

1 State of Arkansas As Engrossed: S1/15/15 S1/27/15 S2/3/15

2 90th General Assembly

A Bill

3 Regular Session, 2015

SENATE BILL 7

4

5 By: Senator Hickey

6 By: Representative Lundstrum

7

8

For An Act To Be Entitled

9 AN ACT TO ABOLISH THE ARKANSAS LOTTERY COMMISSION; TO
10 ESTABLISH THE OFFICE OF THE ARKANSAS LOTTERY WITHIN
11 THE MANAGEMENT SERVICES DIVISION OF THE DEPARTMENT OF
12 FINANCE AND ADMINISTRATION BY A TYPE 3 TRANSFER TO
13 ADMINISTER THE ARKANSAS LOTTERY; TO DECLARE AN
14 EMERGENCY; AND FOR OTHER PURPOSES.

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Subtitle

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

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SECTION 1. DO NOT CODIFY. Arkansas Lottery Commission abolished -

29

Type 3 transfer to Department of Finance and Administration.

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31

(a) The Arkansas Lottery Commission, created by § 23-115-201, is abolished and its powers and duties are transferred to the Office of the Arkansas Lottery within the Management Services Division of the Department of Finance and Administration by a type 3 transfer under § 25-2-106.

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(b) For purposes of this act, the Department of Finance and Administration shall be considered a principal department established by Acts 1971, No. 38.

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1
2 SECTION 2. Arkansas Code § 5-55-501(b)(1), concerning lottery fraud,
3 is amended to read as follows:

4 (1) Falsely makes, alters, forges, utters, passes, or
5 counterfeits a ticket or share in a lottery with a purpose to defraud the
6 Office of the Arkansas Lottery ~~Commission~~; or
7

8 SECTION 3. Arkansas Code § 6-60-902(b)(2)(B)(ii), concerning the
9 Arkansas Higher Education Information System, is amended to read as follows:

10 (ii) Disclose to the bureau and to the Arkansas
11 Lottery ~~Commission~~ Legislative Oversight Committee the method of electronic
12 blocking or redaction the Department of Higher Education will use under this
13 subsection.
14

15 SECTION 4. Arkansas Code § 6-60-903(b), concerning compliance by
16 institutions of higher education, is amended to read as follows:

17 (b) Within two (2) weeks of an institution of higher education's
18 failure to comply with the requirements for submission of data published by
19 the department, the department shall report to the Arkansas Lottery
20 ~~Commission~~ Legislative Oversight Committee:

21 (1) The name of an institution of higher education that has not
22 complied with the deadline;

23 (2) The type of data the institution of higher education failed
24 to submit;

25 (3) The length of time of noncompliance; and

26 (4) Any additional information requested by the ~~committee~~
27 Arkansas Lottery Legislative Oversight Committee.
28

29 SECTION 5. Arkansas Code § 6-85-205(a)(2), concerning the authority
30 and duties of the Department of Higher Education, is amended to read as
31 follows:

32 (2) The Arkansas Lottery ~~Commission~~ Legislative Oversight
33 Committee shall perform the function of the Legislative Council required by
34 law for the review of a proposed rule or proposed change to a rule
35 promulgated by the Department of Higher Education under this subchapter.
36

1 SECTION 6. Arkansas Code § 6-85-205(d)(3), concerning the authority
2 and duties of the Department of Higher Education, is amended to read as
3 follows:

4 (3) The Department of Higher Education shall provide a copy of
5 the informational materials developed under this section to the Arkansas
6 Lottery ~~Commission~~ Legislative Oversight Committee for review.

7
8 SECTION 7. Arkansas Code § 6-85-205(g), concerning the authority and
9 duties of the Department of Higher Education, is amended to read as follows:

10 (g)(1)(A) By July 15 of each year, the Director of the Department of
11 Higher Education shall provide a report to the Arkansas Lottery ~~Commission~~
12 Legislative Oversight Committee on:

13 (i) The implementation of this subchapter;

14 (ii) The number of recipients that either:

15 (a) Dropped out during the academic year; or

16 (b) Lost the scholarship during the academic

17 year; and

18 (iii) Any additional information requested by the
19 Arkansas Lottery ~~Commission~~ Legislative Oversight Committee.

20 (B) The Arkansas Lottery ~~Commission~~ Legislative Oversight
21 Committee shall include the information reported under this subsection in its
22 annual report to the General Assembly under § 6-85-220.

23 (2) By August 1 of each year, the Department of Higher Education
24 shall provide to the Arkansas Lottery ~~Commission~~ Legislative Oversight
25 Committee an unaudited financial report on the administration of the Arkansas
26 Academic Challenge Scholarship Program for the fiscal year just ended.

27
28 SECTION 8. Arkansas Code § 6-85-212(e)(2)(B), concerning scholarship
29 award amounts, is amended to read as follows:

30 (B)(i) The department shall return to the Office of the
31 Arkansas Lottery ~~Commission~~ the excess funding, if any, for scholarship
32 awards the department received under § 23-115-801.

33 (ii) The ~~commission~~ office shall deposit any funds
34 received from the department under this subdivision (e)(2)(B) into a trust
35 account established under § 23-115-801(b).

36

1 SECTION 9. Arkansas Code § 6-85-212(f), concerning scholarship award
2 amounts, is amended to read as follows:

3 (f) Annually by December 15, the Arkansas Lottery ~~Commission~~
4 Legislative Oversight Committee shall provide to the General Assembly its
5 recommendations for any changes to the:

- 6 (1) Award amounts;
7 (2) Number or type of scholarships; and
8 (3) Eligibility requirements.

9
10 SECTION 10. Arkansas Code § 6-85-212(j), concerning scholarship award
11 amounts, is amended to read as follows:

12 (j) When the General Assembly determines that ~~there exist~~ sufficient
13 net lottery proceeds exist to fund students enrolling in certificate,
14 associate degree, and baccalaureate degree programs, the department shall
15 submit recommendations to the Arkansas Lottery ~~Commission~~ Legislative
16 Oversight Committee for the award of scholarships and grants to certain
17 graduate and professional programs at approved institutions of higher
18 education.

19
20 SECTION 11. Arkansas Code § 6-85-216(c), concerning an institution
21 report to the Department of Higher Education, is amended to read as follows:

22 (c) The department shall use the information provided under this
23 section to conduct the research and analysis needed to support the annual
24 report of the Director of the Department of Higher Education to the Arkansas
25 Lottery ~~Commission~~ Legislative Oversight Committee under § 6-85-205.

26
27 SECTION 12. Arkansas Code § 6-85-219 and 6-85-220 are amended to read
28 as follows:

29 6-85-219. Reports to legislative committees.

30 (a)(1) Annually by August 1, the Department of Higher Education shall
31 report to the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee in
32 the manner and format that the ~~committee~~ Arkansas Lottery Legislative
33 Oversight Committee requires on all state-supported student financial
34 assistance awarded by the department and awarded by approved institutions of
35 higher education.

- 36 (2) The information provided shall include without limitation:

1 (A) Current year expenditures for scholarships and grants
2 under the ~~program~~ Arkansas Academic Challenge Scholarship Program – Part 2;

3 (B) Projected obligations for succeeding years from each
4 scholarship or grant funding source;

5 (C) Fund balances for the:

6 (i) Higher Education Grants Fund Account; and

7 (ii) Trust accounts maintained by the Director of
8 the Department of Higher Education to hold the net proceeds from the state
9 lottery;

10 (D) An evaluation of whether the net proceeds from the
11 state lottery available for the program supplement and do not supplant
12 nonlottery state educational resources; and

13 (E) Other information that the Arkansas Lottery ~~Commission~~
14 Legislative Oversight Committee or the General Assembly requests.

15 (b) Annually by December 1, the department shall report to the
16 Arkansas Lottery ~~Commission~~ Legislative Oversight Committee its
17 recommendations for changes to the program, including without limitation:

18 (1) Adjustments to the eligibility requirements of the program;
19 and

20 (2) Increases or decreases in the amounts awarded for ~~an~~
21 ~~Arkansas Academic Challenge Scholarship~~ a scholarship under the program based
22 on the amount of net proceeds from the state lottery available.

23 (c) Annually by December 31, the ~~Department of Higher Education~~
24 department shall report to the Arkansas Lottery ~~Commission~~ Legislative
25 Oversight Committee the following information on recipients of the Arkansas
26 Academic Challenge Scholarship Program – Part 2 who applied as of June 1:

27 (1) Race;

28 (2) Grade point average;

29 (3) Composite score on the ACT or the equivalent score on an ACT
30 equivalent; and

31 (4) Family or individual income as reported on the student's
32 Free Application for Federal Student Aid.

33
34 6-85-220. Arkansas Lottery ~~Commission~~ Legislative Oversight Committee
35 – Annual report.

36 (a) The Arkansas Lottery ~~Commission~~ Legislative Oversight Committee

1 *shall:*

2 (1) *Oversee the development and implementation of Arkansas Code*
3 *requirements with regard to the Arkansas Academic Challenge Scholarship*
4 *Program;*

5 (2) *Review whether and how the use of net state lottery proceeds*
6 *helps to accomplish state objectives for higher education;*

7 (3) *Review the ongoing data collection, research, and evaluation*
8 *of the program;*

9 (4) *Review the annual report of the Director of the Department*
10 *of Higher Education under § 6-85-219;*

11 (5) *Review and recommend changes to the:*

12 (A) *Number of awards for each scholarship and grant;*

13 (B) *Award levels;*

14 (C) *Eligibility requirements; and*

15 (D) *Overall administration of the program; and*

16 (6) *Review and recommend policies for scholarships and grants*
17 *funded with nonlottery state educational resources, including without*
18 *limitation ways to ensure that net proceeds from the state lottery are used*
19 *to supplement and not supplant nonlottery state educational resources.*

20 (b) *Annually by December 15, the Arkansas Lottery ~~Commission~~*
21 *Legislative Oversight Committee shall report its findings and recommendations*
22 *to the Office of the Arkansas Lottery ~~Commission~~, the President Pro Tempore*
23 *of the Senate, the Speaker of the House of Representatives, the Governor, the*
24 *House Committee on Education, and the Senate Committee on Education.*

25

26 *SECTION 13. Arkansas Code § 19-4-201(b)(2), concerning the authority*
27 *of the Governor, is amended to read as follows:*

28 (2) *Budget requests for administration and operation of the*
29 *legislative branch, the judicial branch, the elective constitutional offices,*
30 *the Arkansas State Highway and Transportation Department, the Office of the*
31 *Arkansas Lottery ~~Commission~~, and the Arkansas State Game and Fish Commission*
32 *shall be submitted directly to the Legislative Council without any*
33 *recommendation by the Governor.*

34

35 *SECTION 14. Arkansas Code § 19-4-607(a), concerning review and*
36 *approval of annual operations plans, is amended to read as follows:*

1 (a) Each state agency other than the elected constitutional officers,
2 the legislative branch and its staff offices, the judicial branch and its
3 staff offices, the Arkansas State Highway and Transportation Department, the
4 Office of the Arkansas Lottery Commission, the state-supported institutions
5 of higher education, and the Arkansas State Game and Fish Commission shall
6 prepare an annual operations plan for the operation of each of its assigned
7 programs for submission to the Chief Fiscal Officer of the State.

8
9 SECTION 15. Arkansas Code § 19-4-801(2)(B)(xii), concerning
10 definitions, is amended to read as follows:

11 (xii)(a) Office of the Arkansas Lottery Commission.

12 (b) However, the ~~Arkansas Lottery Commission~~
13 office shall be considered a state agency for the purposes of §§ 19-4-810—
14 ~~19-4-816 et seq.~~;

15
16 SECTION 16. Arkansas Code § 19-4-1303 is amended to read as follows:
17 19-4-1303. Exemptions.

18 Funds disbursed by the Arkansas State Highway and Transportation
19 Department, the Arkansas State Game and Fish Commission, and the Office of
20 the Arkansas Lottery Commission and the funds appropriated in the general
21 appropriation bill provided for in Arkansas Constitution, Article 5, § 30,
22 shall be exempt from this subchapter.

23
24 SECTION 17. Arkansas Code § 19-4-1415(b)(5), concerning projects
25 exceeding five million dollars, is amended to read as follows:

26 (5) The Board of Trustees of the University of Arkansas, and the
27 Board of Trustees of Arkansas State University, ~~and the Arkansas Lottery~~
28 ~~Commission~~ shall be exempt from review and approval by the authority and any
29 regulations promulgated by it, provided that the Board of Trustees of the
30 University of Arkansas, and the Board of Trustees of Arkansas State
31 University, ~~and the Arkansas Lottery Commission~~ have adopted policies and
32 procedures involving the awarding and oversight of the contracts for design
33 and construction services.

34
35 SECTION 18. Arkansas Code § 19-4-1612(b)(2), concerning overtime pay,
36 is amended to read as follows:

1 (2)(A) *The Chief Fiscal Officer of the State will specify those*
2 *specific employees or groups of employees other than employees of the*
3 *Arkansas State Highway and Transportation Department ~~and the Arkansas Lottery~~*
4 *~~Commission~~ eligible to receive overtime compensation, the circumstances under*
5 *which overtime pay is to be allowed, and such other matters which the Chief*
6 *Fiscal Officer of the State may deem appropriate and necessary to comply with*
7 *the federal Fair Labor Standards Act as regards the payment of overtime*
8 *compensation.*

9 (B) *The Director of State Highways and Transportation*
10 *shall make these determinations as to employees of the Arkansas State Highway*
11 *and Transportation Department.*

12 ~~(C) *The Director of the Arkansas Lottery Commission shall*~~
13 ~~*make these determinations as to employees of the Arkansas Lottery Commission.*~~

14
15 SECTION 19. *Arkansas Code § 19-5-1138 is amended to read as follows:*
16 *19-5-1138. Lottery ~~Commission~~ Trust Fund.*

17 (a) *There is hereby created on the books of the Treasurer of State,*
18 *the Auditor of State, and the Chief Fiscal Officer of the State a trust fund*
19 *to be known as the "Lottery ~~Commission~~ Trust Fund".*

20 (b) *The Lottery ~~Commission~~ Trust Fund shall consist of funds*
21 *transferred from the Budget Stabilization Trust Fund.*

22 (c) *The Lottery ~~Commission~~ Trust Fund shall also consist of other*
23 *moneys as may be authorized by law.*

24 (d) *The Lottery ~~Commission~~ Trust Fund shall be used for personal*
25 *services and operating expenses associated with the Office of the Arkansas*
26 *Lottery ~~Commission~~.*

27
28 SECTION 20. *Arkansas Code § 19-10-212(b), concerning reports of state*
29 *agency liability, is amended to read as follows:*

30 (b) *The Office of the Arkansas Lottery ~~Commission~~ shall file its*
31 *report under subsection (a) of this section with the Arkansas Lottery*
32 *~~Commission~~ Legislative Oversight Committee.*

33
34 SECTION 21. *Arkansas Code § 19-11-203(14)(AA), concerning Arkansas*
35 *Procurement Law definitions, is repealed.*

36 ~~(AA) *Major procurement contracts of the Arkansas Lottery*~~

1 ~~Commission under § 23-115-103;~~

2
3 SECTION 22. Arkansas Code § 19-11-220(a)(2), concerning the authority
4 to designate an agency procurement official, is repealed.

5 ~~(2) Arkansas Lottery Commission;~~

6
7 SECTION 23. Arkansas Code § 19-11-1003(d), concerning the Arkansas
8 Lottery Commission exemption for major procurement contracts, is repealed.

9 ~~(d) This subchapter does not apply to major procurement contracts of~~
10 ~~the Arkansas Lottery Commission under § 23-115-103.~~

11
12 SECTION 24. Arkansas Code § 19-11-1103, concerning the procurement of
13 certain technology contracts, is repealed.

14 ~~19-11-1103. Exemptions.~~

15 ~~This subchapter does not apply to major procurement contracts of the~~
16 ~~Arkansas Lottery Commission under § 23-115-103.~~

17
18 SECTION 25. Arkansas Code Title 23, Chapter 115, is amended to read as
19 follows:

20 CHAPTER 115

21 ARKANSAS SCHOLARSHIP LOTTERY ACT

22
23 Subchapter 1 – General Provisions

24
25 23-115-101. Short title.

26 This chapter shall be known and may be cited as the “Arkansas
27 Scholarship Lottery Act”.

28
29 23-115-102. Legislative intent.

30 It is found and declared by the General Assembly that:

31 (1) Net proceeds of lotteries conducted under this chapter shall
32 be used to:

33 (A) Fund and provide for scholarships and grants to
34 citizens of the State of Arkansas enrolled in public and private nonprofit
35 two-year and four-year colleges and universities located within the state;
36 and

1 (B) Supplement, not supplant, nonlottery educational
2 resources;

3 (2) Lotteries shall be operated and managed in a manner that:

4 (A) Provides continuing entertainment to the public;

5 (B) Maximizes revenues for scholarships; and

6 (C) Ensures that the lotteries are operated with
7 integrity, dignity, and adequate internal controls and free of political
8 influence; and

9 (3) The Office of the Arkansas Lottery Commission shall be
10 accountable to the General Assembly and to the public through a system of
11 audits and reports.

12
13 23-115-103. Definitions.

14 As used in this chapter:

15 (1) "Administrative expenses" means operating expenses,
16 excluding amounts set aside for prizes, regardless of whether the prizes are
17 claimed, and excluding amounts held as a fidelity fund under § 23-115-603;

18 (2) "Administrative order" means the final disposition of the
19 Office of the Arkansas Lottery Commission in any matter other than a claim in
20 contract or in tort, including without limitation licensing, in which the
21 ~~Arkansas Lottery Commission~~ office is required by law to make its
22 determination after notice and a hearing;

23 (3)(A) "Casino gambling" means a location or business for the
24 purposes of conducting illegal gambling activities, including without
25 limitation activities under § 5-66-101 et seq. that are not authorized under
26 this chapter.

27 (B) "Casino gambling" does not include the sale and
28 purchase of tickets or shares;

29 (4)(A) "Compensation" means any money or anything of value
30 received or to be received as a claim for future services, whether in the
31 form of a retainer, fee, salary, expense, allowance, forbearance,
32 forgiveness, interest, dividend, royalty, rent, or any other form of
33 recompense or any combination thereof.

34 (B) "Compensation" includes without limitation a payment
35 made under obligation for services or other value received.

36 (C) Subdivisions (4)(A) and (B) of this section do not

1 apply to "compensation" as used in § 23-115-304;

2 (5) "Female-owned business" means a business:

3 (A) Whose management and daily business operations are
4 under the control of one (1) or more females; and

5 (B) Either:

6 (i) Individually owned by a female who reports as
7 her personal income for Arkansas income tax purposes the income of the
8 business;

9 (ii) Which is a partnership in which a majority of
10 the ownership interest is owned by one (1) or more females who report as
11 their personal income for Arkansas income tax purposes more than fifty
12 percent (50%) of the income of the partnership; or

13 (iii) Which is a corporation organized under the
14 laws of this state in which a majority of the common stock is owned by one
15 (1) or more females who report as their personal income for Arkansas income
16 tax purposes more than fifty percent (50%) of the distributed earnings of the
17 corporation;

18 (6) "Fiscal impact statement" means a realistic written
19 statement of the:

20 (A) Purpose of a proposed law or proposed amendment to a
21 law under this chapter; and

22 (B) Estimated financial cost to the ~~Arkansas Lottery~~
23 ~~Commission~~ office, the lottery, and this state of implementing or complying
24 with the proposed law or proposed rule;

25 (7) "Gift" means any payment, entertainment, advance, services,
26 or anything of value, unless consideration of equal or greater value has been
27 given therefor;

28 (8) "Immediate family" means the father, mother, sister,
29 brother, husband, wife, child, grandmother, grandfather, grandchild, father-
30 in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-
31 in-law, stepchild, grandmother-in-law, grandfather-in-law, ~~stepgrandchild~~
32 step-grandchild, or any individual acting as parent or guardian;

33 (9) "Incompetence" means:

34 (A) Gross ignorance of official duties;

35 (B) Gross carelessness in the discharge of official
36 duties; or

1 (C) Inability or unfitness to discharge promptly and
2 properly official duties because of a serious physical or mental defect that
3 did not exist at the time of the person's appointment;

4 (10) "License" means authorization granted by the ~~Arkansas~~
5 ~~Lottery Commission~~ office to an individual to operate as a retailer,
6 including without limitation the execution of a contract between the ~~Arkansas~~
7 ~~Lottery Commission~~ office and the individual relating to obligations and
8 terms for operating as a retailer;

9 (11) "Lobbying" means communicating directly or soliciting
10 others to communicate with ~~any member~~ the Director of the Office of the
11 ~~Arkansas Lottery Commission~~, the Director of the ~~Arkansas Lottery Commission~~
12 Department of Finance and Administration, any employee of the ~~Arkansas~~
13 ~~Lottery Commission~~ office, or a member of the ~~Arkansas Lottery Commission~~
14 Legislative Oversight Committee with the purpose of influencing the actions
15 of the ~~Arkansas Lottery Commission~~ office or the ~~Arkansas Lottery Commission~~
16 Legislative Oversight Committee;

17 (12) "Local government" means:

18 (A) A county;

19 (B) A city of the first class or a city of the second
20 class;

21 (C) An incorporated town; or

22 (D) Any other district or political subdivision or any
23 board, commission, or agency of the political subdivisions under subdivisions
24 (12)(A)-(C) of this section;

25 (13)(A) "Lottery" means a game of chance approved by the
26 ~~Arkansas Lottery Commission~~ office and operated under this chapter.

