

2 State of Arkansas
3 92nd General Assembly
4 Regular Session, 2019

A Bill

SENATE BILL 669

5
6 By: Senator Bond

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

For An Act To Be Entitled

9
10 AN ACT PERMITTING LICENSED ON-SITE AND ELECTRONIC
11 WAGERING ON ATHLETIC EVENTS BY CERTAIN ENTITIES; TO
12 ESTABLISH LICENSES TO CONDUCT WAGERING ON ATHLETIC
13 EVENTS TO BE AWARDED BY THE ARKANSAS RACING
14 COMMISSION; TO REQUIRE THE PROMULGATION OF RULES; TO
15 ESTABLISH AN ATHLETIC EVENT WAGERING PREMIUM AND
16 DEDICATE THE TAX REVENUE FOR AFFORDABLE JOB TRAINING,
17 VOCATIONAL-TECHNICAL EDUCATION, AND TWO-YEAR AND
18 FOUR-YEAR HIGHER EDUCATION FOR ARKANSANS; TO CERTAIN
19 ENTITIES AND FOR CERTAIN PURPOSES; AND FOR OTHER
20 PURPOSES.

Subtitle

21
22
23 PERMITTING LICENSED ON-SITE AND
24 ELECTRONIC WAGERING ON ATHLETIC EVENTS BY
25 CERTAIN ENTITIES.
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28
29 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

30
31 SECTION 1. DO NOT CODIFY. Legislative intent.

32 It is the intent of the General Assembly for this act to provide for
33 licensure of up to four (4) athletic event wagering facilities to be located
34 in parts of the state not otherwise serviced by a casino authorized under The
35 Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment
36 100.

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SECTION 2. Arkansas Code Title 5, Chapter 66, Subchapter 1, is amended to add an additional section to read as follows:

5-66-121. Acts under the Athletic Event Wagering Act of 2019, § 23-117-101 et seq.

This chapter does not apply to an act permitted under the Athletic Event Wagering Act of 2019, § 23-117-101 et seq.

SECTION 3. Arkansas Code Title 23 is amended to add an additional chapter to read as follows:

Chapter 117
Athletic Event Wagering Act of 2019
Subchapter 1 – General Provisions

23-117-101. Title.

This chapter shall be known and may be cited as the "Athletic Event Wagering Act of 2019".

23-117-102. Applicability.

This chapter is supplemental to The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

23-117-103. Conflicts.

Except as otherwise authorized by section 3(c) of The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100, any conflict between The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100, and this chapter are governed by The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

23-117-104. Adoption of chapter for rulemaking.

(a) To the extent permitted by The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100, this chapter may be adopted by the Arkansas Racing Commission to establish rules governing the operation of sporting event wagering as authorized under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100. (b) However, a

1 licensee under this chapter is separate and distinct from a licensee as
2 described under The Arkansas Casino Gaming Amendment of 2018, Arkansas
3 Constitution, Amendment 100.

4
5 23-117-105. Definitions.

6 As used in this chapter:

7 (1)(A) "Athletic event" means a game or contest, or a series of
8 games or contests that constitute a season or tournament, in whole or in
9 part, that involves a sport, athletic effort, or particular skill between
10 persons or teams that attempt to win the contest against other persons or
11 teams, as determined by the rules of the sanctioning body of the athletic
12 event.

13 (B) "Athletic event" includes:

14 (i) Games or contests between persons or teams that
15 are members at the time of the athletic event of any one (1) of the following
16 professional associations and that compete in a game or contest sanctioned by
17 the professional association:

18 (a) The National Football League;

19 (b) Major League Baseball or Minor League
20 Baseball;

21 (c) The National Basketball Association or the
22 Women's National Basketball Association;

23 (d) Major League Soccer;

24 (e) The National Hockey League;

25 (f) The National Association for Stock Car
26 Auto Racing or IndyCar;

27 (g) The Professional Golfers' Association or
28 the Professional Golfers' Association of America;

29 (h) The Professional Bowlers Association;

30 (i) The International Boxing Federation, the
31 World Boxing Association, the World Boxing Council, or the World Boxing
32 Organization;

33 (j) The Federation Internationale de Football
34 Association, if the athletic event involves teams that wholly consist of
35 professional athletes;

1 (k) The Association of Tennis Professionals or
2 the Women's Tennis Association; or

3 (l) The Ultimate Fighting Championship;

4 (ii) Games or contests between persons or teams that
5 are members at the time of the athletic event of any one (l) of the following
6 amateur associations and that compete in a game or contest sanctioned by the
7 amateur association:

8 (a) The National Collegiate Athletic
9 Association;

10 (b) The National Association of
11 Intercollegiate Athletics; or

12 (c) The International Olympic Committee; and

13 (iii) An amateur game or contest as determined by
14 the Arkansas Racing Commission.

