

Stricken language would be deleted from and underlined language would be added to the Arkansas Constitution.

State of Arkansas *As Engrossed: H3/17/05 H4/5/05*

85th General Assembly

Regular Session, 2005

HJR 1006

By: Representative Ormond

HOUSE JOINT RESOLUTION

PROPOSING AN AMENDMENT TO THE ARKANSAS
CONSTITUTION TO ESTABLISH THE ARKANSAS
CORPORATION ON LOTTERIES AND WAGERING AS AN
INDEPENDENT PUBLIC CORPORATION; TO LICENSE
CHARITABLE BINGO; TO PROVIDE FOR A LOTTERY; TO
AUTHORIZE THE CORPORATION TO CONDUCT WAGERING
GAMES IN FACILITIES OWNED AND OPERATED BY THE
CORPORATION OR MAY ENTER INTO A CONTRACT WITH ANY
PERSON TO OPERATE WAGERING GAMES; TO REQUIRE
APPROVAL BY THE VOTERS OF A COUNTY BEFORE
WAGERING GAMES MAY BE CONDUCTED IN THE COUNTY; TO
ESTABLISH WAGERING DISTRICTS CONSISTING OF
COUNTIES THAT APPROVE THE CONDUCT OF WAGERING
GAMES; TO ESTABLISH WAGERING DISTRICT ADVISORY
COMMITTEES; TO PROVIDE THAT A PORTION OF THE
PROCEEDS FROM WAGERING GAMES, WAGERING
FACILITIES, AND ANCILLARY OPERATIONS SHALL BE
USED IN WAGERING DISTRICTS TO PROVIDE SUPPORT TO
LOCAL TAXING UNITS, REBATES TO TAXPAYERS FOR A
PORTION OF REAL PROPERTY TAXES PAID, AND
REIMBURSEMENT TO RESIDENTS FOR A PORTION OF THEIR
HEALTH INSURANCE PREMIUMS; *TO AUTHORIZE
AGREEMENTS BETWEEN THE CORPORATION AND
THOROUGHBRED RACING TRACKS AND GREYHOUND RACING
TRACKS FOR THE CONDUCT OF WAGERING GAMES BY THE
TRACKS;* TO AMEND SECTION 14 OF ARTICLE 19 OF THE
ARKANSAS CONSTITUTION TO CONFORM WITH THIS
PROPOSED AMENDMENT; AND FOR OTHER PURPOSES.



Subtitle

PROPOSING AN AMENDMENT TO THE ARKANSAS
CONSTITUTION TO ESTABLISH AN ARKANSAS
CORPORATION CONCERNING CHARITABLE BINGO,
LOTTERIES, AND WAGERING AS AN
INDEPENDENT PUBLIC CORPORATION.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:

That the following is proposed as an amendment to the Constitution of the State of Arkansas, and upon being submitted to the electors of the state for approval or rejection at the next general election for Representatives and Senators, if a majority of the electors voting thereon at the election, adopt the amendment, the amendment shall become a part of the Constitution of the State of Arkansas, to wit:

SECTION 1. Definitions.

As used in this amendment:

(1) "Ancillary operations" means any of the following operated
in conjunction with a facility for wagering games:

(A) Lodging accommodations;

(B) Restaurants;

(C) Tennis courts, golf courses, or any other recreational
facilities; or

(D) Convention centers or entertainment facilities;

(2)(A) "Bingo" means a single game of the activity commonly known as "bingo" in which the participants pay a sum of money for the use of one (1) or more bingo cards.

(B) "Bingo" only includes a game in which the winner receives a preannounced, fixed dollar prize and in which the winner is determined by the matching of letters and numbers on a bingo card imprinted with at least twenty-four (24) numbers, with letters and numbers appearing on

1 objects randomly drawn and announced by a caller, in contemporaneous
2 competition among all players in the game;

3 (3) "Charitable bingo" means the game of bingo that:

4 (A) Is operated by a nonprofit, tax-exempt religious,
5 educational, veterans, fraternal, service, civic, medical, volunteer rescue
6 service, volunteer firefighters organization, or volunteer police
7 organization that has been in continuing existence as a nonprofit tax-exempt
8 organization in this state for a period of not less than five (5) years
9 immediately prior to conducting the game of bingo; and

10 (B) Meets the following restrictions on the use of the
11 receipts from the conduct of bingo:

12 (i) All net receipts over and above the actual cost
13 of conducting charitable bingo must be used only for charitable, religious,
14 or philanthropic purposes; and

15 (ii) No receipts shall be used to compensate in any
16 manner any person who works for or is in any way affiliated with the
17 authorized organization;

18 (4) "Lottery game" means any procedure authorized by written
19 rule of the Arkansas Corporation on Lotteries and Wagering whereby prizes are
20 distributed among persons who have paid, or have unconditionally agreed to
21 pay, for tickets or shares that provide the opportunity to win such prizes;

22 (5) "Lottery game retailer" means any person with whom the
23 Arkansas Corporation on Lotteries and Wagering has contracted to sell tickets
24 or shares in lottery games to the public; and

25 (6) "Wagering games" means games in which participants risk any
26 property for gain contingent in whole or in part upon lot, chance, the
27 operation of a gaming device, or the happening or outcome of an event over
28 which the person taking a risk has no control.