27 (B) "Lottery" includes without limitation:

28 (i) An instant ticket;

29 (ii) A draw game;

30 (iii) Participation in a multistate or
31 multisovereign game; and

32 (iv) A raffle.

33 (C) "Lottery" does not include:

34 (i) Casino gambling;

35 (ii) A video lottery;

36 (iii) Pari-mutuel wagering on horse racing or

1 greyhound racing governed by the Arkansas Horse Racing Law, § 23-110-101 et
2 seq., or the Arkansas Greyhound Racing Law, § 23-111-101 et seq., whether the
3 pari-mutuel wagering is on live racing, simulcast racing, or races conducted
4 in the past and rebroadcast by electronic means;

5 (iv) Wagering on electronic games of skill under the
6 Local Option Horse Racing and Greyhound Racing Electronic Games of Skill Act,
7 § 23-113-101 et seq.; or

8 (v) Conducting or participating in charitable bingo
9 and raffles under the Charitable Bingo and Raffles Enabling Act, § 23-114-101
10 et seq.;

11 (14) "Lottery proceeds" means all revenue derived from the sale
12 of tickets or shares and all other moneys derived from or in connection with
13 the operation of a lottery, including without limitation fees, offsets,
14 reimbursements, insurance proceeds, damages, and liquidated damages collected
15 or imposed by the ~~Arkansas Lottery Commission~~ office under this chapter;

16 (15)(A) "Major procurement contract" means a contract for a
17 gaming product or service costing more than seventy-five thousand dollars
18 (\$75,000), including without limitation:

19 (i) A major advertising contract;

20 (ii) An annuity contract;

21 (iii) A prize payment agreement;

22 (iv) A consulting service;

23 (v) Lottery equipment;

24 (vi) Tickets; and

25 (vii) Any other product and service unique to
26 lotteries.

27 (B) "Major procurement contract" does not include a
28 material, supply, equipment, or service common to the ordinary operations of
29 the ~~Arkansas Lottery Commission~~ office.

30 (C) When the cost of a proposed contract for a gaming
31 product or service is to be paid in whole or in part on a contingent basis,
32 the ~~Arkansas Lottery Commission~~ office shall estimate the value of the
33 proposed contract to determine whether it is a major procurement contract;

34 (16) "Member of a minority" means a lawful permanent resident of
35 this state who is:

36 (A) African American;

1 (B) *Hispanic American;*

2 (C) *American Indian;*

3 (D) *Asian American; or*

4 (E) *Pacific Islander American;*

5 (17) *"Minority-owned business" means a business that is owned*
6 *by:*

7 (A) *An individual who is a member of a minority who*
8 *reports as his or her personal income for Arkansas income tax purposes the*
9 *income of the business;*

10 (B) *A partnership in which a majority of the ownership*
11 *interest is owned by one (1) or more members of a minority who report as*
12 *their personal income for Arkansas income tax purposes more than fifty*
13 *percent (50%) of the income of the partnership; or*

14 (C) *A corporation organized under the laws of this state*
15 *in which a majority of the common stock is owned by one (1) or more members*
16 *of a minority who report as their personal income for Arkansas income tax*
17 *purposes more than fifty percent (50%) of the distributed earnings of the*
18 *corporation;*

19 (18) *"Multidraw screen-based lottery game" means a lottery game*
20 *that:*

21 (A) *Is played in real time at regular intervals throughout*
22 *a single day; and*

23 (B) *Uses a video screen or monitor to display lottery game*
24 *information or lottery game results for players;*

25 (19)(A) *"Multistate or multisovereign lottery" and "multistate*
26 *or multisovereign game" mean a lottery or game:*

27 (i) *Provided by an association or group of state-*
28 *operated or sovereign-operated lotteries that is:*

29 (a) *Organized for the purpose of government*
30 *benefit; and*

31 (b) *Wholly owned and operated by the member*
32 *lotteries under a mutual agreement, contract, or compact; and*

33 (ii) *Operated pursuant to the terms of the*
34 *association's or group's rules governing the operation and the payment of*
35 *prizes of the game.*

36 (B) *"Multistate or multisovereign lottery" and "multistate*

1 or multisovereign game" do not include a lottery prohibited or excluded under
2 this chapter;

3 (20) "Net proceeds" means lottery proceeds less:

4 (A) Operating expenses;

5 (B) The amount of fidelity fund revenue under § 23-115-603
6 that exceeds five hundred thousand dollars (\$500,000);

7 (C) The undepreciated amount of capital assets; and

8 (D) Accruals that will not result in a cash outflow;

9 (21) "Nonlottery state educational resources" means the same as
10 defined in § 6-85-204;

11 (22) "Operating expenses" means all costs of doing business,
12 including without limitation:

13 (A) Prizes, commissions, and other compensation paid to
14 retailers;

15 (B) Contracts for products or services necessary for the
16 operation of the lottery, including without limitation the execution of major
17 procurement contracts;

18 (C) Advertising and marketing costs;

19 (D) Personnel costs;

20 (E) Capital costs or depreciation of property and
21 equipment;

22 (F) Funds for compulsive gambling education and treatment;

23 (G) The payment of sums to the Arkansas State Claims
24 Commission for the reconciliation of valid claims against the ~~Arkansas~~
25 ~~Lottery Commission~~ office;

26 (H) Payments for the cost of a state and federal criminal
27 background check;

28 (I) Payments to the Department of Higher Education to:

29 (i) Reimburse the Department of Higher Education for
30 the costs of administering scholarship awards funded with net proceeds; and

31 (ii) Replenish nonlottery state educational
32 resources expended by the Department of Higher Education on scholarship
33 awards otherwise funded with net proceeds;

34 (J) Amounts annually transferred to a fidelity fund under
35 § 23-115-603;

36 (K) Amounts paid to governmental entities for goods or

1 *services provided to the ~~Arkansas Lottery Commission~~ office, including*
2 *without limitation services provided by the Division of Legislative Audit,*
3 *the Department of Human Services, and the Department of Finance and*
4 *Administration; and*

5 *(L) Withholding and payment of income taxes from lottery*
6 *prizes;*

7 *(23) "Person" means any individual, corporation, partnership,*
8 *unincorporated association, or other legal entity;*

9 *(24) "Prize promotion" means an action taken to enhance the play*
10 *for an individual game by one (1) or more of the following:*

11 *(A) Funding player affinity programs to promote play of a*
12 *particular instant or online game;*

13 *(B) Enriching the prize for an instant or online game;*

14 *(C) Instituting player incentives for an individual game;*

15 *(D) Instituting retailer commission incentives for an*
16 *individual game; or*

17 *(E) Funding supplemental advertising expenses related to*
18 *enhancing the promotion of an individual game;*

19 *(25)(A) "Public official" means:*

20 *(i) The Governor;*

21 *(ii) The Lieutenant Governor;*

22 *(iii) The Secretary of State;*

23 *(iv) The Treasurer of State;*

24 *(v) The Attorney General;*

25 *(vi) The Commissioner of State Lands;*

26 *(vii) The Auditor of State; or*

27 *(viii) A member of the General Assembly.*

28 *(B) "Public official" includes an individual during the*
29 *time between the date he or she is elected and the date he or she takes*
30 *office;*

31 *(26) "Retailer" means a person who sells tickets or shares on*
32 *behalf of the ~~Arkansas Lottery Commission~~ office under a license;*

33 *(27) "Share" means any intangible evidence of participation in a*
34 *lottery;*

35 *(28) "Ticket" means any tangible evidence issued by a lottery to*
36 *provide participation in a lottery;*

1 (29)(A) "Unclaimed lottery prize money" means a lottery prize
2 expense on the financial books of the ~~Arkansas Lottery Commission~~ office that
3 is released from the expense category when a lottery prize is not claimed
4 within the required claim period for the game during a fiscal year.

5 (B) With respect to a multistate or multisovereign game,
6 "unclaimed lottery prize money":

7 (i) Includes any unclaimed prize money returned to
8 the ~~Arkansas Lottery Commission~~ office from a multistate or multisovereign
9 game; and

10 (ii) Does not include unclaimed prize money from a
11 multistate or multisovereign game that under the agreement of the states
12 participating in the multistate or multisovereign game is not returned to the
13 participating states but is applied under the terms of the agreement;

14 (30)(A) "Vendor" means a person who provides or proposes to
15 provide goods or services to the ~~Arkansas Lottery Commission~~ office under a
16 major procurement contract.

17 (B) "Vendor" does not include:

18 (i) An employee of the ~~Arkansas Lottery Commission~~
19 office;

20 (ii) A retailer; or

21 (iii) A state agency or instrumentality.

22 (C) "Vendor" includes a corporation whose stock is
23 publicly traded and that is the parent company of the contracting party in a
24 major procurement contract;

25 (31) "Video lottery" means a lottery game that allows a game to
26 be played using an electronic computer and an interactive computer terminal
27 device:

28 (A) That is equipped with a video screen and keys and a
29 keyboard or other equipment allowing input by an individual player;

30 (B) Into which the player inserts coins, currency,
31 vouchers, or tokens as consideration in order for play to be available; and

32 (C) Through which the player may receive free games,
33 coins, tokens, or credits that may be redeemed for cash, annuitized payments
34 over time, a noncash prize, or nothing, as may be determined wholly or
35 predominantly by chance.

36

1 23-115-104. *Fiscal impact statement.*

2 (a) *The author of a bill filed in the House of Representatives or the*
3 *Senate shall have a fiscal impact statement prepared if the bill:*

4 (1) *Amends this chapter; or*

5 (2) *Will impose a new or increased cost to:*

6 (A) *The Office of the Arkansas Lottery ~~Commission~~; or*

7 (B) *A lottery.*

8 (b) *The author of the bill shall file the fiscal impact statement with*
9 *the chair of the committee to which the bill is referred:*

10 (1) *At least three (3) days before the bill may be called up for*
11 *final action in the committee during a regular session of the General*
12 *Assembly;*

13 (2) *At least three (3) days before the bill may be called up for*
14 *final action in the committee during a fiscal session of the General*
15 *Assembly; and*

16 (3) *At least one (1) day before the bill may be called up for*
17 *final action in the committee during an extraordinary session of the General*
18 *Assembly.*

19 (c)(1) *A fiscal impact statement under this section shall be developed*
20 *by the Bureau of Legislative Research within the guidelines adopted by the*
21 *Arkansas Lottery ~~Commission~~ Legislative Oversight Committee.*

22 (2) *The Department of Higher Education or the ~~commission~~ office,*
23 *as applicable, shall assist in the preparation of the fiscal impact*
24 *statement.*

25 (d)(1)(A) *If a bill requiring a fiscal impact statement under this*
26 *section is called up for final passage in the House of Representatives or the*
27 *Senate and a fiscal impact statement has not been provided by the author of*
28 *the bill or by the committee to which the bill was referred, any member of*
29 *the House of Representatives or the Senate may object to the bill's being*
30 *called up for final passage until a fiscal impact statement is prepared and*
31 *made available on the desk of each member of the House of Representatives or*
32 *the Senate at least one (1) day before the bill's being called up for final*
33 *passage.*

34 (B) *An affirmative vote of two-thirds (2/3) of a quorum*
35 *present and voting shall override the objection.*

36 (2) *If an objection is made without override, the presiding*

1 officer of the House of Representatives or the Senate shall cause the bill to
 2 be referred to the bureau for the preparation of a fiscal impact statement
 3 that shall be filed with the presiding officer of the House of
 4 Representatives or the Senate not later than five (5) days from the date of
 5 the request.

6
 7 Subchapter 2 – Office of the Arkansas Lottery Commission

8
 9 23-115-201. Office of the Arkansas Lottery Commission – Creation –
 10 Venue.

11 (a) There is created within the Management Services Division of the
 12 Department of Finance and Administration the Office of the Arkansas Lottery
 13 ~~Commission~~ to establish and oversee the operation of one (1) or more
 14 lotteries under this chapter.

15 (b) The ~~commission~~ office is a self-supporting and revenue-raising
 16 agency of the state.

17 (c) The ~~commission~~ office shall reimburse other governmental entities
 18 that provide goods or services to the ~~commission~~ office.

19
 20 ~~23-115-202. Members – Duties.~~

21 ~~(a)(1) The Arkansas Lottery Commission consists of the following~~
 22 ~~members:~~

23 ~~(A) Three (3) members appointed by the Governor;~~

24 ~~(B) Three (3) members appointed by the Speaker of the~~
 25 ~~House of Representatives; and~~

26 ~~(C) Three (3) members appointed by the President Pro~~
 27 ~~Tempore of the Senate.~~

28 ~~(2) The members of the commission shall elect annually:~~

29 ~~(A) A chair; and~~

30 ~~(B) Other officers necessary to carry on its business.~~

31 ~~(b)(1) Of the initial appointees to the commission by the Governor:~~

32 ~~(A) One (1) member shall serve a term of two (2) years;~~

33 ~~(B) One (1) member shall serve a term of four (4) years;~~

34 ~~and~~

35 ~~(C) One (1) member shall serve a term of six (6) years.~~

36 ~~(2) Of the initial appointees to the commission by the President~~

1 ~~Pro Tempore of the Senate:~~

2 ~~(A) One (1) member shall serve a term of two (2) years;~~

3 ~~(B) One (1) member shall serve a term of four (4) years;~~

4 ~~and~~

5 ~~(C) One (1) member shall serve a term of six (6) years.~~

6 ~~(3) Of the initial appointees to the commission by the Speaker~~
7 ~~of the House of Representatives:~~

8 ~~(A) One (1) member shall serve a term of two (2) years;~~

9 ~~(B) One (1) member shall serve a term of four (4) years;~~

10 ~~and~~

11 ~~(C) One (1) member shall serve a term of six (6) years.~~

12 ~~(4) All succeeding appointments to the commission shall be for~~
13 ~~terms of six (6) years.~~

14 ~~(5) The appointing authorities shall determine the length of~~
15 ~~terms of the initial members of the commission.~~

16 ~~(6) A member of the commission shall not serve more than two (2)~~
17 ~~terms.~~

18 ~~(c) A vacancy on the commission shall be filled by the appointing~~
19 ~~authority for the unexpired portion of the term in which it occurs.~~

20 ~~(d)(1) The commission shall meet at least quarterly upon the call of~~
21 ~~the chair.~~

22 ~~(2) A majority of the total membership of the commission~~
23 ~~constitutes a quorum.~~

24 ~~(e) The following shall not be appointed as a member of the~~
25 ~~commission:~~

26 ~~(1) A member of the General Assembly; or~~

27 ~~(2) A member of the immediate family of a member of the General~~
28 ~~Assembly.~~

29 ~~(f) Members of the commission may receive expense reimbursement under~~
30 ~~§ 25-16-901 et seq.~~

31
32 ~~23-115-203. Qualifications of commission members.~~

33 ~~(a)(1) In making appointments to the Arkansas Lottery Commission, the~~
34 ~~appointing authorities under § 23-115-202 shall consider racial, gender, and~~
35 ~~geographical diversity among the membership as well as legal, financial, or~~
36 ~~marketing experience.~~

1 ~~(2) Individuals appointed to the commission shall be residents~~
2 ~~of the State of Arkansas.~~

3 ~~(b)(1) An individual considered for appointment to the commission~~
4 ~~shall apply to the Identification Bureau of the Department of Arkansas State~~
5 ~~Police for a state and federal criminal background check, to be conducted by~~
6 ~~the Identification Bureau of the Department of Arkansas State Police and the~~
7 ~~Federal Bureau of Investigation.~~

8 ~~(2) The state and federal criminal background check shall~~
9 ~~conform to the applicable federal standards and shall include the taking of~~
10 ~~fingerprints.~~

11 ~~(3) The applicant shall sign a consent to the release of~~
12 ~~information for the state and federal criminal background check.~~

13 ~~(4) The commission shall be responsible for the payment of any~~
14 ~~fee associated with the state and federal criminal background check.~~

15 ~~(5) Upon completion of the state and federal criminal background~~
16 ~~check, the Identification Bureau of the Department of Arkansas State Police~~
17 ~~shall forward to the appointing authority all releasable information obtained~~
18 ~~concerning the applicant.~~

19 ~~(c) An individual shall not be appointed as a commission member if the~~
20 ~~individual has:~~

21 ~~(1) Been convicted of a felony or a gambling offense in a state~~
22 ~~or federal court of the United States;~~

23 ~~(2) Been convicted of a crime involving moral turpitude; or~~

24 ~~(3) Entered into a plea agreement to avoid felony prosecution.~~

25 ~~(d) Each member of the commission, before entering upon the discharge~~
26 ~~of the duties of a commissioner, shall file with the Secretary of State the~~
27 ~~constitutional oath of office.~~

28 ~~(e) Upon the end of his or her term, a former member of the commission~~
29 ~~shall not:~~

30 ~~(1) Represent a vendor or retailer before the commission for a~~
31 ~~period of two (2) years after the end of the former member's term; or~~

32 ~~(2) Engage in lobbying on any matter related to the operation or~~
33 ~~conduct of lotteries under this chapter for a period of two (2) years after~~
34 ~~the end of the former member's term.~~

35
36 23-115-204. Lottery Retailer Advisory Board.

1 (a)(1) ~~The Chair~~ Director of the Office of the Arkansas Lottery
2 ~~Commission, subject to the approval of a majority of a quorum of the Arkansas~~
3 ~~Lottery Commission,~~ shall appoint a Lottery Retailer Advisory Board to be
4 composed of ten (10) retailers.

5 (2) In making appointments to the board, the ~~chair~~ Director of
6 the Office of the Arkansas Lottery may consider a broad spectrum of
7 geographical, racial, gender, and business characteristics of retailers.

8 (3) The board shall advise the ~~commission~~ Office of the Arkansas
9 Lottery on retail aspects of lotteries and present the concerns of retailers
10 throughout the state.

11 (b)(1) Except as provided in subdivision (b)(2) of this section, each
12 member appointed to the board shall serve a term of two (2) years.

13 (2)(A) Five (5) of the initial appointees shall serve initial
14 terms of one (1) year.

15 (B) The initial appointees shall draw lots to determine
16 which five (5) members shall serve a one-year term.

17 (3) A member of the board shall not serve more than six (6)
18 terms.

19 (c)(1) The board shall provide by rule for its operating procedures.

20 (2) Members shall serve without compensation or reimbursement of
21 expenses.

22 (3) The board may report to the ~~commission~~ office and the
23 Arkansas Lottery ~~Commission~~ Legislative Oversight Committee in writing at any
24 time.

25 (4) The ~~commission~~ Director of the Office of the Arkansas
26 Lottery may invite the board to make an oral presentation to the ~~commission~~
27 office at any ~~meeting of the commission~~ time.

28 (d) The following shall not be appointed as a member of the board:

29 (1) A member of the immediate family of ~~a member of the~~
30 ~~commission~~ Director of the Department of Finance and Administration;

31 (2) A member of the immediate family of the ~~director~~ Director of
32 the commission Office of the Arkansas Lottery; or

33 (3) A member of the immediate family of an employee of the
34 ~~commission~~ office.