15 (C) "Athletic event" does not include:

16 (i) An interscholastic game or contest in which the
17 participating contestants are elementary or secondary school students of any
18 public or private school;

19 (ii) A game or contest sponsored or regulated by the
20 Arkansas Activities Association or other similar amateur association in this
21 state or another state;

22 (iii) An athletic game or contest in which any of
23 the participants are under eighteen (18) years of age;

24 (iv) Pari-mutuel wagering on horse racing or dog
25 racing, except as otherwise permitted by law by a franchisee under the
26 Arkansas Horse Racing Law, § 23-110-101 et seq., or the Arkansas Greyhound
27 Racing Law, § 23-111-101 et seq.;

28 (v) An event sanctioned by the Special Olympics;

29 (vi) An event sanctioned by World Wrestling
30 Entertainment;

31 (vii) An event sanctioned by the American Kennel
32 Club; or

33 (viii) An event broadcast on television or other
34 media that is ostensibly a contest with in-person judges or that may
35 incorporate fan judging but that is more suitably described as entertainment;

1 (2) "Athletic event wager" means a wager at an athletic event
2 wagering facility or through an interactive athletic event wagering platform
3 on the outcome of an athletic event or a combination of athletic events or
4 portions of athletic events, or on the individual performance statistics of
5 participating athletes in an athletic event or combination of athletic
6 events, by any system or method of wagering, including without limitation:

7 (A) Single-game or single-event wagers;

8 (B) Teaser wagers;

9 (C) Parlay wagers;

10 (D) Over-under wagers;

11 (E) Common pools;

12 (F) Exchange wagers, as that term is commonly understood;

13 (G) In-game wagers;

14 (H) In-play wagers;

15 (I) Proposition wagers;

16 (J) Straight wagers; and

17 (K) Moneyline wagers;

18 (3) "Athletic event wagering" means the placing of an athletic
19 event wager;

20 (4) "Athletic event wagering facility" means a facility operated
21 by a licensee under this chapter where athletic event wagering is conducted;

22 (5) "Common pool" means a wager in which a person pays an entry
23 fee to attempt to predict the result of a particular athletic event with
24 other persons who have paid an entry fee and in which the entry fees are
25 distributed to the winner or winners, or to a predetermined third party, as
26 determined by the preset rules or conditions established in advance;

27 (6) "Gross athletic event wagering revenue" means the total of
28 cash or cash equivalents a licensee receives from athletic event wagering,
29 less:

30 (A) Cash or cash equivalents paid to customers as winnings
31 from athletic event wagering;

32 (B) Cash or cash equivalents paid to purchase annuities to
33 fund prizes payable to customers over a period of time as a result of
34 athletic event wagering;

1 (C) The actual cost paid by the licensee for any personal
2 property or services awarded to customers as prizes for winning athletic
3 event wagers; and

4 (D) Integrity fees remitted to a professional or amateur
5 athletic association;

6 (7) "In-game wager" means a wager on the outcome of an athletic
7 event that has already started;

8 (8) "In-play wager" means a wager on the outcome of certain
9 events that occur throughout an athletic event;

10 (9) "Interactive athletic event wagering platform" means a
11 person or entity that:

12 (A) Physically resides or is located and has a principal
13 place of business in this state that offers athletic event wagering over the
14 internet, including on a website or a handheld electronic device capable of
15 accessing the internet; and

16 (B) Is either:

17 (i) A licensee; or

18 (ii) Under contract with a licensee to offer
19 athletic event wagering in the manner described in subdivision (9)(A) of this
20 section on behalf of the licensee;

21 (10)(A) "Licensee" means an entity that has successfully bid at
22 public auction on a license to operate an athletic event wagering facility
23 under this chapter.

24 (B) "Licensee" does not include a casino licensee as
25 defined under The Arkansas Casino Gaming Amendment of 2018, Arkansas
26 Constitution, Amendment 100, or a professional bookmaker's permit as used
27 under this chapter;

28 (11) "Moneyline wager" means a wager a person places on another
29 person or team to win an athletic event outright;

30 (12) "NCAA bracket pool" means a common pool in which entrants
31 attempt to predict the winners of all the games in the annual amateur
32 basketball tournament sanctioned by the National Collegiate Athletic
33 Association, otherwise known as "March Madness";

34 (13) "Over-under wager" means a wager in which a person attempts
35 to predict a number for a statistic in a given athletic event and the person

1 wagers whether the actual number in the athletic event will be either higher
2 or lower than that number;

3 (14) "Parlay wager" means a single wager that links together two
4 (2) or more individual wagers and is dependent on all of those wagers winning
5 together;

6 (15)(A) "Participating athlete" means a person participating in
7 an athletic event that is subject to athletic event wagering.

