

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015

A Bill

SENATE BILL 7

4
5 By: Senator Hickey

For An Act To Be Entitled

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7
8 AN ACT TO ABOLISH THE ARKANSAS LOTTERY COMMISSION; TO
9 ESTABLISH THE ARKANSAS LOTTERY DIVISION OF THE
10 DEPARTMENT OF HIGHER EDUCATION FOR THE PURPOSE OF
11 OPERATION AND MANAGEMENT OF THE ARKANSAS LOTTERY; AND
12 FOR OTHER PURPOSES.

Subtitle

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16 TO ABOLISH THE ARKANSAS LOTTERY
17 COMMISSION; TO ESTABLISH THE ARKANSAS
18 LOTTERY DIVISION OF THE DEPARTMENT OF
19 HIGHER EDUCATION.

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

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

26 (1) Falsely makes, alters, forges, utters, passes, or
27 counterfeits a ticket or share in a lottery with a purpose to defraud the
28 Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education;
29 or

30
31 SECTION 2. Arkansas Code § 6-60-902(b)(2)(B)(ii), concerning the
32 Arkansas Higher Education Information System, is amended to read as follows:

33 (ii) Disclose to the bureau and to the Arkansas
34 Lottery ~~Commission~~ Division Legislative Oversight Committee the method of
35 electronic blocking or redaction the Department of Higher Education will use
36 under this subsection.

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SECTION 3. Arkansas Code § 6-60-903(b), concerning compliance by institutions of higher education, is amended to read as follows:

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

- (1) The name of an institution of higher education that has not complied with the deadline;
- (2) The type of data the institution of higher education failed to submit;
- (3) The length of time of noncompliance; and
- (4) Any additional information requested by the committee.

SECTION 4. Arkansas Code § 6-85-205(a)(2), concerning the authority and duties of the Department of Higher Education, is amended to read as follows:

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

SECTION 5. Arkansas Code § 6-85-205(d)(3), concerning the authority and duties of the Department of Higher Education, is amended to read as follows:

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

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

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

- (i) The implementation of this subchapter;
- (ii) The number of recipients that either:

- 1 (a) Dropped out during the academic year; or
- 2 (b) Lost the scholarship during the academic
- 3 year; and

4 (iii) Any additional information requested by the
 5 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

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

9 (2) By August 1 of each year, the Department of Higher Education
 10 shall provide to the Arkansas Lottery ~~Commission~~ Division Legislative
 11 Oversight Committee an unaudited financial report on the administration of
 12 the Arkansas Academic Challenge Scholarship Program for the fiscal year just
 13 ended.

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 15 SECTION 7. Arkansas Code § 6-85-212(e)(2)(B), concerning scholarship
 16 award amounts, is amended to read as follows:

17 (B)(i) The department shall return to the Arkansas Lottery
 18 ~~Commission~~ Division of the Department of Higher Education the excess funding,
 19 if any, for scholarship awards the department received under § 23-115-801.

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

23
 24 SECTION 8. Arkansas Code § 6-85-212(f), concerning scholarship award
 25 amounts, is amended to read as follows:

26 (f) Annually by December 15, the Arkansas Lottery ~~Commission~~ Division
 27 Legislative Oversight Committee shall provide to the General Assembly its
 28 recommendations for any changes to the:

- 29 (1) Award amounts;
- 30 (2) Number or type of scholarships; and
- 31 (3) Eligibility requirements.

32
 33 SECTION 9. Arkansas Code § 6-85-212(j), concerning scholarship award
 34 amounts, is amended to read as follows:

35 (j) When the General Assembly determines that sufficient net lottery
 36 proceeds exist to fund students enrolling in certificate, associate degree,

1 and baccalaureate degree programs, the department shall submit
2 recommendations to the Arkansas Lottery ~~Commission~~ Division Legislative
3 Oversight Committee for the award of scholarships and grants to certain
4 graduate and professional programs at approved institutions of higher
5 education.

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7 SECTION 10. Arkansas Code § 6-85-216(c), concerning an institution
8 report to the Department of Higher Education, is amended to read as follows:

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

13

14 SECTION 11. Arkansas Code §§ 6-85-219 and 6-85-220 are amended to read
15 as follows:

16 6-85-219. Reports to legislative committees.