35
36 23-115-205. ~~Commission~~ Office of the Arkansas Lottery powers.

1 (a) The Office of the Arkansas Lottery Commission has all powers
2 necessary or convenient to its usefulness in carrying out this chapter that
3 are not in conflict with the Arkansas Constitution or the United States
4 Constitution, including without limitation the following powers:

5 (1) To adopt and alter a seal;

6 (2) To adopt, amend, and repeal rules for the regulation of its
7 affairs and the conduct of its business, to prescribe the duties of officers
8 and employees of the ~~commission~~ office, and to perform other matters as the
9 ~~commission~~ office determines;

10 (3) To bring suits to enforce demands of the state under this
11 chapter;

12 (4) To procure or to provide insurance;

13 (5) To hold copyrights, trademarks, and service marks and to
14 enforce the ~~commission's~~ office's rights with respect to those copyrights,
15 trademarks, and service marks;

16 (6) To initiate, supervise, and administer the operation of
17 lotteries in accordance with this chapter and rules adopted under this
18 chapter;

19 (7) To enter into written agreements with one (1) or more other
20 states or sovereigns for the operation, participation in marketing, and
21 promotion of multistate or multisovereign games;

22 (8) To conduct market research as necessary or appropriate;

23 (9) To acquire or lease real property and make improvements to
24 the real property and acquire by lease or by purchase personal property,
25 including without limitation:

26 (A) Computers;

27 (B) Mechanical, electronic, and online equipment and
28 terminals;

29 (C) Intangible property, including without limitation
30 computer programs, computer systems, and computer software; and

31 (D) Broadcast equipment;

32 (10) To administer oaths, take depositions, issue subpoenas, and
33 compel the attendance of witnesses and the production of books, papers,
34 documents, and other evidence relative to any investigation or proceeding
35 conducted by the ~~commission~~ office;

36 (11) To employ+

1 ~~(A) The Director of the Arkansas Lottery Commission; and~~
2 ~~(B) An an internal auditor to perform the duties and~~
3 responsibilities required under § 23-115-212;

4 (12) To select and contract with vendors;

5 (13) To select and license retailers;

6 (14) To enter into contracts or agreements with state or local
7 law enforcement agencies for the performance of law enforcement, background
8 investigations, and security checks;

9 (15) To conduct background investigations and, if considered
10 necessary by the ~~commission~~ Director of the Office of the Arkansas Lottery,
11 credit investigations on each potential vendor and retailer;

12 (16) To supervise ticket or share validation and lottery
13 drawings;

14 (17) To inspect at times determined solely by the ~~commission~~
15 office the facilities of a vendor or a retailer to determine:

16 (A) The integrity of the vendor's product or the
17 operations of the retailer; and

18 (B) Whether the vendor or the retailer is in compliance
19 with its contract or license;

20 (18) To report any suspected violation of this chapter to the
21 appropriate prosecuting attorney or the Attorney General and to any law
22 enforcement agencies having jurisdiction over the violation;

23 (19) Upon request, to provide assistance to the Chief Fiscal
24 Officer of the State, the Legislative Auditor, the appropriate prosecuting
25 attorney, the Attorney General, or a law enforcement agency investigating a
26 violation of this chapter;

27 (20) To enter into contracts of terms and conditions that the
28 ~~commission~~ office determines;

29 (21) To establish and maintain banking relationships associated
30 with the maintenance and investment of lottery proceeds, including without
31 limitation the establishment of checking and savings accounts and trust
32 funds;

33 (22)(A) To advertise and promote lotteries and scholarships and
34 grants funded by net proceeds.

35 (B) The ~~commission~~ office shall seek the advice of the
36 Department of Higher Education when advertising to promote scholarships and

1 grants funded by net proceeds;

2 ~~(23) To approve, disapprove, amend, or modify the budget~~
3 ~~recommended by the director for the operation of the commission;~~

4 ~~(24)(23) To act as a retailer and to establish and operate a~~
5 ~~sales facility to conduct promotions that involve the sale of tickets or~~
6 ~~shares and any related merchandise;~~

7 ~~(25)(A)(24)(A) To contract with one (1) or more independent~~
8 ~~testing laboratories to scientifically test and technically evaluate lottery~~
9 ~~games, lottery terminals, and lottery operating systems.~~

10 (B) An independent testing laboratory shall:

11 (i) Have a national reputation that is demonstrably
12 competent; and

13 (ii) Be qualified to scientifically test and
14 evaluate all components of a lottery game, lottery terminal, or lottery
15 operating system.

16 (C) An independent testing laboratory shall not be owned
17 or controlled by a vendor or a retailer;

18 ~~(26)(25) To withhold state and federal income taxes as required~~
19 ~~by law; and~~

20 ~~(27)(26) To adopt and amend rules necessary to carry out and~~
21 ~~implement ~~its~~ the office's powers and duties, organize and operate the~~
22 ~~commission office, regulate the conduct of lotteries in general, and any~~
23 ~~other matters necessary or desirable for the efficient and effective~~
24 ~~operation of lotteries for the convenience of the public.~~

25 (b) The powers enumerated in subsection (a) of this section:

26 (1) Are in addition to those powers of the ~~commission~~ office
27 enumerated elsewhere in this chapter; and

28 (2) Do not limit or restrict any other powers of the ~~commission~~
29 office.

30 ~~(c) The commission may delegate to one (1) or more of its members, to~~
31 ~~the director, or to any agent or employee of the commission powers and duties~~
32 ~~as it deems proper.~~

33
34 23-115-206. Internal controls – Annual audit.

35 (a) To ensure the financial integrity of lotteries, the Office of the
36 Arkansas Lottery ~~Commission~~ shall:

1 (1) *Establish and maintain effective internal controls over*
2 *financial reporting, including the monitoring of ongoing activities, and*
3 *comply with the Arkansas Constitution and applicable laws, rules, contracts,*
4 *agreements, and grants;*

5 (2)(A) *Establish and maintain effective internal controls to*
6 *prevent and detect fraud, including without limitation a system of internal*
7 *audits.*

8 (B) *The ~~commission~~ Director of the Office of the Arkansas*
9 *Lottery shall:*

10 (i) *By July 1, ~~2011~~ 2015, approve a formal, written*
11 *three-year audit plan; and*

12 (ii) *Annually review the audit plan.*

13 (C) *The ~~commission or a subcommittee of the commission~~*
14 *director shall review and take action to approve or reject a recommendation*
15 *from the internal auditor to amend the audit plan;*

16 (3) *Include in any contract or license with a vendor or retailer*
17 *for data processing services or other computer services a provision*
18 *permitting the Division of Legislative Audit to have access and authority to*
19 *audit the computer systems of the vendor or retailer;*

20 (4) *Notify the division of all known fraud or suspected fraud or*
21 *all known or suspected illegal acts involving management or other employees*
22 *of the ~~commission~~ office or others with whom the ~~commission~~ office contracts;*

23 (5) *Inform the division and the Chief Fiscal Officer of the*
24 *State of any known material violations of the Arkansas Constitution,*
25 *applicable statutes, rules, contracts, agreements, or grants;*

26 (6) *Prepare the financial statements, including the related*
27 *notes to the financial statements, of the ~~commission~~ office in accordance*
28 *with generally accepted accounting principles and in accordance with*
29 *guidelines and timelines established by the Chief Fiscal Officer of the State*
30 *to permit incorporation into the state's financial statements and to permit*
31 *the audit of the state's financial statements and the ~~commission's~~ office's*
32 *financial statements in a timely manner;*

33 (7) *Make all financial records and related information available*
34 *to the division, including the identification of significant vendor*
35 *relationships in which the vendor has the responsibility for program*
36 *compliance, in accordance with §§ 10-4-416 and 10-4-424;*

1 (8)(A) *Submit monthly reports to the Governor and the Arkansas*
2 *Lottery ~~Commission~~ Legislative Oversight Committee disclosing the following*
3 *budgeted and actual information for the reporting period and cumulatively for*
4 *the fiscal year:*

5 (i) *Total lottery revenues;*

6 (ii) *Prize disbursements;*

7 (iii) *Operating expenses;*

8 (iv) *Net assets; and*

9 (v) *Administrative expenses.*

10 (B) *The ~~commission~~ director shall submit a comprehensive*
11 *annual financial report to the Governor and to the Arkansas Lottery*
12 *~~Commission~~ Legislative Oversight Committee by placing the report on the*
13 *~~commission's~~ office's website and providing notice of its availability to the*
14 *Governor and to the Arkansas Lottery ~~Commission~~ Legislative Oversight*
15 *Committee.*

16 (C)(i) *The comprehensive annual financial report shall*
17 *comply with Governmental Accounting Standards Board Statement 34 and follow*
18 *the guidelines of the Certificate of Achievement for Excellence in Financial*
19 *Reporting Program of the Government Finance Officers Association.*

20 (ii) *The Arkansas Lottery ~~Commission~~ Legislative*
21 *Oversight Committee shall identify the statistical data required for*
22 *compliance with this subdivision (a)(8)(C).*

23 (D) *The comprehensive annual financial report shall*
24 *include without limitation:*

25 (i) *Information concerning the ~~commissioners~~*
26 *director of the Arkansas Lottery Commission;*

27 (ii) *A current organizational chart;*

28 (iii) *Information on each type of lottery game*
29 *offered by the Arkansas Scholarship Lottery, game promotions, or other*
30 *activities related to games during the fiscal year;*

31 (iv) *The annual financial audit report made to the*
32 *Legislative Joint Auditing Committee;*

33 (v) *A statement of revenue, expenses, and changes in*
34 *net assets for each fiscal year since inception of the Arkansas Scholarship*
35 *Lottery;*

36 (vi) *Separate reports from each component or*

1 department of the ~~commission~~ office or Arkansas Scholarship Lottery,
2 including without limitation sales, marketing, retailers, gaming operations,
3 players, and security;

4 (vii) A fiscal year-end report on any information
5 required to be reported by the ~~commission~~ office on a monthly basis,
6 including without limitation:

7 (a) Unclaimed lottery prize money under § 23-
8 115-403;

9 (b) The Scholarship Shortfall Reserve Trust
10 Account under § 23-115-802; and

11 (c) Minority-owned business and female-owned
12 business participation under § 23-115-401;

13 (viii) Information concerning the Arkansas
14 Scholarship Lottery's industry standings or rankings;

15 (ix) Information concerning the scholarships awarded
16 from net lottery proceeds, including without limitation:

17 (a) Demographic reports from the Department of
18 Higher Education for each full semester during the fiscal year on
19 accessibility to scholarships, award amounts for each approved institution of
20 higher education; and

21 (b) The department's report to the Arkansas
22 Lottery ~~Commission~~ Legislative Oversight Committee required ~~under § 6-85-~~
23 ~~219(b) by § 6-85-219;~~

24 (x) A report from the Lottery Retailer Advisory
25 Board, if a report was received during the fiscal year;

26 (xi) Where to find information on gambling disorder
27 treatment and education programs;

28 (xii) Where to find website information on rules,
29 gaming, and frequently asked questions; and

30 (xiii) Contact information for the Arkansas
31 Scholarship Lottery and key employees of the ~~commission~~ office;

32 (9) Maintain weekly or more frequent records of lottery
33 transactions, including without limitation:

34 (A) The distribution of tickets or shares to retailers;

35 (B) Revenues received;

36 (C) Claims for lottery prizes;

- 1 (D) Lottery prizes paid;
- 2 (E) Lottery prizes forfeited; and
- 3 (F) Other financial transactions of the ~~commission~~ office;
- 4 (10)(A) Submit to the cochairs of the Arkansas Lottery
- 5 ~~Commission~~ Legislative Oversight Committee by April 30 of each year the
- 6 estimated annual operating budget for the ~~commission~~ office for the next
- 7 fiscal year.
- 8 (B) At a minimum, the estimated annual operating budget
- 9 submitted for the Arkansas Lottery ~~Commission~~ Legislative Oversight
- 10 Committee's review shall:
- 11 (i) Contain an estimate of the net proceeds to be
- 12 available for scholarships and grants during the succeeding fiscal year;
- 13 (ii) Compare the:
- 14 (a) Actual revenues and expenditures for the
- 15 last completed fiscal year;
- 16 (b) Budgeted revenues and expenditures for the
- 17 current fiscal year; and
- 18 (c) Estimated revenues and expenditures for
- 19 the next fiscal year;
- 20 (iii) Contain an explanation of increases or
- 21 decreases in revenues and expenditures shown in the estimated annual
- 22 operating budget for the next fiscal year compared to the budgeted revenues
- 23 and expenditures for the current fiscal year;
- 24 (iv) Classify all revenues and expenditures by
- 25 specific purpose instead of "miscellaneous" or "other";
- 26 (v) Contain a schedule of the total amounts of
- 27 regular salaries, extra help compensation, overtime compensation, and
- 28 personal services matching as defined in § 19-4-521; and
- 29 (vi) For each position title authorized under §§ 23-
- 30 115-305 – 23-115-307, contain a schedule of the annual salary, special
- 31 allowance, or grade and include:
- 32 (a) The total number of persons currently
- 33 employed;
- 34 (b) The number of Caucasian male employees;
- 35 (c) The number of Caucasian female employees;
- 36 (d) The total number of Caucasian employees;

1 (e) The number of African-American male
2 employees;

3 (f) The number of African-American female
4 employees;

5 (g) The number of other employees who are
6 members of racial minorities; and

7 (h) The total number of minorities currently
8 employed; and

9 (11) Adopt the same fiscal year as that used by state
10 government.

11 (b)(1)(A) The division shall annually audit the ~~commission~~ office.

12 (B) The division may conduct an investigation or audit or
13 prepare special reports regarding the ~~commission~~ office or related entities,
14 scholarships, grants, vendors, retailers, or any other transactions or
15 relationships connected or associated with the ~~commission~~ office or its
16 operations, duties, or functions upon the approval of the Legislative Joint
17 Auditing Committee.

18 (2) The ~~commission~~ office shall reimburse the division at an
19 hourly rate set by the Legislative Joint Auditing Committee for work
20 performed by the division relating to any audit, investigation, or special
21 report regarding the ~~commission~~ office and related entities, scholarships,
22 grants, vendors, retailers, or other related matters.

23 (3)(A) If the ~~commission~~ office, the General Assembly, the
24 Arkansas Lottery ~~Commission~~ Legislative Oversight Committee, or the
25 Legislative Joint Auditing Committee requests additional audits or
26 performance reviews of the fiscal affairs or operations of the ~~commission~~
27 office to be conducted by a private certified public accountant or other
28 consultant, the ~~division~~ Director of the Department of Finance and
29 Administration shall select and contract with appropriate certified public
30 accountants or consultants to provide the services.

31 (B) The ~~division~~ Director of the Department of Finance and
32 Administration shall contract for the services which shall be paid directly
33 to the contractor by the ~~commission~~ office.

34 (C) A copy of any report or management correspondence
35 prepared by the certified public accountants or consultants shall be
36 forwarded to ~~the commission~~, the division, the director, and the Arkansas

1 ~~Lottery Commission~~ Legislative Oversight Committee.

2 (4) This chapter does not limit the statutory authority of the
3 division or the responsibilities of the ~~commission~~ office or related
4 entities, retail, advisory board members, employees, vendors, retailers, or
5 any other individuals or entities to cooperate with the division or provide
6 information or records requested by the division.

7

8 23-115-207. Rulemaking.

9 (a) The Office of the Arkansas Lottery ~~Commission~~ may adopt rules
10 regulating the conduct of lotteries in general, including without limitation
11 rules specifying:

12 (1) The types of lotteries to be conducted;

13 (2)(A) The sale price of tickets or shares and the manner and
14 method of sale.

15 (B)(i) All sales of tickets or shares are for cash only.

16 (ii) Payment by checks, credit cards, charge cards,
17 or any form of deferred payment is prohibited;

18 (3) The number and amount of prizes;

19 (4) The method and location of selecting or validating winning
20 tickets or shares;

21 (5) The manner and time of payment of prizes, including without
22 limitation lump-sum payments or installments over a period of years;

23 (6)(A) The manner of payment of prizes to the holders of winning
24 tickets or shares.

25 (B) Winners of five hundred dollars (\$500) or less may
26 claim prizes from any of the following:

27 (i) A retailer; or

28 (ii) The ~~commission~~ office.

29 (C)(i) Winners of more than five hundred dollars (\$500)
30 shall claim prizes from the ~~commission~~ office.

31 (ii) The ~~commission~~ office may establish claim
32 centers throughout the state as it deems necessary;

33 (7) The frequency of lotteries and drawings or selection of
34 winning tickets or shares;

35 (8) The means of conducting drawings;

36 (9)(A) The method to be used in selling tickets or shares.

1 (B) The selling of tickets or shares may include the use
2 of electronic or mechanical devices.

3 (C) If the ~~commission~~ office elects to use electronic or
4 mechanical devices to sell tickets or shares, the ~~commission~~ office shall
5 provide by rule:

6 (i) Specifications and required features for
7 electronic or mechanical devices that may be used to sell tickets or shares;
8 and

9 (ii) Procedures and requirements to prevent the use
10 of electronic or mechanical devices by an individual under eighteen (18)
11 years of age.

12 (D) A retailer who knowingly allows a person under
13 eighteen (18) years of age to purchase a lottery ticket from an electronic or
14 mechanical device is subject to the penalties under § 23-115-901.

15 (E) The ~~commission~~ office shall publish a notice on the
16 ~~commission's~~ office's public website that provides the location, including
17 without limitation the street address, of each self-service lottery ticket
18 vending machine in operation in this state;

19 (10) The manner and amount of compensation to retailers; and

20 (11) Any other matters necessary, desirable, or convenient
21 toward ensuring the efficient and effective operation of lotteries, the
22 continued entertainment and convenience of the public, and the integrity of
23 the lotteries.

24 (b) The ~~commission~~ office may adopt rules requiring the publication on
25 a ticket or share of the odds of winning a particular lottery game.

26 (c)(1)(A) Except as provided in subdivision (c)(1)(B) of this section,
27 the promulgation of rules under this chapter shall comply with the Arkansas
28 Administrative Procedure Act, § 25-15-201 et seq.

29 (B) The ~~commission shall~~ office is not ~~be~~ required to file
30 rules under § 10-3-309.

31 (2)(A) The promulgation of rules by the ~~commission shall be~~
32 office is exempt from § 10-3-309.

33 (B) The ~~commission~~ office shall file its rules with the
34 Arkansas Lottery ~~Commission~~ Legislative Oversight Committee for review at
35 least thirty (30) days before the expiration of the public comment period.

36

1 23-115-208. Sovereign immunity.

2 (a) This chapter does not waive the sovereign immunity of the State of
3 Arkansas.

4 (b)(1) A claim in contract or in tort against the Office of the
5 Arkansas Lottery ~~Commission~~ of the Management Services Division of the
6 Department of Finance and Administration or its employees shall be presented
7 to the Arkansas Lottery ~~Commission~~ office.

8 (2) The Arkansas Lottery ~~Commission~~ office shall promulgate
9 rules concerning the consideration of claims in contract or in tort presented
10 to the Arkansas Lottery ~~Commission~~ office, including without limitation rules
11 concerning the conduct of hearings on claims in contract or in tort.

12 (c)(1) A claimant may appeal the decision of the Arkansas Lottery
13 ~~Commission~~ office under subsection (b) of this section to the Arkansas State
14 Claims Commission.

15 (2) The claimant may:

16 (A) Within forty (40) days after the decision is rendered,
17 file with the Arkansas State Claims ~~Commission~~ commission a notice of appeal
18 of the decision of the Arkansas Lottery ~~Commission~~ office;

19 (B) Within forty (40) days after the decision is rendered,
20 file with the Arkansas Lottery ~~Commission~~ office a motion for reconsideration
21 requesting the Arkansas Lottery ~~Commission~~ office to reconsider its decision;
22 and

23 (C) Within twenty (20) days after the Arkansas Lottery
24 ~~Commission's~~ office's reconsideration or denial of the motion for
25 reconsideration, file with the Arkansas State Claims ~~Commission~~ commission a
26 notice of appeal of the decision of the Arkansas Lottery ~~Commission~~ office.