8 (B) "Participating athlete" includes:

9 (i) A player on a team or partnership, whether or
10 not the player plays during the athletic event;

11 (ii) A coach, instructor, or trainer of a player or
12 team participating in the athletic event;

13 (iii) A referee, umpire, or other official involved
14 in enforcing the rules of the athletic event; and

15 (iv) An owner or shareholder of a professional
16 sports team who, because of an employment or contractual relationship with a
17 player or coach, has the ability to:

18 (a) Influence the player or coach;

19 (b) Terminate the player or coach from
20 employment; or

21 (c) Sever the contractual relationship with
22 the player or coach;

23 (16) "Point spread" means the forecast of the number of points
24 by which a stronger team is expected to defeat a weaker team;

25 (17) "Professional or amateur athletic association" is an
26 association as described in subdivision (1)(B) of this section;

27 (18) "Proposition wager" means a wager made regarding the
28 occurrence or non-occurrence during an athletic event of an action not
29 directly affecting the outcome of the athletic event;

30 (19) "Straight wager" means a wager on a single athletic event
31 that carries a point spread, a total, or a moneyline;

32 (20)(A) "Teaser wager" means a wager that allows the person to
33 combine his or her wagers on two (2) or more different athletic events.

34 (B) "Teaser wager" may also include an adjustment of the
35 point spreads for the athletic events that the person realizes may result in
36 a lower return on the teaser wager in the event of a win; and

1 (21)(A) "Wager" means the staking or risking by a person of
2 something of value upon an agreement or understanding that the person or
3 another person or entity will receive something of value in the event of a
4 certain outcome.

5 (B) "Wager" does not include:

6 (i) Any activity governed by the securities laws of
7 the United States or this state;

8 (ii) A contract of indemnity or guarantee;

9 (iii) A contract for insurance; or

10 (iv) Participation in an event, game, or contest in
11 which the participants do not stake or risk anything of value other than
12 personal efforts of the participants in playing the event, game, or contest
13 or obtaining access to the internet or points or credits that the sponsor of
14 the event, game, or contest provides to participants free of charge and that
15 can be used or redeemed only for participation in events, games, or contests
16 offered by the sponsor.

17
18 23-117-106. Licensing and administration.

19 (a)(1)(A) The Arkansas Racing Commission may publicly auction up to
20 four (4) but shall publicly auction no fewer than two (2) licenses that
21 permit the licensee to offer athletic event wagering at an athletic event
22 wagering facility or through an interactive athletic event wagering platform,
23 or both.

24 (B) An entity that bids on a license under this section
25 shall be required to show that the locality where the proposed athletic event
26 wagering facility is to be located has gained local governmental approval for
27 its proposed operation.

28 (2)(A) A county shall not have more than one (1) licensee
29 operating an athletic event wagering facility.

30 (B) A licensee may not own or operate an athletic event
31 wagering facility in a county that operates a casino as defined under The
32 Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment
33 100.

34 (3) The licenses auctioned under this chapter shall meet the
35 following criteria:

1 (A) One (1) license shall be publicly auctioned to an
2 entity in Pulaski County;

3 (B) One (1) license shall be publicly auctioned to an
4 entity as determined by the commission in a county that has a population of
5 more than twenty-five thousand (25,000), as determined by the most recent
6 federal decennial census, that is:

7 (i) Located at least seventy-five (75) miles away
8 from the nearest casino as authorized under The Arkansas Casino Gaming
9 Amendment of 2018, Arkansas Constitution, Amendment 100; and

10 (ii) Is located in a geographical area not otherwise
11 serviced by a casino as authorized under The Arkansas Casino Gaming Amendment
12 of 2018, Arkansas Constitution, Amendment 100; and

13 (C) One (1) license may be publicly auctioned to an entity
14 as determined by the commission in a county that has a population of more
15 than fifteen thousand (15,000), as determined by the most recent federal
16 decennial census, that is:

17 (i) Located at least seventy-five (75) miles away
18 from the nearest casino as authorized under The Arkansas Casino Gaming
19 Amendment of 2018, Arkansas Constitution, Amendment 100; and

20 (ii) Is located in a geographical area not otherwise
21 serviced by a casino as authorized under The Arkansas Casino Gaming Amendment
22 of 2018, Arkansas Constitution, Amendment 100.