29
30 SECTION 2. Arkansas Corporation on Lotteries and Wagering.

31 (a) There is established the Arkansas Corporation on Lotteries and
32 Wagering as an independent public corporation.

33 (b) The corporation shall be subject to the laws applicable to a
34 nonprofit corporation except to the extent the laws are in conflict with this
35 amendment.

1 SECTION 3. Directors.

2 (a) The directors of the Arkansas Corporation on Lotteries and
3 Wagering shall be selected as follows:

4 (1) One (1) director shall be elected from each of the
5 congressional districts of the State of Arkansas; and

6 (2) The directors elected from the congressional districts shall
7 select one (1) additional director who shall serve as president of the
8 corporation.

9 (b) Directors elected from congressional districts:

10 (1) Shall be elected at the regular biennial general election;
11 and

12 (2) Shall serve for terms of eight (8) years.

13 (c) The director selected as president shall serve at the pleasure of
14 the directors elected by congressional district.

15 (d) No person shall serve as a director for more than one (1) term,
16 except that the president may serve as a director for no more than (10)
17 years.

18 (e) The president may vote in case of a tie vote.

19
20 SECTION 4. Compensation.

21 (a) The president of the Arkansas Corporation on Lotteries and
22 Wagering may receive a salary as determined by the board of directors.

23 (b)(1) The board of directors may employ such other persons as may be
24 necessary.

25 (2) However, the following persons shall be ineligible for
26 employment:

27 (A) A person who is related within the second degree, by
28 consanguinity or affinity, to a person serving as director of the
29 corporation;

30 (B) A person who was once related within the second degree
31 by affinity to a person serving as director of the corporation; and

32 (C) A director of the corporation or a person who has
33 served as a director of the corporation.

34
35 SECTION 5. Temporary provisions.

36 (a)(1) Four (4) of the initial directors of the Arkansas Corporation

1 on Lotteries and Wagering shall be appointed by the Governor. The Governor
2 shall appoint one (1) director from each congressional district.

3 (2) The Governor shall arrange the terms of the appointment so
4 that:

5 (A) The terms of one (1) directors expires on December 31,
6 2009;

7 (B) The terms of one (1) directors expires on December 31,
8 2011;

9 (C) The terms of one (1) directors expires on December 31,
10 2013; and

11 (D) The terms of one (1) directors expires on December 31,
12 2015.

13 (b) Initial director who shall serve as president of the Arkansas
14 Corporation on Lotteries and Wagering shall be Mr. Charles Ormond of
15 Morrilton, Arkansas. Mr. Ormond shall take office on January 1, 2007.

16
17 SECTION 6. Charitable bingo.

18 (a)(1) The Arkansas Corporation on Lotteries and Wagering shall have
19 authority to license and regulate the conduct of charitable bingo.

20 (2)(A) The corporation may charge a reasonable licensure fee.

21 (B) The fee shall be used by the corporation for the
22 administration of this section.

23 (b) Licensed charitable bingo shall not be a lottery prohibited by
24 this constitution.

25
26 SECTION 7. Statewide lottery.

27 (a) The Arkansas Corporation on Lotteries and Wagering shall operate
28 one (1) or more statewide lottery games.

29 (b)(1) The corporation may operate lottery games through lottery game
30 retailers.

31 (2) The corporation may license lottery game retailers and may
32 charge a reasonable license fee.

33
34 SECTION 8. Wagering.

35 (a) The Arkansas Corporation on Lotteries and Wagering may conduct
36 wagering games in facilities owned and operated by the corporation or may

1 enter into a contract with any person to operate wagering games.

2 (b)(1) Wagering games shall be conducted only in counties that have
3 approved the conduct of wagering games under the authority of the
4 corporation.

5 (2)(A) The question of whether to approve the conduct of
6 wagering games may be referred to the people by an ordinance of the quorum
7 court.

8 (B) The ordinance shall call a special election to be held
9 not less than thirty (30) days nor more than ninety (90) days after adoption
10 of the ordinance.

11 (c)(1)(A) The corporation may enter into an agreement with any the
12 owner of any thoroughbred racing track or greyhound racing track in the state
13 to license the owner to conduct wagering games at the track in addition to
14 the track's pari-mutuel wagering operations that are authorized by law.

15 (B) Approval of wagering games by the county is not
16 required as a condition for conducting wagering games at a thoroughbred
17 racing track or greyhound racing track that on December 31, 2006 is
18 authorized to conduct pari-mutuel wagering.

19 (2) The corporation may enter into agreements with the owner of
20 any thoroughbred racing track or greyhound racing track in the state to
21 simulcast races held at the track and to accept wagers at the facilities of
22 the corporation or the facilities of a person authorized by the corporation
23 to conduct wagering games.

24 (3) The corporation shall not have authority to regulate pari-
25 mutuel wagering at thoroughbred racing tracks or greyhound racing tracks.

