

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

A Bill

SENATE BILL 669

4
5 By: Senator Bond
6

For An Act To Be Entitled

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

Subtitle

20
21 PERMITTING LICENSED ON-SITE AND
22 ELECTRONIC WAGERING ON ATHLETIC EVENTS BY
23 CERTAIN ENTITIES.
24
25
26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
28

29 SECTION 1. DO NOT CODIFY. Legislative intent.

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

36 SECTION 2. Arkansas Code Title 5, Chapter 66, Subchapter 1, is amended



1 to add an additional section to read as follows:

2 5-66-121. Acts under the Athletic Event Wagering Act of 2019, § 23-
3 117-101 et seq.

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

6
7 SECTION 3. Arkansas Code Title 23 is amended to add an additional
8 chapter to read as follows:

9 Chapter 117
10 Athletic Event Wagering Act of 2019

11
12 Subchapter 1 – General Provisions

13
14 23-117-101. Title.

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

17
18 23-117-102. Applicability.

19 This chapter is supplemental to The Arkansas Casino Gaming Amendment of
20 2018, Arkansas Constitution, Amendment 100.

21
22 23-117-103. Conflicts.

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

28
29 23-117-104. Adoption of chapter for rulemaking.

30 (a) To the extent permitted by The Arkansas Casino Gaming Amendment of
31 2018, Arkansas Constitution, Amendment 100, this chapter may be adopted by
32 the Arkansas Racing Commission to establish rules governing the operation of
33 sporting event wagering as authorized under The Arkansas Casino Gaming
34 Amendment of 2018, Arkansas Constitution, Amendment 100.

35 (b) However, a licensee under this chapter is separate and distinct
36 from a licensee as described under The Arkansas Casino Gaming Amendment of

1 2018, Arkansas Constitution, Amendment 100.

2
3 23-117-105. Definitions.

4 As used in this chapter:

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

11 (B) "Athletic event" includes:

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

16 (a) The National Football League;

17 (b) Major League Baseball or Minor League
18 Baseball;

19 (c) The National Basketball Association or the
20 Women's National Basketball Association;

21 (d) Major League Soccer;

22 (e) The National Hockey League;

23 (f) The National Association for Stock Car
24 Auto Racing or IndyCar;

25 (g) The Professional Golfers' Association or
26 the Professional Golfers' Association of America;

27 (h) The Professional Bowlers Association;

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

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

34 (k) The Association of Tennis Professionals or
35 the Women's Tennis Association; or

36 (l) The Ultimate Fighting Championship;

1 (ii) Games or contests between persons or teams that
 2 are members at the time of the athletic event of any one (1) of the following
 3 amateur associations and that compete in a game or contest sanctioned by the
 4 amateur association:

5 (a) The National Collegiate Athletic
 6 Association;

7 (b) The National Association of
 8 Intercollegiate Athletics; or

9 (c) The International Olympic Committee; and

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

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

13 (i) An interscholastic game or contest in which the
 14 participating contestants are elementary or secondary school students of any
 15 public or private school;

16 (ii) A game or contest sponsored or regulated by the
 17 Arkansas Activities Association or other similar amateur association in this
 18 state or another state;

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

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

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

26 (vi) An event sanctioned by World Wrestling
 27 Entertainment;

28 (vii) An event sanctioned by the American Kennel
 29 Club; or

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

33 (2) "Athletic event wager" means a wager at an athletic event
 34 wagering facility or through an interactive athletic event wagering platform
 35 on the outcome of an athletic event or a combination of athletic events or
 36 portions of athletic events, or on the individual performance statistics of

1 participating athletes in an athletic event or combination of athletic
2 events, by any system or method of wagering, including without limitation:

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

4 (B) Teaser wagers;

5 (C) Parlay wagers;

6 (D) Over-under wagers;

7 (E) Common pools;

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

9 (G) In-game wagers;

10 (H) In-play wagers;

11 (I) Proposition wagers;

12 (J) Straight wagers; and

13 (K) Moneyline wagers;

14 (3) "Athletic event wagering" means the placing of an athletic
15 event wager;

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

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

23 (6) "Gross athletic event wagering revenue" means the total of
24 cash or cash equivalents a licensee receives from athletic event wagering,
25 less:

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

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

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

34 (D) Integrity fees remitted to a professional or amateur
35 athletic association;

36 (7) "In-game wager" means a wager on the outcome of an athletic

1 event that has already started;

