shall provide an annual amount of at least two hundred thousand dollars (\$200,000) for:

- (1) Compulsive gambling disorder treatment programs; and
- (2) Compulsive gambling disorder educational programs.

1 (b)(1) The ~~commission~~ division shall work together with the Department  
2 of Human Services to implement the compulsive gambling disorder treatment  
3 programs and the compulsive gambling disorder educational programs under this  
4 section.

5 (2) The ~~commission~~ division may contract with the Department of  
6 Human Services for providing all services related to and administering of the  
7 compulsive gambling disorder treatment programs and the compulsive gambling  
8 disorder educational programs.

9 (3) As part of its compulsive gambling disorder treatment and  
10 educational programs, the Department of Human Services shall make available a  
11 toll-free helpline telephone number providing information and referral  
12 services concerning compulsive gambling disorders.

13 (4) The Department of Human Services may promulgate rules to  
14 administer the compulsive gambling disorder treatment programs and the  
15 compulsive gambling disorder educational programs.

16 (c) The ~~commission~~ division and the Department of Human Services shall  
17 provide a joint report to the Arkansas Lottery ~~Commission~~ Division  
18 Legislative Oversight Committee that includes without limitation:

19 (1) An annual summary of the amount of funding disbursed under  
20 this section and expenditures from the funding;

21 (2) A summary of what the compulsive gambling disorder treatment  
22 programs and compulsive gambling disorder educational programs provide; and

23 (3) The recommendations of the ~~commission~~ division and the  
24 Department of Human Services for changes in the programs or funding.

25 23-115-411. Multidraw screen-based lottery game prohibited.

26 (a)(1) A multidraw screen-based lottery game shall not be used as part of  
27 a lottery under this chapter except as provided under subdivision (a)(2) of  
28 this section.

29 (2) All lottery games operated by the Arkansas Lottery ~~Commission~~  
30 Division of the Department of Finance and Administration on or before June  
31 29, 2014, are permitted and may continue as a part of the Arkansas  
32 Scholarship Lottery.

33 (b) The prohibition of multidraw screen-based lottery games shall expire on  
34 March 13, 2015.

35 Subchapter 5 – Vendors

36

1 23-115-501. Vendors – Requirements when submitting a bid, proposal, or  
2 offer – Major procurement contract.

3 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of  
4 Finance and Administration shall investigate the financial responsibility,  
5 security, and integrity of a vendor who is a finalist in submitting a bid,  
6 proposal, or offer as part of a major procurement contract.

7 (b) At the time of submitting a bid, proposal, or offer to the  
8 ~~commission~~ division, the ~~commission~~ division shall require the following  
9 items:

10 (1) A disclosure of the vendor's name and address and, as  
11 applicable, the names and addresses of the following:

12 (A)(i) If the vendor is a corporation, the officers,  
13 directors, and each stockholder of more than a ten percent (10%) interest in  
14 the corporation.

15 (ii) However, in the case of owners of equity  
16 securities of a publicly traded corporation, only the names and addresses of  
17 those known to the corporation to own beneficially five percent (5%) or more  
18 of the securities shall be disclosed;

19 (B) If the vendor is a trust, the trustee and all persons  
20 entitled to receive income or benefits from the trust;

21 (C) If the vendor is an association, the members,  
22 officers, and directors; and

23 (D) If the vendor is a partnership or joint venture, all  
24 of the general partners, limited partners, or joint venturers;

25 (2) A disclosure of all the states and jurisdictions in which  
26 the vendor does business and the nature of the business for each state or  
27 jurisdiction;

28 (3) A disclosure of all the states and jurisdictions in which  
29 the vendor has contracts to supply gaming goods or services, including  
30 without limitation lottery goods and services, and the nature of the goods or  
31 services involved for each state or jurisdiction;

32 (4)(A) A disclosure of all the states and jurisdictions in which  
33 the vendor has applied for, has sought renewal of, has received, has been  
34 denied, has pending, or has had revoked a lottery or gaming license of any  
35 kind or had fines or penalties assessed to the vendor's license, contract, or  
36 operation and the disposition of each instance in each state or jurisdiction.

1 (B) If any lottery or gaming license or contract has been  
2 revoked or has not been renewed or any lottery or gaming license or  
3 application has been either denied or is pending and has remained pending for  
4 more than six (6) months, all of the facts and circumstances underlying the  
5 failure to receive a license shall be disclosed;

6 (5)(A) A disclosure of the details of any finding or plea,  
7 conviction, or adjudication of guilt in a state or federal court of the  
8 vendor for any felony or any other criminal offense other than a traffic  
9 violation committed by the persons identified under subdivision (b)(1) of  
10 this section.

11 (B)(i) The ~~commission~~ division may request that any or all  
12 of the persons identified under subdivision (b)(1) of this section undergo a  
13 state and federal criminal background check.

14 (ii) If requested, a state and federal criminal  
15 background check shall be conducted in the manner under § 23-115-601(e);

16 (6) A disclosure of the details of any bankruptcy, insolvency,  
17 reorganization, or corporate or individual purchase or takeover of another  
18 corporation, including without limitation bonded indebtedness, and any  
19 pending litigation of the vendor;

20 (7) A disclosure of the vendor's most recent financial report,  
21 including any reports on internal control over financial reporting, and the  
22 most recent audit report of the vendor's operation as a service organization;  
23 and

24 (8) Additional disclosures and information that the ~~commission~~  
25 division may determine to be appropriate for the procurement involved.

26 (c) If any portion of a vendor's contract is subcontracted, the vendor  
27 shall disclose all of the information required by this section for the  
28 subcontractor as if the subcontractor were itself a vendor.

29 (d)(1) The ~~commission~~ division shall not enter into a major  
30 procurement contract with a vendor that:

31 (A) Has not complied with the disclosure requirements  
32 described in subsection (b) of this section;

33 (B) Has been found guilty of a felony related to the  
34 security or integrity of a lottery in this or any other jurisdiction; or

35 (C) Has an ownership interest in an entity that has  
36 supplied lottery goods or services under contract to the ~~commission~~ division

1 regarding the request for proposals pertaining to those particular goods or  
2 services.

3 (2) The ~~commission~~ division may terminate a major procurement  
4 contract with a vendor that does not comply with requirements for  
5 periodically updating disclosures during the tenure of the major procurement  
6 contract as may be specified in the major procurement contract.

7 (3) This section shall be construed broadly and liberally to  
8 achieve full disclosure of all information necessary to allow for a full and  
9 complete evaluation by the ~~commission~~ division of the competence, integrity,  
10 background, and character of vendors for major procurement contracts.

11 (e)(1) A vendor who provides or proposes to provide goods or services  
12 under a major procurement contract shall not provide a gift or compensation  
13 to:

14 (A) The Director of the Arkansas Lottery ~~Commission~~  
15 Division of the Department of Finance and Administration, a ~~commission~~  
16 ~~member~~, a ~~commission~~ division employee, or a member of the Arkansas Lottery  
17 ~~Commission~~ Division Legislative Oversight Committee; or

18 (B) A member of the immediate family of the director, a  
19 ~~commission member~~, a ~~commission~~ division employee, or a member of the  
20 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

21 (2)(A) Any person who knowingly violates subdivision (e)(1) of  
22 this section shall be guilty of a Class A misdemeanor.

23 (B)(i) The Arkansas Ethics Commission shall also have the  
24 authority to investigate and address alleged violations of subdivision (e)(1)  
25 of this section.

26 (ii) The Arkansas Ethics Commission shall have the  
27 same power and authority to enforce the provisions of subdivision (e)(1) of  
28 this section as granted to it under §§ 7-6-217 and 7-6-218.

29 (f)(1) A public official shall not knowingly own a financial interest  
30 in a vendor.

31 (2)(A) If a public official becomes aware that he or she owns a  
32 financial interest in a vendor, the public official shall divest the  
33 financial interest as soon as possible.