17 (a)(1) Annually by August 1, the Department of Higher Education shall
18 report to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
19 Committee in the manner and format that the Arkansas Lottery Division
20 Legislative Oversight Committee requires on all state-supported student
21 financial assistance awarded by the department and awarded by approved
22 institutions of higher education.

23 (2) The information provided shall include without limitation:

24 (A) Current year expenditures for scholarships and grants
25 under the Arkansas Academic Challenge Scholarship Program-Part 2;

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

28 (C) Fund balances for the:

29 (i) Higher Education Grants Fund Account; and

30 (ii) Trust accounts maintained by the Director of
31 the Department of Higher Education to hold the net proceeds from the state
32 lottery;

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

36 (E) Other information that the Arkansas Lottery ~~Commission~~

1 Division Legislative Oversight Committee or the General Assembly requests.

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

5 (1) Adjustments to the eligibility requirements of the program;
6 and

7 (2) Increases or decreases in the amounts awarded for an
8 Arkansas Academic Challenge Scholarship based on the amount of net proceeds
9 from the state lottery available.

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

14 (1) Race;

15 (2) Grade point average;

16 (3) Composite score on the ACT or the equivalent score on an ACT
17 equivalent; and

18 (4) Family or individual income as reported on the student's
19 Free Application for Federal Student Aid "FASFA".

20

21 6-85-220. Arkansas Lottery ~~Commission~~ Division Legislative Oversight
22 Committee – Annual report.

23 (a) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight
24 Committee shall:

25 (1) Oversee the development and implementation of Arkansas Code
26 requirements with regard to the Arkansas Academic Challenge Scholarship
27 Program;

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

30 (3) Review the ongoing data collection, research, and evaluation
31 of the program;

32 (4) Review the annual report of the Director of the Department
33 of Higher Education under § 6-85-219;

34 (5) Review and recommend changes to the:

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

36 (B) Award levels;

1 (C) Eligibility requirements; and

2 (D) Overall administration of the program; and

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

7 (b) Annually by December 15, the Arkansas Lottery ~~Commission~~ Division
8 Legislative Oversight Committee shall report its findings and recommendations
9 to the Arkansas Lottery ~~Commission~~ Division of the Department of Higher
10 Education, the President Pro Tempore of the Senate, the Speaker of the House
11 of Representatives, the Governor, the House Committee on Education, and the
12 Senate Committee on Education.

13
14 SECTION 12. Arkansas Code § 19-4-201(b)(2), concerning the authority
15 of the Governor, is amended to read as follows:

16 (2) Budget requests for administration and operation of the
17 legislative branch, the judicial branch, the elective constitutional offices,
18 the Arkansas State Highway and Transportation Department, the Arkansas
19 Lottery ~~Commission~~ Division of the Department of Higher Education, and the
20 Arkansas State Game and Fish Commission shall be submitted directly to the
21 Legislative Council without any recommendation by the Governor.

22
23 SECTION 13. Arkansas Code § 19-4-607(a), concerning review and
24 approval of annual operations plans, is amended to read as follows:

25 (a) Each state agency other than the elected constitutional officers,
26 the legislative branch and its staff offices, the judicial branch and its
27 staff offices, the Arkansas State Highway and Transportation Department, the
28 Arkansas Lottery-~~Commission~~ Division of the Department of Higher Education,
29 the state-supported institutions of higher education, and the Arkansas State
30 Game and Fish Commission shall prepare an annual operations plan for the
31 operation of each of its assigned programs for submission to the Chief Fiscal
32 Officer of the State.

33
34 SECTION 14. Arkansas Code § 19-4-801(2)(B)(xii), concerning
35 definitions, is amended to read as follows:

36 (xii)(a) Arkansas Lottery ~~Commission~~ Division of the

1 Department of Higher Education.

2 (b) However, the Arkansas Lottery ~~Commission~~
3 Division of the Department of Higher Education shall be considered a state
4 agency for the purposes of §§ 19-4-810 – 19-4-816;

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6 SECTION 15. Arkansas Code § 19-4-1303 is amended to read as follows:
7 19-4-1303. Exemptions.

8 Funds disbursed by the Arkansas State Highway and Transportation
9 Department, the Arkansas State Game and Fish Commission, and the Arkansas
10 Lottery ~~Commission~~ Division of the Department of Higher Education and the
11 funds appropriated in the general appropriation bill provided for in Arkansas
12 Constitution, Article 5, § 30, shall be exempt from this subchapter.