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

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

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

10 (B) Is either:

11 (i) A licensee; or

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

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

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

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

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

28 (13) "Over-under wager" means a wager in which a person attempts
29 to predict a number for a statistic in a given athletic event and the person
30 wagers whether the actual number in the athletic event will be either higher
31 or lower than that number;

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

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

- 1 (B) "Participating athlete" includes:
- 2 (i) A player on a team or partnership, whether or
- 3 not the player plays during the athletic event;
- 4 (ii) A coach, instructor, or trainer of a player or
- 5 team participating in the athletic event;
- 6 (iii) A referee, umpire, or other official involved
- 7 in enforcing the rules of the athletic event; and
- 8 (iv) An owner or shareholder of a professional
- 9 sports team who, because of an employment or contractual relationship with a
- 10 player or coach, has the ability to:
- 11 (a) Influence the player or coach;
- 12 (b) Terminate the player or coach from
- 13 employment; or
- 14 (c) Sever the contractual relationship with
- 15 the player or coach;
- 16 (16) "Point spread" means the forecast of the number of points
- 17 by which a stronger team is expected to defeat a weaker team;
- 18 (17) "Professional or amateur athletic association" is an
- 19 association as described in subdivision (1)(B) of this section;
- 20 (18) "Proposition wager" means a wager made regarding the
- 21 occurrence or non-occurrence during an athletic event of an action not
- 22 directly affecting the outcome of the athletic event;
- 23 (19) "Straight wager" means a wager on a single athletic event
- 24 that carries a point spread, a total, or a moneyline;
- 25 (20)(A) "Teaser wager" means a wager that allows the person to
- 26 combine his or her wagers on two (2) or more different athletic events.
- 27 (B) "Teaser wager" may also include an adjustment of the
- 28 point spreads for the athletic events that the person realizes may result in
- 29 a lower return on the teaser wager in the event of a win; and
- 30 (21)(A) "Wager" means the staking or risking by a person of
- 31 something of value upon an agreement or understanding that the person or
- 32 another person or entity will receive something of value in the event of a
- 33 certain outcome.
- 34 (B) "Wager" does not include:
- 35 (i) Any activity governed by the securities laws of
- 36 the United States or this state;

1 (ii) A contract of indemnity or guarantee;
2 (iii) A contract for insurance; or
3 (iv) Participation in an event, game, or contest in
4 which the participants do not stake or risk anything of value other than
5 personal efforts of the participants in playing the event, game, or contest
6 or obtaining access to the internet or points or credits that the sponsor of
7 the event, game, or contest provides to participants free of charge and that
8 can be used or redeemed only for participation in events, games, or contests
9 offered by the sponsor.

10
11 23-117-106. Licensing and administration.

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

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

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

23 (B) A licensee may not own or operate an athletic event
24 wagering facility in a county that operates a casino as defined under The
25 Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment
26 100.

27 (3) The licenses auctioned under this chapter shall meet the
28 following criteria:

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

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

35 (i) Located at least seventy-five (75) miles away
36 from the nearest casino as authorized under The Arkansas Casino Gaming

1 Amendment of 2018, Arkansas Constitution, Amendment 100; and

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

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

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

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

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

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

23 (i) Twenty percent (20%) to the commission for
24 operating expenses; and

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

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

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

31 (i) Is not a full-time resident of the state;

32 (ii) Has been convicted of a felony; or

33 (iii) Owns, operates, or is in any way involved
34 with, contractually or otherwise, a casino as authorized under The Arkansas
35 Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

36 (B) A licensee may contract with an out-of-state vendor,

1 group, existing business with expertise in athletic event wagering, or other
2 consultant or consulting group to begin and establish operations as long as
3 that entity does not at the time or in the future possess an ownership
4 interest in the license or an interest in the licensee's management
5 operations or a casino as authorized under The Arkansas Casino Gaming
6 Amendment of 2018, Arkansas Constitution, Amendment 100.