34 (B) A public official shall not divest the financial  
35 interest to a member of his or her immediate family.

36



1 23-115-502. Vendor – Performance bond or letter of credit.

2 (a)(1) At the execution of the major procurement contract with the  
3 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
4 Administration, each vendor shall post a performance bond or letter of credit  
5 from a bank or credit provider acceptable to the ~~commission~~ division in an  
6 amount as deemed necessary by the division for that particular bid or major  
7 procurement contract.

8 (2) In lieu of the bond, to assure the faithful performance of  
9 its obligations, a vendor may deposit and maintain with the ~~commission~~  
10 division securities that are:

11 (A) Interest bearing or accruing; and

12 (B) Rated in one (1) of the three (3) highest  
13 classifications by an established, nationally recognized investment rating  
14 service.

15 (3) Securities eligible under this section are limited to:

16 (A) Certificates of deposit in an amount fully insured by  
17 the Federal Deposit Insurance Corporation issued by solvent banks or savings  
18 associations, if the solvent banks or savings associations are:

19 (i) Approved by the ~~commission~~ division; and

20 (ii) Organized and existing under the laws of this  
21 state or under the laws of the United States;

22 (B) United States Government bonds, notes, and bills for  
23 which the full faith and credit of the United States Government is pledged  
24 for the payment of principal and interest;

25 (C) Federal agency securities by an agency or  
26 instrumentality of the United States Government; and

27 (D)(i) Corporate bonds approved by the ~~commission~~  
28 division.

29 (ii) The entity that issued the bonds shall not be  
30 an affiliate or subsidiary of the depositor.

31 (4) The securities shall be held in trust and shall at all times  
32 be in an amount as deemed necessary by the ~~commission~~ division for the  
33 particular bid or major procurement contract.

34 (b)(1) Each vendor shall be qualified to do business in this state and  
35 shall file appropriate tax returns as provided by the laws of this state.

36 (2) All major procurement contracts under this section shall be

1 governed by the laws of this state except as provided in this chapter.

2  
3 23-115-503. Cancellation, suspension, revocation, or termination of  
4 major procurement contract.

5 (a) A major procurement contract executed by the Arkansas Lottery  
6 ~~Commission~~ Division of the Department of Finance and Administration under  
7 this chapter shall specify the reasons for which the major procurement  
8 contract may be canceled, suspended, revoked, or terminated by the division.  
9 The reasons shall include without limitation:

10 (1) Commission of a violation of this chapter or a rule of the  
11 ~~commission~~ division;

12 (2) Commission of any fraud, deceit, or misrepresentation;

13 (3) Conduct prejudicial to public confidence in a lottery;

14 (4) The vendor's filing for or being placed in bankruptcy or  
15 receivership; or

16 (5) Any material change as determined in the sole discretion of  
17 the ~~commission~~ division in any matter considered by the ~~commission~~ division  
18 in executing the major procurement contract with the vendor.

19 (b)(1) If ~~upon approval of the commission~~ the Director of the Arkansas  
20 Lottery ~~Commission~~ Division of the Department of Finance and Administration  
21 or his or her designee determines that cancellation, denial, revocation,  
22 suspension, or rejection of renewal of a major procurement contract is in the  
23 best interest of lotteries, the public welfare, or the State of Arkansas, the  
24 director or his or her designee may cancel, suspend, revoke, or terminate,  
25 after notice and a right to a hearing, a major procurement contract issued  
26 under this chapter.

27 (2) The major procurement contract may be temporarily suspended  
28 by the director or his or her designee without ~~commission~~ the Governor's  
29 approval or prior notice pending a hearing.

30 (3) A major procurement contract may be suspended, revoked, or  
31 terminated by the director or his or her designee for any one (1) or more of  
32 the reasons enumerated in this section.

33 (c) Hearings under this section shall be held in accordance with the  
34 Arkansas Administrative Procedure Act, § 25-15-201 et seq.

35  
36 23-115-504. Political contributions by vendors.

1 (a) The General Assembly finds:

2 (1) That the integrity of the Arkansas Lottery ~~Commission~~  
3 Division of the Department of Finance and Administration and lotteries is of  
4 utmost importance; and

5 (2) That the people of the State of Arkansas should have  
6 confidence and be assured that public officials are free of any untoward  
7 political influence by vendors.

8 (b) A vendor awarded a major procurement contract for lottery  
9 equipment or tickets or an officer, employee, or agent of a vendor awarded a  
10 major procurement contract for lottery equipment or tickets shall not make a  
11 political contribution to a public official or a candidate for election as a  
12 public official.

13 (c) A vendor proposing to provide goods or services under a major  
14 procurement contract or an officer, employee, or agent of a vendor proposing  
15 to provide goods or services under a major procurement contract shall not:

16 (1) Make a political contribution to a public official or a  
17 candidate for election as a public official while the award of the major  
18 procurement contract is pending; and

19 (2) While the award of the major procurement contract is  
20 pending, promise to make a political contribution to a public official or a  
21 candidate for election as a public official after the award of the major  
22 procurement contract.

23

24

#### Subchapter 6— Retailers

25

26 23-115-601. Retailers.

27 (a) The General Assembly recognizes that to conduct a successful  
28 lottery, the Arkansas Lottery ~~Commission~~ Division of the Department of  
29 Finance and Administration must develop and maintain a statewide network of  
30 retailers that will serve the public convenience and promote the sale of  
31 tickets or shares and the playing of lotteries while ensuring the integrity  
32 of lottery operations, games, and activities.

33 (b) The ~~commission~~ division shall make every effort to provide small  
34 retailers a chance to participate in the sales of tickets or shares.

35 (c) The ~~commission~~ division shall provide for compensation to  
36 retailers in the form of commissions in an amount of not less than five

1 percent (5%) of gross sales of tickets and shares and may provide for other  
2 forms of compensation for services rendered in the sale or cashing of tickets  
3 or shares.

4 (d)(1) For purposes of display, the ~~commission~~ division shall issue a  
5 license to each person that it licenses as a retailer.

6 (2)(A) Every retailer shall post and keep conspicuously  
7 displayed in a location on the premises accessible to the public its license.

8 (B) A license is not assignable or transferable.

9 (e)(1) A person considered as a retailer shall apply to the  
10 Identification Bureau of the Department of Arkansas State Police for a state  
11 and federal criminal background check, to be conducted by the Identification  
12 Bureau of the Department of Arkansas State Police and the Federal Bureau of  
13 Investigation.

14 (2) The state and federal criminal background check shall  
15 conform to the applicable federal standards and shall include the taking of  
16 fingerprints.

17 (3) The applicant shall sign a consent to the release of  
18 information for the state and federal criminal background check.

19 (4) The ~~commission~~ division shall be responsible for the payment  
20 of any fee associated with the state and federal criminal background check.

21 (5) Upon completion of the state and federal criminal background  
22 check, the Identification Bureau of the Department of Arkansas State Police  
23 shall forward to the ~~commission~~ division all releasable information obtained  
24 concerning the applicant.

25 (f)(1) The ~~commission~~ division shall develop a list of objective  
26 criteria upon which the qualification of retailers shall be based.

27 (2) The ~~commission~~ division shall develop separate criteria to  
28 govern the selection of retailers of instant tickets.

29 (3) In developing the criteria, the ~~commission~~ division shall  
30 consider certain factors, including without limitation:

31 (A) The applicant's financial responsibility;

32 (B) Security of the applicant's place of business or  
33 activity;

34 (C) Accessibility to the public;

35 (D) The applicant's integrity; and

36 (E) The applicant's reputation.

1 (4) The ~~commission~~ division shall not consider political  
2 affiliation, activities, or monetary contributions to political organizations  
3 or candidates for any public office.

4 (5) The criteria shall include without limitation the following:

5 (A)(i) The applicant shall be current in filing all  
6 applicable tax returns to the State of Arkansas and in payment of all taxes,  
7 interest, and penalties owed to the State of Arkansas, excluding items under  
8 formal appeal under applicable statutes.