13
14 SECTION 16. Arkansas Code § 19-4-1415(b)(5), concerning projects
15 exceeding five million dollars, is amended to read as follows:

16 (5) The Board of Trustees of the University of Arkansas, the
17 Board of Trustees of Arkansas State University, and the Arkansas Lottery
18 ~~Commission~~ Division of the Department of Higher Education shall be exempt
19 from review and approval by the authority and any regulations promulgated by
20 it, provided that the Board of Trustees of the University of Arkansas, the
21 Board of Trustees of Arkansas State University, and the Arkansas Lottery
22 ~~Commission~~ Division of the Department of Higher Education have adopted
23 policies and procedures involving the awarding and oversight of the contracts
24 for design and construction services.

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26 SECTION 17. Arkansas Code § 19-4-1912(b)(2), concerning overtime pay,
27 is amended to read as follows:

28 (2)(A) The Chief Fiscal Officer of the State will specify those
29 specific employees or groups of employees other than employees of the
30 Arkansas State Highway and Transportation Department and the Arkansas Lottery
31 ~~Commission~~ Division of the Department of Higher Education eligible to receive
32 overtime compensation, the circumstances under which overtime pay is to be
33 allowed, and such other matters which the Chief Fiscal Officer of the State
34 may deem appropriate and necessary to comply with the federal Fair Labor
35 Standards Act as regards the payment of overtime compensation.

36 (B) The Director of State Highways and Transportation

1 shall make these determinations as to employees of the Arkansas State Highway
2 and Transportation Department.

3 (C) The Director of the Arkansas Lottery ~~Commission~~
4 Division of the Department of Higher Education shall make these
5 determinations as to employees of the Arkansas Lottery ~~Commission~~ Division of
6 the Department of Higher Education.

7
8 SECTION 18. Arkansas Code § 19-5-1138 is amended to read as follows:
9 19-5-1138. Lottery ~~Commission~~ Division Trust Fund.

10 (a) There is hereby created on the books of the Treasurer of State,
11 the Auditor of State, and the Chief Fiscal Officer of the State a trust fund
12 to be known as the “Lottery ~~Commission~~ Division Trust Fund”.

13 (b) The Lottery ~~Commission~~ Division Trust Fund shall consist of funds
14 transferred from the Budget Stabilization Trust Fund.

15 (c) The Lottery ~~Commission~~ Division Trust Fund shall also consist of
16 other moneys as may be authorized by law.

17 (d) The Lottery ~~Commission~~ Division Trust Fund shall be used for
18 personal services and operating expenses associated with the Arkansas Lottery
19 ~~Commission~~ Division of the Department of Higher Education.

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

23 (b) The Arkansas Lottery ~~Commission~~ Division of the Department of
24 Higher Education shall file its report under subsection (a) of this section
25 with the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
26 Committee.

27
28 SECTION 20. Arkansas Code § 19-11-203(14)(AA), concerning definitions,
29 is amended to read as follows:

30 (AA) Major procurement contracts of the Arkansas Lottery
31 ~~Commission~~ Division of the Department of Higher Education under § 23-115-103;

32
33 SECTION 21. Arkansas Code § 19-11-220(a)(2), concerning agency
34 procurement officials, is amended to read as follows:

35 (2) Arkansas Lottery ~~Commission~~ Division of the Department of
36 Higher Education;

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SECTION 22. Arkansas Code § 19-11-1003(d), concerning contracts exempted, is amended to read as follows:

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

SECTION 23. Arkansas Code § 19-11-1103 is amended to read as follows: 19-11-1103. Exemptions.

This subchapter does not apply to major procurement contracts of the Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education under § 23-115-103.

SECTION 24. Arkansas Code Title 23, Chapter 115, is amended to read as follows:

Subchapter 1 – CHAPTER 115
ARKANSAS SCHOLARSHIP LOTTERY ACT
General Provisions

23-115-101. Short title.
This chapter shall be known and may be cited as the “Arkansas Scholarship Lottery Act”.

23-115-102. Legislative intent.
It is found and declared by the General Assembly that:

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

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

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

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

(A) Provides continuing entertainment to the public;
(B) Maximizes revenues; and

1 (C) Ensures that the lotteries are operated with
 2 integrity, dignity, and adequate internal controls and free of political
 3 influence; and

4 (3) The Arkansas Lottery ~~Commission~~ Division of the Department
 5 of Higher Education shall be accountable to the General Assembly and to the
 6 public through a system of audits and reports.

