

Department of Finance and Administration

Legislative Impact Statement

Bill: SB745

Bill Subtitle: TO AMEND THE LAW CONCERNING THE TAX APPLICABLE TO COIN-OPERATED AMUSEMENT DEVICES; AND TO AMEND THE DEFINITIONS APPLICABLE TO COIN-OPERATED AMUSEMENT DEVICES.

Basic Change : Sponsor: Senator J. Hutchinson

The bill amends current state law regarding Coin-Operated Amusements. The bill adds candy to the types of items that may be won when playing an amusement device and provides a definition for candy. The bill also amends the provisions regarding the value of prizes that may be won playing amusement devices while maintaining compliance with the Arkansas antigambling statutes. Current law allows players of amusement devices to win toys, novelties, or representations of value (winning tickets) that are redeemable for items that have a wholesale value of not more than 10 times the cost to play the game one time or items with a wholesale value of \$5.00 whichever is the lesser amount. For games where the player can accumulate multiple winning tickets, the prize value for a toy or a novelty received in exchange for the total accumulated tickets cannot have a value of more than \$12.50. The bill would increase the prize value upon which accumulated winnings could be exchanged for a toy or novelty to an amount having a value not to exceed \$850.00. Novelties are currently defined to include those items that are chiefly decorative or comic. The bill amends the definition of novelty to include "commemorative" items. Additionally, the bill amends the definition of "toy" to be an article that has a wholesale value that does not exceed \$850. The proposal would be effective 90 days after final adjournment of the 90th General Assembly.

Revenue Impact :

No impact on current state revenues. Amusement device operators pay annual licensing fees and decal fees for each amusement device of the licensee. State and local sales taxes are due on the prices paid to play the amusement games. The proposal does not change the current fee and tax.

Taxpayer Impact :

The proposal would increase the value of prizes that may be won by playing amusement games and devices.

Resources Required :

None

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

None

Legal Analysis :

Prior to 1999 the value of items that could be redeemed was \$50. That amount was reduced by the 1999 General Assembly from \$50 to \$12.50 in part due to gambling activities being carried on at various locations and concerns from law enforcement that the DFA decal was viewed as authorizing those devices. SB745 provides that the wholesale value of the toy or novelty that may be redeemed is increased from \$12.50 to \$850. The term "novelty" is expanded to include commemorative items. The definition of "toy" is amended to strike "a trinket, a knickknack, or a bauble," and add the following language: "including without limitation a stuffed animal, game, or electronic device."

The bill adds "candy" to the definition of items to be excluded from the anti-gambling statutes.