9 (ii) The Department of Finance and Administration  
10 shall provide to the ~~commission~~ division the information required under  
11 subdivision (f)(5)(A)(i) of this section;

12 (B) The ~~commission~~ division shall not select as a retailer  
13 any person who:

14 (i) Has been convicted of a criminal offense related  
15 to the security or integrity of a lottery in this or any other jurisdiction;

16 (ii)(a) Has been convicted of any illegal gambling  
17 activity, false statements, false swearing, or perjury in this or any other  
18 jurisdiction or convicted of any crime punishable by more than one (1) year  
19 of imprisonment or a fine of more than one thousand dollars (\$1,000), or  
20 both.

21 (b) Subdivision (f)(5)(B)(ii)(a) of this  
22 section shall not apply if the person's civil rights have been restored and  
23 at least five (5) years have elapsed from the date of the completion of the  
24 sentence without a subsequent conviction of a crime described in subdivision  
25 (f)(5)(B)(ii)(a) of this section;

26 (iii) Has been found to have violated this chapter  
27 or any rule, policy, or procedure of the ~~commission~~ division unless:

28 (a) Ten (10) years have passed since the  
29 violation; or

30 (b) The ~~commission~~ division finds the  
31 violation both minor and unintentional in nature;

32 (iv) Is a vendor or an employee or agent of a vendor  
33 doing business with the ~~commission~~ division;

34 (v) Is ~~a member~~ an employee of the ~~commission~~  
35 division or a member of the immediate family of ~~a member~~ an employee of the  
36 ~~commission~~ division;

1 (vi) Has made a statement of material fact to the  
2 ~~commission~~ division knowing the statement to be false; or

3 (vii)(a) Is engaged exclusively in the business of  
4 selling tickets or shares.

5 (b) Subdivision (f)(5)(B)(vii)(a) of this  
6 section does not preclude the ~~commission~~ division from selling or giving away  
7 tickets or shares for promotional purposes;

8 (C) A person applying to become a retailer shall be  
9 charged a uniform application fee determined by rule for each lottery outlet;

10 (D) All retailer licenses may be renewable annually in the  
11 discretion of the ~~commission~~ division unless canceled or terminated by the  
12 ~~commission~~ division; and

13 (E) The ~~commission~~ division may establish by rule a  
14 reasonable fee for the issuance, reissuance, fine, or penalty associated with  
15 the process, procedures, or enforcement necessary to issue or maintain a  
16 retailer license, including without limitation to cover the cost of:

17 (i) An initial and any subsequent state and federal  
18 criminal background check under this subchapter; and

19 (ii) The reporting, communications technology, and  
20 banking processes necessary to implement and enforce this subchapter.

21 (g)(1) A retailer or an applicant to be a retailer shall not provide a  
22 gift or compensation to:

23 (A) The Director of the Arkansas Lottery ~~Commission~~  
24 Division of the Department of Finance and Administration, ~~a commission~~  
25 ~~member~~, or a ~~commission~~ division employee; or

26 (B) A member of the immediate family of the director, ~~a~~  
27 ~~commission member~~, or a ~~commission~~ division employee.

28 (2)(A) Any person who knowingly violates subdivision (g)(1) of  
29 this section shall be guilty of a Class A misdemeanor.

30 (B)(i) The Arkansas Ethics Commission shall also have the  
31 authority to investigate and address alleged violations of subdivision (g)(1)  
32 of this section.

33 (ii) The Arkansas Ethics Commission shall have the  
34 same power and authority to enforce the provisions of subdivision (g)(1) of  
35 this section as granted to it under §§ 7-6-217 and 7-6-218.

36

1 23-115-602. Retailer license.

2 (a) A retailer license is not transferable or assignable.

3 (b) A retailer shall not contract with any person for lottery goods or  
4 services except with the approval of the Arkansas Lottery ~~Commission~~ Division  
5 of the Department of Finance and Administration.

6 (c) Tickets and shares shall be sold only by the retailer stated on  
7 the retailer's license issued by the ~~commission~~ division under this chapter.

8

9 23-115-603. Fidelity fund – Retailer fee – Reserve account to cover  
10 losses – Retailer bond.

11 (a)(1) The Arkansas Lottery ~~Commission~~ Division of the Department of  
12 Finance and Administration shall establish a fidelity fund separate from all  
13 other funds and shall assess each retailer an annual fee not to exceed one  
14 hundred dollars (\$100) per sales location to be deposited into the fidelity  
15 fund.

16 (2) Moneys deposited into the fidelity fund may be:

17 (A) Invested or deposited into one (1) or more interest-  
18 bearing accounts;

19 (B) Used to cover losses the ~~commission~~ division  
20 experiences due to nonfeasance, misfeasance, or malfeasance of a retailer;  
21 and

22 (C) Used to purchase blanket bonds covering the ~~commission~~  
23 division against losses from all retailers.

24 (3) At the end of each fiscal year, the ~~commission~~ division  
25 shall pay to the trust account managed and maintained by the Department of  
26 Higher Education any amount in the fidelity fund that exceeds five hundred  
27 thousand dollars (\$500,000), and the funds shall be considered net proceeds  
28 from a lottery.

29 (b)(1) A reserve account may be established as a general operating  
30 expense to cover amounts deemed uncollectable.

31 (2) The ~~commission~~ division shall establish procedures for  
32 minimizing any losses that may be deemed uncollectable and shall exercise and  
33 exhaust all available options in those procedures before writing off amounts  
34 to this account.

35 (c)(1) The ~~commission~~ division shall require a retailer to post an  
36 appropriate bond, as determined by the ~~commission~~ division, using an

1 insurance company acceptable to the ~~commission~~ division.

2 (2) If applicable, the amount of the bond shall not exceed the  
3 district sales average of tickets for two (2) billing periods.

4 (d)(1) In its discretion, the ~~commission~~ division may allow a retailer  
5 to deposit and maintain with the ~~commission~~ division securities that are  
6 interest-bearing or accruing.

7 (2) Securities eligible under this subsection are limited to:

8 (A) Certificates of deposit in an amount fully insured by  
9 the Federal Deposit Insurance Corporation issued by solvent banks or savings  
10 associations organized and existing under the laws of this state or under the  
11 laws of the United States;

12 (B) United States Government bonds, notes, and bills for  
13 which the full faith and credit of the United States Government is pledged  
14 for the payment of principal and interest; or

15 (C) Federal agency securities by an agency or  
16 instrumentality of the United States Government.

17 (3) The securities shall be held in trust in the name of the  
18 ~~commission~~ division.

19  
20 23-115-604. Cancellation, suspension, revocation, or termination of  
21 retailer license.

22 (a) A retailer license executed by the Arkansas Lottery ~~Commission~~  
23 Division of the Department of Finance and Administration under this chapter  
24 shall specify the reasons for which the retailer license may be canceled,  
25 suspended, revoked, or terminated by the ~~commission~~ division. The reasons  
26 shall include without limitation:

27 (1) Commission of a violation of this chapter or a rule of the  
28 ~~commission~~ division;

29 (2) Failure to accurately or timely account for tickets, lottery  
30 games, revenues, or prizes as required by the ~~commission~~ division;

31 (3) Commission of any fraud, deceit, or misrepresentation;

32 (4) Insufficient sales;

33 (5) Conduct prejudicial to public confidence in a lottery;

34 (6) The retailer's filing for or being placed in bankruptcy or  
35 receivership;

36 (7) Any material change as determined in the sole discretion of



1 the ~~commission~~ division in any matter considered by the ~~commission~~ division  
2 in executing the license with the retailer; or

3 (8) Failure to meet any of the objective criteria established by  
4 the ~~commission~~ division under this chapter.