23 (4)(A) An entity desiring to bid on a license at a public
24 auction under this chapter shall submit an application, the form of which is
25 to be determined by the commission, along with an application fee of one
26 thousand dollars (\$1,000), half of which shall be refunded to the applicant
27 should the applicant be unsuccessful in being a successful bidder for a
28 license.

29 (B) Revenues generated by the application fee under
30 subdivision (a)(4)(A) of this section shall be apportioned as follows:

31 (i) Twenty percent (20%) to the commission for
32 operating expenses; and

33 (ii) Eighty percent (80%) of the revenues to be
34 deposited into the State Treasury as general revenues.

35 (C) A license publicly auctioned under this chapter shall
36 be placed up for public auction every five (5) years.

1 (5)(A) A licensee shall not have as part of the ownership group,
 2 as a shareholder, or as part of the proposed management team an person who:

3 (i) Is not a full-time resident of the state;
 4 (ii) Has been convicted of a felony; or
 5 (iii) Owns, operates, or is in any way involved
 6 with, contractually or otherwise, a casino as authorized under The Arkansas
 7 Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

8 (B) A licensee may contract with an out-of-state vendor,
 9 group, existing business with expertise in athletic event wagering, or other
 10 consultant or consulting group to begin and establish operations as long as
 11 that entity does not at the time or in the future possess an ownership
 12 interest in the license or an interest in the licensee's management
 13 operations or a casino as authorized under The Arkansas Casino Gaming
 14 Amendment of 2018, Arkansas Constitution, Amendment 100.

15 (6) A licensee shall not have an ownership interest or be
 16 involved in the management or operation of more than one (1) licensed
 17 athletic event wagering facility at one (1) time.

18 (7)(A)(i) A license that is publicly auctioned by the commission
 19 that is not acted upon or that has not been used within twelve (12) months
 20 shall be forfeited, at which time the commission may place the license for
 21 for public auction under the same criteria as set out in this section.

22 (ii) As used in this subsection, "not acted upon or
 23 that has not been used" means that the athletic event wagering facility
 24 operated by the licensee has not been open to the public eight (8) hours a
 25 day for at least one-half (1/2) of the days of a calendar month.

26 (B) The commission may rescind, suspend, or revoke a
 27 license if the licensee does not meet, or ceases to meet, the requirements
 28 for the issuance of a license under this chapter.

29 (8) Licenses publicly auctioned by the commission under this
 30 chapter are nontransferable except as permitted by the commission.

31 (b) The commission shall adopt rules with the assistance and approval
 32 of the Department of Finance and Administration that are consistent with the
 33 intent of this chapter to govern the auctioning of licenses, operation of
 34 licensees, athletic event wagering facilities, and interactive athletic event
 35 wagering platforms and shall specifically address and adopt rules concerning
 36 the following matters:

1 (1) The requirements to maintain a license in good standing, as
2 well as acts or omissions that would result in the rescission, revocation, or
3 suspension of a license;

4 (2) The standards for, procedures for, and types of athletic
5 event wagering permitted to be offered by a licensee, including the:

6 (A) System of wagering;

7 (B) Manner in which athletic event wagers are received and
8 payouts are remitted; and

9 (C) Establishment of how point spreads, lines, or odds are
10 determined;

11 (3) The creation and regulation of:

12 (A) Different types of permissible athletic event wagers;

13 (B) Paid fantasy sports games under § 23-116-101 et seq.;
14 and

15 (C) A statewide NCAA bracket pool to benefit the Athletic
16 Event Wagering Fund;

17 (4)(A) The establishment of a professional bookmaker's permit
18 required of all persons involved in the management of an athletic event
19 wagering facility.

20 (B) As part of the professional bookmaker's permit
21 requirement, the commission shall adopt standards concerning the professional
22 bookmaker's permit fee and duration, education and training, security
23 requirements, background check and good character requirements, and insurance
24 and bond requirements;

25 (5) Notice requirements for minimum and maximum wagers;

26 (6) The conditions under which all permissible athletic event
27 wagering is conducted;

28 (7) The regulation and maintenance of athletic event wagering by
29 licensees that is of the highest quality and free from any corrupt,
30 incompetent, dishonest, or unprincipled practices;

31 (8) The method for calculating gross athletic event wagering
32 revenue and standards for the daily accounting and recording of cash and cash
33 equivalents received in the conduct of athletic event wagering, to include:

34 (A) Methods of internal financial controls;

35 (B) How financial records are to be maintained; and

36 (C)(i) Audit procedures and frequencies of audits.

1 (ii)(a) Periodic and systematic audits shall be
2 performed by a third party as determined by the commission.

