

SUMMARY AGENDA

JBC-ADMINISTRATIVE RULE AND REGULATION REVIEW SUBCOMMITTEE

February 25, 2019
11:00 a.m.

Room B, MAC
Little Rock, AR

Sen. Bart Hester, Chair
Sen. Breanne Davis, Vice-Chair
Sen. Jonathan Dismang
Sen. Ronald Caldwell
Sen. Keith Ingram
Sen. Eddie Cheatham
Sen. Scott Flippo
Sen. Blake Johnson
Sen. Will Bond
Sen. Cecile Bledsoe, ex officio
Sen. Terry Rice, ex officio

Rep. Kenneth B. Ferguson, Chair
Rep. Jana Della Rosa, Vice-Chair
Rep. Douglas House
Rep. Joe Jett
Rep. Mike Holcomb
Rep. Les Eaves
Rep. Robin Lundstrum
Rep. Dwight Tosh
Rep. Marcus E. Richmond
Rep. Jeff Wardlaw, ex officio
Rep. Jim Dotson, ex officio

A. Call to Order.

B. Rules filed pursuant to Ark. Code Ann. § 10-3-309.

1. STATE PLANT BOARD, PESTICIDE DIVISION (Butch Calhoun)

a. SUBJECT: Pesticide Classification

DESCRIPTION: The amended Arkansas Regulations on Pesticide Classification will allow applications of dicamba between April 16th and May 20th with a one mile buffer zone around research stations, organic crops, specialty crops, non-tolerant dicamba crops and other sensitive crops. The proposed rule will also include a restriction on mixing glyphosate with dicamba. The proposed rule would restrict applications of dicamba from May 21st through October 31st. Dicamba may be used on pasture and rangeland year round, but must abide by the aforementioned buffer zone. The proposed rule has an exemption for turf, ornamental, direct injection for forestry activities, and home use. A special permit may be obtained for Arkansas land east of the Mississippi river levee.

PUBLIC COMMENT: A public hearing was held on February 20, 2019. The public comment period expired on February 5, 2019. Any summary of the public comments received and the Board’s responses thereto will be provided by separate means, due to the time constraints between the date of the Board’s public hearing and the date of this Subcommittee’s meeting.

Rebecca Miller-Rice, an attorney with the Bureau of Legislative Research, asked the following questions:

Section XIII.B.1.c. – For the new provision concerning the “special permit for Arkansas land east of the Mississippi river levee,” is the Board proceeding under the authority of Ark. Code Ann. § 20-20-206(b), which permits the Board to declare certain pesticides or pesticide uses as “state restricted-use pesticides” and permits the Board to prescribe the time when and the conditions under which the materials may be used in different areas of the state?

RESPONSE: You are correct.

Under what specific statute and section thereof is the Board imposing the \$100 permit application fee found in Section XIII.B.1.c.i.? Is it Ark. Code Ann. § 20-20-206(b)(4), which specifically allows the Board to charge permit fees for pesticides or pesticide uses declared by the Board to be “state restricted-use pesticides”? **RESPONSE:** You are correct.

The proposed effective date is pending legislative review and approval.

FINANCIAL IMPACT: With respect to the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed rule, the agency has provided the following statement.

The proposed rule will allow applicators to apply for a special permit in order to use dicamba after the cut-off date to lands east of the Mississippi River levee. This permit fee is \$100. At this time, the Plant Board does not know how many individuals will apply and receive this permit so a total cost cannot be estimated.

LEGAL AUTHORIZATION: The State Plant Board shall administer and enforce the Arkansas Pesticide Use and Application Act (“Act”), codified at Arkansas Code Annotated §§ 20-20-201 through 20-20-227, and shall have authority to issue regulations

after a public hearing following due notice to all interested persons to carry out the provisions of the Act. *See* Ark. Code Ann. § 20-20-206(a)(1). When the Board finds it necessary to carry out the purpose and intent of the Act, regulations may relate to the time, place, manner, amount, concentration, or other conditions under which pesticides may be distributed or applied and may restrict or prohibit use of pesticides in designated areas during specified periods of time to prevent unreasonable adverse effects by drift or misapplication to: plants, including forage plants, or adjacent or nearby lands; wildlife in the adjoining or nearby areas; fish and other aquatic life in waters in reasonable proximity to the area to be treated; and humans, animals, or beneficial insects. *See id.* In issuing regulations, the Board shall give consideration to pertinent research findings and recommendations of other agencies of this state, the federal government, or other reliable sources. *See* Ark. Code Ann. § 20-20-206(a)(2).