27 (3) When the Arkansas Lottery ~~Commission~~ office notifies parties
28 of a decision of the Arkansas Lottery ~~Commission~~ office, it shall advise the
29 parties of the right of appeal.

30 (d)(1)(A) Except as provided in subdivisions (d)(2)-(4) of this
31 section, appeals of claims in contract or in tort against the Arkansas
32 ~~Lottery ~~Commission~~ office~~ or its employees shall be conducted by the Arkansas
33 ~~State Claims ~~Commission~~ commission~~ in the same manner as a claim under § 19-
34 10-201 et seq.

35 (B) The Arkansas State Claims ~~Commission~~ commission shall
36 consider an appeal de novo.

1 (2) A decision of the ~~Arkansas State Claims Commission~~
2 commission relating to a claim in contract or in tort against the ~~Arkansas~~
3 ~~Lottery Commission~~ office or its employees shall not be appealed to the
4 General Assembly.

5 (3)(A) A valid claim in any amount against the ~~Arkansas Lottery~~
6 ~~Commission~~ office shall not be referred to the General Assembly for an
7 appropriation.

8 (B) The Clerk of the Arkansas State Claims Commission
9 shall notify the ~~Arkansas Lottery Commission~~ office of the amount of the
10 valid claim.

11 (C) Upon receipt of notification from the clerk, the
12 ~~Arkansas Lottery Commission~~ office shall deliver a check to the clerk, who
13 shall deposit the sum as a nonrevenue receipt into the Miscellaneous
14 Revolving Fund from which he or she shall disburse the amount of the claim to
15 the claimant.

16 (4) Written reports under § 19-10-212 shall be filed with the
17 Arkansas Lottery ~~Commission~~ Legislative Oversight Committee.

18
19 23-115-209. Appealing administrative orders of the ~~commission~~ Office
20 of the Arkansas Lottery.

21 (a) A retailer, a vendor, or an applicant for a contract or a retailer
22 license aggrieved by an administrative order of the Office of the Arkansas
23 Lottery ~~Commission~~ may appeal that decision to Pulaski County Circuit Court.

24 (b) The circuit court shall hear appeals from administrative orders of
25 the ~~commission~~ office, and based upon the record of the proceedings before
26 the ~~commission~~ office, may reverse the administrative order of the ~~commission~~
27 office only if the person appealing the administrative order proves the
28 administrative order to be:

29 (1) Clearly erroneous;

30 (2) ~~Arbitrary and capricious;~~

31 ~~(3) Procured by fraud;~~

32 ~~(4)(3)~~ (3) A result of substantial misconduct by the ~~commission~~
33 office; or

34 ~~(5)(4)~~ (4) Contrary to the United States Constitution, the Arkansas
35 Constitution, or this chapter.

36 (c) The circuit court may remand an appeal to the ~~commission~~ office to

1 conduct further hearings.

2 (d)(1) A person who appeals the award of a contract, including without
3 limitation a major procurement contract, is liable for all costs of appeal
4 and defense if the appeal is denied or the contract award upheld.

5 (2) If upon the motion of the ~~commission~~ office the circuit
6 court finds the appeal to have been frivolous, the cost of appeal and defense
7 shall include without limitation the following expenses of the ~~commission~~
8 office resulting from institution of the appeal:

- 9 (A) Court costs;
10 (B) Bond;
11 (C) Legal fees; and
12 (D) Loss of income.

13 (3) A person appealing the award of a contract may be entitled
14 to the reasonable costs incurred in connection with the contract
15 solicitation, including without limitation bid preparation costs.

16

17 ~~23-115-210.—Removal of commission member.~~

18 ~~(a)(1) A member of the Arkansas Lottery Commission may be removed by~~
19 ~~the appointing authority for:~~

- 20 ~~(A) Misconduct;~~
21 ~~(B) Incompetence; or~~
22 ~~(C) Any malfeasance in office.~~

23 ~~(2) The appointing authority shall appoint a qualified~~
24 ~~individual to replace the removed member of the commission to serve the~~
25 ~~remainder of his or her term.~~

26 ~~(b) An order of removal of a commission member by the appointing~~
27 ~~authority shall:~~

- 28 ~~(1) Be in writing;~~
29 ~~(2) Be delivered to the removed commission member or counsel for~~
30 ~~the removed commission member; and~~
31 ~~(3) Specifically set out the grounds relied upon for removal.~~

32 ~~(c)(1) A removed commission member may institute proceedings for~~
33 ~~review by filing a petition in Pulaski County Circuit Court within thirty~~
34 ~~(30) days after delivery to him or her or his or her attorney of the~~
35 ~~appointing authority's order of removal.~~

36 ~~(2) This petition shall not supersede or stay the order of~~

1 ~~removal, nor shall any court enter an order to this effect or one that would~~
2 ~~impair the authority of the appointing authority to appoint a commission~~
3 ~~member whose service begins immediately upon fulfillment of the normal~~
4 ~~requirements for assuming office.~~

5 ~~(d)(1) When the matter is heard by the circuit court, it shall be~~
6 ~~tried de novo without a jury.~~

7 ~~(2) The appointing authority shall have the burden of proof to~~
8 ~~show by clear and convincing evidence that cause under subdivision (a)(1) of~~
9 ~~this section existed for removal of the commission member.~~

10 ~~(3)(A) If the circuit court determines that cause has been~~
11 ~~shown, it shall enter an order removing the commission member in question~~
12 ~~from office.~~

13 ~~(B) If the circuit court determines that cause under~~
14 ~~subdivision (a)(1) of this section has not been shown by clear and convincing~~
15 ~~evidence, the circuit court shall order the removed commission member~~
16 ~~reinstated to his or her position and upon request shall award a reasonable~~
17 ~~attorney's fee and court costs to the reinstated party.~~

18 ~~(e)(1) Subject to the restrictions of subsection (e) of this section~~
19 ~~on supersedeas or stay orders, a removed commission member may appeal the~~
20 ~~decision of the circuit court to the Supreme Court.~~

21 ~~(2) The appointing authority may appeal the decision of the~~
22 ~~circuit court to the Supreme Court, but the appeal shall not preclude the~~
23 ~~circuit court, in its discretion, from entering an order reinstating the~~
24 ~~removed member.~~

25 ~~(f) A commission action in which the appointed replacement commission~~
26 ~~member participates is not void, voidable, or in any way subject to~~
27 ~~invalidation on grounds of participation of the appointed replacement~~
28 ~~commission member or lack of participation by the removed commission member~~
29 ~~if the circuit court or the Supreme Court orders the removed commission~~
30 ~~member reinstated.~~

31
32 *23-115-211. Certain sections inapplicable.*

33 *In addition to any provision of law expressly exempting the Office of*
34 *the Arkansas Lottery Commission, the following sections shall not apply to*
35 *the commission office:*

36 *(1) Section 19-1-211;*

- 1 ~~(2)~~ Section 19-1-301 et seq.;
- 2 ~~(3)~~ Section 19-1-609;
- 3 ~~(4)~~(2) Section 19-4-1802;
- 4 ~~(5)~~(3) Section 19-5-206;
- 5 ~~(6)~~ Section 19-11-301 et seq.;
- 6 ~~(7)~~(4) Section 22-9-103;
- 7 ~~(8)~~(5) Section 22-9-104; and
- 8 ~~(9)~~ Section 25-1-104; and
- 9 ~~(10)~~(6) Section 25-27-104.

10

11 23-115-212. Duties and responsibilities of internal auditor.

12 (a) The internal auditor employed by the Office of the Arkansas

13 Lottery Commission shall report directly to the ~~commission~~ Director of the

14 Department of Finance and Administration.

15 (b) The ~~commission~~ director shall determine the duties and

16 responsibilities of the internal auditor that:

17 (1) Assist the ~~commission~~ office in the ~~commission's~~ office's

18 obligations under § 23-115-206; and

19 (2) Are consistent with the suggested standards for the

20 professional practice of internal auditing as adopted by the Institute of

21 Internal Auditors, including without limitation:

22 (A) Preparing a formal written three-year audit plan and

23 presenting it to the ~~commission~~ director for ~~commission~~ the director's

24 approval;

25 (B) Conducting ongoing reviews of the internal procedures,

26 records, and operating procedures of the ~~commission~~ office and the lotteries

27 to:

28 (i) Verify compliance with established policies,

29 procedures, and control systems;

30 (ii) Assure compliance with regulatory and statutory

31 conditions; and

32 (iii) Assure adherence to generally accepted

33 accounting principles; and

34 (C) Advising the ~~commission~~ director of inconsistencies

35 within or improvements needed to the internal controls, operating procedures,

36 or accounting procedures of the ~~commission~~ office or the lotteries.

1 (c)(1) The internal auditor shall report to the Arkansas Lottery
2 ~~Commission~~ Legislative Oversight Committee one (1) time per month to:

3 (A) Advise the Arkansas Lottery ~~Commission~~ Legislative
4 Oversight Committee concerning current issues and problems reported to the
5 ~~commission~~ director under subsection (b) of this section; and

6 (B) Update the Arkansas Lottery ~~Commission~~ Legislative
7 Oversight Committee concerning the resolution of any audit findings of the
8 Division of Legislative Audit ~~in the annual financial report for the~~
9 ~~commission~~.

10 (2) The internal auditor is not required to file a report, but
11 shall include a statement in the monthly report of the ~~commission~~ office if:

12 (A) There are no current issues or problems reported to
13 the ~~commission~~ office; and

14 (B) The ~~commission~~ office and the division agree that all
15 audit findings are resolved.

16
17 Subchapter 3 – Employees of Office of the Arkansas Lottery Commission

18
19 23-115-301. Director – Appointment – Duties.

20 (a)(1)(A) The ~~Arkansas Lottery Commission~~ Governor shall appoint the
21 Director of the Office of the Arkansas Lottery Commission.

22 (B) The director is an employee of the ~~commission~~ Office
23 of the Arkansas Lottery and shall direct the day-to-day operations and
24 management of the ~~commission~~ office.

25 (2) The director is vested with powers and duties as specified
26 ~~by the commission and~~ by law.

27 (3) The director serves at the pleasure of the ~~commission~~
28 Governor.

29 (b)(1) An individual considered for appointment as director shall
30 apply to the Identification Bureau of the Department of Arkansas State Police
31 for a state and federal criminal background check to be conducted by the
32 Identification Bureau of the Department of Arkansas State Police and the
33 Federal Bureau of Investigation.

34 (2) The state and federal criminal background check shall
35 conform to the applicable federal standards and shall include the taking of
36 fingerprints.

1 (3) The applicant shall sign a consent to the release of
2 information for the state and federal criminal background check.

3 (4) The ~~commission~~ office shall be responsible for the payment
4 of any fee associated with the state and federal criminal background check.

5 (5) Upon completion of the state and federal criminal background
6 check, the Identification Bureau of the Department of Arkansas State Police
7 shall forward to the ~~commission~~ Governor and the office all releasable
8 information obtained concerning the applicant.

9 (c) The ~~commission~~ Governor shall not ~~employ~~ appoint as director an
10 individual who has:

11 (1) Been convicted of a felony or a gambling offense in a state
12 or federal court of the United States;

13 (2) Been convicted of a crime involving moral turpitude; or

14 (3) Entered into a plea agreement to avoid felony prosecution.

15
16 23-115-302. Duties of director.

17 (a) The Director of the Office of the Arkansas Lottery ~~Commission~~
18 shall direct and supervise all administrative and technical activities
19 related to the operation of a lottery in accordance with this chapter and
20 with rules adopted by the Office of the Arkansas Lottery ~~Commission~~.

21 (b) The director shall:

22 (1) Facilitate the initiation and supervise and administer the
23 operation of the lotteries;

24 (2) Direct personnel as deemed necessary;

25 (3) Employ and compensate persons and firms as deemed necessary;

26 (4) Appoint, select, and employ officers, agents, and employees,
27 including professional and administrative staff and personnel and hearing
28 officers, and fix their compensation and pay their expenses as authorized by
29 Arkansas law;

30 (5) Promote or provide for the promotion of lotteries and any
31 functions related to the operation of a lottery;

32 (6)(A) Prepare a budget ~~for the approval of the commission of~~
33 the office with the information and in the form and manner required by the
34 Chief Fiscal Officer of the State.

35 (B) The budget shall be presented to the Legislative
36 Council before each regular session for pre-session budget meetings with Joint

1 Budget Committee members attending under § 10-3-507.

2 (7) Require bond from retailers and vendors in amounts as
3 required by the ~~commission~~ office;

4 (8) Report monthly to the ~~commission~~ office and the Arkansas
5 Lottery ~~Commission~~ Legislative Oversight Committee a complete statement of
6 lottery revenues and expenses for the preceding month and an accompanying
7 statement of net assets;

8 (9) Annually by November 15, report to the Arkansas Lottery
9 ~~Commission~~ Legislative Oversight Committee the following:

10 (A) For the immediately preceding fiscal year:

11 (i) The total amount of net proceeds from the state
12 lottery; and

13 (ii) The amounts deposited into and disbursed from
14 the Scholarship Shortfall Reserve Trust Account under § 23-115-802; and

15 (B) The ~~commission's~~ office's projection for net proceeds
16 from the state lottery for the current fiscal year; and

17 (10) Perform other duties generally associated with a director
18 of a ~~commission~~ an organization of an entrepreneurial nature.

19 (c) The director may for good cause suspend, revoke, or refuse to
20 renew any contract or license entered into in accordance with this chapter
21 and the rules of the ~~commission~~ office.

22 (d) The director or his or her designee may conduct hearings and
23 administer oaths to persons to assure the security and integrity of lottery
24 operations or to determine the qualifications of or compliance by vendors and
25 retailers.

26
27 23-115-303. Employees – Background investigation.

28 (a) As required by Arkansas Constitution, Article 16, § 4, the General
29 Assembly shall fix the salaries of all employees of the Office of the
30 Arkansas Lottery ~~Commission~~, including without limitation the Director of the
31 Office of the Arkansas Lottery Commission.

32 (b) ~~A commission~~ An office employee shall not have a financial
33 interest in a vendor doing business or proposing to do business with the
34 ~~commission~~ office.

35 (c) ~~A commission~~ An office employee with decision-making authority
36 shall not participate in a decision involving a retailer with whom the

1 ~~commission~~ office employee has a financial interest.

2 (d)(1) ~~A commission~~ An office employee who leaves the employment of
3 the ~~commission~~ office shall not:

4 (A) Represent a vendor or retailer before the ~~commission~~
5 office for a period of two (2) years after leaving the employment of the
6 ~~commission~~ office; or

7 (B) Engage in lobbying on any matter related to the
8 operation or conduct of a lottery for a period of two (2) years after leaving
9 the employment of the ~~commission~~ office.

10 (2)(A) Subdivision (d)(1) of this section is supplemental to §
11 19-11-701 et seq.

12 (B) If any provision of § 19-11-701 et seq. would impose a
13 restriction on a specific employee greater than the restrictions under
14 subdivision (d)(1) of this section, the provision of § 19-11-701 et seq.
15 shall apply.

16 (e)(1) Each person considered for employment by the ~~commission~~ office
17 shall apply to the Identification Bureau of the Department of Arkansas State
18 Police for a state and federal criminal background check to be conducted by
19 the Identification Bureau of the Department of Arkansas State Police and the
20 Federal Bureau of Investigation.

21 (2) The state and federal criminal background check shall
22 conform to the applicable federal standards and shall include the taking of
23 fingerprints.

24 (3) The applicant shall sign a consent to the release of
25 information for the state and federal criminal background check.

26 (4) The ~~commission~~ office shall be responsible for the payment
27 of any fee associated with the state and federal criminal background check.

28 (5) Upon completion of the state and federal criminal background
29 check, the Identification Bureau of the Department of Arkansas State Police
30 shall forward to the ~~commission~~ office all releasable information obtained
31 concerning the applicant.

32 (f) The ~~commission~~ office shall not employ an individual who has:

33 (1) Been convicted of a felony or a gambling offense in a state
34 or federal court of the United States;

35 (2) Been convicted of a crime involving moral turpitude; or

36 (3) Entered into a plea agreement to avoid felony prosecution.

1 (g)(1) The ~~commission~~ office shall bond a ~~commission~~ an office
 2 employee with access to ~~commission~~ office funds or lottery revenue in an
 3 amount as provided by the ~~commission~~ office and may bond other ~~commission~~
 4 office employees as deemed necessary.

5 (2) Bonds under subdivision (g)(1) of this section shall be
 6 fidelity bonds in excess of the amount provided by the Governmental Bonding
 7 Board.

8
 9 23-115-304. ~~Commission~~ Office of the Arkansas Lottery employees –
 10 Participation in Arkansas Public Employees' Retirement System.

11 (a) Employees of the Office of the Arkansas Lottery ~~Commission~~ shall be
 12 members of the Arkansas Public Employees' Retirement System.

13 (b)(1) ~~A commission~~ An office employee's compensation for retirement
 14 purposes includes only the base salary of the employee under § 23-115-305.

15 (2) ~~A commission~~ An office employee's compensation for
 16 retirement purposes does not include a multiplier or other special salary
 17 allowance used to increase the employee's salary as authorized by the General
 18 Assembly, including without limitation the special salary allowances
 19 authorized under § 23-115-306.

20
 21 23-115-305. Regular salaries.

22 There is established for the Office of the Arkansas Lottery ~~Commission~~
 23 the following regular employees, the grades to be assigned to the respective
 24 positions, and the maximum annual salaries for each such position. The
 25 maximum annual salary for the positions assigned to grades shall be
 26 determined in accordance with, but shall not exceed, the maximum annual
 27 amount for the grade assigned in this section, as established in § 21-5-209.
 28 ~~Except for the purpose of determining the maximum annual salary rate, which~~
 29 ~~is to be applicable to each of the positions to which a salary grade is~~
 30 ~~assigned in this section, in accordance with § 21-5-209, all positions set~~
 31 ~~forth in this section shall be exempt from other provisions of the Uniform~~
 32 ~~Classification and Compensation Act, § 21-5-201 et seq., but shall not be~~
 33 ~~exempt from the Regular Salaries Procedures and Restrictions Act, § 21-5-101~~
 34 ~~et seq.~~

35
 36 Item

1	<i>Class</i>			
2	<i>No. Code</i>	<i>Title</i>	<i>Maximum No. of</i>	<i>Maximum Annual</i>
3			<i>Employees</i>	<i>Salary Rate</i>
4	(01)	LOTTERY CMSN OFFC DIRECTOR	1	\$141,603
5	(02)	LOTTERY CMSN OFFC INTERNAL	1	\$141,603
6		AUDITOR		
7	(03)	LOTTERY CMSN OFFC CHIEF	1	\$126,050
8		OPERATING OFFICER		
9	(04)	LOTTERY CMSN OFFC	1	GRADE N912
10		INFORMATION TECH DIR		
11	(05)	LOTTERY CMSN OFFC ADMIN &	1	GRADE N912
12		OPERATIONS DIR		
13	(06)	LOTTERY CMSN OFFC CHIEF	1	GRADE N910
14		LEGAL COUNSEL		
15	(07)	LOTTERY CMSN OFFC CHIEF	1	GRADE N910
16		FISCAL OFFICER		
17	(08)	LOTTERY CMSN OFFC MARKETING	1	GRADE N909
18		& PROD DEV DIR		
19	(09)	LOTTERY CMSN OFFC	1	GRADE N909
20		SALES/RETAIL RELATIONS DIR		
21	(10)	LOTTERY CMSN OFFC	1	GRADE N908
22		PROCUREMENT DIRECTOR		
23	(11)	LOTTERY CMSN OFFC ADMIN	2	GRADE C115
24		ANALYST		
25	(12)	LOTTERY CMSN OFFC ADMIN	2	GRADE C113
26		SUPPORT SUPERVISOR		
27	(13)	LOTTERY CMSN OFFC ADMIN	6	GRADE C112
28		SUPPORT SPEC III		

29
30 23-115-306. *Special salary allowances.*

31 (a) ~~The Arkansas Lottery Commission, upon approval of the Arkansas~~
32 ~~Lottery Commission Legislative Oversight Committee, Governor~~ may make special
33 salary allowances authorized by this section for recruitment or retention in
34 amounts ~~as the commission may determine~~ determined by the Arkansas Lottery
35 Legislative Oversight Committee to be equitable, in view of the exacting
36 duties that are involved, as a part of the salary of the:

1 (1) Director of the Office of the Arkansas Lottery Commission;

2 (2) Internal auditor of the ~~commission~~ Office of the Arkansas
3 Lottery; and

4 (3) Chief operating officer of the ~~commission~~ office.