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

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

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

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

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

23 (b) The commission shall adopt rules with the assistance and approval
24 of the Department of Finance and Administration that are consistent with the
25 intent of this chapter to govern the auctioning of licenses, operation of
26 licensees, athletic event wagering facilities, and interactive athletic event
27 wagering platforms and shall specifically address and adopt rules concerning
28 the following matters:

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

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

34 (A) System of wagering;

35 (B) Manner in which athletic event wagers are received and
36 payouts are remitted; and

1 (C) Establishment of how point spreads, lines, or odds are
2 determined;

3 (3) The creation and regulation of:

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

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

6 and

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

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

12 (B) As part of the professional bookmaker's permit
13 requirement, the commission shall adopt standards concerning the professional
14 bookmaker's permit fee and duration, education and training, security
15 requirements, background check and good character requirements, and insurance
16 and bond requirements;

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

18 (6) The conditions under which all permissible athletic event
19 wagering is conducted;

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

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

26 (A) Methods of internal financial controls;

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

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

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

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

33 (9) Compulsive and problem gambling standards pertaining to
34 athletic event wagering;

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

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

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

5 (13) Standards concerning advertising by licensees, including
6 without limitation requirements that advertisements and marketing
7 initiatives:

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

10 (B) Disclose the identity of the licensee;

11 (C) Provide information about or links to resources
12 relating to gambling addiction; and

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

15
16 23-117-107. Third-party interactive athletic event wagering platform –
17 Requirements – Fees.

18 (a) If a licensee is approved to operate as an interactive athletic
19 event wagering platform as part of the licensee’s initial licensure publicly
20 auctioned by the Arkansas Racing Commission, the licensee may contract with a
21 third party to operate as an interactive athletic event wagering platform on
22 behalf of the licensee, subject to rules promulgated by the commission and
23 the Department of Finance and Administration.

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

27 (2) The annual operation fees collected under this subsection
28 shall be distributed in the same manner as the application fees under § 23-
29 117-106(a)(4)(B).

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

35
36 23-117-108. Licensee obligations – Consumer protections.

1 A licensee shall:

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

4 (2) Allow a person to restrict himself or herself from placing
5 athletic event wagers with the licensee, including by means of athletic event
6 wager limits, and take reasonable steps to prevent that person from placing
7 athletic event wagers, including, upon request of the person, sharing the
8 request with the Arkansas Racing Commission for the sole purpose of
9 disseminating the request to other licensees;

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

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

16 (4) Employ commercially reasonable methods to:

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

21 (B) Use publicly available information and any lists of
22 employees and affiliates provided to the licensee or the commission by a
23 professional or amateur athletic association in order to prohibit wagering by
24 a participating athlete, employee of a professional or amateur athletic
25 association or one of its member teams, or player and referee union
26 personnel;

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

29 (D) Prohibit a person with access to nonpublic
30 confidential information held by the licensee from placing an athletic event
31 wager with the licensee;

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

34 (F)(i) Maintain the security of athletic event wagering
35 data, customer data, and other confidential information from unauthorized
36 access and dissemination.

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

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

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

8 (B) Abnormal athletic event wagering activity or patterns
9 that may indicate a concern with the integrity of an athletic event or
10 athletic events;

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

14 (D) Any other conduct that corrupts an athletic event
15 wagering outcome of an athletic event or athletic events for purposes of
16 financial gain; or

17 (E) Suspicious or illegal athletic event wagering
18 activities, including without limitation:

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

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

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

23 or

24 (iv) Use of false identification;

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

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

31
32 23-117-109. Integrity requirements.

33 (a)(1) A professional or amateur athletic association may notify the
34 Arkansas Racing Commission that the professional or amateur athletic
35 association desires to restrict or limit athletic event wagering on the
36 professional or amateur athletic association's athletic events to ensure the

1 integrity of the association's athletic events by providing notice in the
2 form and manner as the commission may require, including restrictions on the
3 sources of data and associated video upon which a licensee may rely in
4 offering and paying wagers and the wager types that may be offered.

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

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

10 (A) Penalties as provided by law;

11 (B) Administrative sanctions; or

12 (C) Both legal penalties and administrative sanctions.

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

18
19 23-117-110. Prohibited athletic event wagering.

20 (a)(1) A person shall not knowingly engage in athletic event wagering
21 otherwise authorized under this chapter when the person is a participating
22 athlete in the athletic event that is the subject of the athletic event
23 wagering.

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

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

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

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

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

36 (B) A licensee who violates subdivision (b)(1)(A) of this

1 section is subject to an administrative penalty consisting of one (1) or more
2 of the following:

3 (i) A forfeiture of any funds lost by the person and
4 kept by the licensee that were the result of the prohibited athletic event
5 wager;

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

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

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

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

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

20
21 23-117-111. Administrative hearings.

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

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

28
29 Subchapter 2 – Athletic Event Wagering Fees and Revenue

30
31 23-117-201. Athletic event wagering premium.