7
 8 23-115-103. Definitions.

9 As used in this chapter:

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

13 (2) "Administrative order" means the final disposition of the Arkansas
 14 Lottery ~~Commission~~ Division of the Department of Higher Education in any
 15 matter other than a claim in contract or in tort, including without
 16 limitation licensing, in which the Arkansas Lottery ~~Commission~~ Division of
 17 the Department of Higher Education is required by law to make its
 18 determination after notice and a hearing;

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

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

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

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

32 (C) Subdivisions (4)(A) and (B) of this section do not apply to
 33 "compensation" as used in § 23-115-304;

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

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

1 (B) Either:

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

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

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

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

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

15 (B) Estimated financial cost to the Arkansas Lottery ~~Commission~~
16 Division of the Department of Higher Education, the lottery, and this state
17 of implementing or complying with the proposed law or proposed rule;

18 (7) "Gift" means any payment, entertainment, advance, services, or
19 anything of value, unless consideration of equal or greater value has been
20 given therefore;

21 (8) "Immediate family" means the father, mother, sister, brother,
22 husband, wife, child, grandmother, grandfather, grandchild, father-in-law,
23 mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law,
24 stepchild, grandmother-in-law, grandfather-in-law, stepgrandchild, or any
25 individual acting as parent or guardian;

26 (9) "Incompetence" means:

27 (A) Gross ignorance of official duties;

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

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

32 (10) "License" means authorization granted by the Arkansas Lottery
33 ~~Commission~~ Division of the Department of Higher Education to an individual to
34 operate as a retailer, including without limitation the execution of a
35 contract between the Arkansas Lottery ~~Commission~~ Division of the Department
36 of Higher Education and the individual relating to obligations and terms for

1 operating as a retailer;

2 (11) "Lobbying" means communicating directly or soliciting others to
 3 communicate with any member of the Arkansas Lottery ~~Commission~~ Division of
 4 the Department of Higher Education, the Director of the Arkansas Lottery
 5 ~~Commission~~ Division of the Department of Higher Education, any employee of
 6 the Arkansas Lottery ~~Commission~~ Division of the Department of Higher
 7 Education, or a member of the Arkansas Lottery ~~Commission~~ Division
 8 Legislative Oversight Committee with the purpose of influencing the actions
 9 of the Arkansas Lottery ~~Commission~~ Division of the Department of Higher
 10 Education or the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
 11 Committee;

12 (12) "Local government" means:

- 13 (A) A county;
- 14 (B) A city of the first class or a city of the second class;
- 15 (C) An incorporated town; or
- 16 (D) Any other district or political subdivision or any board,
 17 commission, or agency of the political subdivisions under subdivisions
 18 (12)(A)-(C) of this section;

19 (13)(A) "Lottery" means a game of chance approved by the Arkansas Lottery
 20 ~~Commission~~ Division of the Department of Higher Education and operated under
 21 this chapter.

22 (B) "Lottery" includes without limitation:

- 23 (i) An instant ticket;
- 24 (ii) A draw game;
- 25 (iii) Participation in a multistate or multisovereign game; and
- 26 (iv) A raffle.

27 (C) "Lottery" does not include:

- 28 (i) Casino gambling;
- 29 (ii) A video lottery;
- 30 (iii) Pari-mutuel wagering on horse racing or greyhound racing
 31 governed by the Arkansas Horse Racing Law, § 23-110-101 et seq., or the
 32 Arkansas Greyhound Racing Law, § 23-111-101 et seq., whether the pari-mutuel
 33 wagering is on live racing, simulcast racing, or races conducted in the past
 34 and rebroadcast by electronic means;

35 (iv) Wagering on electronic games of skill under the Local Option
 36 Horse Racing and Greyhound Racing Electronic Games of Skill Act, § 23-113-101

1 et seq.; or

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

4 (14) "Lottery proceeds" means all revenue derived from the sale of
5 tickets or shares and all other moneys derived from or in connection with the
6 operation of a lottery, including without limitation fees, offsets,
7 reimbursements, insurance proceeds, damages, and liquidated damages collected
8 or imposed by the Arkansas Lottery ~~Commission~~ Division of the Department of
9 Higher Education under this chapter;

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

- 13 (i) A major advertising contract;
- 14 (ii) An annuity contract;
- 15 (iii) A prize payment agreement;
- 16 (iv) A consulting service;
- 17 (v) Lottery equipment;
- 18 (vi) Tickets; and
- 19 (vii) Any other product and service unique to lotteries.