Further authority for the rulemaking can be found in Ark. Code Ann. § 20-20-206(b)(1), which allows the Board to declare certain pesticides or pesticide uses as state restricted-use pesticides when after investigation it finds and determines the pesticides or pesticide uses to be injurious to humans, animals, or vegetation other than the pest or vegetation which it is intended to destroy or otherwise requires additional restrictions under the conditions set forth in the Act. *See also* Ark. Code Ann. § 2-16-406(d)(1) (similarly providing). The rules and regulations concerning such pesticides shall include rules and regulations which prescribe the time when and the conditions under which the materials may be used in different areas of the state. *See* Ark. Code Ann. § 20-20-206(b)(3). *See also* Ark. Code Ann. § 2-16-406(d)(1). Pursuant to Ark. Code Ann. § 20-20-206(b)(4), the Board, in its rules and regulations, may charge inspection, permit, and license fees sufficient to cover the cost of enforcement of Ark. Code Ann. § 20-20-206(b). *See also* Ark. Code Ann. § 2-16-406(d)(1).

2. **DEPARTMENT OF FINANCE AND ADMINISTRATION, RACING COMMISSION (Byron Freeland and John Campbell)**

a. **SUBJECT: CGR Rule 1: Issuance of Rules; Construction; Definitions**

DESCRIPTION: This rule contains the definitions of approximately 33 words and phrases used in the Casino Gaming Rules.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment."

b. **SUBJECT: CGR Rule 2: Application for Casino Gaming License and Renewal**

DESCRIPTION: This establishes criteria for applying for a casino gaming license and renewal of a license. A license is for ten years, and the initial application fee is \$250,000, as authorized by Amendment 100. It also contains the requirements for letters of support in Pope and Jefferson Counties.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following question: In Rule 2.13(4)(b), the last sentence states that, "All letters of support or resolutions by the Quorum Court, required by these Rules and the Amendment, shall be dated and signed by the County Judge, Quorum Court members, or Mayor holding office at the time of the submission of an application for a casino gaming license." This

appears to be an addition to the Rule not mentioned in the language of Amendment 100. Can you explain the reason for this addition? **RESPONSE:** This is a draft Rule that resulted from the ARC's meetings with the attorneys for DF&A and the Governor's office. This Rule requires that a casino applicant submit a letter of support signed by the County Judge, Quorum Court or Mayor holding office at the time of the submission of an application for a casino license.

Amendment 100, which became effective Nov. 14, 2018, requires the ARC, in Section 4, to administer and regulate casino licenses, including their issuance and renewal, and to enforce the provisions of the Amendment relating to all casino licensees. Section 4(c) requires the ARC to adopt rules necessary to carry out the purposes of the Amendment. Section 4(e) states that the ARC shall adopt rules governing thirteen areas, which are spelled out in the Amendment. Section 4(c)(2) requires rules governing the manner in which the ARC considers applications for issuance of casino licenses. Section 4(e)(13) authorizes the ARC to adopt rules governing "any other matters necessary for the fair, impartial, stringent, and comprehensive administration of its duties under this Amendment." It is the position of the ARC that Section 4 of Amendment 100 grants the Commission reasonable discretion to adopt rules that are necessary for the fair, impartial, stringent and comprehensive administration of the Amendment. Rule 2.13(4)(b) was published as a proposed Rule after a lengthy process of review and meetings between the ARC, DF&A and the Governor's office. Rule 2.13(4)(b) is consistent with the meaning and intent of Amendment 100. If letters of support were allowed from county officials or mayors holding office in 2018, those letters would have been issued prior to the adoption of the Casino Gaming Rules by the ARC; prior to the opening of the application process; and prior to the submission of a casino gaming license application by any person or entity.

It is the position of the ARC that Rule 2.13(4)(b) is consistent with the Amendment language because letters of support must be submitted at the time the application is filed with the ARC and after the adoption of the Casino Gaming Rules by the ARC. If the ARC allowed letters of support before the adoption of the Rules and the opening of the application process, the letters of support would not be based on the requirements of the Rules and any knowledge as to whether or not the potential applicant could meet the requirements of the Rules. The position of the ARC that the

requirement that letters of support come from current county and city officials is logical and a proper exercise of the ARC's discretion under Amendment 100.

FINANCIAL IMPACT: The application fee is \$250,000 per Amendment 100. The renewal fee is \$10,000.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment." Ark. Const. Amend. 100, § 4(c).

Additionally, under Amendment 100, the Racing Commission shall adopt rules governing the establishment of a casino licensing fee, which shall not exceed \$250,000. *Id.* at § 4(e)(1). The Amendment further provides that casino licenses shall be renewed every ten years, and the casino license renewal fee shall not exceed \$10,000. *Id.* at § 4(q).

