

**ADMINISTRATIVE RULE REVIEW SUBCOMMITTEE  
OF THE  
JOINT BUDGET COMMITTEE**

**Thursday, February 17, 2022  
8:00 a.m.  
Room A, MAC  
Little Rock, Arkansas**

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- A. Call to Order.**
- B. Adoption of Subcommittee Rules.**
- C. Rules Filed Pursuant to Ark. Code Ann. § 10-3-309.**
  - 1. DEPARTMENT OF FINANCE AND ADMINISTRATION, ARKANSAS RACING COMMISSION (Byron Freeland, John “Smokey” Campbell)**
    - a. SUBJECT: CGR Rule 4 Operation of Gaming Establishments**

**DESCRIPTION:** These proposed amendments allow sports wagering from any patron physically present within the State of Arkansas. Under the original Casino Gaming Rules, a patron had to be physically present on the casino premises. Also, under the proposed amendments, a patron does not have to personally appear before an employee of the casino to confirm his/her identity. These amendments change some definitions to provide for expanded sports wagering.

**PUBLIC COMMENT:** A public hearing was held on this rule on December 30, 2021. The public comment period expired on December 30, 2021. The agency indicated that it received over 800 comments related to the rules presented at the hearing. Due to its length, the public comment summary is attached separately and can be accessed electronically on the paperclip for the Administrative Rule Review Subcommittee’s February 16, 2022 meeting.

The proposed effective date is pending legislative review and approval.

**FINANCIAL IMPACT:** The agency indicated that this rule has no financial impact.

**LEGAL AUTHORIZATION:** The Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of” the Arkansas Casino

Gaming Amendment of 2018 (Amendment 100), including rules governing oversight requirements for casino gaming and responsibilities of casino licensees related to casino gaming. Ark. Const. amend. 100, § 4(c), (e)(5), (e)(11). Amendment 100 provides that “casino licensees may accept wagers on sporting events if and when not prohibited by federal law.” Ark. Const. amend. 100, § 3(b). Federal prohibitions on Internet gambling exclude transactions where a wager is initiated and received in a single state, placed in accordance with that state’s laws including appropriate age and location verification requirements, and otherwise in accordance with federal law. *See* 31 U.S.C. § 5362(10)(B).

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

**DESCRIPTION:** This proposed amendment specifies where the funds collected for license fees, renewal fees, and other types of fees charged by the Commission are handled and states the fees charged must be placed in the Arkansas Racing Commission Cash Fund to be used for the regulation of casino gaming and horse racing.

**PUBLIC COMMENT:** A public hearing was held on this rule on December 30, 2021. The public comment period expired on December 30, 2021. The agency indicated that it received over 800 comments related to the rules presented at the hearing. Due to its length, the public comment summary is attached separately and can be accessed electronically on the paperclip for the Administrative Rule Review Subcommittee’s February 16, 2022 meeting.

Lacey Johnson, an attorney with the Bureau of Legislative Research, asked the following question and received the following response:

**Q.** The proposed rule provides that the Commission shall deposit all license fees and license renewal fees imposed under the Casino Gaming Rules, with certain exclusions, into the Racing Commission Cash Fund. Are these fees entirely distinct from those described in Ark. Code Ann. § 23-110-104(a), which must be deposited into the State Treasury to the credit of the State Apportionment Fund?

**A.** [Via phone call, the agency stated that its position is that the fees referenced in the proposed rule are imposed under Amendment 100 and are not subject to the provisions of A.C.A. § 23-110-104(a) because the statute deals solely with “amounts received by the Arkansas Racing Commission under the provisions of *this chapter*.” Per the agency, the indicated statute addresses horse racing, not casino gaming.]

The proposed effective date is pending legislative review and approval.

**FINANCIAL IMPACT:** The agency indicated that this rule has no financial impact.

**LEGAL AUTHORIZATION:** The Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of” the Arkansas Casino Gaming Amendment of 2018 (Amendment 100), including casino licensing and license renewal. Ark. Const. amend. 100, § 4(c), (e).

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

**DESCRIPTION:** The agency initially provided the following summary of the proposed changes:

These proposed amendments prohibit a casino licensee from contracting with a third-party vendor which receives the majority or more of the casino gaming revenue received in conducting sports wagering. Under the proposed amendments, sports gaming vendors can receive no more than fifty percent of the casino gaming revenue. Also, these proposed amendments limit a casino licensee to no more than two individually branded online sports platforms and mobile applications. The proposed amendments include definitions to make the intent of the Rules clear.

The following additional changes were made after the public comment period:

“Further, operation of an online sports pool shall be prohibited in circumstances in which a majority of the net casino gaming revenue receipts, as defined in Amendment 100, from the online sports pool is paid to a third-party vendor assisting in the operation of the sports pool.”