26
27 SECTION 9. Wagering districts.

28 (a)(1) After one (1) or more counties approve the conduct of wagering
29 games and wagering games are actually conducted in one (1) or more of the
30 approving counties, the corporation shall establish one (1) or more wagering
31 districts.

32 (2) Any county that approves wagering shall be included in a
33 wagering district. The counties in the district do not have to be
34 contiguous. A county that has not approved wagering shall not be included in
35 a wagering district.

36 (3) At least one (1) county in each wagering district shall have

1 a facility for wagering games.

2 (4) The corporation shall readjust the boundaries of wagering
3 districts as additional counties approve the conduct of wagering games.

4 (b) For each wagering district the Arkansas Corporation on Lotteries
5 and Wagering shall appoint a wagering district advisory committee. The
6 members of the wagering district advisory committee shall reside in the
7 district.

8
9 SECTION 10. Disapproval of wagering by certain counties.

10 Disapproval of wagering by the voters of a county shall have no effect
11 on the conduct of pari-mutuel wagering by horseracing tracks and greyhound
12 racing tracks licensed under another law.

13
14 SECTION 11. Ancillary operations – promotions – alcoholic beverages.

15 (a) The Arkansas Corporation on Lotteries and Wagering may conduct
16 ancillary operations in conjunction with any wagering facility.

17 (b) As a promotion, the corporation may give away lodging, food, non-
18 alcoholic or alcoholic beverages, or any other item of value.

19 (c) The corporation may serve alcoholic beverages at any time in any
20 wagering facility.

21 (d) The corporation shall comply with alcoholic beverage laws not in
22 conflict with this section.

23
24 SECTION 12. Miscellaneous powers.

25 (a) The Arkansas Corporation on Lotteries and Wagering shall have
26 power to:

27 (1) Sue and be sued and to contract by the corporate name;

28 (2)(A) Borrow money and issue negotiable evidences of debt.

29 (B) The corporation may execute negotiable notes or bonds
30 to obtain the funds needed to carry out its functions;

31 (3) Pledge its revenues including the income from operations,
32 and it may mortgage its property to secure the payment of money borrowed; and

33 (4)(A) Acquire by purchase, gifts, eminent domain, or otherwise,
34 all property necessary, useful or convenient for the use of the corporation
35 in the exercise of any of its duties.

36 (B) If eminent domain is exercised, it shall be exercised

1 in the same manner as provided for the exercise of eminent domain by the
2 Arkansas Game and Fish Commission.

3 (b) The Arkansas Corporation on Lotteries and Wagering may receive
4 funds appropriated by law.

5
6 SECTION 13. Use of income – surplus funds.

7 (a) Moneys received by the Arkansas Corporation on Lotteries and
8 Wagering from the licensure of charitable bingo shall be used solely for the
9 administration of the charitable bingo licensure program.

10 (b) The net proceeds from the conduct of a lotteries after the payment
11 of administrative costs and lottery prizes shall be retained by the
12 corporation to support the functions of the corporation.

13 (c)(1) The net proceeds derived by the corporation in a wagering
14 district from wagering games, facilities for wagering games, and ancillary
15 operations shall be distributed as follows:

16 (A) Fourteen percent (14%) of the net proceeds shall be
17 distributed to the counties, municipalities, and school districts in the
18 wagering district. The amount shall be distributed among the counties,
19 municipalities, and school districts in proportion to the real property taxes
20 levied by each of the taxing authorities in the previous calendar year.

21 (B) Six percent (6%) of the net proceeds shall be used for
22 rebates to real property owners for real property taxes paid in the district.

23 (C)(i) Ten percent (10%) of the net proceeds shall be
24 placed in a trust fund and used by the corporation to reimburse residents of
25 the wagering district for a portion of their health insurance premiums.

26 (ii) An applicant for reimbursement shall provide
27 verification of payment of the health insurance premium and provide such
28 other information as the corporation determines to be necessary to administer
29 the reimbursement program.

30 (D) Seventy percent (70%) of the net proceeds shall be
31 retained by the corporation for operations.

32 (2) The General Assembly by law may increase the percentage of
33 the net proceed to be used subdivisions (c)(1)(A) or (c)(1)(B) and to make a
34 corresponding reduction in the net proceeds to be retained by the corporation
35 under subdivision (c)(1)(D).

36 (d) If the corporation determines that it has surplus funds not needed

1 for its operations, the corporation may remit all or a portion of the surplus
2 to the Treasurer of State as general revenues to be deposited in the State
3 Treasury to the credit of the State Apportionment Fund.

4 (e) The expenditure of moneys received by the corporation through its
5 operations shall not be subject to an appropriation by the General Assembly.

6
7 SECTION 14. Section 14 of Article 19 of the Arkansas Constitution is
8 amended to read as follows:

9 § 14. Lotteries ~~prohibited~~.

10 No Except as authorized by this constitution no lottery shall be
11 authorized by this State, nor shall the sale of lottery tickets be allowed.

12
13 SECTION 15. This amendment shall become effective January 1, 2007.

14
15 /s/ Ormond
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