Amendment 100 also specifically addresses letters of support. It states,

The Arkansas Racing Commission shall require all casino applicants for a casino license in Pope County and Jefferson County to submit either a letter of support from the county judge or a resolution from the quorum court in the county where the proposed casino is to be located and, if the proposed casino is to be located within a city or town, shall also require all casino applications to include a letter of support from the mayor in the city or town where the applicant is proposing the casino to be located.

Id. at § 4(n).

c. **SUBJECT: CGR Rule 3: Service Industry License and Service Industry Employee License**

DESCRIPTION: This rule is modeled on the existing EGS Rule and establishes the criteria for licensing service industry companies that work on and supply the casino games. The rule does not provide for any increased cost for existing EGS companies that are currently licensed.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following questions:

1. Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. There are several provisions in Rule 3 that provide for sanctions. What is your fee authority for the fine provisions found in Sections 3.22 and 3.48? **RESPONSE:** Under the old statutes governing horse and dog racing, the Commission had express authority to issue fines up to \$100,000 per violation of the Rules. There are no similar statutes for casino gaming. However, Amendment 100 provides, in Section 4(c), that the ARC shall adopt rules necessary to carry out the purpose of the Amendment and to perform the ARC's duties under the Amendment. Section 4(c)(9) requires the ARC to adopt Rules that state "a schedule of penalties and procedures for appealing penalties." It is the position of the ARC that Amendment 100 specifically authorizes the ARC to establish penalties for violation of the casino gaming rules. The \$100,000 maximum penalty amount was taken from Ark. Code Ann. 23-110-204 and 23-111-203, which authorize \$100,000 penalties in dog and horse racing. The ARC maintains that Amendment 100 is sufficient authority for the penalties and supersedes Ark. Code Ann. 25-15-105. Also, Amendment 100, Section 4(c)(13) authorizes the ARC to enact Rules regarding "any other matters necessary for the fair, impartial, stringent and comprehensive administration of its duties under the Amendment." This is a broad grant of authority.

2. There are several provisions in Rule 3 that pertain to service licensing fees. What is your fee authority for the licensing fee provisions addressed in Sections 3.08, 3.24, and 3.40? **RESPONSE:** These amounts were taken from the fees contained in the ARC EGS Rules. The ARC authority for these license fees is based upon Amendment 100, Section 4(c), which states: "The

ARC shall adopt rules necessary to carry out the purpose of this Amendment and perform its duties under this Amendment.”

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c). Amendment 100 also states that the Arkansas Racing Commission shall adopt rules governing “a schedule of penalties and procedures for appealing penalties[.]” *Id.* at § 4(e)(9).

d. **SUBJECT: CGR Rule 4: Operation of Gaming Establishments**

DESCRIPTION: This rule governs the operation of gaming establishments; grounds for disciplinary action; criminal conviction policies for employees and licensees; investigations; compliance review, reporting; and unauthorized games.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following questions:

1. Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. What is your fee authority for the fine provision found in Section 4.030? **RESPONSE:** Under the old statutes governing horse and dog racing, the Commission had express authority to issue fines up to \$100,000 per violation of the Rules. There are no similar statutes for casino gaming. However, Amendment 100 provides, in Section 4(c), that the ARC shall adopt rules necessary to carry out the purpose of the Amendment

and to perform the ARC's duties under the Amendment. Section 4(c)(9) requires the ARC to adopt Rules that state "a schedule of penalties and procedures for appealing penalties." It is the position of the ARC that Amendment 100 specifically authorizes the ARC to establish penalties for violation of the casino gaming rules. The \$100,000 maximum penalty amount was taken from Ark. Code Ann. 23-110-204 and 23-111-203, which authorize \$100,000 penalties in dog and horse racing. The ARC maintains that Amendment 100 is sufficient authority for the penalties and supersedes Ark. Code Ann. 25-15-105. Also, Amendment 100, Section 4(c)(13) authorizes the ARC to enact Rules regarding "any other matters necessary for the fair, impartial, stringent and comprehensive administration of its duties under the Amendment." This is a broad grant of authority.

2. What is your fee authority for the service-provider fee provisions in Sections 4.240(7)(d) and 4.240(13)(a)?

RESPONSE: These amounts were taken from the fees contained in the ARC EGS Rules. The ARC authority for these license fees is based upon Amendment 100, Section 4(c), which states: "The ARC shall adopt rules necessary to carry out the purpose of this Amendment and perform its duties under this Amendment."