20 (B) "Major procurement contract" does not include a material, supply,
21 equipment, or service common to the ordinary operations of the Arkansas
22 Lottery ~~Commission~~ Division of the Department of Higher Education.

23 (C) When the cost of a proposed contract for a gaming product or
24 service is to be paid in whole or in part on a contingent basis, the Arkansas
25 Lottery ~~Commission~~ Division of the Department of Higher Education shall
26 estimate the value of the proposed contract to determine whether it is a
27 major procurement contract;

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

- 30 (A) African American;
- 31 (B) Hispanic American;
- 32 (C) American Indian;
- 33 (D) Asian American; or
- 34 (E) Pacific Islander American;

35 (17) "Minority-owned business" means a business that is owned by:

36 (A) An individual who is a member of a minority who reports as his or

1 her personal income for Arkansas income tax purposes the income of the
 2 business;

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

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

11 (18) "Multidraw screen-based lottery game" means a lottery game that:

12 (A) Is played in real time at regular intervals throughout a single
 13 day; and

14 (B) Uses a video screen or monitor to display lottery game information
 15 or lottery game results for players;

16 (19)(A) "Multistate or multisovereign lottery" and "multistate or
 17 multisovereign game" mean a lottery or game:

18 (i) Provided by an association or group of state-operated or
 19 sovereign-operated lotteries that is:

20 (a) Organized for the purpose of government benefit; and

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

23 (ii) Operated pursuant to the terms of the association's or group's
 24 rules governing the operation and the payment of prizes of the game.

25 (B) "Multistate or multisovereign lottery" and "multistate or
 26 multisovereign game" do not include a lottery prohibited or excluded under
 27 this chapter;

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

29 (A) Operating expenses;

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

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

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

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

36 (22) "Operating expenses" means all costs of doing business, including

1 without limitation:

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

3 (B) Contracts for products or services necessary for the operation of
4 the lottery, including without limitation the execution of major procurement
5 contracts;

6 (C) Advertising and marketing costs;

7 (D) Personnel costs;

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

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

10 (G) The payment of sums to the Arkansas State Claims Commission for
11 the reconciliation of valid claims against the Arkansas Lottery ~~Commission~~
12 Division of the Department of Higher Education;

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

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

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

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

21 (J) Amounts annually transferred to a fidelity fund under § 23-115-
22 603;

23 (K) Amounts paid to governmental entities for goods or services
24 provided to the Arkansas Lottery ~~Commission~~ Division of the Department of
25 Higher Education, including without limitation services provided by the
26 Division of Legislative Audit, the Department of Human Services, and the
27 Department of Finance and Administration; and

28 (L) Withholding and payment of income taxes from lottery prizes;

29 (23) "Person" means any individual, corporation, partnership,
30 unincorporated association, or other legal entity;

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

33 (A) Funding player affinity programs to promote play of a particular
34 instant or online game;

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

36 (C) Instituting player incentives for an individual game;

1 (D) Instituting retailer commission incentives for an individual game;
2 or

3 (E) Funding supplemental advertising expenses related to enhancing the
4 promotion of an individual game;

5 (25)(A) "Public official" means:

- 6 (i) The Governor;
- 7 (ii) The Lieutenant Governor;
- 8 (iii) The Secretary of State;
- 9 (iv) The Treasurer of State;
- 10 (v) The Attorney General;
- 11 (vi) The Commissioner of State Lands;
- 12 (vii) The Auditor of State; or
- 13 (viii) A member of the General Assembly.

14 (B) "Public official" includes an individual during the time between
15 the date he or she is elected and the date he or she takes office;

16 (26) "Retailer" means a person who sells tickets or shares on behalf of
17 the Arkansas Lottery ~~Commission~~ Division of the Department of Higher
18 Education under a license;

19 (27) "Share" means any intangible evidence of participation in a lottery;

20 (28) "Ticket" means any tangible evidence issued by a lottery to provide
21 participation in a lottery;

22 (29)(A) "Unclaimed lottery prize money" means a lottery prize expense on
23 the financial books of the Arkansas Lottery ~~Commission~~ Division of the
24 Department of Higher Education that is released from the expense category
25 when a lottery prize is not claimed within the required claim period for the
26 game during a fiscal year.