5 (b) For a position subject to a special allowance under subsection (a)
6 of this section, the sum of the salary authorized by the General Assembly and
7 the special salary allowance, shall not exceed an amount equal to ~~two and~~
8 ~~one half (2 1/2)~~ one and one-half (1 1/2) times the salary for the position
9 authorized by the General Assembly.

10 (c)(1) The requirement of approval by the Arkansas Lottery ~~Commission~~
11 Legislative Oversight Committee before granting a special salary allowance
12 under this section is not a severable part of this section.

13 (2) If the requirement of approval by the Arkansas Lottery
14 ~~Commission~~ Legislative Oversight Committee is ruled unconstitutional by a
15 court of competent jurisdiction, this section is void.

16
17 23-115-307. Expansion pool.

18 (a) The Office of the Arkansas Lottery Commission is authorized an
19 expansion pool of sixty (60) positions not to exceed the career service grade
20 C130 and fifteen (15) positions not to exceed the professional and executive
21 grade N922 to be used to establish additional positions of the proper title
22 and salary if the ~~commission~~ office does not have sufficient positions
23 available to address growth needs.

24 (b) A position established under this section shall not exceed a
25 ~~salary rate in excess of~~ the highest salary rate established by grade or by
26 line item in this subchapter.

27 (c) A position shall not be authorized from the expansion pool until
28 the specific ~~positions that are~~ position that is requested by the ~~commission~~
29 office ~~are is~~ reviewed by the Arkansas Lottery ~~Commission~~ Legislative
30 Oversight Committee.

31 (d) When seeking review of ~~positions~~ a position by the Arkansas
32 Lottery ~~Commission~~ Legislative Oversight Committee under this section, the
33 ~~commission~~ office shall provide an organizational chart indicating the
34 current structure of the ~~commission~~ office and its employees.

35 (e)(1) The requirement of review by the Arkansas Lottery ~~Commission~~
36 Legislative Oversight Committee before authorizing ~~positions~~ a position from

1 the expansion pool is not a severable part of this section.

2 (2) If the requirement of review by the Arkansas Lottery
3 ~~Commission~~ Legislative Oversight Committee is ruled unconstitutional by a
4 court of competent jurisdiction, this section is void.

5
6 23-115-308. Participation in Arkansas Administrative Statewide
7 Information System.

8 (a) The Office of the Arkansas Lottery ~~Commission~~ may participate in
9 the Arkansas Administrative Statewide Information System.

10 (b) The Department of Finance and Administration shall be reimbursed
11 under § 23-115-201 for services it provides to the office under subsection
12 (a) of this section.

13
14 Subchapter 4 – Operation of Lottery

15
16 23-115-401. Minority-owned businesses and female-owned businesses.

17 (a) It is the intent of the General Assembly that the Office of the
18 Arkansas Lottery ~~Commission~~ encourage participation by minority-owned
19 businesses and female-owned businesses in one (1) or more of the lotteries
20 under this chapter.

21 (b) The ~~commission~~ office shall adopt a plan that encourages to the
22 greatest extent possible a level of participation in the lotteries by
23 minority-owned businesses and female-owned businesses ~~taking~~ and takes into
24 account the total number of all retailers and vendors that may participate,
25 including any subcontractors.

26 (c) The ~~commission~~ office shall provide training programs and other
27 educational activities to encourage minority-owned businesses and female-
28 owned businesses to compete for contracts on an equal basis.

29 (d) ~~The commission shall employ staff to assist prospective vendors~~
30 ~~and retailers with entering into and competing for contracts, including~~
31 ~~without limitation the development and implementation of the plans and~~
32 ~~programs under subsections (b) and (c) of this section~~ office shall employ
33 staff to develop and implement the plans and programs under subsections (b)
34 and (c) of this section and to assist prospective vendors and retailers in
35 entering into and competing for contracts.

36 (e) The ~~commission~~ office shall monitor the results of minority-owned

1 business and female-owned business participation and shall report the results
2 of minority-owned business and female-owned business participation to the
3 Governor and the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee
4 on at least an annual basis.

5
6 23-115-402. Restriction on sales.

7 (a)(1) Unless authorized to do so in writing by the Director of the
8 Office of the Arkansas Lottery Commission, a person shall not sell a ticket
9 or share at a price other than the price established by the Office of the
10 Arkansas Lottery Commission.

11 (2)(A) Only a retailer holding a valid certificate of authority
12 from the ~~commission~~ office shall sell a ticket.

13 (B) This subsection does not prevent an individual who may
14 lawfully purchase ~~tickets or shares~~ a ticket or share from making a gift of
15 ~~tickets or shares~~ the ticket or share to another individual.

16 (b) This chapter does not prohibit the ~~commission~~ office from
17 designating certain of its agents and employees to sell or give tickets or
18 shares directly to the public.

19 (c) Subject to prior approval by the ~~commission~~ office, retailers may
20 give away tickets or shares as a means of promoting goods or services to
21 customers or prospective customers.

22 (d) A retailer shall not sell a ticket or share except from the
23 locations evidenced by the retailer's license issued by the ~~commission~~ office
24 unless the ~~commission~~ office authorizes in writing any temporary location not
25 listed in the retailer's license.

26 (e)(1) ~~Tickets or shares~~ A ticket or share shall not be sold or given
27 to ~~individuals~~ an individual under eighteen (18) years of age.

28 (2) An individual under eighteen (18) years of age is not
29 eligible to win a lottery prize.

30 (f) An individual is not eligible to win a lottery prize while the
31 individual is incarcerated in:

- 32 (1) The Department of Correction;
33 (2) The Department of Community Correction; or
34 (3) A county or municipal jail or detention facility.

35
36 23-115-403. Attachments, garnishments, or executions withheld from

1 lottery prizes – Validity of tickets or shares – Lottery prize restrictions –
2 Unclaimed lottery prizes.

3 (a) Proceeds of a lottery prize are subject to Arkansas state income
4 tax.

5 (b)(1) Except as otherwise provided in this chapter, attachments,
6 garnishments, or executions served upon the Office of the Arkansas Lottery
7 that are authorized and issued under Arkansas law shall be ~~withheld~~ honored
8 if timely served upon the ~~Arkansas Lottery Commission~~ office.

9 (2) Subdivision (b)(1) of this section does not apply to a
10 retailer.

11 (c)(1)(A) The ~~commission~~ office shall adopt rules to establish a
12 system of verifying the validity of tickets or shares claimed to win lottery
13 prizes and to effect payment of lottery prizes, ~~except that~~.

14 ~~(1)(A)(B)~~ A lottery prize, any portion of a lottery prize,
15 or any right of any individual to a lottery prize is not assignable.

16 ~~(B)(C)(i)~~ A lottery prize or any portion of a
17 lottery prize remaining unpaid at the death of a lottery prize winner shall
18 be paid to the estate of the deceased lottery prize winner or to the trustee
19 of a trust established by the deceased lottery prize winner as settlor if:

20 ~~(i)(a)~~ A copy of the trust document or
21 instrument has been filed with the ~~commission~~ office along with a notarized
22 letter of direction from the settlor; and

23 ~~(ii)(b)~~ ~~No~~ A written notice of revocation has
24 not been received by the ~~commission~~ office before the settlor's death.

25 ~~(G)~~ (ii) Following a settlor's death and before any
26 payment to a successor trustee, the ~~commission~~ office shall obtain from the
27 trustee a written agreement to indemnify and hold the ~~commission~~ office
28 harmless with respect to any claims that may be asserted against the
29 ~~commission~~ office arising from payment to or through the trust.

30 (D) Under an appropriate judicial order, an individual
31 shall be paid the lottery prize to which a winner is entitled~~†~~.

32 (2) A lottery prize shall not be paid ~~arising from claimed~~
33 ~~tickets that are~~ for a claim ticket that is:

34 (A) Stolen, counterfeit, altered, fraudulent, unissued,
35 produced or issued in error, unreadable, not received, or not recorded by the
36 ~~commission~~ office within applicable deadlines;

1 (B) Lacking in captions that conform and agree with the
2 play symbols as appropriate to the particular lottery involved; or

3 (C) Not in compliance with rules and public or
4 confidential validation and security tests of the ~~commission~~ office
5 appropriate to the particular lottery involved~~+~~.

6 (3)(A) A particular lottery prize in any lottery shall not be
7 paid more than one (1) time.

8 (B) If there is a determination that more than one (1)
9 claimant is entitled to a particular lottery prize, the sole remedy of the
10 claimants is the award to each of them of an equal share in the lottery
11 prize~~+~~.

12 (4)(A) Within one hundred eighty (180) days after the drawing in
13 which a cash lottery prize has been won, a holder of a winning cash ticket or
14 share from an Arkansas lottery or from a multistate or multisovereign lottery
15 shall claim the cash lottery prize.

16 (B)(i) In an Arkansas lottery in which a player may
17 determine instantly if he or she has won or lost, a player who has won shall
18 claim a cash lottery prize within ninety (90) days after the playing of the
19 instant game.

20 (ii) In any multistate or multisovereign lottery in
21 which a player may determine instantly if he or she has won or lost, a player
22 who has won shall claim a cash lottery prize within one hundred eighty (180)
23 days after the playing of the instant game.

24 (C) If a valid claim is not made for a cash lottery prize
25 within the applicable period, the cash lottery prize constitutes an unclaimed
26 lottery prize for purposes of this section.

27 (D) The ~~commission~~ office at any time may alter the time
28 periods under subdivisions (c)(4)(A) and (B) of this section by rule~~+~~ and.

29 (5)~~(A)~~ If practicable, an auditor chosen by the ~~commission~~
30 office shall be present at a draw to determine the winners of a draw game to
31 verify the accuracy of the results.

32 ~~(B) The commission may request an auditor employed by the~~
33 ~~Division of Legislative Audit for the purposes of this subdivision (e)(5).~~

34 (d)(1) A lottery prize shall not be paid upon a ticket or share
35 purchased or sold in violation of this chapter.

36 (2) A lottery prize described in subdivision (d)(1) of this

1 section is an unclaimed lottery prize for purposes of this section.

2 (e) The ~~commission~~ office is discharged of all liability upon payment
3 of a lottery prize.

4 (f)(1) The ~~commission~~ office shall not pay a lottery prize that
5 exceeds the amount of five hundred dollars (\$500) to any:

6 (A) ~~Member of the commission;~~

7 ~~(B)~~ Employee of the ~~commission~~ office; or

8 ~~(C)(B)~~ Member of the immediate family of ~~a member of the~~
9 ~~commission~~ or an employee of the ~~commission~~ office living in the same
10 household as the ~~member of the commission~~ or the employee.

11 (2) If an officer, employee, agent, or subcontractor of a vendor
12 has access to confidential information that may compromise the integrity of a
13 lottery, a ticket or share shall not be purchased by and a lottery prize
14 shall not be paid to ~~the~~:

15 (A) ~~Officer~~ The officer, employee, agent, or subcontractor
16 of the vendor; or

17 (B) ~~Immediate~~ A member of the immediate family of the
18 officer, employee, agent, or subcontractor of the vendor.

19 (g)(1) During a fiscal year, the ~~commission~~ office may expend up to
20 two million five hundred thousand dollars (\$2,500,000) of unclaimed lottery
21 prize money for one (1) or more of the following:

22 (A) Increasing the pool from which future lottery prizes
23 are to be awarded;

24 (B) Maintaining online game reserves at a fiscally sound
25 level; or

26 (C) Prize promotion.

27 (2) On the last day of each fiscal year, the ~~commission~~ office
28 shall deposit into the trust account for net lottery proceeds the amount of
29 unclaimed lottery prize money existing at the end of the fiscal year less one
30 million dollars (\$1,000,000).

31 (3) The ~~commission~~ office shall include in its monthly reports
32 to the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee the
33 following monthly and year-to-date amounts:

34 (A) Unclaimed lottery prize money;

35 (B) Expenditures from unclaimed lottery prize money; and

36 (C) Deposits to net lottery proceeds from unclaimed

1 *lottery prize money.*

2

3 *23-115-404. Confidential information.*

4 *(a)(1) Except as provided in subdivision (a)(2) of this section, the*
5 *Office of the Arkansas Lottery Commission shall comply with the Freedom of*
6 *Information Act of 1967, § 25-19-101 et seq.*

7 *(2) The following records or information shall be treated as*
8 *confidential and are exempt from public disclosure under the Freedom of*
9 *Information Act of 1967, § 25-19-101 et seq.:*

10 *(A) Information pertaining to the security of lottery*
11 *games and lottery operations, including without limitation:*

12 *(i) Security measures, systems, or procedures; and*

13 *(ii) Security reports; and*

14 *(B) Any records exempt from disclosure under the Freedom*
15 *of Information Act of 1967, § 25-19-101 et seq.*

16 *(b) The Division of Legislative Audit shall have full access to the*
17 *records of the ~~commission~~ office.*

18

19 *23-115-405. Intelligence sharing, reciprocal use, or restricted use*
20 *agreements.*

21 *(a) The Office of the Arkansas Lottery Commission may enter into an*
22 *intelligence sharing, reciprocal use, or restricted use agreement with the*
23 *United States Government, law enforcement agencies, lottery regulation*
24 *agencies, and gaming enforcement agencies of other jurisdictions that provide*
25 *for and regulate the use of information provided and received under the*
26 *agreement.*

27 *(b) Records, documents, and information in the possession of the*
28 *~~commission~~ office received under subsection (a) of this section are exempt*
29 *from the Freedom of Information Act of 1967, § 25-19-101 et seq., and shall*
30 *not be released without the permission of the person or agency providing the*
31 *records, documents, and information.*

32

33 *23-115-406. Authority of local government.*

34 *(a)(1) The authority of local government concerning all matters*
35 *relating to the operation of lotteries is preempted by this chapter.*

36 *(2) Local government shall not take any action, including*

1 without limitation the adoption of an ordinance, relating to the operation of
2 lotteries.

3 (b) This section does not prohibit local government from requiring a
4 retailer to obtain an occupational license for any business unrelated to the
5 sale of tickets or shares.

6

7 23-115-407. Video lotteries prohibited.

8 A video lottery shall not be used as part of a lottery under this
9 chapter.

10

11 23-115-408. Video lotteries by institution or facility governed by
12 other wagering laws prohibited.

13 This chapter does not permit the use of a video lottery for any
14 purposes by any institution or facility governed by the:

15 (1) Arkansas Horse Racing Law, § 23-110-101 et seq.;

16 (2) Arkansas Greyhound Racing Law, § 23-111-101 et seq.; or

17 (3) Local Option Horse Racing and Greyhound Racing Electronic
18 Games of Skill Act, § 23-113-101 et seq.

19

20 23-115-409. Laws under other wagering chapters not affected.

21 This chapter does not alter wagering that may be conducted under the
22 Arkansas Horse Racing Law, § 23-110-101 et seq., the Arkansas Greyhound
23 Racing Law, § 23-111-101 et seq., or the Local Option Horse Racing and
24 Greyhound Racing Electronic Games of Skill Act, § 23-113-101 et seq.

25

26 23-115-410. Compulsive gambling disorder treatment and educational
27 programs.

28 (a) The Office of the Arkansas Lottery Commission shall provide an
29 annual amount of at least two hundred thousand dollars (\$200,000) for:

30 (1) Compulsive gambling disorder treatment programs; and

31 (2) Compulsive gambling disorder educational programs.

32 (b)(1) The ~~commission~~ office shall work ~~together~~ with the Department
33 of Human Services to implement the compulsive gambling disorder treatment
34 programs and the compulsive gambling disorder educational programs under this
35 section.

36

(2) The ~~commission~~ office may contract with the department for

1 ~~providing all services related to and administering of~~ provide and administer
2 the compulsive gambling disorder treatment programs and the compulsive
3 gambling disorder educational programs.

4 (3) As part of its compulsive gambling disorder treatment ~~and~~
5 ~~educational programs~~ programs and compulsive gambling disorder educational
6 programs, the department shall make available a toll-free helpline telephone
7 number ~~providing to provide~~ information and referral services concerning
8 compulsive gambling disorders.

9 (4) The department may promulgate rules to administer the
10 compulsive gambling disorder treatment programs and the compulsive gambling
11 disorder educational programs.

12 (c) The ~~commission~~ office and the department shall provide a joint
13 report to the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee
14 that includes without limitation:

15 (1) An annual summary of the amount of funding disbursed under
16 this section and expenditures from the funding;

17 (2) A summary of what the compulsive gambling disorder treatment
18 programs and compulsive gambling disorder educational programs provide; and

19 (3) The recommendations of the ~~commission~~ office and the
20 department for changes in the programs or funding the programs.

21
22 23-115-411. Multidraw screen-based lottery game prohibited.

23 (a)(1) A multidraw screen-based lottery game shall not be used as part
24 of a lottery under this chapter except as provided under subdivision (a)(2)
25 of this section.

26 (2) All lottery games operated by the Office of the Arkansas
27 Lottery ~~Commission~~ on or before June 29, 2014, are permitted and may continue
28 as a part of the Arkansas Scholarship Lottery.

29 (b) The prohibition of multidraw screen-based lottery games shall
30 expire on March 13, 2015.

31
32 Subchapter 5 – Vendors

33
34 23-115-501. Vendors – Requirements when submitting a bid, proposal, or
35 offer – Major procurement contract.

36 (a) The Office of the Arkansas Lottery ~~Commission~~ shall investigate

1 the financial responsibility, security, and integrity of a vendor who is a
2 finalist in submitting a bid, proposal, or offer ~~as part of~~ to perform a
3 major procurement contract.

4 (b) At the time of submitting a bid, proposal, or offer to the
5 ~~commission office, the commission~~ a vendor shall ~~require the following items~~
6 include:

7 (1) A disclosure of the vendor's name and address and, as
8 applicable, the names and addresses of the following:

9 (A)(i) If the vendor is a corporation, the officers,
10 directors, and each stockholder ~~of~~ holding more than a ten percent (10%)
11 interest in the corporation.

12 (ii) However, in the case of owners of equity
13 securities of a publicly traded corporation, only the names and addresses of
14 those known to the corporation to own beneficially five percent (5%) or more
15 of the securities need be disclosed;

16 (B) If the vendor is a trust, the trustee and all persons
17 entitled to receive income or benefits from the trust;

18 (C) If the vendor is an association, the members,
19 officers, and directors; and

20 (D) If the vendor is a partnership or joint venture, all
21 of the general partners, limited partners, or joint venturers;

22 (2) A disclosure of all the states and jurisdictions in which
23 the vendor does business and the nature of the business for each state or
24 jurisdiction;

25 (3) A disclosure of all the states and jurisdictions in which
26 the vendor has contracts to supply gaming goods or services, including
27 without limitation lottery goods and services, and the nature of the goods or
28 services involved for each state or jurisdiction;

29 (4)(A) A disclosure of all the states and jurisdictions in which
30 the vendor has applied for, has sought renewal of, has received, has been
31 denied, has pending, or has had revoked a lottery or gaming license of any
32 kind or had fines or penalties assessed to the vendor's license, contract, or
33 operation and the disposition of each instance in each state or jurisdiction.

34 (B) If ~~any~~ a lottery or gaming license or contract has
35 been revoked or has not been renewed or any lottery or gaming license or
36 application has been either denied or is pending and has remained pending for

1 more than six (6) months, all of the facts and circumstances underlying the
2 failure to receive a license shall be disclosed;

3 (5)(A) A disclosure of the details of ~~any a~~ finding or plea,
4 conviction, or adjudication of guilt in a state, ~~or~~ federal, foreign, or
5 international court or tribunal of the vendor for ~~any felony or any other a~~
6 criminal offense other than a traffic violation committed by the persons
7 vendor or a person identified under subdivision (b)(1) of this section.

8 (B)(i) The ~~commission~~ office may request that any or all
9 of the persons identified under subdivision (b)(1) of this section undergo a
10 state and federal criminal background check.