5 (b)(1) If upon approval of the ~~commission~~ division the Director of the  
6 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
7 Administration or his or her designee determines that cancellation, denial,  
8 revocation, suspension, or rejection of renewal of a retailer license is in  
9 the best interest of lotteries, the public welfare, or the State of Arkansas,  
10 the director or his or her designee may cancel, suspend, revoke, or  
11 terminate, after notice and a right to a hearing, a retailer license issued  
12 under this chapter.

13 (2) ~~The retailer license may be temporarily suspended by the~~  
14 ~~director or his or her designee without commission approval or prior notice~~  
15 ~~pending a hearing.~~

16 ~~(3)~~ A retailer license may be suspended, revoked, or terminated  
17 by the director or his or her designee for any one (1) or more of the reasons  
18 enumerated in subsection (a) of this section.

19 ~~(4)~~(3) Hearings under this subsection shall be held in  
20 accordance with the Arkansas Administrative Procedure Act, § 25-15-201 et  
21 seq.

22  
23 23-115-605. Retailers – Fiduciary duty – Protection against loss.

24 (a)(1) All proceeds from the sale of tickets or shares constitute a  
25 trust fund until paid to the Arkansas Lottery ~~Commission~~ Division of the  
26 Department of Finance and Administration either directly or through the  
27 ~~commission's~~ division's authorized collection representative.

28 (2) A retailer and officers of a retailer's business have a  
29 fiduciary duty to preserve and account for retail lottery proceeds, and  
30 retailers are personally liable for all lottery proceeds.

31 (3) For the purpose of this section, lottery proceeds include  
32 without limitation:

- 33 (A) Unsold instant tickets received by a retailer;  
34 (B) Cash proceeds of the sale of any lottery products;  
35 (C) Net of allowable sales commissions; and  
36 (D) Credit for lottery prizes paid to winners by

1 retailers.

2 (4) Sales proceeds and unused instant tickets shall be delivered  
3 to the ~~commission~~ division or its authorized collection representative upon  
4 demand.

5 (b)(1) The ~~commission~~ division shall require retailers to place all  
6 lottery proceeds due the ~~commission~~ division in accounts in institutions  
7 insured by the Federal Deposit Insurance Corporation not later than the close  
8 of the next banking day after the date of their collection by the retailer  
9 until the date they are paid to the ~~commission~~ division.

10 (2) At the time of the deposit, lottery proceeds shall be deemed  
11 to be the property of the ~~commission~~ division.

12 (3) The ~~commission~~ division may require a retailer to establish  
13 a single separate electronic funds transfer account when available for the  
14 purpose of:

- 15 (A) Receiving moneys from ticket or share sales;  
16 (B) Making payments to the ~~commission~~ division; and  
17 (C) Receiving payments for the ~~commission~~ division.

18 (4) Unless authorized in writing by the ~~commission~~ division,  
19 each retailer shall establish a separate bank account for lottery proceeds  
20 that shall be kept separate and apart from all other funds and assets and  
21 shall not be commingled with any other funds or assets.

22 (c) When an individual who receives proceeds from the sale of tickets  
23 or shares in the capacity of a retailer becomes insolvent or dies insolvent,  
24 the proceeds due the ~~commission~~ division from the individual or his or her  
25 estate have preference over all debts or demands.

26 (d) If the ~~commission~~ division determines that a retailer failed to  
27 comply with subsection (b) of this section three (3) times within any  
28 consecutive twenty-four-month period, the ~~commission~~ division may pursue  
29 business closure against the retailer under this subchapter.

30

31 23-115-606. Retailer – Rental payments based on percentage of retail  
32 sales.

33 If a retailer's rental payments for the business premises are  
34 contractually computed, in whole or in part, on the basis of a percentage of  
35 retail sales and the computation of retail sales is not explicitly defined to  
36 include sales of tickets or shares, only the compensation received by the

1 retailer from the Arkansas Lottery ~~Commission~~ Division of the Department of  
2 Finance and Administration may be considered the amount of the lottery retail  
3 sale for purposes of computing the rental payment.

4  
5 23-115-607. Business closure authority – Notice.

6 (a) In addition to all other remedies provided by law for failure to  
7 remit lottery proceeds due the Arkansas Lottery ~~Commission~~ Division of the  
8 Department of Finance and Administration, the Director of the Arkansas  
9 Lottery ~~Commission~~ Division of the Department of Finance and Administration  
10 may close the business of a retailer if the retailer fails to comply with §  
11 23-115-605(b) three (3) times within any consecutive twenty-four-month  
12 period.

13 (b)(1) The director shall give notice to the retailer that the third  
14 delinquency in complying with § 23-115-605(b) in any consecutive twenty-four-  
15 month period may result in the closure of the business.

16 (2) The notice shall be in writing and delivered to the retailer  
17 by:

18 (A) The United States Postal Service; or

19 (B) Hand delivery.

20 (c)(1) If the retailer has a third delinquency in complying with § 23-  
21 115-605(b) in any consecutive twenty-four-month period after the issuance of  
22 the notice provided in subsection (b) of this section and the director  
23 chooses to close the business, the director shall notify the retailer by  
24 certified mail or by hand delivery that the business will be closed within  
25 five (5) business days from the date of receipt of the notice unless the  
26 retailer avoids closure of the business under subsection (d) of this section.

27 (2) If the fifth day falls on a Saturday, Sunday, or legal  
28 holiday, the performance of an act to avoid business closure under subsection  
29 (d) of this section is timely when performed on the next succeeding business  
30 day that is not a Saturday, Sunday, or legal holiday.

31 (d) A retailer may avoid closure of the business by:

32 (1) Remitting the delinquent lottery proceeds; or

33 (2) Entering into a written payment agreement approved by the  
34 director to satisfy the lottery proceeds delinquency.

35  
36 23-115-608. Administrative hearing.

1 (a) A retailer may request an administrative hearing concerning the  
2 decision of the Director of the Arkansas Lottery ~~Commission~~ Division of the  
3 Department of Finance and Administration to close the retailer's business.

4 (b) Within five (5) business days after the delivery or attempted  
5 delivery of the notice required by § 23-115-607(c), the retailer may file a  
6 written protest, signed by the retailer or his or her authorized agent, with  
7 the director stating the reasons for opposing the closure of the business and  
8 requesting an administrative hearing.

9 (c)(1) A retailer may request that an administrative hearing be held:

10 (A) In person;  
11 (B) By telephone;  
12 (C) Upon written documents furnished by the retailer; or  
13 (D) Upon written documents and any evidence to be produced  
14 by the retailer at an administrative hearing.

15 (2) The director may determine whether an administrative hearing  
16 at which testimony is to be presented will be conducted in person or by  
17 telephone.

18 (3) A retailer who requests an administrative hearing based upon  
19 written documents is not entitled to any other administrative hearing before  
20 the rendering of the administrative decision.

21 (d) The administrative hearing shall be conducted by a hearing officer  
22 appointed by the director.

23 (e)(1) The hearing officer shall:

24 (A) Set the time and place for a hearing; and  
25 (B) Give the retailer notice of the hearing.

26 (2) At the administrative hearing, the retailer may:

27 (A) Be represented by an authorized representative; and  
28 (B) Present evidence in support of his or her position.

29 (f) The administrative hearing shall be held within fourteen (14)  
30 calendar days of receipt by the director of the request for hearing.

31 (g) The administrative hearing and determinations made by the hearing  
32 officer under this subchapter are subject to the Arkansas Administrative  
33 Procedure Act, § 25-15-201 et seq.

34 (h) The defense or defenses to the closure of a business under this  
35 subchapter are:

36 (1) Written proof that the retailer remitted the delinquent

1 lottery proceeds due; or

2 (2) That the retailer has entered into a written payment  
3 agreement, approved by the director, to satisfy the lottery proceeds  
4 delinquency.

5 (i) The decision of the hearing officer shall be in writing with  
6 copies delivered to the retailer and the director by the United States Postal  
7 Service or by hand delivery.