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

29 (i) Includes any unclaimed prize money returned to the Arkansas
30 Lottery ~~Commission~~ Division of the Department of Higher Education from a
31 multistate or multisovereign game; and

32 (ii) Does not include unclaimed prize money from a multistate or
33 multisovereign game that under the agreement of the states participating in
34 the multistate or multisovereign game is not returned to the participating
35 states but is applied under the terms of the agreement;

36 (30)(A) "Vendor" means a person who provides or proposes to provide goods

1 or services to the Arkansas Lottery ~~Commission~~ Division of the Department of
2 Higher Education under a major procurement contract.

3 (B) "Vendor" does not include:

4 (i) An employee of the Arkansas Lottery ~~Commission~~ Division of the
5 Department of Higher Education;

6 (ii) A retailer; or

7 (iii) A state agency or instrumentality.

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

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

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

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

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

21
22 23-115-104. Fiscal impact statement.

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

25 (1) Amends this chapter; or

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

27 (A) The Arkansas Lottery ~~Commission~~ Division of the
28 Department of Higher Education; or

29 (B) A lottery.

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

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

35 (2) At least three (3) days before the bill may be called up for
36 final action in the committee during a fiscal session of the General

1 Assembly; and

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

5 (c)(1) A fiscal impact statement under this section shall be developed
6 by the Bureau of Legislative Research within the guidelines adopted by the
7 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

8 (2) The Department of Higher Education or the ~~commission~~
9 division, as applicable, shall assist in the preparation of the fiscal impact
10 statement.

11 (d)(1)(A) If a bill requiring a fiscal impact statement under this
12 section is called up for final passage in the House of Representatives or the
13 Senate and a fiscal impact statement has not been provided by the author of
14 the bill or by the committee to which the bill was referred, any member of
15 the House of Representatives or the Senate may object to the bill's being
16 called up for final passage until a fiscal impact statement is prepared and
17 made available on the desk of each member of the House of Representatives or
18 the Senate at least one (1) day before the bill's being called up for final
19 passage.

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

22 (2) If an objection is made without override, the presiding
23 officer of the House of Representatives or the Senate shall cause the bill to
24 be referred to the bureau for the preparation of a fiscal impact statement
25 that shall be filed with the presiding officer of the House of
26 Representatives or the Senate not later than five (5) days from the date of
27 the request.

28
29 Subchapter 2- Arkansas Lottery ~~Commission~~ Division of the Department of
30 Higher Education

31
32 23-115-201. Arkansas Lottery ~~Commission~~ Division of the Department of
33 Higher Education - Creation - Venue.

34 (a) There is created the Arkansas Lottery ~~Commission~~ Division of the
35 Department of Higher Education to establish and oversee the operation of one
36 (1) or more lotteries under this chapter.

1 (b) The ~~commission~~ division is a self-supporting and revenue-raising
2 agency section of the state.

3 (c) The ~~commission~~ division shall reimburse other governmental
4 entities that provide goods or services to the ~~commission~~ division.

5
6 ~~23-115-202. Members—Duties.~~

7 ~~(a)(1) The Arkansas Lottery Commission consists of the following~~
8 ~~members:~~

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

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

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

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

15 ~~(A) A chair; and~~

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

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

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

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

20 and

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

22 ~~(2) Of the initial appointees to the commission by the President~~
23 ~~Pro Tempore of the Senate:~~

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

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

26 and

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

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

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

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

32 and

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

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

36 ~~(5) The appointing authorities shall determine the length of~~

1 ~~terms of the initial members of the commission.~~

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

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

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

8 ~~(2) A majority of the total membership of the commission~~
9 ~~constitutes a quorum.~~

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

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

13 ~~(2) A member of the immediate family of a member of the General~~
14 ~~Assembly.~~

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

17
18 ~~23-115-203. Qualifications of commission members.~~

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

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

25 ~~(b)(1) An individual considered for appointment to the commission~~
26 ~~shall apply to the Identification Bureau of the Department of Arkansas State~~
27 ~~Police for a state and federal criminal background check, to be conducted by~~
28 ~~the 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 shall be responsible for the payment of any~~
36 ~~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 appointing authority all releasable information obtained~~
4 ~~concerning the applicant.~~

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

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

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

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

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

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

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

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

21
22 23-115-204. Lottery Retailer Advisory Board.