3. Do you consider the "revolving funds" mentioned in Rules 4.180(2)(e), 4.215(2)(b), and 4.220(3)(d) to be fees? **RESPONSE:** Rule 4 requires money to be set aside for testing of machines and equipment. The ARC does not consider this to be a fee. In a supplemental response, the Racing Commission deleted Section 4.180(2)(e), which required a revolving fund not to exceed \$10,000, Section 4.215(2)(b), which required a revolving fund not to exceed \$10,000, and Section 4.220(3)(d), which required a revolving fund of \$20,000, from its proposed Rule 4.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment." Ark. Const. Amend. 100, § 4(c). Amendment 100 also states that the Arkansas Racing Commission shall adopt rules governing "a schedule of penalties and procedures for appealing penalties[.]" *Id.* at § 4(e)(9).

e. **SUBJECT: CGR Rule 5: Operation of Interactive Gaming**

DESCRIPTION: This rule provides the standards for interactive gaming if an application is made to the commission and approval is granted. The rule establishes the internal controls necessary for the operation of interactive gaming between individual patrons, and requires commission approval of house rules.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following questions:

1. Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. What is your fee authority for the licensing fee provisions in Sections 5.040 and 5.220(4)(a)? **RESPONSE:** These amounts were taken from the fees contained in the ARC EGS Rules. The ARC authority for these license fees is based upon Amendment 100, Section 4(c), which states: "The ARC shall adopt rules necessary to carry out the purpose of this Amendment and perform its duties under this Amendment."
2. What is your fee authority for the investigative fee provision in Section 5.060? **RESPONSE:** These fees would be authorized by Section 4 of Amendment 100. The language of Amendment 100 authorizes these fees, and the Amendment supersedes the existing Arkansas statutes.
3. Do you consider the "revolving fund" mentioned in Rule 5.090(2) to be a fee? **RESPONSE:** During the comment period, the Racing Commission deleted Section 5.090(2), which required a revolving fund of \$20,000 to pay expenses for ARC investigations, from its proposed Rule 5.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

f. **SUBJECT: CGR Rule 6: Accounting Regulations**

DESCRIPTION: This rule was developed by DFA based upon existing EGS rules. It governs commission audit procedures; reporting and paying gaming taxes and fees; required accounting records; details of audited financial statements; gross revenue computations; handling of cash; and electronic accounting meters.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

g. **SUBJECT: CGR Rule 7: Transfers of Ownership, Loans**

DESCRIPTION: This rule prohibits a licensee from transferring or conveying any interest in a licensed gaming operation, or sharing profits; governs transfers from individual licensees; and prohibits transfers to strangers to a license.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s

responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment." Ark. Const. Amend. 100, § 4(c).

h. SUBJECT: CGR Rule 8: Enforcement of Security Interests

DESCRIPTION: This rule requires a creditor/lienholder to notify and get permission of the commission prior to attempting to enforce or foreclose on a security interest in the assets of a casino licensee.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment." Ark. Const. Amend. 100, § 4(c).

i. SUBJECT: CGR Rule 9: Closing of Business; Death or Disability; Insolvency

DESCRIPTION: This rule sets out the procedure when there is a death of a casino owner, insolvency, or closing of the business, and requires notice to the commission. It also contains the requirements for continued operation or closing of casino.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

j. SUBJECT: CGR Rule 10: Miscellaneous

DESCRIPTION: This rule prohibits the following persons from holding casino gaming license: state public officeholders; officeholders of any political subdivision of the state; employees of State Attorney General’s Office; employees of Prosecuting Attorney’s Office; employees of sheriff ad local police departments; members of Arkansas Racing Commission; and members of the judiciary.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

k. **SUBJECT: CGR Rule 11: Chips**

DESCRIPTION: This rule governs the use of chips in a casino; requires commission approval of the chips; contains specifications for chips; establishes procedure for redemption, disposal, discontinuance of chips, and destruction of chips by licensee.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

During the comment period, the Racing Commission deleted Section 11.020(4), which required a revolving fund not to exceed \$10,000, from its proposed Rule 11.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment." Ark. Const. Amend. 100, § 4(c).

l. **SUBJECT: CGR Rule 12: Manufacturers, Distributors, and Operators of Gaming Devices, Systems and Associated Equipment**

DESCRIPTION: This establishes requirements for manufacturers and distributors of gaming devices; sets minimum standards for gaming devices, theoretical payout of 83% required; standards for inter-casino systems if approved by commission and testing of gaming devices.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the

time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following question: Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. What is your authority for the fee provisions found in Sections 12.025(2)(a) and 12.302(3)?

RESPONSE: It appears that all of the issues you have raised in proposed Rules 12 – 17 deal with the ARC’s authority to charge investigative fees ranging from \$500 to \$2,500; requiring deposits for investigations related to license applications; and requiring applicants to pay all costs connected with processing an application, including but not limited to investigative fees.