8

9 23-115-609. Judicial relief.

10 (a)(1) If the decision of the hearing officer under § 23-115-608 is to  
11 affirm the closure of the business, the decision shall be submitted in  
12 writing and delivered by the United States Postal Service or by hand to the  
13 retailer.

14 (2) The retailer may seek judicial relief from the decision by  
15 filing suit within twenty (20) calendar days of the date of the decision.

16 (b)(1) Jurisdiction for a suit under this section to contest a  
17 determination of the ~~director~~ Director of the Arkansas Lottery Division of  
18 the Department of Finance and Administration shall be in Pulaski County  
19 Circuit Court, where the matter shall be tried de novo.

20 (2)(A) If the circuit court finds that the business closure  
21 order was appropriately issued by the director, the circuit court shall issue  
22 an injunction against the retailer prohibiting the further operation of the  
23 business.

24 (B) If a business subject to an injunction issued by the  
25 circuit court as provided in this subchapter continues in operation, upon  
26 conviction, any person responsible for the decision to operate the business  
27 after the issuance of the injunction shall be guilty of a Class A  
28 misdemeanor.

29 (3) An appeal may be made from the circuit court to the  
30 appropriate appellate court, as provided by law.

31 (c) The procedures established by § 23-115-608 and this section are  
32 the sole methods for seeking relief from a written decision to close the  
33 business of a retailer for failure to comply with § 23-115-605(b).

34 (d) The decision to close the business of a retailer shall be final:

35 (1) If the retailer fails to:

36 (A) Request an administrative hearing under § 23-115-608;

1 or

2 (B) Seek judicial relief under this section; or

3 (2) Upon the final decision of a circuit court or an appellate  
4 court.

5 (e)(1) It is unlawful for a business to continue in operation after a  
6 business closure order is issued that is:

7 (A) Upheld on appeal under this subchapter; or

8 (B) Not appealed by the retailer under this subchapter.

9 (2) Upon conviction, any person responsible for the decision to  
10 operate the business in violation of this subchapter shall be guilty of a  
11 Class A misdemeanor.

12

13 23-115-610. Business closure procedure.

14 (a) If a retailer fails to timely seek administrative or judicial  
15 review of a business closure decision or if the business closure decision is  
16 affirmed after administrative or judicial review, the Director of the  
17 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
18 Administration shall direct the Department of Finance and Administration to  
19 affix a written notice to all entrances of the business that:

20 (1) Identifies the business as being subject to a business  
21 closure order; and

22 (2) States that the business is prohibited from further  
23 operation.

24 (b) The Director of the Arkansas Lottery ~~Commission~~ Division of the  
25 Department of Finance and Administration may also direct that the business be  
26 locked or otherwise secured so that it may not be operated.

27 (c) The Director of the Department of Finance and Administration may  
28 request the assistance of the Department of Arkansas State Police or any  
29 state or local law enforcement official to post the notice or to secure the  
30 business as authorized in this section.

31 (d) The ~~commission~~ Arkansas Lottery Division of the Department of  
32 Finance and Administration may reimburse the Department of Finance and  
33 Administration for the costs of administering this section after review of  
34 the amount by the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
35 Committee.

36

1 23-115-611. Revocation and suspension of business license.

2 (a) The closure of a business under this subchapter shall be grounds  
3 for cancellation, suspension, revocation, or termination of a retailer  
4 license under § 23-115-604.

5 (b) The closure of a business under this subchapter shall be grounds  
6 for the suspension or revocation of any business license granted under the  
7 laws of the State of Arkansas, excluding professional licenses.

8 (c) After the decision to close the retailer's business becomes final,  
9 the Director of the Arkansas Lottery ~~Commission~~ Division of the Department of  
10 Finance and Administration shall contact the appropriate administrative body  
11 responsible for granting licenses to operate the business and report the  
12 closure of the business.

13  
14 23-115-612. Authority to promulgate rules.

15 The Arkansas Lottery ~~Commission~~ Division of the Department of Finance  
16 and Administration may promulgate rules necessary for the implementation and  
17 enforcement of this subchapter.

18  
19 Subchapter 7 – Procurements

20  
21 23-115-701. Procurements – Major procurement contracts – Competitive  
22 bidding.

23 (a)(1) The Arkansas Lottery ~~Commission~~ Division of the Department of  
24 Finance and Administration may purchase, lease, or lease-purchase goods or  
25 services as necessary for effectuating the purposes of this chapter.

26 (2) The ~~commission~~ division may make procurements that integrate  
27 functions, including without limitation:

- 28 (A) Lottery design;  
29 (B) Ticket distribution to retailers;  
30 (C) Supply of goods and services; and  
31 (D) Advertising.

32 (3) In all procurement decisions, the ~~commission~~ division shall:

33 (A) Take into account the particularly sensitive nature of  
34 lotteries; and

35 (B) Act to promote and ensure:

- 36 (i) Security, honesty, fairness, and integrity in

1 the operation and administration of lotteries; and

2 (ii) The objectives of raising net proceeds for the  
3 benefit of scholarships and grants.

4 (b) Except as provided in subsections (c) and (d) of this section, the  
5 ~~commission~~ division shall comply with the Arkansas Procurement Law, § 19-11-  
6 201 et seq.

7 (c)(1) The ~~commission~~ division shall adopt rules concerning the  
8 procurement process for major procurement contracts.

9 (2) The ~~commission~~ division shall arrange for the solicitation  
10 and receipt of competitive bids for major procurement contracts.

11 (3) Except for printing, stationery, and supplies under Arkansas  
12 Constitution, Amendment 54, the ~~commission~~ division is not required to accept  
13 the lowest responsible bid for major procurement contracts but shall select a  
14 bid that provides the greatest long-term benefit to the state, the greatest  
15 integrity for the ~~commission~~ division, and the best service and products for  
16 the public.

17 (d) In any bidding process, the ~~commission~~ division may administer its  
18 own bidding and procurement or may utilize the services of the Department of  
19 Finance and Administration.

20 (e)(1) Each proposed major procurement contract and each amendment or  
21 modification to a proposed or executed major procurement contract shall be  
22 filed with the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
23 Committee for review at least thirty (30) days before the execution date of  
24 the major procurement contract or the amendment or modification to a proposed  
25 or executed major procurement contract.

26 (2) The Arkansas Lottery ~~Commission~~ Division Legislative  
27 Oversight Committee shall provide the ~~commission~~ division with its review as  
28 to the propriety of the major procurement contract and each amendment or  
29 modification to a proposed or executed major procurement contract within  
30 thirty (30) days after receipt of the proposed major procurement contract or  
31 the amendment or modification to a proposed or executed major procurement  
32 contract.

33  
34 Subchapter 8 – Lottery Proceeds

35  
36 23-115-801. Lottery proceeds.



1 (a)(1) All lottery proceeds are the property of the Arkansas Lottery  
2 ~~Commission~~ Division of the Department of Finance and Administration.

3 (2)(A) The ~~commission~~ division shall pay its operating expenses  
4 from its lottery proceeds.

5 (B)(i) An amount of lottery proceeds determined by the  
6 ~~commission~~ division to maximize net proceeds shall be made available as prize  
7 money.

8 (ii)(a) Subdivision (a)(2)(B)(i) of this section  
9 does not create any lien, entitlement, cause of action, or other private  
10 right.

11 (b) In setting the terms of a lottery, the  
12 ~~commission~~ division shall determine any rights of holders of tickets or  
13 shares.

14 (3) The percentage of lottery proceeds determined by the  
15 ~~commission~~ division to be net proceeds shall equal an amount determined by  
16 the ~~commission~~ division to maximize net proceeds.

17 (b)(1) On or before the fifteenth day of each month, the ~~commission~~  
18 division shall deposit the net proceeds from the lottery into one (1) or more  
19 trust accounts at one (1) or more financial institutions.