3 (b) Arkansas Legislative Audit shall review
4 and report on a licensee's operations upon request by the General Assembly;

5 (9) Compulsive and problem gambling standards pertaining to
6 athletic event wagering;

7 (10) Standards prohibiting persons under eighteen (18) years of
8 age from participating in athletic event wagering;

9 (11) Limitations on locations for athletic event wagering
10 facilities that are not already required by law;

11 (12) The establishment and operation of athletic event wagering
12 through interactive athletic event wagering platforms; and

13 (13) Standards concerning advertising by licensees, including
14 without limitation requirements that advertisements and marketing
15 initiatives:

16 (A) Not target minors or other persons who are ineligible
17 to place wagers, problem gamblers, or other vulnerable persons;

18 (B) Disclose the identity of the licensee;

19 (C) Provide information about or links to resources
20 relating to gambling addiction; and

21 (D) Not be otherwise false, misleading, or deceptive to a
22 reasonable consumer.

23
24 23-117-107. Third-party interactive athletic event wagering platform –
25 Requirements – Fees.

26 (a) If a licensee is approved to operate as an interactive athletic
27 event wagering platform as part of the licensee's initial licensure publicly
28 auctioned by the Arkansas Racing Commission, the licensee may contract with a
29 third party to operate as an interactive athletic event wagering platform on
30 behalf of the licensee, subject to rules promulgated by the commission and
31 the Department of Finance and Administration.

32 (b)(1) A third-party interactive athletic event wagering platform that
33 is publicly auctioned by the commission shall pay to the commission an annual
34 operation fee of ten thousand dollars (\$10,000).

1 (2) The annual operation fees collected under this subsection
2 shall be distributed in the same manner as the application fees under § 23-
3 117-106(a)(4)(B).

4 (c) The performance of any act required, or the forbearance of any act
5 prohibited, under this chapter or otherwise provided by law, by a third-party
6 interactive athletic event wagering platform is imputed to the licensee on
7 behalf of which the third-party interactive athletic event wagering platform
8 is operating, and vice versa.

9
10 23-117-108. Licensee obligations – Consumer protections.

11 A licensee shall:

12 (1) Verify that a person placing an athletic event wager is of
13 the legal minimum age for placing the athletic event wager;

14 (2) Allow a person to restrict himself or herself from placing
15 athletic event wagers with the licensee, including by means of athletic event
16 wager limits, and take reasonable steps to prevent that person from placing
17 athletic event wagers, including, upon request of the person, sharing the
18 request with the Arkansas Racing Commission for the sole purpose of
19 disseminating the request to other licensees;

20 (3)(A) Conduct background checks through the Department of
21 Arkansas State Police on newly hired employees and annual background checks
22 through the department on all existing employees.

23 (B) A background check under this section shall search for
24 criminal history and any charges or convictions involving corruption or
25 manipulation of athletic events and any association with organized crime;

26 (4) Employ commercially reasonable methods to:

27 (A) Prohibit the licensee, ownership group, directors,
28 officers, management team, employees of the licensee, or any relative living
29 in the same household as any of those persons from placing athletic event
30 wagers with the licensee;

31 (B) Use publicly available information and any lists of
32 employees and affiliates provided to the licensee or the commission by a
33 professional or amateur athletic association in order to prohibit wagering by
34 a participating athlete, employee of a professional or amateur athletic
35 association or one of its member teams, or player and referee union
36 personnel;

1 (C) Prohibit athletic event wagering by a person who is
2 under the minimum legal age for placing wagers;

3 (D) Prohibit a person with access to nonpublic
4 confidential information held by the licensee from placing an athletic event
5 wager with the licensee;

6 (E) Prohibit a person from placing athletic event wagers
7 as an agent or proxy for others; and

8 (F)(i) Maintain the security of athletic event wagering
9 data, customer data, and other confidential information from unauthorized
10 access and dissemination.

11 (ii) However, this chapter does not preclude the use
12 of internet or cloud-based hosting of that data and information or disclosure
13 as required by a court order or otherwise as provided by law;

14 (5) Immediately report to the commission any information
15 relating to:

16 (A) Criminal or disciplinary proceedings commenced against
17 the licensee in connection with the licensee's operations;

18 (B) Abnormal athletic event wagering activity or patterns
19 that may indicate a concern with the integrity of an athletic event or
20 athletic events;

21 (C) A potential breach of the internal rules and codes of
22 conduct of a professional or amateur athletic association pertaining to
23 athletic event wagering;

24 (D) Any other conduct that corrupts an athletic event
25 wagering outcome of an athletic event or athletic events for purposes of
26 financial gain; or

27 (E) Suspicious or illegal athletic event wagering
28 activities, including without limitation:

29 (i) Use of funds derived from illegal activity;

30 (ii) Athletic event wagers to conceal or launder
31 funds derived from illegal activity;

32 (iii) Use of agents to place athletic event wagers;

33 or

34 (iv) Use of false identification;

1 (6) Immediately report information relating to conduct described
2 in subdivisions (5)(C)-(E) of this section to the relevant professional or
3 amateur athletic association, as applicable; and

4 (7) Maintain the confidentiality of information provided by a
5 professional or amateur athletic association to the licensee, unless
6 disclosure is required by law or by a court order.