Amendment 100 authorizes casino gaming in Arkansas for the first time, and the integrity of the operations of those casinos and the assurance that the owners of the casinos meet the standards set out in the Amendment and the ARC Rules is important for the success of the casino and the confidence of the public in their operations. The following are the applicable provisions of Amendment 100 that support the contents of Rules 12 – 17 referred to in your email.

Section 4(a) – “The Arkansas Racing Commission shall administer and regulate casino licenses, including their issuance and renewal, and shall administer and enforce the provisions of this Amendment relating to all casino licensees. Each casino license shall be issued for the purpose of requiring casino licensees to conduct casino gaming at a casino as provided in this Amendment and by regulation of the Arkansas Racing Commission, and all other applicable law”;

Section 4(c) – “The Arkansas Racing Commission shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment”;

Section 4(e)(5) – The ARC shall establish in its Rules “[o]versight requirements for casinos and casino gaming”;

Section 4(e)(7) – The ARC shall establish “[p]ersonnel requirements for casinos and casino gaming”;

Section 4(e)(10) – The ARC shall establish “[p]rocedures for inspection and investigations of casinos and casino gaming”;

Section 4(e)(13) – The ARC shall establish Rules related to “[a]ny other matters necessary for the fair, impartial, stringent, and comprehensive administration of its duties under this Amendment”;

In addition, under Section 4(h)(1) – (4), the ARC has the duty to investigate casino owners, shareholders, board members, and officers of the casino applicant. To perform those duties, the ARC has the obligation to investigate the owners and shareholders of the casino applicants, which requires the payment of fees to perform those required investigations.

As previously stated, the ARC has broad authority under the Amendment, and the fees and charges are consistent with those duties and the terms of the Amendment. The duties and authority contained in the Amendment supersede existing statutes.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

m. SUBJECT: CGR Rule 13: Corporate Licensees

DESCRIPTION: This rule establishes the standards and disclosures required to be made by corporations applying for and owning casino gaming licenses.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the

time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following question: Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. What is your authority for the fee provisions found in Sections 13.1594-3, 13.530-1(5)(f), 13.585.7-4(4)(f), and 13.585.7-5(4)(f)?

RESPONSE: It appears that all of the issues you have raised in proposed Rules 12 – 17 deal with the ARC's authority to charge investigative fees ranging from \$500 to \$2,500; requiring deposits for investigations related to license applications; and requiring applicants to pay all costs connected with processing an application, including but not limited to investigative fees.

Amendment 100 authorizes casino gaming in Arkansas for the first time, and the integrity of the operations of those casinos and the assurance that the owners of the casinos meet the standards set out in the Amendment and the ARC Rules is important for the success of the casino and the confidence of the public in their operations. The following are the applicable provisions of Amendment 100 that support the contents of Rules 12 – 17 referred to in your email.

Section 4(a) – “The Arkansas Racing Commission shall administer and regulate casino licenses, including their issuance and renewal, and shall administer and enforce the provisions of this Amendment relating to all casino licensees. Each casino license shall be issued for the purpose of requiring casino licensees to conduct casino gaming at a casino as provided in this Amendment and by regulation of the Arkansas Racing Commission, and all other applicable law”;

Section 4(c) – “The Arkansas Racing Commission shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment”;

Section 4(e)(5) – The ARC shall establish in its Rules “[o]versight requirements for casinos and casino gaming”;

Section 4(e)(7) – The ARC shall establish “[p]ersonnel requirements for casinos and casino gaming”;

Section 4(e)(10) – The ARC shall establish “[p]rocedures for inspection and investigations of casinos and casino gaming”;

Section 4(e)(13) – The ARC shall establish Rules related to “[a]ny other matters necessary for the fair, impartial, stringent, and comprehensive administration of its duties under this Amendment”;

In addition, under Section 4(h)(1) – (4), the ARC has the duty to investigate casino owners, shareholders, board members, and officers of the casino applicant. To perform those duties, the ARC has the obligation to investigate the owners and shareholders of the casino applicants, which requires the payment of fees to perform those required investigations.

As previously stated, the ARC has broad authority under the Amendment, and the fees and charges are consistent with those duties and the terms of the Amendment. The duties and authority contained in the Amendment supersede existing statutes.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

n. **SUBJECT: CGR Rule 14: Limited Partnership Licensees**

DESCRIPTION: This rule establishes the standards and disclosures required to be made by limited partnership applying for and owning casino gaming licenses.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the

time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following question: Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. What is your authority for the fee provisions found in Sections 14.065(3)(f) and 14.190(5)(f)?