20 (2) The ~~commission~~ division shall follow the investment policy  
21 guidelines of the State Board of Finance in selecting a financial institution  
22 and managing the net proceeds from the lottery deposited into a trust  
23 account.

24 (c)(1) The Director of the Department of Higher Education shall  
25 certify to the ~~commission~~ division the amount of net proceeds from the  
26 lottery needed to fund the scholarships awarded to recipients under § 6-85-  
27 201 et seq. for each semester of an academic year.

28 (2)(A) The ~~commission~~ division shall transfer the funds  
29 requested by the director under subdivision (c)(1) of this section into one  
30 (1) or more trust accounts at one (1) or more financial institutions meeting  
31 the requirements of subdivision (b)(2) of this section maintained by the  
32 ~~department~~ Department of Higher Education.

33 (B) The director shall disburse trust account funds  
34 only in the name of the recipient:

35 (i) To an approved institution of higher  
36 education; or

1 (ii) If a recipient transfers to another  
2 approved institution of higher education, to the approved institution of  
3 higher education where the recipient transferred.

4 (3) By August 1 of each year, the director shall provide to the  
5 ~~commission~~ division and to the Arkansas Lottery ~~Commission~~ Division  
6 Legislative Oversight Committee for the academic year just ended an  
7 accounting of all trust accounts maintained by the department, including  
8 without limitation:

9 (A) Total deposits to all trust accounts;

10 (B) Total disbursements from the trust accounts; and

11 (C) The balance remaining in the trust accounts.

12 (d)(1) The General Assembly finds that:

13 (A) The administration of scholarships with proceeds from  
14 the lottery are expenses of the ~~commission~~ division; and

15 (B) Because the department has the expertise and  
16 experienced staff needed to efficiently and appropriately administer the  
17 scholarships, the ~~commission~~ division shall use the services of the  
18 department to administer scholarships funded with net proceeds from the  
19 lottery.

20 (2)(A) Annually by April 1, the department shall provide to the  
21 ~~commission~~ division and to the Arkansas Lottery ~~Commission~~ Division  
22 Legislative Oversight Committee the department's budget for the  
23 administrative expenditures allowed under this subsection.

24 (B) Annually by October 31, the department shall provide  
25 an invoice to the ~~commission~~ division for reimbursement of the administrative  
26 expenditures allowed under this subsection, including without limitation:

27 (i) For each employee the:

28 (a) Type of position, whether full-time, part-  
29 time, permanent, or temporary; and

30 (b) Salary paid;

31 (ii) A description of other expenditures requested  
32 in the invoice; and

33 (iii) An explanation of the increase, if any, of  
34 actual expenditures over the budgeted expenditures.

35 (3)(A) Annually by November 1, the ~~commission~~ division shall  
36 file a copy of the invoice with the Arkansas Lottery ~~Commission~~ Division

1 Legislative Oversight Committee for its review.

2 (B) The Arkansas Lottery ~~Commission~~ Division Legislative  
3 Oversight Committee shall review the invoice and forward its comments, if  
4 any, to the ~~commission~~ division.

5 (C) The ~~commission~~ division shall reimburse the department  
6 for the costs of administering the scholarship awards funded with net  
7 proceeds from the lottery after the Arkansas Lottery ~~Commission~~ Division  
8 Legislative Oversight Committee's review under this subsection.

9

10 23-115-802. Scholarship Shortfall Reserve Trust Account.

11 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of  
12 Finance and Administration shall maintain a Scholarship Shortfall Reserve  
13 Trust Account.

14 (b)(1) An amount equal to four percent (4%) of the total amount of net  
15 proceeds disbursed during the preceding fiscal year in the form of  
16 scholarships and grants for higher education shall be deposited from lottery  
17 proceeds each year until the amount in the account equals twenty million  
18 dollars (\$20,000,000).

19 (2) Thereafter, only an amount necessary to maintain the account  
20 in an amount equal to twenty million dollars (\$20,000,000) shall be deposited  
21 into the account.

22 (3) Any amount in the trust account exceeding twenty million  
23 dollars (\$20,000,000) shall be considered net proceeds and shall be deposited  
24 annually into one (1) or more trust accounts at one (1) or more financial  
25 institutions by July 1 of each year.

26 (c) If net proceeds in any year are not sufficient to meet the amount  
27 allocated for higher education scholarships, the account may be drawn upon to  
28 meet the deficiency.

29

30 23-115-803. Disposition of funds.

31 (a)(1) To effectuate the purposes of the Arkansas Lottery ~~Commission's~~  
32 Division of the Department of Finance and Administration, the ~~commission~~  
33 division may borrow moneys from the State of Arkansas or accept and expend  
34 moneys from the State of Arkansas and shall repay any sums borrowed from the  
35 state as soon as practicable.

36 (2) As used in this section, "purposes" includes without

1 limitation the payment of the initial expenses of initiation, administration,  
2 and operation of the ~~commission~~ division and lotteries.

3 (3) The ~~commission~~ division shall not issue bonds for any  
4 purpose.

5 (b)(1) The ~~commission~~ division shall be self-sustaining and self-  
6 funded.

7 (2)(A) Except as provided in subsection (a) of this section,  
8 moneys in the General Revenue Fund Account of the State Apportionment Fund  
9 shall not be used or obligated to pay the expenses of the ~~commission~~ division  
10 or prizes of a lottery.

11 (B) A claim for the payment of an expense of a lottery or  
12 prizes of a lottery shall not be made against any moneys other than moneys  
13 credited to the ~~commission's~~ division's operating account.

#### 14 Subchapter 9 – Penalties

15  
16  
17 23-115-901. Sale of ticket or share to person under 18 years of age  
18 prohibited – Penalty.

19 (a) A retailer who knowingly sells a ticket or share to a person under  
20 eighteen (18) years of age or permits a person under eighteen (18) years of  
21 age to play a lottery is guilty of a violation and subject to the following  
22 penalties:

23 (1) A fine not to exceed two hundred fifty dollars (\$250) for a  
24 first violation within a forty-eight-month period;

25 (2) For a second violation within a forty-eight-month period:

26 (A) A fine not to exceed five hundred dollars (\$500); and

27 (B) Suspension of the retailer license issued under § 23-  
28 115-601 et seq. for a period not to exceed two (2) days;

29 (3) For a third violation within a forty-eight-month period:

30 (A) A fine not to exceed one thousand dollars (\$1,000);

31 and

32 (B) Suspension of the retailer license issued under § 23-  
33 115-601 et seq. for a period not to exceed seven (7) days;

34 (4) For a fourth or subsequent violation within a forty-eight-  
35 month period:

36 (A) A fine not to exceed two thousand dollars (\$2,000);

1 and

2 (B) Suspension of the retailer license issued under § 23-  
3 115-601 et seq. for a period not to exceed fourteen (14) days; and

4 (5) For a fifth or subsequent violation within a forty-eight-  
5 month period, the retailer license issued under § 23-115-601 et seq. may be  
6 revoked.

7 (b) An employee of a retailer who violates this section is subject to  
8 a fine not to exceed one hundred dollars (\$100) per violation.

9 (c) It is an affirmative defense to a prosecution under this section  
10 that the retailer reasonably and in good faith relied upon representation of  
11 proof of age in making the sale.

12 (d) A person convicted of violating any provision of this section  
13 whose retailer license is suspended or revoked upon conviction shall  
14 surrender to the court his or her retailer license, and the court shall  
15 transmit the retailer license to the Arkansas Lottery ~~Commission~~ Division of  
16 the Department of Finance and Administration and instruct the ~~commission~~  
17 division:

18 (1) To suspend or revoke the person's retailer license or to not  
19 renew the license; and

20 (2) Not to issue any new retailer license to that person for the  
21 period of time determined by the court in accordance with this section.

22

23 23-115-902. Fraud – Penalty.

24 The offense of lottery fraud and penalties for a conviction of lottery  
25 fraud are provided under § 5-55-501.

26

27 23-115-903. False statement on license application – Penalty.