7
8 23-117-109. Integrity requirements.

9 (a)(1) A professional or amateur athletic association may notify the
10 Arkansas Racing Commission that the professional or amateur athletic
11 association desires to restrict or limit athletic event wagering on the
12 professional or amateur athletic association's athletic events to ensure the
13 integrity of the association's athletic events by providing notice in the
14 form and manner as the commission may require, including restrictions on the
15 sources of data and associated video upon which a licensee may rely in
16 offering and paying wagers and the wager types that may be offered.

17 (2) Upon receiving the notice under subdivision (a)(1) of this
18 section, the commission shall publish any wagering restrictions and
19 limitations the professional or amateur athletic association requires.

20 (3) Offering or taking wagers contrary to restrictions published
21 by the commission is a violation and is subject to:

22 (A) Penalties as provided by law;

23 (B) Administrative sanctions; or

24 (C) Both legal penalties and administrative sanctions.

25 (b) The commission and licensees shall cooperate with investigations
26 conducted by a law enforcement agency or a professional or amateur athletic
27 association, or both, including without limitation providing or facilitating
28 the providing of athletic event wagering information and audio or video files
29 relating to persons placing athletic event wagers.

30
31 23-117-110. Prohibited athletic event wagering.

32 (a)(1) A person shall not knowingly engage in athletic event wagering
33 otherwise authorized under this chapter when the person is a participating
34 athlete in the athletic event that is the subject of the athletic event
35 wagering.

1 (2) A person who violates subdivision (a)(1) of this section is
2 subject to an administrative penalty consisting of one (1) or more of the
3 following:

4 (A) A forfeiture of any winnings the person may have won
5 directly from the prohibited athletic event wager;

6 (B) A fine of up to ten (10) times the amount of the
7 prohibited athletic event wager; and

8 (C) A one-year prohibition from placing any athletic event
9 wagers with a licensee.

10 (b)(1)(A) A licensee shall not knowingly accept an athletic event
11 wager under this chapter when the person placing the athletic event wager is
12 a participating athlete.

13 (B) A licensee who violates subdivision (b)(1)(A) of this
14 section is subject to an administrative penalty consisting of one (1) or more
15 of the following:

16 (i) A forfeiture of any funds lost by the person and
17 kept by the licensee that were the result of the prohibited athletic event
18 wager;

19 (ii) A fine of up to fifty (50) times the amount of
20 the prohibited athletic event wager; and

21 (iii) A suspension or revocation of the licensee's
22 license for a period of time of not more than thirty (30) days.

23 (2)(A) A licensee who is notified that he or she has violated
24 this subsection shall be given thirty (30) calendar days to take corrective
25 action.

26 (B) Sufficient corrective action taken by a licensee under
27 subdivision (b)(2)(A) of this section may be considered mitigating evidence
28 in any administrative action taken under this subsection.

29 (c) This section does not prevent a law enforcement agency from
30 investigating or the prosecuting attorney from bringing any potential
31 criminal charges stemming from the acts or omissions that led to the placing
32 of a prohibited athletic event wager under this chapter.

33
34 23-117-111. Administrative hearings.

1 (a) All administrative hearings under this chapter shall be conducted
2 by the Arkansas Racing Commission in conformity with the Arkansas
3 Administrative Procedure Act, § 25-15-201 et seq.

4 (b) Fines or forfeitures resulting from administrative action by the
5 commission shall be remitted to the Department of Finance and Administration
6 on a monthly basis to be deposited into the Athletic Event Wagering Fund.

7
8 Subchapter 2 – Athletic Event Wagering Fees and Revenue

9
10 23-117-201. Athletic event wagering premium.

11 (a)(1) For the privilege of offering athletic event wagering, a
12 licensee shall pay an athletic event wagering premium equivalent to twelve
13 and five-tenths percent (12.5%) of the licensee’s gross athletic event
14 wagering revenue generated within this state from on-site, in-person wagering
15 at an athletic event wagering facility, which shall be paid to the Department
16 of Finance and Administration not less than one (1) time per calendar year.