11 (ii) If requested, a state and federal criminal
12 background check shall be conducted ~~in the manner~~ under § 23-115-601(e);

13 (6) A disclosure of the details of ~~any a~~ vendor's:

14 (A) ~~bankruptcy~~ Bankruptcy, insolvency, or reorganization,
15 ~~or~~;

16 (B) ~~corporate~~ Corporate or individual purchase or takeover
17 of another corporation, including without limitation the assumption of bonded
18 indebtedness or other debts or liabilities; and

19 (C) ~~any pending~~ Pending litigation ~~of the vendor~~;

20 (7) ~~A disclosure of the~~ The vendor's most recent financial
21 ~~report, including any reports on internal control over financial reporting,~~
22 ~~and statement,~~ the most recent audit report of the vendor's ~~operation as a~~
23 ~~service organization~~ operations, and a disclosure of the vendor's internal
24 financial controls and procedures for financial reporting; and

25 (8) Additional disclosures and information that the ~~commission~~
26 ~~may determine to be~~ office determines is appropriate for the major
27 procurement contract involved.

28 (c) If any portion of a vendor's contract is subcontracted, the vendor
29 shall disclose all of the information required by this section for the
30 subcontractor as if the subcontractor were itself a vendor.

31 (d)(1) The ~~commission~~ office shall not enter into a major procurement
32 contract with a vendor that:

33 (A) Has not complied with the disclosure requirements
34 ~~described in subsection (b)~~ of this section;

35 (B) Has been found guilty of a felony related to the
36 security or integrity of a lottery in this or any other jurisdiction; or

1 (C) Has an ownership interest in an entity that has
 2 supplied lottery goods or services under contract to the ~~commission~~ office
 3 regarding the request for proposals pertaining to those particular goods or
 4 services.

5 (2) The ~~commission~~ office may terminate a major procurement
 6 contract with a vendor that does not comply with requirements for
 7 periodically updating disclosures during the ~~tenure~~ term of ~~the~~ a major
 8 procurement contract as ~~may be~~ specified in the major procurement contract.

9 (3) This section shall be construed broadly and liberally to
 10 achieve full disclosure of all information necessary to allow for a full and
 11 complete evaluation by the ~~commission~~ office of the competence, integrity,
 12 background, and character of ~~vendors~~ a vendor for a major procurement
 13 ~~contracts~~ contract.

14 (e)(1) A vendor who provides or proposes to provide goods or services
 15 under a major procurement contract shall not provide a gift or compensation
 16 to:

17 (A) The Director of the Office of the Arkansas Lottery
 18 ~~Commission, a commission member, a commission~~ an employee of the Office of
 19 the Arkansas Lottery, the Director of the Department of Finance and
 20 Administration, the Deputy Director of the Department of Finance and
 21 Administration, or a member of the Arkansas Lottery ~~Commission~~ Legislative
 22 Oversight Committee; or

23 (B) A member of the immediate family of the ~~director, a~~
 24 ~~commission member, a commission~~ Director of the Office of the Arkansas
 25 Lottery, an employee of the office, the Director of the Department of Finance
 26 and Administration, the Deputy Director of the Department of Finance and
 27 Administration, or a member of the Arkansas Lottery ~~Commission~~ Legislative
 28 Oversight Committee.

29 (2)(A) ~~Any~~ A person who knowingly violates subdivision (e)(1) of
 30 this section shall be guilty of a Class A misdemeanor.

31 (B)(i) The Arkansas Ethics Commission ~~shall also have the~~
 32 ~~authority to~~ may investigate and ~~address~~ enforce alleged violations of
 33 subdivision (e)(1) of this section-

34 (ii) ~~The Arkansas Ethics Commission shall have the~~
 35 ~~same power and~~ under the authority to ~~enforce the provisions of subdivision~~
 36 ~~(e)(1) of this section as granted to it under~~ by §§ 7-6-217 and 7-6-218.

1 (f)(1) A public official, the Director of the Department of Finance
2 and Administration, and the Deputy Director of the Department of Finance and
3 Administration shall not knowingly own a financial interest in a vendor.

4 (2)(A) If a public official, the Director of the Department of
5 Finance and Administration, or the Deputy Director of the Department of
6 Finance and Administration becomes aware that he or she owns a financial
7 interest in a vendor, the public official, the Director of the Department of
8 Finance and Administration, or the Deputy Director of the Department of
9 Finance and Administration shall divest the financial interest as soon as
10 possible.

11 (B) A public official, the Director of the Department of
12 Finance and Administration, or the Deputy Director of the Department of
13 Finance and Administration shall not divest the financial interest to a
14 member of his or her immediate family.

15
16 23-115-502. Vendor – Performance bond or letter of credit.

17 (a)(1) At the time of execution of ~~the~~ a major procurement contract
18 ~~with~~ between the Office of the Arkansas Lottery ~~Commission~~ and a vendor,
19 ~~each~~ the vendor shall post a performance bond or letter of credit from a bank
20 or credit provider acceptable to the ~~commission~~ office in an amount ~~as~~ deemed
21 necessary by the ~~commission for that particular bid or~~ office to assure the
22 performance of the major procurement contract.

23 (2) In lieu of the bond, ~~to assure the faithful performance of~~
24 ~~its obligations, a~~ the vendor may deposit and maintain with the ~~commission~~
25 office securities acceptable to the office that are:

26 (A) Interest bearing or accruing; and

27 (B) Rated in one (1) of the three (3) highest
28 classifications by an established, nationally recognized investment rating
29 service.

30 (3) Securities eligible under this section are limited to:

31 (A) Certificates of deposit in an amount fully insured by
32 the Federal Deposit Insurance Corporation issued by solvent banks or savings
33 associations, if the solvent banks or savings associations are:

34 (i) Approved by the ~~commission~~ office; and

35 (ii) Organized and existing under the laws of this
36 state or under the laws of the United States;

1 (B) United States Government bonds, notes, and bills for
2 which the full faith and credit of the United States Government is pledged
3 for the payment of principal and interest;

4 (C) Federal agency securities by an agency or
5 instrumentality of the United States Government; and

6 (D)(i) Corporate bonds approved by the ~~commission~~ office.

7 (ii) The entity that issued the bonds shall not be
8 an affiliate or subsidiary of the depositor.

9 (4) The securities shall be held in trust and shall at all times
10 be in an amount as deemed necessary by the ~~commission~~ office for the
11 ~~particular bid or~~ major procurement contract.

12 (b)(1) Each vendor shall be qualified to do business in this state and
13 shall file appropriate tax returns as provided by the laws of this state.

14 (2) ~~All~~ A major procurement ~~contracts~~ contract under this
15 section shall be governed by the laws of this state except as provided in
16 this chapter.

17
18 23-115-503. Cancellation, suspension, revocation, or termination of
19 major procurement contract.

20 (a) A major procurement contract executed by the Office of the
21 Arkansas Lottery ~~Commission~~ under this chapter shall specify the reasons for
22 which the major procurement contract may be canceled, suspended, revoked, or
23 terminated by the ~~commission~~ office. The reasons shall include without
24 limitation:

25 (1) Commission of a violation of this chapter or a rule of the
26 ~~commission~~ office;

27 (2) Commission of any fraud, deceit, or misrepresentation;

28 (3) Conduct prejudicial to public confidence in a lottery;

29 (4) The vendor's filing for or being placed in bankruptcy or
30 receivership; or

31 (5) Any material change as determined in the sole discretion of
32 the ~~commission~~ office in any matter considered by the ~~commission~~ office in
33 ~~executing~~ entering into the major procurement contract with the vendor.

34 (b)(1) If ~~upon approval of the commission~~ the Director of the Office
35 of the Arkansas Lottery ~~Commission~~ or his or her designee determines that
36 cancellation, denial, revocation, suspension, or ~~rejection of renewal of the~~

1 failure to renew a major procurement contract is in the best interest of
2 ~~lotteries~~ the Arkansas Scholarship Lottery, the public welfare, or the State
3 of Arkansas, the director or his or her designee may cancel, suspend, revoke,
4 or terminate, ~~after~~ subject to notice and a right to a hearing, or fail to
5 renew a major procurement contract issued under this chapter.

6 (2) The major procurement contract may be temporarily suspended
7 by the director or his or her designee without ~~commission approval~~ or prior
8 notice pending a hearing.

9 (3) A major procurement contract may be suspended, revoked, or
10 terminated by the director or his or her designee for any one (1) or more of
11 the reasons enumerated in this section.

12 (c) Hearings under this section shall be held in accordance with the
13 Arkansas Administrative Procedure Act, § 25-15-201 et seq.

14

15 23-115-504. Political contributions by vendors – Legislative findings.

16 (a) The General Assembly finds:

17 (1) That the integrity of the Office of the Arkansas Lottery
18 ~~Commission~~ and ~~lotteries~~ the Arkansas Scholarship Lottery is of utmost
19 importance; and

20 (2) That the people of the State of Arkansas should have
21 confidence and be assured that public officials are free of any ~~untoward~~
22 improper political influence by vendors.

23 (b) A vendor awarded a major procurement contract for lottery
24 equipment or tickets or an officer, employee, or agent of a vendor awarded a
25 major procurement contract for lottery equipment or tickets shall not make a
26 political contribution to a public official or a candidate for election as a
27 public official.

28 (c) A vendor proposing to provide goods or services under a major
29 procurement contract or an officer, employee, or agent of a vendor proposing
30 to provide goods or services under a major procurement contract shall not+

31 ~~(1) Make~~ make or promise to make a political contribution or
32 future political contribution to a public official or a candidate for
33 election as a public official while the award of the major procurement
34 contract is pending; ~~and~~

35 ~~(2) While the award of the major procurement contract is~~
36 ~~pending, promise to make a political contribution to a public official or a~~

1 ~~candidate for election as a public official after the award of the major~~
2 ~~procurement contract.~~

3
4 Subchapter 6 – Retailers

5
6 23-115-601. Retailers.

7 (a) The General Assembly recognizes that to conduct a successful
8 lottery, the Office of the Arkansas Lottery Commission must develop and
9 maintain a statewide network of retailers that will serve the public
10 convenience and promote the sale of tickets or shares and the playing of
11 lotteries while ensuring the integrity of lottery operations, games, and
12 activities.

13 (b) The ~~commission~~ office shall make every effort to provide small
14 retailers a chance to participate in the sales of tickets or shares.

15 (c) The ~~commission~~ office shall provide for compensation to retailers
16 in the form of commissions in an amount of not less than five percent (5%) of
17 gross sales of tickets and shares and may provide for other forms of
18 compensation for services rendered in the sale or cashing of tickets or
19 shares.

20 (d)(1) For purposes of display, the ~~commission~~ office shall issue a
21 license to each person that it licenses as a retailer.

22 (2)(A) ~~Every~~ A retailer shall post and keep conspicuously
23 displayed in a location on the premises accessible to the public its license.

24 (B) A license is not assignable or transferable.

25 (e)(1) A person ~~considered as~~ seeking to be a retailer shall apply to
26 the Identification Bureau of the Department of Arkansas State Police for a
27 state and federal criminal background check, to be conducted by the
28 Identification Bureau of the Department of Arkansas State Police and the
29 Federal Bureau of Investigation.

30 (2) The state and federal criminal background check shall
31 conform to ~~the~~ applicable federal standards and shall include the taking of
32 fingerprints.

33 (3) The applicant shall sign a consent to the release of
34 information for the state and federal criminal background check.

35 (4) The ~~commission~~ office shall be responsible for the payment
36 of any fee associated with the state and federal criminal background check.

1 (5) Upon completion of the state and federal criminal background
2 check, the Identification Bureau of the Department of Arkansas State Police
3 shall forward to the ~~commission~~ office all releasable information obtained
4 concerning the applicant.

5 (f)(1) The ~~commission~~ office shall develop a list of objective
6 criteria upon which the qualification of retailers shall be based.

7 (2) The ~~commission~~ office shall develop separate criteria to
8 govern the selection of retailers of instant tickets.

9 (3) In developing the criteria, the ~~commission~~ office shall
10 consider certain factors, including without limitation:

11 (A) The applicant's financial responsibility;

12 (B) Security of the applicant's place of business or
13 activity;

14 (C) Accessibility to the public;

15 (D) The applicant's integrity; and

16 (E) The applicant's reputation.

17 ~~(4)(g)~~ The ~~commission~~ office shall not consider political affiliation,
18 activities, or monetary contributions to political organizations or
19 candidates for any public office.

20 ~~(5)(h)~~ The ~~criteria~~ office shall ~~include without limitation the~~
21 ~~following~~ not select a person to be a retailer that:

22 ~~(A)(i)(1)(A)~~ The applicant shall be Is not current in filing all
23 applicable tax returns to the State of Arkansas and in payment of all taxes,
24 interest, and penalties owed to the State of Arkansas, excluding items under
25 formal appeal under applicable statutes.

26 ~~(ii)(B)~~ The Department of Finance and Administration shall
27 provide to the ~~commission~~ office the information required ~~under~~ to verify
28 compliance with subdivision ~~(f)(5)(A)(i)(h)(1)(A)~~ of this section;

29 ~~(B)~~ ~~The commission shall not select as a retailer any~~
30 ~~person who:~~

31 ~~(i)(2)~~ Has been convicted of a criminal offense related to the
32 security or integrity of a lottery in this or any other jurisdiction;

33 ~~(ii)(a)(3)(A)~~ Has been convicted of any illegal gambling
34 activity, false statements, false swearing, or perjury in this or any other
35 jurisdiction or convicted of any crime punishable by more than one (1) year
36 of imprisonment or a fine of more than one thousand dollars (\$1,000), or

1 both.

2 ~~(b)(B)~~ Subdivision ~~(f)(5)(B)(ii)(a)~~ (h)(3)(A) of this
3 section shall not apply if the person's civil rights have been restored and
4 at least five (5) years have elapsed from the date of the completion of the
5 sentence without a subsequent conviction of a crime described in subdivision
6 ~~(f)(5)(B)(ii)(a)~~ (h)(3)(A) of this section;

7 ~~(iii)(4)~~ Has been found to have violated this chapter or any
8 rule, policy, or procedure of the ~~commission~~ office unless:

9 ~~(a)(A)~~ Ten (10) years have passed since the violation; or

10 ~~(b)(B)~~ The ~~commission~~ office finds the violation both
11 minor and unintentional in nature;

12 ~~(iv)(5)~~ Is a vendor or an employee or agent of a vendor doing
13 business with the ~~commission~~ office;

14 ~~(v)(6)~~ Is ~~a member~~ an employee of the ~~commission~~ office or a
15 member of the immediate family of ~~a member~~ an employee of the ~~commission~~
16 office;

17 ~~(vi)(7)~~ Has made a statement of material fact to the ~~commission~~
18 office knowing the statement to be false; or

19 ~~(vii)(a)(8)(A)~~ Is engaged exclusively in the business of selling
20 tickets or shares.

21 ~~(b)(B)~~ Subdivision ~~(f)(5)(B)(vii)(a)~~ (h)(8)(A) of this
22 section does not preclude the ~~commission~~ office from selling or giving away
23 tickets or shares for promotional purposes;

24 ~~(G)(i)(1)~~ A person applying to become a retailer shall be charged a
25 uniform application fee determined by rule for each lottery outlet~~;~~.

26 ~~(D)(2)~~ All A retailer ~~licenses~~ license may be renewable annually
27 in the discretion of the ~~commission~~ office unless canceled or terminated by
28 the ~~commission~~ office~~;~~ and.

29 ~~(E)(3)~~ The ~~commission~~ office may establish by rule a reasonable
30 fee for the issuance, reissuance, fine, or penalty associated with the
31 process, procedures, or enforcement necessary to issue or maintain a retailer
32 license, including without limitation to cover the cost of:

33 ~~(i)(A)~~ An initial and any subsequent state and federal
34 criminal background check under this subchapter; and

35 ~~(ii)(B)~~ The reporting, communications technology, and
36 banking processes necessary to implement and enforce this subchapter.

1 ~~(g)(1)(j)(1)~~ A retailer or an applicant to be a retailer shall not
2 provide a gift or compensation to:

3 (A) The Director of the Office of the Arkansas Lottery
4 ~~Commission, a commission member, or a commission,~~ an employee of the office,
5 the Director of the Department of Finance and Administration, or the Deputy
6 Director of the Department of the Finance and Administration; or

7 (B) A member of the immediate family of the ~~director, a~~
8 ~~commission member, or a commission~~ Director of the Office of the Arkansas
9 Lottery, an employee of the office, the Director of the Department of Finance
10 and Administration, or the Deputy Director of the Department of Finance and
11 Administration.

12 (2)(A) ~~Any~~ A person who knowingly violates subdivision
13 ~~(g)(1)(j)(1)~~ of this section shall be guilty of a Class A misdemeanor.

14 (B)~~(i)~~ The Arkansas Ethics Commission shall ~~also~~ have the
15 authority to investigate and ~~address~~ enforce alleged violations of
16 subdivision ~~(g)(1)(j)(1)~~ of this section.

17 ~~(ii) The Arkansas Ethics Commission shall have the~~
18 ~~same power and authority to enforce the provisions of subdivision (g)(1) of~~
19 ~~this section as granted to it under by §§ 7-6-217 and 7-6-218.~~

20
21 23-115-602. Retailer license.

22 (a) A retailer license is not transferable or assignable.

23 (b) A retailer shall not contract with any person for lottery goods or
24 services except with the approval of the Office of the Arkansas Lottery
25 ~~Commission.~~

26 (c) Tickets and shares shall be sold only by the retailer stated on
27 the retailer's license issued by the ~~commission~~ office under this chapter.

28
29 23-115-603. Fidelity fund – Retailer fee – Reserve account to cover
30 losses – Retailer bond.

31 (a)(1) The Office of the Arkansas Lottery ~~Commission~~ shall establish a
32 fidelity fund separate from all other funds and shall assess each retailer an
33 annual fee not to exceed one hundred dollars (\$100) per sales location to be
34 deposited into the fidelity fund.

35 (2) Moneys deposited into the fidelity fund may be:

36 (A) Invested or deposited into one (1) or more interest-

1 bearing accounts;

2 (B) Used to cover losses the ~~commission~~ office experiences
3 due to nonfeasance, misfeasance, or malfeasance of a retailer; and

4 (C) Used to purchase blanket bonds covering the ~~commission~~
5 office against losses from all retailers.

6 (3) At the end of each fiscal year, the ~~commission~~ office shall
7 pay to the trust account managed and maintained by the Department of Higher
8 Education any amount in the fidelity fund that exceeds five hundred thousand
9 dollars (\$500,000), and the funds shall be considered net proceeds from a
10 lottery.

11 (b)(1) A reserve account may be established as a general operating
12 expense to cover amounts deemed uncollectable.

13 (2) The ~~commission~~ office shall establish procedures for
14 minimizing any losses that may be deemed uncollectable and shall exercise and
15 exhaust all available options in those procedures before writing off amounts
16 to this account.

17 (c)(1) The ~~commission~~ office shall require a retailer to post an
18 appropriate bond, as determined by the ~~commission~~ office, using an insurance
19 company acceptable to the ~~commission~~ office.

20 (2) If applicable, the amount of the bond shall not exceed the
21 district sales average of tickets for two (2) billing periods.

22 (d)(1) In its discretion, the ~~commission~~ office may allow a retailer
23 to deposit and maintain with the ~~commission~~ office securities that are
24 interest-bearing or accruing.

25 (2) Securities eligible under this subsection are limited to:

26 (A) Certificates of deposit in an amount fully insured by
27 the Federal Deposit Insurance Corporation issued by solvent banks or savings
28 associations organized and existing under the laws of this state or under the
29 laws of the United States;

30 (B) United States Government bonds, notes, and bills for
31 which the full faith and credit of the United States Government is pledged
32 for the payment of principal and interest; or

33 (C) Federal agency securities by an agency or
34 instrumentality of the United States Government.

35 (3) The securities shall be held in trust in the name of the
36 ~~commission~~ office.

1
2 23-115-604. Cancellation, suspension, revocation, or termination of
3 retailer license.