23 ~~(a)(1) The Chair Director of the Arkansas Lottery Commission, subject~~
24 ~~to the approval of a majority of a quorum of the Arkansas Lottery Commission,~~
25 Division of the Department of Higher Education shall appoint a Lottery
26 Retailer Advisory Board to be composed of ten (10) retailers.

27 (2) In making appointments to the board, the ~~chair~~ director may
28 consider a broad spectrum of geographical, racial, gender, and business
29 characteristics of retailers.

30 (3) The board shall advise the ~~commission~~ division on retail
31 aspects of lotteries and present the concerns of retailers throughout the
32 state.

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

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

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

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

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

6 (2) Members shall serve without compensation or reimbursement of
7 expenses.

8 (3) The board may report to the ~~commission~~ division and the
9 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee in
10 writing at any time.

11 (4) The ~~commission~~ director may invite the board to make an oral
12 presentation to the ~~commission~~ division at any meeting of the ~~commission~~
13 division.

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

15 (1) A member of the immediate family of a member of the
16 ~~commission~~ director; or

17 (2) ~~A member of the immediate family of the director of the~~
18 ~~commission; or~~

19 (3) A member of the immediate family of an employee of the
20 ~~commission~~ division.

21
22 23-115-205. ~~Commission~~ Division powers.

23 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of
24 Higher Education has all powers necessary or convenient to its usefulness in
25 carrying out this chapter that are not in conflict with the Arkansas
26 Constitution or the United States Constitution, including without limitation
27 the following powers:

28 (1) To adopt and alter a seal;

29 (2) To adopt, amend, and repeal rules for the regulation of its
30 affairs and the conduct of its business, to prescribe the duties of officers
31 and employees of the division, and to perform other matters as the division
32 determines;

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

35 (4) To procure or to provide insurance;

36 (5) To hold copyrights, trademarks, and service marks and to

1 enforce the division's rights with respect to those copyrights, trademarks,
 2 and service marks;

3 (6) To initiate, supervise, and administer the operation of
 4 lotteries in accordance with this chapter and rules adopted under this
 5 chapter;

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

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

10 (9) To acquire or lease real property and make improvements to
 11 the real property and acquire by lease or by purchase personal property,
 12 including without limitation:

13 (A) Computers;

14 (B) Mechanical, electronic, and online equipment and
 15 terminals;

16 (C) Intangible property, including without limitation
 17 computer programs, computer systems, and computer software; and

18 (D) Broadcast equipment;

19 (10) To administer oaths, take depositions, issue subpoenas, and
 20 compel the attendance of witnesses and the production of books, papers,
 21 documents, and other evidence relative to any investigation or proceeding
 22 conducted by the ~~commission~~ division;

23 (11) To employ:

24 (A) The Director of the Arkansas Lottery ~~Commission~~
 25 Division of the Department of Higher Education, as appointed by the Governor;
 26 and

27 (B) An internal auditor to perform the duties and
 28 responsibilities required under § 23-115-212;

29 (12) To select and contract with vendors;

30 (13) To select and license retailers;

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

34 (15) To conduct background investigations and, if considered
 35 necessary by the division, credit investigations on each potential vendor and
 36 retailer;

1 competent; and

2 (ii) Be qualified to scientifically test and
3 evaluate all components of a lottery game, lottery terminal, or lottery
4 operating system.

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

7 (26) To withhold state and federal income taxes as required by
8 law; and

9 (27) To adopt and amend rules necessary to carry out and
10 implement the division's powers and duties, organize and operate the
11 ~~commission~~ division, regulate the conduct of lotteries in general, and any
12 other matters necessary or desirable for the efficient and effective
13 operation of lotteries for the convenience of the public.

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

15 (1) Are in addition to those powers of the ~~commission~~ division
16 enumerated elsewhere in this chapter; and

17 (2) Do not limit or restrict any other powers of the ~~commission~~
18 division.