17 (2) A licensee shall pay an athletic event wagering premium
18 equivalent to thirteen and five-tenths percent (13.5%) of the licensee’s
19 gross athletic event wagering revenue generated within this state through an
20 interactive athletic event wagering platform, which shall be paid to the
21 department not less than one (1) time per calendar year.

22 (b) The department shall deposit athletic event wagering premiums
23 received under this section into the Athletic Event Wagering Fund.

24 (c)(1) Remittance of athletic event wagering premiums to the
25 department shall be accompanied by a return form that the department shall
26 prescribe.

27 (2) The return form shall include information concerning
28 athletic event wagering, including without limitation:

29 (A) The total number of athletic event wagers placed in an
30 athletic event wagering facility;

31 (B) The total number of athletic event wagers placed on
32 athletic events through an interactive athletic event wagering platform and
33 that did not occur in an athletic event wagering facility; (C)

34 The total amount of money derived from athletic event wagering;

35 (D) Prizes or winnings paid out to persons for winning
36 athletic event wagers;

- 1 (E) Net athletic event wagering receipts; and
- 2 (F) Cumulative athletic event wagering premium due.

3

4 23-117-202. Taxes owed on winning athletic event wagers.

5 A licensee shall collect and report information to the Department of
6 Finance and Administration to reasonably ensure that state taxes on prizes
7 from winning athletic event wagers are collected from or reported by the
8 person placing the athletic event wager, as required by law, at the time of
9 any payment of the proceeds of the athletic event wager.

10

11 23-117-203. Enforcement.

12 (a)(1) The Department of Finance and Administration shall enforce the
13 athletic event wagering premium provisions of this chapter and collect the
14 athletic event wagering premiums and penalties imposed under this chapter
15 that do not result from penalties imposed by the Arkansas Racing Commission
16 in an administrative hearing.

17 (2)(A) Enforcement under this chapter shall be accomplished
18 administratively or through an action filed in a court with jurisdiction.

19 (B) The Attorney General shall represent the department in
20 any action filed in a court with jurisdiction.

21 (b) A person, including a licensee, that violates the athletic event
22 wagering premium or reporting requirements of this chapter may be subject to
23 other penalties as provided by law.

24

25 Subchapter 3 – Recordkeeping and Reports

26

27 23-117-301. Recordkeeping – Information sharing.

28 (a) A licensee shall maintain records of all athletic event wagers
29 placed for at least three (3) years after the athletic event occurs and make
30 the data available for inspection upon request of the Arkansas Racing
31 Commission, the Department of Finance and Administration, or as required by a
32 court order, including:

33 (1) Personally identifiable information of the person placing
34 the athletic event wager;

35 (2) The amount and type of athletic event wager;

36 (3) The time the athletic event wager was placed;

1 (4) The location of the athletic event wager, including the
2 internet protocol address, if applicable;

3 (5) The outcome of the athletic event wager;

4 (6) Records of abnormal athletic event wager activity; and

5 (7) Video camera recordings in the case of an in-person athletic
6 event wager.

7 (b) If a professional or amateur athletic association has notified the
8 commission that real-time information sharing for wagers placed on the
9 professional or amateur athletic association's athletic events is necessary
10 and desirable, a licensee shall share in real time the information required
11 to be retained under this section, with the exception of video files, with
12 the professional or amateur athletic association or its designee respecting
13 wagers on the professional or amateur association's athletic events.

14 (c)(1) A licensee shall remit to a professional or amateur athletic
15 association that has provided notice to the commission under subsection (b)
16 of this section an integrity fee of one percent (1%) of the amount wagered on
17 the professional or amateur athletic association's athletic events.

18 (2) The licensee shall remit integrity fees to the professional
19 or amateur athletic association at least one (1) time per calendar quarter.

20 (d) The commission shall cooperate with a professional or amateur
21 athletic association and the professional or amateur athletic association's
22 members to ensure the timely, efficient, and accurate sharing of information
23 and the remittance of proceedings of the integrity fee to the professional or
24 amateur athletic association.

25
26 23-117-302. Annual report by licensee.

27 (a) A licensee shall submit a report to the Arkansas Racing Commission
28 and the Department of Finance and Administration no later than December 1 of
29 each year that shall include the following information as the information
30 shall apply to accounts cumulatively held by customers of the licensee
31 residing or otherwise located in this state:

32 (1) The total number of new athletic event wagering accounts
33 established in the preceding year, as well as the total number of athletic
34 event wagering accounts permanently closed in the preceding year;

35 (2) The total amount of athletic event wagers received from
36 customers;

1 (3) The total amount of winnings awarded to customers;

2 (4) The total amount on hold on each type of athletic event
3 wager;

4 (5) The total amount of gross athletic event wagering revenue
5 received by the licensee; and

6 (6) The total number of persons who requested to exclude
7 themselves from or otherwise limit their participation in athletic event
8 wagering.