4 (a) A retailer license executed by the Office of the Arkansas Lottery
5 ~~Commission~~ under this chapter shall specify the reasons for which the
6 retailer license may be canceled, suspended, revoked, or terminated by the
7 ~~commission~~ office. The reasons shall include without limitation:

8 (1) Commission of a violation of this chapter or a rule of the
9 ~~commission~~ office;

10 (2) Failure to accurately or timely account for tickets, lottery
11 games, revenues, or prizes as required by the ~~commission~~ office;

12 (3) Commission of any fraud, deceit, or misrepresentation;

13 (4) Insufficient sales;

14 (5) Conduct prejudicial to public confidence in a lottery;

15 (6) The retailer's filing for or being placed in bankruptcy or
16 receivership;

17 (7) Any material change as determined in the sole discretion of
18 the ~~commission~~ office in any matter considered by the ~~commission~~ office in
19 ~~executing~~ granting the license ~~with~~ of the retailer; or

20 (8) Failure to meet any of the objective criteria established by
21 the ~~commission~~ office under this chapter.

22 (b)(1) If ~~upon approval of the commission~~ the Director of the Office
23 of the Arkansas Lottery ~~Commission~~ or his or her designee determines that
24 cancellation, denial, revocation, suspension, or ~~rejection of renewal of the~~
25 failure to renew a retailer license is in the best interest of ~~lotteries~~ the
26 Arkansas Scholarship Lottery, the public welfare, or the State of Arkansas,
27 the director or his or her designee may cancel, suspend, revoke, or
28 terminate, ~~after~~ subject to notice and a right to a hearing, or fail to renew
29 a retailer license issued under this chapter.

30 (2) The retailer license may be temporarily suspended by the
31 director or his or her designee without ~~commission approval~~ or prior notice
32 pending a hearing.

33 (3) A retailer license may be suspended, revoked, or terminated
34 by the director or his or her designee for any one (1) or more of the reasons
35 enumerated in subsection (a) of this section.

36 (4) Hearings under this subsection shall be held in accordance

1 with the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

2
3 23-115-605. Retailers – Fiduciary duty – Protection against loss.

4 (a)(1) ~~All proceeds~~ Proceeds from the sale of tickets or shares
5 ~~constitute a~~ shall be held in trust fund until paid to the Office of the
6 ~~Arkansas Lottery Commission~~ either directly or through the ~~commission's~~
7 office's authorized collection representative.

8 (2) A retailer and officers of a retailer's business have a
9 fiduciary duty to preserve and account for retail lottery proceeds, and
10 retailers are personally liable for all lottery proceeds.

11 (3) For the purpose of this section, lottery proceeds include
12 without limitation:

13 (A) Unsold instant tickets received by a retailer;

14 (B) Cash proceeds of the sale of ~~any~~ lottery products;

15 (C) Net of allowable sales commissions; and

16 (D) Credit for lottery prizes paid to winners by
17 retailers.

18 (4) Sales proceeds and unused instant tickets shall be delivered
19 to the ~~commission~~ office or its authorized collection representative upon
20 demand.

21 (b)(1) The ~~commission~~ office shall require retailers to place all
22 lottery proceeds due the ~~commission~~ office in accounts in institutions
23 insured by the Federal Deposit Insurance Corporation not later than the close
24 of the next banking day after the date of their collection by the retailer
25 until the date they are paid to the ~~commission~~ office.

26 (2) At the time of the deposit, lottery proceeds shall be deemed
27 to be the property of the ~~commission~~ office.

28 (3) The ~~commission~~ office may require a retailer to establish a
29 single separate electronic funds transfer account when available for the
30 purpose of:

31 (A) Receiving moneys from ticket or share sales;

32 (B) Making payments to the ~~commission~~ office; and

33 (C) Receiving payments for the ~~commission~~ office.

34 (4) Unless authorized in writing by the ~~commission~~ office, each
35 retailer shall establish a separate bank account for lottery proceeds that
36 shall be kept separate and apart from all other funds and assets and shall

1 not be commingled with any other funds or assets.

2 (c) When an individual who receives proceeds from the sale of tickets
3 or shares in the capacity of a retailer becomes insolvent or dies insolvent,
4 the proceeds due the ~~commission~~ office from the individual or his or her
5 estate have preference over all debts or demands.

6 (d) If the ~~commission~~ office determines that a retailer failed to
7 comply with subsection (b) of this section three (3) times within any
8 consecutive twenty-four-month period, the ~~commission~~ office may pursue
9 business closure against the retailer under this subchapter.

10

11 23-115-606. Retailer – Rental payments based on percentage of retail
12 sales.

13 If a retailer's rental payments for the business premises are
14 contractually computed, in whole or in part, on the basis of a percentage of
15 retail sales and the computation of retail sales is not explicitly defined to
16 include sales of tickets or shares, only the compensation received by the
17 retailer from the Office of the Arkansas Lottery Commission may be considered
18 the amount of the lottery retail sale for purposes of computing the rental
19 payment.

20

21 23-115-607. Business closure authority – Notice.

22 (a) In addition to all other remedies provided by law for failure to
23 remit lottery proceeds due the Office of the Arkansas Lottery Commission, the
24 Director of the Office of the Arkansas Lottery Commission may close the
25 business of a retailer if the retailer fails to comply with § 23-115-605(b)
26 three (3) times within any consecutive twenty-four-month period.

27 (b)(1) The director shall give notice to the retailer that the third
28 delinquency in complying with § 23-115-605(b) in any consecutive twenty-four-
29 month period may result in the closure of the business.

30 (2) The notice shall be in writing and delivered to the retailer
31 by:

32 (A) The United States Postal Service; or

33 (B) Hand delivery.

34 (c)(1) If the retailer has a third delinquency in complying with § 23-
35 115-605(b) in any consecutive twenty-four-month period after the issuance of
36 the notice provided in subsection (b) of this section and the director

1 chooses to close the business, the director shall notify the retailer by
2 certified mail or by hand delivery that the business will be closed within
3 five (5) business days from the date of receipt of the notice unless the
4 retailer avoids closure of the business under subsection (d) of this section.

5 (2) If the fifth day falls on a Saturday, Sunday, or legal
6 holiday, the performance of an act to avoid ~~business~~ closure of the business
7 under subsection (d) of this section is timely when performed on the next
8 succeeding business day that is not a Saturday, Sunday, or legal holiday.

9 (d) A retailer may avoid closure of the business by:

10 (1) Remitting the delinquent lottery proceeds; or

11 (2) Entering into a written payment agreement approved by the
12 director to satisfy the lottery proceeds delinquency.

13
14 23-115-608. Administrative hearing.

15 (a) A retailer may request an administrative hearing concerning the
16 decision of the Director of the Office of the Arkansas Lottery Commission to
17 close the retailer's business.

18 (b) Within five (5) business days after the delivery or attempted
19 delivery of the notice required by § 23-115-607(c), the retailer may file a
20 written protest, signed by the retailer or his or her authorized agent, with
21 the director stating the reasons for opposing the closure of the business and
22 requesting an administrative hearing.

23 (c)(1) A retailer may request that an administrative hearing be held:

24 (A) In person;

25 (B) By telephone;

26 (C) Upon written documents furnished by the retailer; or

27 (D) Upon written documents and any evidence to be produced
28 by the retailer at an administrative hearing.

29 (2) The director may determine whether an administrative hearing
30 at which testimony is to be presented will be conducted in person or by
31 telephone.

32 (3) A retailer who requests an administrative hearing based upon
33 written documents is not entitled to any other administrative hearing before
34 the rendering of the administrative decision.

35 (d) The administrative hearing shall be conducted by a hearing officer
36 appointed by the director.

1 (e)(1) *The hearing officer shall:*

2 (A) *Set the time and place for a hearing; and*

3 (B) *Give the retailer notice of the hearing.*

4 (2) *At the administrative hearing, the retailer may:*

5 (A) *Be represented by an authorized representative; and*

6 (B) *Present evidence in support of his or her position.*

7 (f) *The administrative hearing shall be held within fourteen (14)*
8 *calendar days of receipt by the director of the request for hearing.*

9 (g) *The administrative hearing and determinations made by the hearing*
10 *officer under this subchapter are subject to the Arkansas Administrative*
11 *Procedure Act, § 25-15-201 et seq.*

12 (h) *The defense or defenses to the closure of a business under this*
13 *subchapter are:*

14 (1) *Written proof that the retailer remitted the delinquent*
15 *lottery proceeds due; or*

16 (2) *That the retailer has entered into a written payment*
17 *agreement, approved by the director, to satisfy the lottery proceeds*
18 *delinquency.*

19 (i) *The decision of the hearing officer shall be in writing with*
20 *copies delivered to the retailer and the director by the United States Postal*
21 *Service or by hand delivery.*

22
23 23-115-609. *Judicial relief.*

24 (a)(1) *If the decision of the hearing officer under § 23-115-608 is to*
25 *affirm the closure of the business, the decision shall be submitted in*
26 *writing and delivered by the United States Postal Service or by hand to the*
27 *retailer.*

28 (2) *The retailer may seek judicial relief from the decision by*
29 *filing suit within twenty (20) calendar days of the date of the decision.*

30 (b)(1) *Jurisdiction for a suit under this section to contest a*
31 *determination of the Director of the Office of the Arkansas Lottery shall be*
32 *in Pulaski County Circuit Court, where the matter shall be tried de novo.*

33 (2)(A) *If the circuit court finds that the business closure*
34 *order was appropriately issued by the director, the circuit court shall issue*
35 *an injunction against the retailer prohibiting the further operation of the*
36 *business.*

1 (B) If a business subject to an injunction issued by the
2 circuit court as provided in this subchapter continues in operation, upon
3 conviction, any person responsible for the decision to operate the business
4 after the issuance of the injunction shall be guilty of a Class A
5 misdemeanor.

6 (3) An appeal may be made from the circuit court to the
7 appropriate appellate court, as provided by law.

8 (c) The procedures established by § 23-115-608 and this section are
9 the sole methods for seeking relief from a written decision to close the
10 business of a retailer for failure to comply with § 23-115-605(b).

11 (d) The decision to close the business of a retailer shall be final:

12 (1) If the retailer fails to:

13 (A) Request an administrative hearing under § 23-115-608;

14 or

15 (B) Seek judicial relief under this section; or

16 (2) Upon the final decision of a the circuit court or an
17 appellate court.

18 (e)(1) It is unlawful for a business to continue in operation after a
19 business closure order is issued that is:

20 (A) Upheld on appeal under this subchapter; or

21 (B) Not appealed by the retailer under this subchapter.

22 (2) Upon conviction, any person responsible for the decision to
23 operate the business in violation of this subchapter shall be guilty of a
24 Class A misdemeanor.

25
26 23-115-610. Business closure procedure.

27 (a) If a retailer fails to timely seek administrative or judicial
28 review of a business closure decision or if the business closure decision is
29 affirmed after administrative or judicial review, the Director of the Office
30 of the Arkansas Lottery ~~Commission~~ shall direct the Department of Finance and
31 Administration to affix a written notice to all entrances of the business
32 that:

33 (1) Identifies the business as being subject to a business
34 closure order; and

35 (2) States that the business is prohibited from further
36 operation.

1 (b) The Director of the Office of the Arkansas Lottery Commission may
2 also direct that the business be locked or otherwise secured so that it may
3 not be operated.

4 (c) The Director of the Department of Finance and Administration may
5 request the assistance of the Department of Arkansas State Police or any
6 state or local law enforcement official to post the notice or to secure the
7 business as authorized in this section.

8 (d) The ~~commission~~ Office of the Arkansas Lottery may reimburse the
9 Department of Finance and Administration for the costs of administering this
10 section after review of the amount by the Arkansas Lottery ~~Commission~~
11 Legislative Oversight Committee.

12
13 23-115-611. Revocation and suspension of business license.

14 (a) The closure of a business under this subchapter shall be grounds
15 for cancellation, suspension, revocation, or termination of a retailer
16 license under § 23-115-604.

17 (b) The closure of a business under this subchapter shall be grounds
18 for the suspension or revocation of any business license granted under the
19 laws of the State of Arkansas, excluding professional licenses.

20 (c) After the decision to close the retailer's business becomes final,
21 the Director of the Office of the Arkansas Lottery Commission shall contact
22 the appropriate administrative body responsible for granting licenses to
23 operate the business and report the closure of the business.

24
25 23-115-612. Authority to promulgate rules.

26 The Office of the Arkansas Lottery Commission may promulgate rules
27 necessary for the implementation and enforcement of this subchapter.

28
29 Subchapter 7 – Procurements

30
31 23-115-701. Procurements – Major procurement contracts – Competitive
32 bidding.

33 (a)(1) The Office of the Arkansas Lottery Commission may purchase,
34 lease, or lease-purchase goods or services as necessary for effectuating the
35 purposes of this chapter.

36 (2) The ~~commission~~ office may make procurements that integrate

1 *functions, including without limitation:*

- 2 *(A) Lottery design;*
3 *(B) Ticket distribution to retailers;*
4 *(C) Supply of goods and services; and*
5 *(D) Advertising.*

6 *(3) In all procurement decisions, the ~~commission~~ office shall:*

- 7 *(A) Take into account the particularly sensitive nature of*
8 *lotteries; and*
9 *(B) Act to promote and ensure:*
10 *(i) Security, honesty, fairness, and integrity in*
11 *the operation and administration of lotteries; and*
12 *(ii) The objectives of raising net proceeds for the*
13 *benefit of scholarships and grants.*

14 *(b) Except as provided in subsections (c) and (d) of this section, the*
15 *~~commission~~ office shall comply with the Arkansas Procurement Law, § 19-11-201*
16 *et seq.*

17 *(c)(1) The ~~commission~~ office shall adopt rules concerning the*
18 *procurement process for major procurement contracts.*

19 *(2) The ~~commission~~ office shall arrange for the solicitation and*
20 *receipt of competitive bids for major procurement contracts.*

21 *(3) Except for printing, stationery, and supplies under Arkansas*
22 *Constitution, Amendment 54, the ~~commission~~ office is not required to accept*
23 *the lowest responsible bid for major procurement contracts but shall select a*
24 *bid that provides the greatest long-term benefit to the state, the greatest*
25 *integrity for the ~~commission~~ office, and the best service and products for*
26 *the public.*

27 *(d) In any bidding process, the ~~commission~~ office may administer its*
28 *own bidding and procurement or may utilize the services of the Department of*
29 *Finance and Administration.*

30 *(e)(1) Each proposed major procurement contract and each amendment or*
31 *modification to a proposed or executed major procurement contract shall be*
32 *filed with the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee*
33 *for review at least thirty (30) days before the execution date of the major*
34 *procurement contract or the amendment or modification to a proposed or*
35 *executed major procurement contract.*

36 *(2) The Arkansas Lottery ~~Commission~~ Legislative Oversight*

1 Committee shall provide the ~~commission~~ office with its review as to the
2 propriety of the major procurement contract and each amendment or
3 modification to a proposed or executed major procurement contract within
4 thirty (30) days after receipt of the proposed major procurement contract or
5 the amendment or modification to a proposed or executed major procurement
6 contract.

7
8 Subchapter 8 – Lottery Proceeds

9
10 23-115-801. Lottery proceeds.

11 (a)(1) ~~All lottery~~ Lottery proceeds are the property of the Office of
12 the Arkansas Lottery Commission.

13 (2)(A) The ~~commission~~ office shall pay its operating expenses
14 from its lottery proceeds.

15 (B)(i) An amount of lottery proceeds determined by the
16 ~~commission~~ office to maximize net proceeds for scholarships shall be made
17 available as prize money.

18 (ii)(a) Subdivision (a)(2)(B)(i) of this section
19 does not create any lien, entitlement, cause of action, or other private
20 right.

21 (b) In setting the terms of a lottery, the
22 ~~commission~~ office shall determine any rights of holders of tickets or shares.

23 (3) The percentage of lottery proceeds determined by the
24 ~~commission~~ office to be net proceeds shall equal an amount determined by the
25 ~~commission~~ office to maximize net proceeds for scholarships.

26 (b)(1) On or before the fifteenth day of each month, the ~~commission~~
27 office shall deposit the net proceeds from the lottery into one (1) or more
28 trust accounts at one (1) or more financial institutions.

29 (2) The ~~commission~~ office shall follow the investment policy
30 guidelines of the State Board of Finance in selecting a financial institution
31 and managing the net proceeds from the lottery deposited into a trust
32 account.

33 (c)(1) The Director of the Department of Higher Education shall
34 certify to the ~~commission~~ office the amount of net proceeds from the lottery
35 needed to fund the scholarships awarded to recipients under § 6-85-201 et
36 seq. for each semester of an academic year.

1 (2)(A)~~(i)~~ ~~The commission office~~ shall transfer the funds
2 requested by the ~~director~~ Director of the Department of Higher Education
3 under subdivision (c)(1) of this section into one (1) or more trust accounts
4 at one (1) or more financial institutions meeting the requirements of
5 subdivision (b)(2) of this section maintained by the Department of Higher
6 Education.

7 ~~(ii)~~(B) ~~The director~~ Director of the Department of
8 Higher Education shall disburse trust account funds only in the name of the
9 recipient:

10 ~~(a)~~(i) To an approved institution of higher
11 education; or

12 ~~(b)~~(ii) If a recipient transfers to another
13 approved institution of higher education, to the approved institution of
14 higher education where the recipient transferred.

15 (3) By August 1 of each year, the ~~director~~ Director of the
16 Department of Higher Education shall provide to the ~~commission~~ Director of
17 the Department of Finance and Administration and to the Arkansas Lottery
18 ~~Commission~~ Legislative Oversight Committee for the academic year just ended
19 an accounting of all trust accounts maintained by the ~~department~~ Department
20 of Higher Education, including without limitation:

21 (A) Total deposits to all trust accounts;

22 (B) Total disbursements from the trust accounts; and

23 (C) The balance remaining in the trust accounts.

24 (d)(1) The General Assembly finds that:

25 (A) The administration of scholarships with proceeds from
26 the lottery are expenses of the ~~commission office~~; and

27 (B) Because the ~~department~~ Department of Higher Education
28 has the expertise and experienced staff needed to efficiently and
29 appropriately administer the scholarships, the ~~commission office~~ shall use
30 the services of the ~~department~~ Department of Higher Education to administer
31 scholarships funded with net proceeds from the lottery.

32 (2)(A) Annually by April 1, the ~~department~~ Department of Higher
33 Education shall provide to the ~~commission office~~ and to the Arkansas Lottery
34 ~~Commission~~ Legislative Oversight Committee the ~~department's~~ Department of
35 Higher Education's budget for the administrative expenditures allowed under
36 this subsection.

1 (B) Annually by October 31, the ~~department~~ Department of
2 Higher Education shall provide an invoice to the ~~commission~~ office for
3 reimbursement of the administrative expenditures allowed under this
4 subsection, including without limitation:

5 (i) For each employee the:

6 (a) Type of position, whether full-time, part-
7 time, permanent, or temporary; and

8 (b) Salary paid;

9 (ii) A description of other expenditures requested
10 in the invoice; and

11 (iii) An explanation of the increase, if any, of
12 actual expenditures over the budgeted expenditures.

13 (3)(A) Annually by November 1, the ~~commission~~ office shall file
14 a copy of the invoice with the Arkansas Lottery ~~Commission~~ Legislative
15 Oversight Committee for its review.

16 (B) The Arkansas Lottery ~~Commission~~ Legislative Oversight
17 Committee shall review the invoice and forward its comments, if any, to the
18 ~~commission~~ office.

19 (C) The ~~commission~~ office shall reimburse the ~~department~~
20 Department of Higher Education for the costs of administering the scholarship
21 awards funded with net proceeds from the lottery after the Arkansas Lottery
22 ~~Commission~~ Legislative Oversight Committee's review under this subsection.

23
24 23-115-802. Scholarship Shortfall Reserve Trust Account.

25 (a) The Office of the Arkansas Lottery ~~Commission~~ shall maintain a
26 Scholarship Shortfall Reserve Trust Account.

27 (b)(1) An amount equal to four percent (4%) of the total amount of net
28 proceeds disbursed during the preceding fiscal year in the form of
29 scholarships and grants for higher education shall be deposited from lottery
30 proceeds each year until the amount in the account equals twenty million
31 dollars (\$20,000,000).

32 (2) Thereafter, only an amount necessary to maintain the account
33 in an amount equal to twenty million dollars (\$20,000,000) shall be deposited
34 into the account.

35 (3) Any amount in the ~~trust~~ account exceeding twenty million
36 dollars (\$20,000,000) shall be considered net proceeds and shall be deposited

1 annually into one (1) or more trust accounts at one (1) or more financial
2 institutions by July 1 of each year.