RESPONSE: It appears that all of the issues you have raised in proposed Rules 12 – 17 deal with the ARC’s authority to charge investigative fees ranging from \$500 to \$2,500; requiring deposits for investigations related to license applications; and requiring applicants to pay all costs connected with processing an application, including but not limited to investigative fees.

Amendment 100 authorizes casino gaming in Arkansas for the first time, and the integrity of the operations of those casinos and the assurance that the owners of the casinos meet the standards set out in the Amendment and the ARC Rules is important for the success of the casino and the confidence of the public in their operations. The following are the applicable provisions of Amendment 100 that support the contents of Rules 12 – 17 referred to in your email.

Section 4(a) – “The Arkansas Racing Commission shall administer and regulate casino licenses, including their issuance and renewal, and shall administer and enforce the provisions of this Amendment relating to all casino licensees. Each casino license shall be issued for the purpose of requiring casino licensees to conduct casino gaming at a casino as provided in this Amendment and by regulation of the Arkansas Racing Commission, and all other applicable law”;

Section 4(c) – “The Arkansas Racing Commission shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment”;

Section 4(e)(5) – The ARC shall establish in its Rules “[o]versight requirements for casinos and casino gaming”;

Section 4(e)(7) – The ARC shall establish “[p]ersonnel requirements for casinos and casino gaming”;

Section 4(e)(10) – The ARC shall establish “[p]rocedures for inspection and investigations of casinos and casino gaming”;

Section 4(e)(13) – The ARC shall establish Rules related to “[a]ny other matters necessary for the fair, impartial, stringent, and comprehensive administration of its duties under this Amendment”;

In addition, under Section 4(h)(1) – (4), the ARC has the duty to investigate casino owners, shareholders, board members, and officers of the casino applicant. To perform those duties, the ARC has the obligation to investigate the owners and shareholders of the casino applicants, which requires the payment of fees to perform those required investigations.

As previously stated, the ARC has broad authority under the Amendment, and the fees and charges are consistent with those duties and the terms of the Amendment. The duties and authority contained in the Amendment supersede existing statutes.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

SUBJECT: CGR Rule 15: Limited Liability Company Licensees

DESCRIPTION: This rule establishes the standards and disclosures required to be made by a limited liability company applying for and owning casino gaming licenses.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the

time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following question: Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. What is your authority for the fee provisions found in Sections 15.065(3)(f) and 15.190(5)(f)?

RESPONSE: It appears that all of the issues you have raised in proposed Rules 12 – 17 deal with the ARC’s authority to charge investigative fees ranging from \$500 to \$2,500; requiring deposits for investigations related to license applications; and requiring applicants to pay all costs connected with processing an application, including but not limited to investigative fees.

Amendment 100 authorizes casino gaming in Arkansas for the first time, and the integrity of the operations of those casinos and the assurance that the owners of the casinos meet the standards set out in the Amendment and the ARC Rules is important for the success of the casino and the confidence of the public in their operations. The following are the applicable provisions of Amendment 100 that support the contents of Rules 12 – 17 referred to in your email.

Section 4(a) – “The Arkansas Racing Commission shall administer and regulate casino licenses, including their issuance and renewal, and shall administer and enforce the provisions of this Amendment relating to all casino licensees. Each casino license shall be issued for the purpose of requiring casino licensees to conduct casino gaming at a casino as provided in this Amendment and by regulation of the Arkansas Racing Commission, and all other applicable law”;

Section 4(c) – “The Arkansas Racing Commission shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment”;

Section 4(e)(5) – The ARC shall establish in its Rules “[o]versight requirements for casinos and casino gaming”;

Section 4(e)(7) – The ARC shall establish “[p]ersonnel requirements for casinos and casino gaming”;

Section 4(e)(10) – The ARC shall establish “[p]rocedures for inspection and investigations of casinos and casino gaming”;

Section 4(e)(13) – The ARC shall establish Rules related to “[a]ny other matters necessary for the fair, impartial, stringent, and comprehensive administration of its duties under this Amendment”;

In addition, under Section 4(h)(1) – (4), the ARC has the duty to investigate casino owners, shareholders, board members, and officers of the casino applicant. To perform those duties, the ARC has the obligation to investigate the owners and shareholders of the casino applicants, which requires the payment of fees to perform those required investigations.

As previously stated, the ARC has broad authority under the Amendment, and the fees and charges are consistent with those duties and the terms of the Amendment. The duties and authority contained in the Amendment supersede existing statutes.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

p. **SUBJECT:** **CGR Rule 16: Private Investment Company Licensee**

DESCRIPTION: This rule establishes the standards and disclosures required to be made by a private investment company applying for and owning casino gaming licenses.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the

time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

During the comment period, the Racing Commission deleted Section 16.100(1)(f), which required a revolving fund in amount as the Commission shall determine, from its proposed Rule 16.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following question: Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. What is your authority for the fee provisions found in Sections 16.070(3)(b) and 16.310(2)?