9 (b)(1) Upon the submission of the annual report under this section, to
10 such extent as the department deems it to be in the public interest, the
11 department may conduct a financial audit of any licensee to ensure compliance
12 with this chapter.

13 (2) An audit under this section may be conducted by the
14 department or by Arkansas Legislative Audit at the request of the department.

15 (c) The department shall annually publish a report based on the
16 aggregate information provided by all licensees, which shall be published on
17 the website of the commission and the website of the department no later than
18 one hundred eighty (180) days after the deadline for the submission of
19 individual reports as specified in this section.

20
21 Subchapter 4 – Miscellaneous Provisions

22
23 23-117-401. Food and beverage service.

24 (a) A licensee may serve food and beverages in an athletic event
25 wagering facility to the public as otherwise authorized by law.

26 (b)(1) Beverages may include alcoholic beverages if the licensee is
27 granted a license to serve alcoholic beverages by the Alcoholic Beverage
28 Control Board.

29 (2)(A) A licensee is subject to the rules for serving alcoholic
30 beverages as determined by the board, except that a licensee is permitted to
31 serve complimentary alcoholic beverages to the licensee's customers and is
32 not required to charge money for alcoholic beverages if the licensee chooses
33 not to.

34 (B) A licensee is permitted to decide to whom the licensee
35 serves complimentary alcoholic beverages and may limit the service of
36 complimentary alcoholic beverages to certain persons such as frequent

1 patrons, as part of a customer rewards program, on certain days, during
2 certain time periods, or any other criteria so long as the limitation of
3 service is not done in a discriminatory manner.
4

5 SECTION 3. Arkansas Code § 19-6-301, concerning the enumeration of
6 special revenues, is amended to add an additional subdivision to read as
7 follows:

8 (263) Permit and license fees, athletic event wagering premiums,
9 and fines collected under the Athletic Event Wagering Act of 2019, § 23-117-
10 101 et seq.
11

12 SECTION 4. Arkansas Code Title 19, Chapter 6, Subchapter 8, is amended
13 to add an additional section to read as follows:

14 19-6-840. Athletic Event Wagering Fund.

15 (a) There is created on the books of the Treasurer of State, the
16 Auditor of State, and the Chief Fiscal Officer of the State a special revenue
17 fund to be known as the "Athletic Event Wagering Fund".

18 (b)(1) All permit and license fees, athletic event wagering premiums,
19 and fines received by the Arkansas Racing Commission or the Department of
20 Finance and Administration that result from their administration of athletic
21 event wagering under the Athletic Event Wagering Act of 2019, § 23-117-101 et
22 seq., that are not already dedicated to another fund or dedicated revenue
23 allocation shall be deposited into the State Treasury as special revenues to
24 the credit of the Athletic Event Wagering Fund.

25 (2) The Athletic Event Wagering Fund also shall consist of any
26 other revenues authorized by law.

27 (c)(1) The Athletic Event Wagering Fund shall be used in the following
28 manner:

29 (A) Ten percent (10%) to the University of Arkansas for
30 Medical Sciences to recruit, teach, and train individuals to become mental
31 health professionals, including training in treating addiction, including
32 without limitation gambling addiction;

33 (B) A reasonable amount for the operating expenses
34 incurred by the commission and the department that supplement other
35 appropriations to the commission and the department as provided by law; and

1 (C) The remaining funds shall be allocated by the General
2 Assembly for affordable job training, vocational-technical education, and
3 two-year and four-year higher education for Arkansans.

4 (2) Expenditures of moneys in the Athletic Event Wagering Fund
5 are subject to the General Accounting and Budgetary Procedures Law, § 19-4-
6 101 et seq., the Arkansas Procurement Law, § 19-11-201 et seq., and other
7 applicable fiscal laws.

8 (3)(A) All moneys in the Athletic Event Wagering Fund shall be
9 distributed to the designated recipients by the end of the fiscal year, and
10 the Athletic Event Wagering Fund shall not carry a balance of more than fifty
11 thousand dollars (\$50,000) at the end of the fiscal year.

12 (B) If the Athletic Event Wagering Fund has a balance of
13 more than fifty thousand dollars (\$50,000) at the end of the fiscal year, the
14 Legislative Council by majority vote may distribute the excess funds to a
15 recipient or recipients listed under subdivision (c)(1) of this section.

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18 Referred requested by the Arkansas Senate
19 Prepared by: BPG/VJF
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