

2 State of Arkansas
3 88th General Assembly
4 Regular Session, 2011

As Engrossed: S3/14/11

A Bill

SENATE BILL 905

5
6 By: Senator R. Thompson

7 Filed with: Interim Senate Committee on State Agencies and Governmental Affairs
8 pursuant to A.C.A. §10-3-217.

9 For An Act To Be Entitled

10 AN ACT TO ESTABLISH A PRIZE-LINKED SAVINGS ACCOUNT
11 PROGRAM OPERATED BY THE ARKANSAS LOTTERY COMMISSION;
12 TO AUTHORIZE FINANCIAL INSTITUTIONS IN ARKANSAS TO
13 PARTICIPATE IN THE PRIZE-LINKED SAVINGS ACCOUNT
14 PROGRAM; AND FOR OTHER PURPOSES.

16 Subtitle

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18 TO ESTABLISH A PRIZE-LINKED SAVINGS
19 ACCOUNT PROGRAM OPERATED BY THE ARKANSAS
20 LOTTERY COMMISSION AND AUTHORIZE
21 FINANCIAL INSTITUTIONS IN ARKANSAS TO
22 PARTICIPATE IN THE PRIZE-LINKED SAVINGS
23 ACCOUNT PROGRAM.

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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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28 *SECTION 1. Arkansas Code Title 23, Chapter 35, Subchapter 6 is amended*
29 *to add an additional section to read as follows:*

30 *23-35-612. Prize-linked savings accounts.*

31 *If approved by the board of directors of the credit union, a credit*
32 *union may participate in a prize-linked savings account program under § 23-*
33 *115-411.*

34
35 *SECTION 2. Arkansas Code Title 23, Chapter 37, Subchapter 1 is amended*
36 *to add an additional section to read as follows:*

1 23-37-109. Prize-linked savings accounts.

2 If approved by the board of directors of the savings and loan
3 association, a savings and loan association may participate in a prize-linked
4 savings account program under § 23-115-411.

5
6 SECTION 3. Arkansas Code § 23-47-101(a), concerning the powers of
7 state banks, is amended to add an additional subdivision to read as follows:

8 (38) If approved by the board of directors of a bank, to
9 participate in a prize-linked savings account program under § 23-115-411.

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11 SECTION 4. Arkansas Code § 23-115-103(12)(A) and (B), concerning the
12 definition of "lottery" under the Arkansas Scholarship Lottery Act, are
13 amended to read as follows:

14 (12)(A) "Lottery" means a game of chance approved by the
15 Arkansas Lottery Commission and operated under this chapter.

16 (B) "Lottery" includes without limitation:

17 (i) An instant ticket;

18 (ii) A draw game;

19 (iii) Participation in a multistate or
20 ~~multisovereign~~ game; ~~and~~

21 (iv) A raffle; and

22 (v) A prize-linked savings account program.

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24 SECTION 5. Arkansas Code § 23-115-103(13), concerning the definition
25 of "lottery proceeds" under the Arkansas Scholarship Lottery Act, is amended
26 to read as follows:

27 (13) "Lottery proceeds" means all:

28 (A) ~~revenue~~ Revenue derived from the sale of tickets or
29 shares; and

30 (B) ~~all other~~ Other moneys derived from or in connection
31 with the operation of a lottery, including without limitation;

32 (i) ~~fees~~ Fees, offsets, reimbursements, insurance
33 proceeds, damages, and liquidated damages collected or imposed by the
34 Arkansas Lottery Commission under this chapter; and

35 (ii) Interest credited to the Arkansas Lottery
36 Commission under a prize-linked savings account program;

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2 SECTION 6. Arkansas Code Title 23, Chapter 115, Subchapter 4 is
3 amended to add an additional section to read as follows:

4 23-115-411. Prize-linked savings account program.

5 (a) As used in this section:

6 (1) "Bank" means an institution defined in and governed by The
7 Arkansas Banking Code of 1997, § 23-45-101 et seq.;

8 (2) "Credit union" means an association defined in and governed
9 by § 23-35-101 et seq.;

10 (3)(A) "Eligible patron" means a patron who:

11 (i) Is a legal Arkansas resident;

12 (ii) Has a minimum savings account deposit in a
13 prize-linked savings account; and

14 (iii) Meets all other eligibility requirements to
15 receive a lottery prize under the rules of the Arkansas Lottery Commission
16 for prize-linked savings account programs.

17 (B) "Eligible patron" does not include:

18 (i) An employee of a participating institution; or

19 (ii) An entity governed by the Arkansas Business
20 Corporation Act of 1987, § 4-27-101 et seq.;

21 (4)(A) "Minimum savings account deposit" means the amount a
22 patron is required to deposit and maintain in a prize-linked savings account
23 offered by the participating institution established by the rules of the
24 Arkansas Lottery Commission to be eligible for participation in a prize-
25 linked savings account.

26 (B) A minimum savings account deposit required for a
27 chance of winning designated prizes shall not be less than twenty-five
28 dollars (\$25.00);

29 (5) "Participating institution" means a bank, credit union, or
30 savings and loan association that participates in a prize-linked savings
31 account program under this section;

32 (6) "Patron" means an individual who is a customer or member of
33 a participating institution;

34 (7) "Prize-linked savings account" means a savings account,
35 certificate of deposit, or other interest-bearing savings program under a
36 prize-linked savings account program at a participating institution that:

1 (A) Pays interest that is equal to the interest paid by
2 the participating institution for a comparable savings account, certificate
3 of deposit, or savings program offered by the participating institution;

4 (B) Pays all interest earned in the prize-linked savings
5 account to the Arkansas Lottery Commission;

6 (8) "Prize-linked savings account program" means a program under
7 this section:

8 (A) Through which a participating institution may offer a
9 prize-linked savings account that provides a chance to win a lottery prize
10 under a lottery game operated by the Arkansas Lottery Commission specifically
11 for participating institutions; and

12 (B) For which the sole consideration for a patron is a
13 minimum savings account deposit; and

14 (9) "Savings and loan association" means an association or
15 federal association defined in and governed by § 23-37-101 et seq.

16 (b) The Arkansas Lottery Commission may establish a prize-linked
17 savings account program by which each participating institution awards
18 monthly prizes and annual prizes to its eligible patrons through a lottery
19 game designed specifically for the prize-linked savings account program.

20 (c) A patron shall be permitted to withdraw at any time funds on
21 depositing a prize-linked savings account, but the withdrawal may affect the
22 patron's eligibility for receiving a prize from the prize-linked savings
23 account program.

24 (d)(1) A participating institution shall not participate in a prize-
25 linked savings account program in a manner that:

26 (i) Requires any consideration or purchase from a
27 patron for participating in a prize-linked savings account program other than
28 a minimum savings account deposit;

29 (ii) Jeopardizes the participating institution's
30 safety or soundness; or

31 (iii) Is likely to mislead or misleads the
32 participating institution's patrons or the general public.

33 (2) The participation in a prize-linked savings account program
34 by a participating institution is subject to the investigative, examination,
35 and enforcement authority of the Arkansas Lottery Commission and of the:

36 (A) Bank Commissioner if the participating institution is a
37 bank;

1 (B) State Credit Union Supervisor if the participating
2 institution is a credit union; or

3 (C) Supervisor of Savings and Loan Associations if the
4 participating institution is a savings and loan association.

5 (3) A participating institution shall maintain records
6 sufficient to facilitate an audit of a prize-linked savings account program.

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8 /s/R. Thompson

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10 Referred by the Arkansas Senate

11 Prepared by: CLR/VJF
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