28 (a) A person shall not knowingly make:

29 (1) A material false statement in an application for a license  
30 or proposal to conduct a lottery; or

31 (2) A material false entry in any book or record that is  
32 compiled, maintained, or submitted to the Arkansas Lottery ~~Commission~~  
33 Division of the Department of Finance and Administration.

34 (b)(1) A person who violates this section is guilty of a Class D  
35 felony.

36 (2) A person convicted for violating subsection (a) of this

1 section is subject to an additional fine of not more than twenty-five  
2 thousand dollars (\$25,000) or the dollar amount of the material false entry  
3 or material false statement, whichever is greater.

4  
5 23-115-904. Inconsistent statutes inapplicable.

6 (a) Section 5-66-101 et seq. and all other laws and parts of laws  
7 inconsistent with this chapter are expressly declared not to apply to any  
8 person engaged in, conducting, or otherwise participating in lotteries.

9 (b) A person is not guilty of any criminal offense set forth in § 5-  
10 66-101 et seq. or any other law relating to illegal gambling to the extent  
11 the person relied on any rule, order, finding, or other determination by the  
12 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
13 Administration that the activity was authorized by this chapter.

14  
15 Subchapter 10 – Debtors Owing Money to the State

16  
17 23-115-1001. Legislative intent.

18 (a) The purposes of this subchapter are to establish:

19 (1) A policy and to provide a system whereby all claimant  
20 agencies of this state in conjunction with the Arkansas Lottery ~~Commission~~  
21 Division of the Department of Finance and Administration shall cooperate in  
22 identifying debtors who owe money to the state through its various claimant  
23 agencies or to persons on whose behalf the state and its claimant agencies  
24 act and who qualify for lottery prizes under this chapter from the ~~commission~~  
25 division; and

26 (2) Procedures for setting off against any prize the sum of any  
27 debt owed to the state or to persons on whose behalf the state and its  
28 claimant agencies act.

29 (b) This subchapter shall be liberally construed to effectuate the  
30 purposes stated in subsection (a) of this section.

31  
32 23-115-1002. Definitions.

33 As used in this subchapter:

34 (1) “Claimant agency” means a state agency, department, board,  
35 bureau, commission, or authority:

36 (A) To which a person owes a debt; or

1 (B) That acts on behalf of a person to collect a debt;

2 (2) "Debt" means a:

3 (A) Liquidated sum due and owing any claimant agency when  
4 the sum has accrued through contract, subrogation, tort, or operation of law  
5 regardless of whether there is an outstanding judgment for the sum; or

6 (B) Sum that is due and owing any person and is  
7 enforceable by the state;

8 (3) "Debtor" means an individual owing money to or having a  
9 delinquent account with a claimant agency when the obligation has not been:

10 (A) Adjudicated as satisfied by court order;

11 (B) Set aside by court order; or

12 (C) Discharged in bankruptcy; and

13 (4) "Prize" means the proceeds of any lottery prize awarded  
14 under this chapter.

15

16 23-115-1003. Collection remedy.

17 The collection remedy authorized by this subchapter is in addition to  
18 and not in substitution for any other remedy available by law.

19

20 23-115-1004. List of debtors – Withholding winnings – Ranking of  
21 liens.

22 (a)(1) A claimant agency may submit to the Arkansas Lottery ~~Commission~~  
23 Division of the Department of Finance and Administration a list of the names  
24 of all debtors owing in excess of one hundred dollars (\$100) to the claimant  
25 agency or to persons on whose behalf the claimant agency is acting.

26 (2) The full amount of the debt is collectible from any prize  
27 without regard to limitations on the amounts that may be collectable in  
28 increments through garnishment or other proceedings.

29 (3) The list shall constitute a valid lien upon and claim of  
30 lien against the prize of any debtor named in the list.

31 (4) The list shall contain:

32 (A) The name of each debtor;

33 (B) The Social Security number of each debtor if  
34 available; and

35 (C) Any other information that would assist the ~~commission~~  
36 division in identifying each debtor named in the list.

1 (b)(1) The ~~commission~~ division shall withhold any prizes subject to  
2 the lien created by this section and send notice to the winner by certified  
3 mail, return receipt requested, of the action and the reason the prizes were  
4 withheld.

5 (2)(A) However, if the winner appears and claims prizes in  
6 person, the ~~commission~~ division shall notify the winner at that time by hand  
7 delivery of the action.

8 (B) If the debtor does not protest the withholding of the  
9 prizes in writing within thirty (30) days of receipt of the notice, the  
10 ~~commission~~ division shall pay the prizes to the claimant agency.

11 (C) If the debtor protests the withholding of the prizes  
12 within thirty (30) days of receipt of the notice, the ~~commission~~ division  
13 shall:

14 (i) File an action in interpleader in the circuit  
15 court of the county where the debtor resides;

16 (ii) Pay the disputed sum into the registry of the  
17 circuit court; and

18 (iii) Give notice to the claimant agency and debtor  
19 of the initiation of the action.

20 (c) The liens created by this section are ranked by priority as  
21 follows:

22 (1) Taxes due the state;

23 (2) Delinquent child support; and

24 (3) All other judgments and liens in order of the date entered  
25 or perfected.

26 (d) The ~~commission~~ division is not required to deduct claimed debts  
27 from prizes paid out by retailers or entities other than the ~~commission~~  
28 division.

29 (e) Any list of debt provided under this section shall be provided  
30 periodically as the ~~commission~~ division shall provide by rule, and the  
31 ~~commission~~ division is not obligated to retain the lists or deduct debts  
32 appearing on the lists beyond the period determined by the rules.

33 (f) The ~~commission~~ division may prescribe forms and promulgate rules  
34 it deems necessary to implement this section.

35 (g) The ~~commission~~ division and any claimant agency shall incur no  
36 civil or criminal liability for good faith adherence to this section.



1 (h) The claimant agency shall pay the ~~commission~~ division for all  
2 costs incurred by the ~~commission~~ division in setting off debts in the manner  
3 provided in this subchapter.

4  
5 23-115-1005. Confidential information.

6 (a)(1) Notwithstanding any other confidentiality statute, the Arkansas  
7 Lottery ~~Commission~~ Division of the Department of Finance and Administration  
8 may provide to a claimant agency all information necessary to accomplish and  
9 effectuate the intent of this subchapter.

10 (2) Information shall be used by a claimant agency only in the  
11 pursuit of its debt collection duties and practices.

12 (b) Confidential information obtained by a claimant agency from the  
13 ~~commission~~ division under this section shall retain its confidentiality.

14 (c) An employee or prior employee of a claimant agency who unlawfully  
15 discloses any information for any other purpose, except as otherwise  
16 specifically authorized by law, is guilty of a Class A misdemeanor.

17  
18 23-115-1006. Application.

19 This subchapter applies only to prizes of more than five hundred  
20 dollars (\$500).

21  
22 Subchapter 11 – Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
23 Committee

24  
25 23-115-1101. Arkansas Lottery ~~Commission~~ Division Legislative  
26 Oversight Committee.

27 (a) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
28 Committee is established.

29 (b) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
30 Committee shall consist of the following members of the General Assembly  
31 appointed as follows:

32 (1) Six (6) members of the House of Representatives shall be  
33 appointed to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
34 Committee by the Speaker of the House of Representatives; and

35 (2) Six (6) members of the Senate shall be appointed to the  
36 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee by the

1 President Pro Tempore of the Senate.

2 (c) In making appointments, each appointing officer shall select  
3 members who have appropriate experience and knowledge of the issues to be  
4 examined by the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
5 Committee and may consider racial, gender, and geographical diversity among  
6 the membership.

7 (d) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
8 Committee shall:

9 (1) Review whether expenditures of lottery proceeds have been in  
10 accordance with this chapter;

11 (2) Review proposed rules of the Arkansas Lottery ~~Commission~~  
12 Division of the Department of Finance and Administration;

13 (3)(A) Review proposed contracts of twenty-five thousand dollars  
14 (\$25,000) or more before the execution of the contracts.