RESPONSE: It appears that all of the issues you have raised in proposed Rules 12 – 17 deal with the ARC’s authority to charge investigative fees ranging from \$500 to \$2,500; requiring deposits for investigations related to license applications; and requiring applicants to pay all costs connected with processing an application, including but not limited to investigative fees.

Amendment 100 authorizes casino gaming in Arkansas for the first time, and the integrity of the operations of those casinos and the assurance that the owners of the casinos meet the standards set out in the Amendment and the ARC Rules is important for the success of the casino and the confidence of the public in their operations. The following are the applicable provisions of Amendment 100 that support the contents of Rules 12 – 17 referred to in your email.

Section 4(a) – “The Arkansas Racing Commission shall administer and regulate casino licenses, including their issuance and renewal, and shall administer and enforce the provisions of this Amendment relating to all casino licensees. Each casino license shall be issued for the purpose of requiring casino licensees to conduct casino gaming at a casino as provided in this Amendment and by regulation of the Arkansas Racing Commission, and all other applicable law”;

Section 4(c) – “The Arkansas Racing Commission shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment”;

Section 4(e)(5) – The ARC shall establish in its Rules “[o]versight requirements for casinos and casino gaming”;

Section 4(e)(7) – The ARC shall establish “[p]ersonnel requirements for casinos and casino gaming”;

Section 4(e)(10) – The ARC shall establish “[p]rocedures for inspection and investigations of casinos and casino gaming”;

Section 4(e)(13) – The ARC shall establish Rules related to “[a]ny other matters necessary for the fair, impartial, stringent, and comprehensive administration of its duties under this Amendment”;

In addition, under Section 4(h)(1) – (4), the ARC has the duty to investigate casino owners, shareholders, board members, and officers of the casino applicant. To perform those duties, the ARC has the obligation to investigate the owners and shareholders of the casino applicants, which requires the payment of fees to perform those required investigations.

As previously stated, the ARC has broad authority under the Amendment, and the fees and charges are consistent with those duties and the terms of the Amendment. The duties and authority contained in the Amendment supersede existing statutes.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c). Amendment 100 also states that the Arkansas Racing Commission shall adopt rules governing “a schedule of penalties and procedures for appealing penalties[.]” *Id.* at § 4(e)(9).

q. **SUBJECT:** **CGR Rule 17: Publicly Traded Corporations and Public Offerings of Securities**

DESCRIPTION: This rule establishes the standards and disclosures required for publicly traded corporations and public

offerings of securities relating to ownership of casino gaming licenses.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

Additionally, Kathryn Henry, an attorney with the Bureau of Legislative Research, asked the following question: Under Ark. Code Ann. § 25-15-105, an agency shall not assess a fee or penalty without specific statutory authority to: (A) assess a certain type and amount of fee or penalty; or (B) impose a fee or penalty in general. What is your authority for the fee provision found in Section 17.118(3)?

RESPONSE: It appears that all of the issues you have raised in proposed Rules 12 – 17 deal with the ARC's authority to charge investigative fees ranging from \$500 to \$2,500; requiring deposits for investigations related to license applications; and requiring applicants to pay all costs connected with processing an application, including but not limited to investigative fees.

Amendment 100 authorizes casino gaming in Arkansas for the first time, and the integrity of the operations of those casinos and the assurance that the owners of the casinos meet the standards set out in the Amendment and the ARC Rules is important for the success of the casino and the confidence of the public in their operations. The following are the applicable provisions of Amendment 100 that support the contents of Rules 12 – 17 referred to in your email.

Section 4(a) – “The Arkansas Racing Commission shall administer and regulate casino licenses, including their issuance and renewal, and shall administer and enforce the provisions of this Amendment relating to all casino licensees. Each casino license shall be issued for the purpose of requiring casino licensees to conduct casino gaming at a casino as provided in this Amendment and by regulation of the Arkansas Racing Commission, and all other applicable law”;

Section 4(c) – “The Arkansas Racing Commission shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment”;

Section 4(e)(5) – The ARC shall establish in its Rules “[o]versight requirements for casinos and casino gaming”;

Section 4(e)(7) – The ARC shall establish “[p]ersonnel requirements for casinos and casino gaming”;

Section 4(e)(10) – The ARC shall establish “[p]rocedures for inspection and investigations of casinos and casino gaming”;

Section 4(e)(13) – The ARC shall establish Rules related to “[a]ny other matters necessary for the fair, impartial, stringent, and comprehensive administration of its duties under this Amendment”;

In addition, under Section 4(h)(1) – (4), the ARC has the duty to investigate casino owners, shareholders, board members, and officers of the casino applicant. To perform those duties, the ARC has the obligation to investigate the owners and shareholders of the casino applicants, which requires the payment of fees to perform those required investigations.