**PUBLIC COMMENT:** A public hearing was held on this rule on December 30, 2021. The public comment period expired on December 30, 2021. The agency indicated that it received over 800 comments related to the rules presented at the hearing. Due to its length, the public comment summary is attached separately and can be accessed electronically on the paperclip for the Administrative Rule Review Subcommittee’s February 16, 2022 meeting.

The proposed effective date is pending legislative review and approval.

**FINANCIAL IMPACT:** The agency indicated that this rule has no financial impact.

**LEGAL AUTHORIZATION:** The Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of” the Arkansas Casino Gaming Amendment of 2018 (Amendment 100), including rules

governing oversight requirements for casino gaming and responsibilities of casino licensees related to casino gaming. Ark. Const. amend. 100, § 4(c), (e)(5), (e)(11). Amendment 100 provides that “casino licensees may accept wagers on sporting events if and when not prohibited by federal law.” Ark. Const. amend. 100, § 3(b). Federal prohibitions on Internet gambling exclude transactions where a wager is initiated and received in a single state, placed in accordance with that state’s laws including appropriate age and location verification requirements, and otherwise in accordance with federal law. *See* 31 U.S.C. § 5362(10)(B).

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

**DESCRIPTION:** These proposed amendments state that only casino licensees authorized by the Commission can accept off-track pari-mutuel wagers, and all off-track wagers must be conducted in an area approved by the Commission.

**PUBLIC COMMENT:** A public hearing was held on this rule on December 30, 2021. The public comment period expired on December 30, 2021. The agency indicated that it received over 800 comments related to the rules presented at the hearing. Due to its length, the public comment summary is attached separately and can be accessed electronically on the paperclip for the Administrative Rule Review Subcommittee’s February 16, 2022 meeting.

The proposed effective date is pending legislative review and approval.

**FINANCIAL IMPACT:** The agency indicated that this rule has no financial impact.

**LEGAL AUTHORIZATION:** The Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of” the Arkansas Casino Gaming Amendment of 2018 (Amendment 100), including rules governing oversight requirements for casino gaming and responsibilities of casino licensees related to casino gaming. Ark. Const. amend. 100, § 4(c), (e)(5), (e)(11). Under the Arkansas Horse Racing Law, the Commission may adopt rules permitting “a franchise holder’s patrons with money on deposit in an account with the franchise holder” to place wagers electronically “whether or not the patron is located on the grounds of the . . . race track facility when placing the wager.” Ark. Code Ann. § 23-110-405(e).

Amendment 100 provides that “casino licensees may accept wagers on sporting events if and when not prohibited by federal law.” Ark. Const. amend. 100, § 3(b). Federal prohibitions on Internet gambling exclude transactions where a wager is initiated and received in a single state,

placed in accordance with that state’s laws including appropriate age and location verification requirements, and otherwise in accordance with federal law. *See* 31 U.S.C. § 5362(10)(B).

e. **SUBJECT: CGR Rule 24 Off-Track Pari-Mutuel Horse Race Account Wagers**

**DESCRIPTION:** These proposed amendments prohibit licensees from accepting sports wagers and non-pari-mutuel horse wagers from patrons physically located outside the State of Arkansas. The amendments also contain new definitions for communications technology and wagering instructions.

**PUBLIC COMMENT:** A public hearing was held on this rule on December 30, 2021. The public comment period expired on December 30, 2021. The agency indicated that it received over 800 comments related to the rules presented at the hearing. Due to its length, the public comment summary is attached separately and can be accessed electronically on the paperclip for the Administrative Rule Review Subcommittee’s February 16, 2022 meeting.

The proposed effective date is pending legislative review and approval.

**FINANCIAL IMPACT:** The agency indicated that this rule has no financial impact.

**LEGAL AUTHORIZATION:** The Arkansas Racing Commission “shall adopt rules necessary to carry out the purposes of” the Arkansas Casino Gaming Amendment of 2018 (Amendment 100), including rules governing oversight requirements for casino gaming and responsibilities of casino licensees related to casino gaming. Ark. Const. amend. 100, § 4(c), (e)(5), (e)(11). Under the Arkansas Horse Racing Law, the Commission may adopt rules permitting “a franchise holder’s patrons with money on deposit in an account with the franchise holder” to place wagers electronically “whether or not the patron is located on the grounds of the . . . race track facility when placing the wager.” Ark. Code Ann. § 23-110-405(e).

Amendment 100 provides that “casino licensees may accept wagers on sporting events if and when not prohibited by federal law.” Ark. Const. amend. 100, § 3(b). Federal prohibitions on Internet gambling exclude transactions where a wager is initiated and received in a single state, placed in accordance with that state’s laws including appropriate age and location verification requirements, and otherwise in accordance with federal law. *See* 31 U.S.C. § 5362(10)(B).

**D. Adjournment.**