15 (B) The ~~commission~~ division shall provide a list of all  
16 contracts less than twenty-five thousand dollars (\$25,000) to the Arkansas  
17 Lottery ~~Commission~~ Division Legislative Oversight Committee on a monthly  
18 basis;

19 (4) Review reports filed with the Arkansas Lottery ~~Commission~~  
20 Division Legislative Oversight Committee by the Department of Higher  
21 Education, including without limitation reports filed under §§ 6-85-205 and  
22 6-85-220;

23 (5) Perform its duties under § 6-85-220; and

24 (6) Study other lottery matters as the Arkansas Lottery  
25 ~~Commission~~ Division Legislative Oversight Committee considers necessary to  
26 fulfill its mandate.

27 (e)(1) Annually by December 15, the Arkansas Lottery ~~Commission~~  
28 Division Legislative Oversight Committee shall provide to the General  
29 Assembly:

30 (A) Any analysis or findings resulting from its activities  
31 under this section that the Arkansas Lottery ~~Commission~~ Division Legislative  
32 Oversight Committee deems relevant; and

33 (B) Its recommendations for any changes to the:

34 (i) Scholarship award amounts;

35 (ii) Number or type of scholarships; and

36 (iii) Scholarship eligibility requirements.

1           (2) The Arkansas Lottery ~~Commission~~ Division Legislative  
2 Oversight Committee may make interim reports to the General Assembly  
3 regarding the expenditure of net lottery revenues.

4           (f)(1) The President Pro Tempore of the Senate and the Speaker of the  
5 House of Representatives shall each designate a cochair of the Arkansas  
6 Lottery ~~Commission~~ Division Legislative Oversight Committee.

7           (2) The Arkansas Lottery ~~Commission~~ Division Legislative  
8 Oversight Committee shall meet at least quarterly upon the joint call of the  
9 cochairs of the Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
10 Committee.

11           (3) A majority of *the membership of the* Arkansas Lottery  
12 ~~Commission~~ Division Legislative Oversight Committee constitutes a quorum.

13           (4) No action may be taken by the Arkansas Lottery ~~Commission~~  
14 Division Legislative Oversight Committee except by a majority vote at a  
15 meeting at which a quorum is present.

16           (g) Members of the Arkansas Lottery ~~Commission~~ Division Legislative  
17 Oversight Committee are entitled to per diem and mileage at the same rate  
18 authorized by law for attendance at meetings of interim committees of the  
19 General Assembly and shall be paid from the same source.

20           (h)(1) With the consent of both the President Pro Tempore of the  
21 Senate and the Speaker of the House of Representatives, the Arkansas Lottery  
22 ~~Commission~~ Division Legislative Oversight Committee may meet during a session  
23 of the General Assembly to perform its duties under this chapter.

24           (2) This subsection does not limit the authority of the Arkansas  
25 Lottery ~~Commission~~ Division Legislative Oversight Committee to meet during a  
26 recess as authorized by § 10-3-211 or § 10-2-223.

27  
28           23-115-1102. Filing of information with Arkansas Lottery ~~Commission~~  
29 Division Legislative Oversight Committee.

30           (a) It is the intent of the General Assembly that the Arkansas Lottery  
31 ~~Commission~~ Division Legislative Oversight Committee perform the monitoring  
32 and oversight functions of the Legislative Council for the Arkansas Lottery  
33 ~~Commission~~ Division of the Department of Finance and Administration.

34           (b) All contracts, rules, reports, or other information required by  
35 law to be filed by the ~~commission~~ division with the Legislative Council:

36           (1) Shall not be filed with the Legislative Council; and

1 (2) Shall be filed with the Arkansas Lottery ~~Commission~~ Division  
2 Legislative Oversight Committee.

3 (c)(1) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight  
4 Committee shall perform all duties or functions of the Legislative Council  
5 required by law concerning the contracts, rules, reports, or other  
6 information filed with the Arkansas Lottery ~~Commission~~ Division Legislative  
7 Oversight Committee under subsection (b) of this section.

8 (2) The Bureau of Legislative Research shall provide staff for  
9 the Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

10  
11 SECTION 25. Arkansas Code § 25-1-110(e), concerning cost-effectiveness  
12 of state-owned vehicles, is amended to read as follows:

13 (e) The provisions of this section do not apply to the Arkansas  
14 Lottery ~~Commission~~ Division of the Department of *Finance and Administration*,  
15 institutions of higher education, and vocational technical institutes.

16  
17 SECTION 26. Arkansas Code § 25-1-403(2)(B)(v), concerning definitions,  
18 is amended to read as follows:

19 (v) The Arkansas Lottery ~~Commission~~ Division of the  
20 Department of *Finance and Administration*;

21  
22 SECTION 27. Arkansas Code § 25-1-405(c), concerning cooperation by  
23 state agencies with the Department of Finance and Administration, is amended  
24 to read as follows:

25 (c) The Arkansas Lottery ~~Commission~~ Division of the Department of  
26 *Finance and Administration* shall pay the costs of providing expenditure  
27 information for the ~~commission~~ division in the common format determined by  
28 the department.

29  
30 SECTION 28. Arkansas Code § 25-4-103(15), concerning definitions, is  
31 amended to read as follows:

32 (15) "State agencies" means all state departments, boards, and  
33 commissions but shall not include the Arkansas Lottery ~~Commission~~ Division of  
34 the Department of *Finance and Administration*, the elected constitutional  
35 officers and their staffs, the General Assembly and its committees and  
36 staffs, or the Supreme Court and the Administrative Office of the Courts, and

1 public institutions of higher education with respect to academic, research,  
2 healthcare, and existing information technology applications and underlying  
3 support therefor;

4  
5 SECTION 29. Arkansas Code § 26-18-1001(e), concerning business closure  
6 authority, is amended to read as follows:

7 (e) After written notice delivered to a lottery retailer by the United  
8 States Postal Service or by hand delivery, the director may pursue a remedy  
9 under this subchapter against a lottery retailer as a noncompliant taxpayer  
10 upon receiving a referral from the Arkansas Lottery ~~Commission~~ Division of  
11 the Department of Finance and Administration under § 23-115-605.

12  
13 SECTION 30. Arkansas Code § 26-51-2302(1), concerning definitions, is  
14 amended to read as follows:

15 (1) "Claim center" means a claim center established by the  
16 Arkansas Lottery ~~Commission~~ Division of the Department of Finance and  
17 Administration under § 23-115-207;

18  
19 SECTION 31. Arkansas Code § 26-51-2306(a)(1), concerning duties of the  
20 claim centers and payees, is amended to read as follows:

21 (a)(1) The Arkansas Lottery ~~Commission~~ Division of the Department of  
22 Finance and Administration is liable for amounts required to be deducted and  
23 withheld by a claim center under this subchapter regardless of whether the  
24 amounts were in fact deducted or withheld.

25  
26 SECTION 32. EMERGENCY CLAUSE. It is found and determined by the  
27 General Assembly of the State of Arkansas that the stability of the lottery  
28 is critical to the success of the Arkansas Academic Challenge Scholarship  
29 Program; that changes to the operational structure of the lottery are needed  
30 to improve the creditability and function of the lottery; and that this act  
31 is immediately necessary to ensure the transition of lottery administration  
32 is as undistruptive as possible. Therefore, an emergency is declared to exist,  
33 and this act being immediately necessary for the preservation of the public  
34 peace, health, and safety shall become effective on:

35 (1) The date of its approval by the Governor;

36 (2) If the bill is neither approved nor vetoed by the Governor,

1 the expiration of the period of time during which the Governor may veto the  
2 bill; or

3 (3) If the bill is vetoed by the Governor and the veto is  
4 overridden, the date the last house overrides the veto.

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*/s/Hickey*