As previously stated, the ARC has broad authority under the Amendment, and the fees and charges are consistent with those duties and the terms of the Amendment. The duties and authority contained in the Amendment supersede existing statutes.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

r. **SUBJECT: CGR Rule 18: Supervision**

DESCRIPTION: This rule authorizes the commission to seek a court-appointed supervisor to run the casino if the casino license is revoked, suspended, or lapses, or if the casino ownership has been

transferred to a party who has not been licensed by the commission.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment." Ark. Const. Amend. 100, § 4(c).

s. **SUBJECT: CGR Rule 19: Disseminators**

DESCRIPTION: This rule governs disseminators that contract with casinos to furnish broadcasts of horse and dog racing; limits charges by disseminators to casinos; requires notice to commission of rate changes; and requires financial reports and records be maintained and submitted to the commission.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment." Ark. Const. Amend. 100, § 4(c).

t. **SUBJECT: CGR Rule 20: Race Books and Sports Pools**

DESCRIPTION: This rule permits wagering on race and sports books at casino as authorized by Amendment 100; requires patrons to be present on the grounds of casino to make bets; contains the reporting requirements of casino; and regulates type of wagers and methods of payment for winners.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming Amendment of 2018," states, in part, that the Arkansas Racing Commission "shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment." Ark. Const. Amend. 100, § 4(c).

u. **SUBJECT: CGR Rule 21: Card Games**

DESCRIPTION: This rule contains definitions for terms related to card games; sets out procedures for card games; and requires posting of rules for patrons.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission's responses thereto will be provided by separate means, due to the time constraints between the date of the Commission's public hearing and the date of this Subcommittee's meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the "Arkansas Casino Gaming

Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

v. **SUBJECT: CGR Rule 22: Off-Track Pari-Mutuel Wagering**

DESCRIPTION: This rule governs relationship the relationship between casino and horse and dog tracks that provide live satellite video of races in other states; governs the relationship and charges made by casino and out-of-state tracks for off-track pari-mutuel wagering; requires patrons to be present on the premises of the casino to wager, except as provided by Ark. Code Ann. § 23-110-405(e)(1) or Ark. Code Ann. § 23-111-508.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

During the comment period, the Racing Commission deleted Section 22.080(2), which required a revolving fund not to exceed \$10,000, and Section 22.100(9), which required a revolving fund not to exceed \$10,000, from its proposed Rule 22.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

w. **SUBJECT: CGR Rule 23: Off-Track Pari-Mutuel Wagering and Off-Track Pari-Mutuel Other Event Wagering**

DESCRIPTION: This rule governs the relationship between casino and off-track suppliers of pari-mutuel sports wagering and other pari-mutuel event wagering; requires commission approval

of agreements; revenue sharing; and limits payment of commissions on wagers.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

During the comment period, the Racing Commission deleted Section 23.070(2), which required a revolving fund not to exceed \$10,000, and Section 23.100(9), which required a revolving fund not to exceed \$10,000, from its proposed Rule 23.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

x. **SUBJECT: CGR Rule 24: Off-Track Pari-Mutuel Horse Race Account Wagering**

DESCRIPTION: This rule governs account wagering on off-track horse racing and requires those wagers to comply with current Arkansas account wagering contained in Ark. Code Ann. § 223-110-405 and § 23-111-508, if the bet is placed off of the casino premises as now permitted by Arkansas law.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

y. **SUBJECT: CGR Rule 25: Exclusions**

DESCRIPTION: This rule was modeled after the commission’s existing EGS exclusion rule. It establishes rules for excluding cheaters and patrons who violate the law; requires casino licensee to exclude or eject any person appearing on exclusion list; and provides the right to petition the commission for removal from exclusion list.

PUBLIC COMMENT: The public comment period expired on February 18, 2019, and a public hearing was held on February 21, 2019. The proposed effective date is March 14, 2019. Any summary of the public comments received and the Commission’s responses thereto will be provided by separate means, due to the time constraints between the date of the Commission’s public hearing and the date of this Subcommittee’s meeting.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Amendment 100 to the Arkansas Constitution, also known as the “Arkansas Casino Gaming Amendment of 2018,” states, in part, that the Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of this Amendment and perform its duties under this Amendment.” Ark. Const. Amend. 100, § 4(c).

C. **Adjournment.**