



STATE OF ARKANSAS
ARKANSAS LOTTERY COMMISSION

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December 1, 2014

The Honorable Robert Thompson, Co-Chair
The Honorable Mark Perry, Co-Chair
Arkansas Lottery Commission Legislative Oversight Committee
One Capitol Mall, Room R-501
Little Rock, AR 72201

RE: Request for Amendments to the Arkansas Scholarship Lottery Act

Gentlemen:

On behalf of our agency and the Commissioners of the Arkansas Lottery Commission (ALC), please accept this *updated* summary of two legislative changes to the Arkansas Scholarship Lottery Act that the Arkansas Lottery Commission is requesting in the 2015 session. These changes include:

1. A change to A.C.A. § 23-115-603(c)(1) to change bonding requirements on lottery retailers. Since start-up in 2009, only 26 bond claims have been filed, and paid, in the amount of \$93,406.83 (6 in 2010, 10 in 2011, 4 in 2012, 3 in 2013, and 3 in 2014). Requirement of the insurance bond often thwarts the recruitment of new and smaller retailers who wish to sell lottery products, which can in turn restrict sales.
2. A change to A.C.A. § 23-115-207(a)(2)(B) to allow the purchase of lottery tickets using debit cards. ALC's proposed legislation defines the term "debit card" and provides that lottery retailers are not required to accept debit cards.

Please call me if you have any questions or need additional information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bishop Woosley".

Bishop Woosley
Director

Enclosure

cc: John C. "Smokey" Campbell III, Chairman, Arkansas Lottery Commission

Recommendations to Legislative Oversight Committee, 11/26/2014

Issue	Suggested Change
<p>Changes to Bonding for Lottery Retailers</p>	<p>Amend A.C.A. § 23-115-603(c)(1) <i>as follows:</i></p> <p><i>“ALC shall require a retailer to post a bond, as determined by the commission, using an insurance company acceptable to the commission.”</i></p> <p>This change still requires a retailer to post a bond and allows ALC to determine the bond amount. The effect of this change is that ALC, not a surety bond company, would establish a single bond amount, collect it from retailers, and pool those fees to charge lost sales revenue against in the event a retailer defaults or otherwise can't pay the money owed for tickets they've sold on ALC's behalf.</p>
<p>Allow the Sale of Lottery Tickets Using Debit Cards; Define the Term “Debit Card”; Clarify that Lottery Retailers are not Required to Accept Debit Cards.</p>	<p>Amend A.C.A. § 23-115-207(a)(2)(B) <i>as follows:</i></p> <p>(a) The Arkansas Lottery Commission may adopt rules regulating the conduct of lotteries in general, including without limitation rules specifying:</p> <p>(1) The types of lotteries to be conducted;</p> <p>(2)(A) The sale price of tickets or shares and the manner and method of sale.</p> <p>(B)(i) <u>All sales of tickets or shares are for cash or debit card only. A debit card is a card used to pay for purchases by electronic transfer from the purchaser's bank account. A debit card is not a credit card.</u></p> <p>(ii) <u>Lottery retailers are not required to accept debit cards for the sale of lottery tickets, but if a retailer chooses to accept debit cards, the retailer shall be responsible for any costs, fees or charge backs that may be associated with debit card lottery sales.</u></p> <p>(iii) <u>Lottery retailers may not charge a fee associated with accepting debit cards for lottery ticket sales.</u></p> <p>(iv) Payment by checks, credit cards, charge cards, or any form of deferred payment is prohibited;</p>