32 (a)(1) For the privilege of offering athletic event wagering, a
33 licensee shall pay an athletic event wagering premium equivalent to twelve
34 and five-tenths percent (12.5%) of the licensee's gross athletic event
35 wagering revenue generated within this state from on-site, in-person wagering
36 at an athletic event wagering facility, which shall be paid to the Department

1 of Finance and Administration not less than one (1) time per calendar year.

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

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

9 (c)(1) Remittance of athletic event wagering premiums to the
10 department shall be accompanied by a return form that the department shall
11 prescribe.

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

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

16 (B) The total number of athletic event wagers placed on
17 athletic events through an interactive athletic event wagering platform and
18 that did not occur in an athletic event wagering facility;

19 (C) The total amount of money derived from athletic event
20 wagering;

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

23 (E) Net athletic event wagering receipts; and

24 (F) Cumulative athletic event wagering premium due.

25
26 23-117-202. Taxes owed on winning athletic event wagers.

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

32
33 23-117-203. Enforcement.

34 (a)(1) The Department of Finance and Administration shall enforce the
35 athletic event wagering premium provisions of this chapter and collect the
36 athletic event wagering premiums and penalties imposed under this chapter

1 that do not result from penalties imposed by the Arkansas Racing Commission
2 in an administrative hearing.

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

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

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

10
11 Subchapter 3 – Recordkeeping and Reports

12
13 23-117-301. Recordkeeping – Information sharing.

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

19 (1) Personally identifiable information of the person placing
20 the athletic event wager;

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

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

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

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

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

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

29 (b) If a professional or amateur athletic association has notified the
30 commission that real-time information sharing for wagers placed on the
31 professional or amateur athletic association's athletic events is necessary
32 and desirable, a licensee shall share in real time the information required
33 to be retained under this section, with the exception of video files, with
34 the professional or amateur athletic association or its designee respecting
35 wagers on the professional or amateur association's athletic events.

36 (c)(1) A licensee shall remit to a professional or amateur athletic

1 association that has provided notice to the commission under subsection (b)
2 of this section an integrity fee of one percent (1%) of the amount wagered on
3 the professional or amateur athletic association's athletic events.

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

6 (d) The commission shall cooperate with a professional or amateur
7 athletic association and the professional or amateur athletic association's
8 members to ensure the timely, efficient, and accurate sharing of information
9 and the remittance of proceedings of the integrity fee to the professional or
10 amateur athletic association.

11
12 23-117-302. Annual report by licensee.

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

18 (1) The total number of new athletic event wagering accounts
19 established in the preceding year, as well as the total number of athletic
20 event wagering accounts permanently closed in the preceding year;

21 (2) The total amount of athletic event wagers received from
22 customers;

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

24 (4) The total amount on hold on each type of athletic event
25 wager;

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

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

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

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

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

6
7 Subchapter 4 – Miscellaneous Provisions

8
9 23-117-401. Food and beverage service.

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

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

15 (2)(A) A licensee is subject to the rules for serving alcoholic
16 beverages as determined by the board, except that a licensee is permitted to
17 serve complimentary alcoholic beverages to the licensee’s customers and is
18 not required to charge money for alcoholic beverages if the licensee chooses
19 not to.

20 (B) A licensee is permitted to decide to whom the licensee
21 serves complimentary alcoholic beverages and may limit the service of
22 complimentary alcoholic beverages to certain persons such as frequent
23 patrons, as part of a customer rewards program, on certain days, during
24 certain time periods, or any other criteria so long as the limitation of
25 service is not done in a discriminatory manner.

26
27 SECTION 3. Arkansas Code § 19-6-301, concerning the enumeration of
28 special revenues, is amended to add an additional subdivision to read as
29 follows:

30 (263) Permit and license fees, athletic event wagering premiums,
31 and fines collected under the Athletic Event Wagering Act of 2019, § 23-117-
32 101 et seq.

33
34 SECTION 4. Arkansas Code Title 19, Chapter 6, Subchapter 8, is amended
35 to add an additional section to read as follows:

36 19-6-840. Athletic Event Wagering Fund.

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

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

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

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

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

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

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

25 (2) Expenditures of moneys in the Athletic Event Wagering Fund
26 are subject to the General Accounting and Budgetary Procedures Law, § 19-4-
27 101 et seq., the Arkansas Procurement Law, § 19-11-201 et seq., and other
28 applicable fiscal laws.

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

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