3 (c) If net proceeds in any year are not sufficient to meet the amount
4 allocated for higher education scholarships, the account may be drawn upon to
5 meet the deficiency.

6

7 23-115-803. Disposition of funds.

8 (a)(1) To effectuate the purposes of the Office of the Arkansas
9 Lottery Commission, the ~~commission~~ office may borrow moneys from the State of
10 Arkansas or accept and expend moneys from the State of Arkansas and shall
11 repay any sums borrowed from the state as soon as practicable.

12 (2) As used in this section, "purposes" includes without
13 limitation the payment of the initial expenses of initiation, administration,
14 and operation of the ~~commission~~ office and lotteries.

15 (3) The ~~commission~~ office shall not issue bonds for any purpose.

16 (b)(1) The ~~commission~~ office shall be self-sustaining and self-funded.

17 (2)(A) Except as provided in subsection (a) of this section,
18 moneys in the General Revenue Fund Account of the State Apportionment Fund
19 shall not be used or obligated to pay the expenses of the ~~commission~~ office
20 or prizes of a lottery.

21 (B) A claim for the payment of an expense of a lottery or
22 prizes of a lottery shall not be made against any moneys other than moneys
23 credited to the ~~commission's~~ office's operating account.

24

25 Subchapter 9 – Penalties

26

27 23-115-901. Sale of ticket or share to person under 18 years of age
28 prohibited – Penalty.

29 (a) A retailer who knowingly sells a ticket or share to a person under
30 eighteen (18) years of age or permits a person under eighteen (18) years of
31 age to play a lottery is guilty of a violation and subject to the following
32 penalties:

33 (1) A fine not to exceed two hundred fifty dollars (\$250) for a
34 first violation within a forty-eight-month period;

35 (2) For a second violation within a forty-eight-month period:

36 (A) A fine not to exceed five hundred dollars (\$500); and

1 (B) Suspension of the retailer license issued under § 23-
2 115-601 et seq. for a period not to exceed two (2) days;

3 (3) For a third violation within a forty-eight-month period:

4 (A) A fine not to exceed one thousand dollars (\$1,000);
5 and

6 (B) Suspension of the retailer license issued under § 23-
7 115-601 et seq. for a period not to exceed seven (7) days;

8 (4) For a fourth or subsequent violation within a forty-eight-
9 month period:

10 (A) A fine not to exceed two thousand dollars (\$2,000);
11 and

12 (B) Suspension of the retailer license issued under § 23-
13 115-601 et seq. for a period not to exceed fourteen (14) days; and

14 (5) For a fifth or subsequent violation within a forty-eight-
15 month period, the retailer license issued under § 23-115-601 et seq. may be
16 revoked.

17 (b) An employee of a retailer who violates this section is subject to
18 a fine not to exceed one hundred dollars (\$100) per violation.

19 (c) It is an affirmative defense to a prosecution under this section
20 that the retailer reasonably and in good faith relied upon representation of
21 proof of age in making the sale.

22 (d) A person convicted of violating any provision of this section
23 whose retailer license is suspended or revoked upon conviction shall
24 surrender to the court his or her retailer license, and the court shall
25 transmit the retailer license to the Office of the Arkansas Lottery
26 ~~Commission~~ and instruct the ~~commission~~ office:

27 (1) To suspend or revoke the person's retailer license or to not
28 renew the license; and

29 (2) Not to issue any new retailer license to that person for the
30 period of time determined by the court in accordance with this section.

31
32 23-115-902. Fraud – Penalty.

33 The offense of lottery fraud and penalties for a conviction of lottery
34 fraud are provided under § 5-55-501.

35
36 23-115-903. False statement on license application – Penalty.

1 (a) A person shall not knowingly make:

2 (1) A material false statement in an application for a license
3 or proposal to conduct a lottery; or

4 (2) A material false entry in any book or record that is
5 compiled, maintained, or submitted to or for the benefit of the Office of the
6 Arkansas Lottery Commission.

7 (b)(1) A person who violates this section is guilty of a Class D
8 felony.

9 (2) A person convicted for violating subsection (a) of this
10 section is subject to an additional fine of not more than twenty-five
11 thousand dollars (\$25,000) or the dollar amount of the material false entry
12 or material false statement, whichever is greater.

13
14 23-115-904. Inconsistent statutes inapplicable.

15 (a) Section 5-66-101 et seq. and all other laws and parts of laws
16 inconsistent with this chapter are expressly declared not to apply to any
17 person engaged in, conducting, or otherwise participating in lotteries.

18 (b) A person is not guilty of any criminal offense set forth in § 5-
19 66-101 et seq. or any other law relating to illegal gambling to the extent
20 the person relied on any rule, order, finding, or other determination by the
21 Arkansas Lottery Commission or the Office of the Arkansas Lottery that the
22 activity was authorized by this chapter during the time that the rule, order,
23 finding, or other determination was in effect.

24
25 Subchapter 10 – Debtors Owning Money to the State

26
27 23-115-1001. Legislative intent.

28 (a) The purposes of this subchapter are to establish:

29 (1) A policy and to provide a system whereby all claimant
30 agencies of this state in conjunction with the Office of the Arkansas Lottery
31 ~~Commission~~ shall cooperate in identifying debtors who owe money to the state
32 through its various claimant agencies or to persons on whose behalf the state
33 and its claimant agencies act and who qualify for lottery prizes under this
34 chapter from the ~~commission~~ office; and

35 (2) Procedures for setting off against any prize the sum of any
36 debt owed to the state or to persons on whose behalf the state and its

1 *claimant agencies act.*

2 *(b) This subchapter shall be liberally construed to effectuate the*
3 *purposes stated in subsection (a) of this section.*

4

5 *23-115-1002. Definitions.*

6 *As used in this subchapter:*

7 *(1) "Claimant agency" means a state agency, department, board,*
8 *bureau, commission, or authority:*

9 *(A) To which a person owes a debt; or*

10 *(B) That acts on behalf of a person to collect a debt;*

11 *(2) "Debt" means a:*

12 *(A) Liquidated sum due and owing any claimant agency when*
13 *the sum has accrued through contract, subrogation, tort, or operation of law*
14 *regardless of whether there is an outstanding judgment for the sum; or*

15 *(B) Sum that is due and owing any person and is*
16 *enforceable by the state;*

17 *(3) "Debtor" means an individual owing money to or having a*
18 *delinquent account with a claimant agency when the obligation has not been:*

19 *(A) Adjudicated as satisfied by court order;*

20 *(B) Set aside by court order; or*

21 *(C) Discharged in bankruptcy; and*

22 *(4) "Prize" means the proceeds of any lottery prize awarded*
23 *under this chapter.*

24

25 *23-115-1003. Collection remedy not exclusive.*

26 *The collection remedy authorized by this subchapter is in addition to*
27 *and not in substitution for any other remedy available by law.*

28

29 *23-115-1004. List of debtors – Withholding winnings – Ranking of*
30 *liens.*

31 *(a)(1) A claimant agency may submit to the Office of the Arkansas*
32 *Lottery ~~Commission~~ a list of the names of all debtors owing in excess of one*
33 *hundred dollars (\$100) to the claimant agency or to persons on whose behalf*
34 *the claimant agency is acting.*

35 *(2) The full amount of the debt is collectible from any prize*
36 *without regard to limitations on the amounts that may be collectable in*

1 increments through garnishment or other proceedings.

2 (3) The list shall constitute a valid lien upon and claim of
3 lien against the prize of any debtor named in the list.

4 (4) The list shall contain:

5 (A) The name of each debtor;

6 (B) The ~~social security~~ Social Security number of each
7 debtor if available; and

8 (C) Any other information that would assist the ~~commission~~
9 office in identifying each debtor named in the list.

10 (b)(1) The ~~commission~~ office shall withhold any prizes subject to the
11 lien created by this section and send notice to the winner by certified mail,
12 return receipt requested, of the action and the reason the prizes were
13 withheld.

14 (2)(A) However, if the winner appears and claims prizes in
15 person, the ~~commission~~ office shall notify the winner at that time by hand
16 delivery of the action.

17 (B) If the debtor does not protest the withholding of the
18 prizes in writing within thirty (30) days of receipt of the notice, the
19 ~~commission~~ office shall pay the prizes subject to the lien to the claimant
20 agency.

21 (C) If the debtor protests the withholding of the prizes
22 subject to the lien within thirty (30) days of receipt of the notice, the
23 ~~commission~~ office shall:

24 (i) File an action in interpleader in the circuit
25 court of the county where the debtor resides;

26 (ii) Pay the disputed sum into the registry of the
27 circuit court; and

28 (iii) Give notice to the claimant agency and debtor
29 of the initiation of the action.

30 (c) The liens created by this section are ranked by priority as
31 follows:

32 (1) Taxes due the state;

33 (2) Delinquent child support; and

34 (3) All other judgments and liens in order of the date entered
35 or perfected.

36 (d) The ~~commission~~ office is not required to deduct claimed debts from

1 prizes paid out by retailers or entities other than the ~~commission~~ office.

2 (e) Any list of debt provided under this section shall be provided
3 periodically as the ~~commission~~ office shall provide by rule, and the
4 ~~commission~~ office is not obligated to retain the lists or deduct debts
5 appearing on the lists beyond the period determined by the rules.

6 (f) The ~~commission~~ office may prescribe forms and promulgate rules it
7 deems necessary to implement this section.

8 (g) The ~~commission~~ office and any claimant agency shall incur no civil
9 or criminal liability for good faith adherence to this section.

10 (h) The claimant agency shall pay the ~~commission~~ office for all costs
11 incurred by the ~~commission~~ office in setting off debts in the manner provided
12 in this subchapter.

13
14 23-115-1005. Confidential information.

15 (a)(1) Notwithstanding any other confidentiality statute, the Office
16 of the Arkansas Lottery ~~Commission~~ may provide to a claimant agency all
17 information necessary to accomplish and effectuate the intent of this
18 subchapter.

19 (2) Information shall be used by a claimant agency only in the
20 pursuit of its debt collection duties and practices.

21 (b) Confidential information obtained by a claimant agency from the
22 ~~commission~~ office under this section shall retain its confidentiality.

23 (c) An employee or prior employee of a claimant agency who unlawfully
24 discloses any information for any other purpose, except as otherwise
25 specifically authorized by law, is guilty of a Class A misdemeanor.

26
27 23-115-1006. ~~Application~~ Applicability.

28 This subchapter only applies ~~only~~ to prizes of more than five hundred
29 dollars (\$500).

30
31 Subchapter 11 – Arkansas Lottery ~~Commission~~ Legislative Oversight Committee

32
33 23-115-1101. Arkansas Lottery ~~Commission~~ Legislative Oversight
34 Committee.

35 (a) The Arkansas Lottery ~~Commission~~ Legislative Oversight Committee is
36 established.

1 (b) *The Arkansas Lottery ~~Commission~~ Legislative Oversight Committee*
2 *shall consist of the following members of the General Assembly appointed as*
3 *follows:*

4 (1) *Six (6) members of the House of Representatives shall be*
5 *appointed to the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee*
6 *by the Speaker of the House of Representatives; and*

7 (2) *Six (6) members of the Senate shall be appointed to the*
8 *Arkansas Lottery ~~Commission~~ Legislative Oversight Committee by the President*
9 *Pro Tempore of the Senate.*

10 (c) *In making appointments, each appointing officer shall select*
11 *members who have appropriate experience and knowledge of the issues to be*
12 *examined by the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee*
13 *and may consider racial, gender, and geographical diversity among the*
14 *membership.*

15 (d) *The Arkansas Lottery ~~Commission~~ Legislative Oversight Committee*
16 *shall:*

17 (1) *Review whether expenditures of lottery proceeds have been in*
18 *accordance with this chapter;*

19 (2) *Review proposed rules of the Office of the Arkansas Lottery*
20 *~~Commission~~;*

21 (3)(A) *Review proposed contracts of twenty-five thousand dollars*
22 *(\$25,000) or more before the execution of the contracts.*

23 (B) *The ~~commission~~ office shall provide a list of all*
24 *contracts less than twenty-five thousand dollars (\$25,000) to the Arkansas*
25 *Lottery ~~Commission~~ Legislative Oversight Committee on a monthly basis;*

26 (4) *Review reports filed with the Arkansas Lottery ~~Commission~~*
27 *Legislative Oversight Committee by the Department of Higher Education,*
28 *including without limitation reports filed under §§ 6-85-205 and 6-85-220;*

29 (5) *Perform its duties under § 6-85-220; and*

30 (6) *Study other lottery matters as the Arkansas Lottery*
31 *~~Commission~~ Legislative Oversight Committee considers necessary to fulfill its*
32 *mandate.*

33 (e)(1) *Annually by December 15, the Arkansas Lottery ~~Commission~~*
34 *Legislative Oversight Committee shall provide to the General Assembly:*

35 (A) *Any analysis or findings resulting from its activities*
36 *under this section that the Arkansas Lottery ~~Commission~~ Legislative Oversight*

1 Committee deems relevant; and

2 (B) Its recommendations for any changes to the:

3 (i) Scholarship award amounts;

4 (ii) Number or type of scholarships; and

5 (iii) Scholarship eligibility requirements.

6 (2) The Arkansas Lottery ~~Commission~~ Legislative Oversight
7 Committee may make interim reports to the General Assembly regarding the
8 expenditure of net lottery revenues.

9 (f)(1) The President Pro Tempore of the Senate and the Speaker of the
10 House of Representatives shall each designate a cochair of the Arkansas
11 Lottery ~~Commission~~ Legislative Oversight Committee.

12 (2) The Arkansas Lottery ~~Commission~~ Legislative Oversight
13 Committee shall meet at least quarterly upon the joint call of the cochairs
14 of the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee.

15 (3) A majority of the membership of the Arkansas Lottery
16 ~~Commission~~ Legislative Oversight Committee constitutes a quorum.

17 (4) No action may be taken by the Arkansas Lottery ~~Commission~~
18 Legislative Oversight Committee except by a majority vote at a meeting at
19 which a quorum is present.

20 (g) Members of the Arkansas Lottery ~~Commission~~ Legislative Oversight
21 Committee are entitled to per diem and mileage at the same rate authorized by
22 law for attendance at meetings of interim committees of the General Assembly
23 and shall be paid from the same source.

24 (h)(1) With the consent of both the President Pro Tempore of the
25 Senate and the Speaker of the House of Representatives, the Arkansas Lottery
26 ~~Commission~~ Legislative Oversight Committee may meet during a session of the
27 General Assembly to perform its duties under this chapter.

28 (2) This subsection does not limit the authority of the Arkansas
29 Lottery ~~Commission~~ Legislative Oversight Committee to meet during a recess as
30 authorized by ~~§ 10-3-211 or § 10-2-223~~ 10-2-223 or § 10-3-211.

31

32 23-115-1102. Filing of information with Arkansas Lottery ~~Commission~~
33 Legislative Oversight Committee.

34 (a) It is the intent of the General Assembly that the Arkansas Lottery
35 ~~Commission~~ Legislative Oversight Committee perform the monitoring and
36 oversight functions of the Legislative Council for the Office of the Arkansas

1 ~~Lottery Commission.~~

2 (b) All contracts, rules, reports, or other information required by
3 law to be filed by the ~~commission~~ office with the Legislative Council:

4 (1) Shall not be filed with the Legislative Council; and

5 (2) Shall be filed with the Arkansas Lottery ~~Commission~~
6 Legislative Oversight Committee.

7 (c)(1) The Arkansas Lottery ~~Commission~~ Legislative Oversight Committee
8 shall perform all duties or functions of the Legislative Council required by
9 law concerning the contracts, rules, reports, or other information filed with
10 the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee under
11 subsection (b) of this section.

12 (2) The Bureau of Legislative Research shall provide staff for
13 the Arkansas Lottery ~~Commission~~ Legislative Oversight Committee.

14

15 SECTION 26. Arkansas Code § 25-1-110(e), concerning cost-effectiveness
16 of state-owned vehicles, is amended to read as follows:

17 (e) The provisions of this section do not apply to ~~the Arkansas~~
18 ~~Lottery Commission~~, institutions of higher education, and vocational
19 technical institutes.

20

21 SECTION 27. Arkansas Code § 25-1-403(2)(B)(v), concerning definitions
22 under the Arkansas Financial Transparency Act, is amended to read as follows:

23 (v) The Office of the Arkansas Lottery ~~Commission~~;

24

25 SECTION 28. Arkansas Code § 25-1-405(c), concerning cooperation by
26 state agencies with the Department of Finance and Administration, is amended
27 to read as follows:

28 (c) The Office of the Arkansas Lottery ~~Commission~~ shall pay the costs
29 of providing expenditure information for the ~~commission~~ office in the common
30 format determined by the department.

31

32 SECTION 29. Arkansas Code § 25-4-103(15), concerning definitions under
33 the Arkansas Information Systems Act of 1997, is amended to read as follows:

34 (15) "State agencies" means all state departments, boards, and
35 commissions but shall not include the Office of the Arkansas Lottery
36 ~~Commission~~, the elected constitutional officers and their staffs, the General

1 *Assembly and its committees and staffs, or the Supreme Court and the*
2 *Administrative Office of the Courts, and public institutions of higher*
3 *education with respect to academic, research, ~~healthcare~~ health care, and*
4 *existing information technology applications and underlying support therefor;*
5

6 *SECTION 30. Arkansas Code § 26-18-1001(e), concerning business closure*
7 *authority, is amended to read as follows:*

8 *(e) After written notice delivered to a lottery retailer by the United*
9 *States Postal Service or by hand delivery, the director may pursue a remedy*
10 *under this subchapter against a lottery retailer as a noncompliant taxpayer*
11 *upon receiving a referral from the Office of the Arkansas Lottery Commission*
12 *under § 23-115-605.*

13
14 *SECTION 31. Arkansas Code § 26-51-2302(1), concerning definitions*
15 *under the Lottery Withholding Act, is amended to read as follows:*

16 *(1) "Claim center" means a claim center established by the*
17 *Office of the Arkansas Lottery Commission under § 23-115-207;*

18
19 *SECTION 32. Arkansas Code § 26-51-2306(a)(1), concerning liability for*
20 *withholding under the Lottery Withholding Act, is amended to read as follows:*

21 *(a)(1) The Office of the Arkansas Lottery Commission is liable for*
22 *amounts required to be deducted and withheld by a claim center under this*
23 *subchapter regardless of whether the amounts were in fact deducted or*
24 *withheld.*

25
26 *SECTION 33. DO NOT CODIFY. Lobbying or representing vendor or*
27 *retailer by former Arkansas Lottery Commission member or employee prohibited*
28 *for two (2) years.*

29 *(a) A former member of the Arkansas Lottery Commission shall not for a*
30 *period of two (2) years beginning on the date the member's service on the*
31 *commission ended:*

32 *(1) Engage in lobbying on any matter related to the operation or*
33 *conduct of a lottery; or*

34 *(2) Represent a vendor or retailer before the Office of the*
35 *Arkansas Lottery.*

36 *(b) A former employee of the commission shall not for a period of two*

1 (2) years beginning on the date the employee's employment by the commission
2 ended:

3 (1) Engage in lobbying on any matter related to the operation or
4 conduct of a lottery; or

5 (2) Represent a vendor or retailer before the office.

6
7
8 SECTION 34. EMERGENCY CLAUSE. It is found and determined by the
9 General Assembly of the State of Arkansas that the stability of the Arkansas
10 Scholarship Lottery is critical to the success of the Arkansas Academic
11 Challenge Scholarship Program; that changes to the operational structure of
12 the lottery are needed to improve the creditability and function of the
13 lottery; and that this act is immediately necessary to ensure that the
14 transition of lottery administration is as undistruptive as possible.
15 Therefore, an emergency is declared to exist, and this act being immediately
16 necessary for the preservation of the public peace, health, and safety shall
17 become effective on:

18 (1) The date of its approval by the Governor;

19 (2) If the bill is neither approved nor vetoed by the Governor,
20 the expiration of the period of time during which the Governor may veto the
21 bill; or

22 (3) If the bill is vetoed by the Governor and the veto is
23 overridden, the date the last house overrides the veto.

24
25 /s/Hickey
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