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

22

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

24 (a) To ensure the financial integrity of lotteries, the Arkansas
25 Lottery ~~Commission~~ Division of the Department of Higher Education shall:

26 (1) Establish and maintain effective internal controls over
27 financial reporting, including the monitoring of ongoing activities, and
28 comply with the Arkansas Constitution and applicable laws, rules, contracts,
29 agreements, and grants;

30 (2)(A) Establish and maintain effective internal controls to
31 prevent and detect fraud, including without limitation a system of internal
32 audits.

33 (B) The ~~commission~~ Director of the Arkansas Lottery
34 Division of the Department of Higher Education shall:

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

1 (ii) Annually review the audit plan.

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

5 (3) Include in any contract or license with a vendor or retailer
6 for data processing services or other computer services a provision
7 permitting the Division of Legislative Audit to have access and authority to
8 audit the computer systems of the vendor or retailer;

9 (4) Notify the ~~division~~ Division of Legislative Audit of all
10 known fraud or suspected fraud or all known or suspected illegal acts
11 involving management or other employees of the ~~commission~~ Arkansas Lottery
12 Division of the Department of Higher Education or others with whom the
13 ~~commission~~ Arkansas Lottery Division of the Department of Higher Education
14 contracts;

15 (5) Inform the Division of Legislative Audit and the Chief
16 Fiscal Officer of the State of any known material violations of the Arkansas
17 Constitution, applicable statutes, rules, contracts, agreements, or grants;

18 (6) Prepare the financial statements, including the related
19 notes to the financial statements, of the ~~commission~~ Arkansas Lottery
20 Division of the Department of Higher Education in accordance with generally
21 accepted accounting principles and in accordance with guidelines and
22 timelines established by the Chief Fiscal Officer of the State to permit
23 incorporation into the state's financial statements and to permit the audit
24 of the state's financial statements and the ~~commission's~~ Arkansas Lottery
25 Division of the Department of Higher Education's financial statements in a
26 timely manner;

27 (7) Make all financial records and related information available
28 to the ~~division~~ Division of Legislative Audit, including the identification
29 of significant vendor relationships in which the vendor has the
30 responsibility for program compliance, in accordance with §§ 10-4-416 and 10-
31 4-424;

32 (8)(A) Submit monthly reports to the Governor and the Arkansas
33 Lottery ~~Commission~~ Division Legislative Oversight Committee disclosing the
34 following budgeted and actual information for the reporting period and
35 cumulatively for the fiscal year:

36 (i) Total lottery revenues;

- 1 (ii) Prize disbursements;
- 2 (iii) Operating expenses;
- 3 (iv) Net assets; and
- 4 (v) Administrative expenses.

5 (B) The ~~commission~~ director shall submit a comprehensive
 6 annual financial report to the Governor and to the Arkansas Lottery
 7 ~~Commission~~ Division Legislative Oversight Committee by placing the report on
 8 the ~~commission's~~ Arkansas Lottery Division of the Department of Higher
 9 Education's website and providing notice of its availability to the Governor
 10 and to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
 11 Committee.

12 (C)(i) The comprehensive annual financial report shall
 13 comply with Statement No.34 of the Governmental Accounting Standards Board
 14 and follow the guidelines of the Certificate of Achievement for Excellence in
 15 Financial Reporting Program of the Government Finance Officers Association.

16 (ii) The Arkansas Lottery ~~Commission~~ Division
 17 Legislative Oversight Committee shall identify the statistical data required
 18 for compliance with this subdivision (a)(8)(C).

19 (D) The comprehensive annual financial report shall
 20 include without limitation:

21 (i) Information concerning the ~~commissioners~~
 22 director of the Arkansas Lottery ~~Commission~~ Division of the Department of
 23 Higher Education;

24 (ii) A current organizational chart;

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

28 (iv) The annual financial audit report made to the
 29 Legislative Joint Auditing Committee;

30 (v) A statement of revenue, expenses, and changes in
 31 net assets for each fiscal year since inception of the Arkansas Scholarship
 32 Lottery;

33 (vi) Separate reports from each component or
 34 department of the ~~commission~~ Arkansas Lottery Division of the Department of
 35 Higher Education or Arkansas Scholarship Lottery, including without
 36 limitation sales, marketing, retailers, gaming operations, players, and

1 security;

2 (vii) A fiscal year-end report on any information
3 required to be reported by the ~~commission~~ Arkansas Lottery Division of the
4 Department of Higher Education on a monthly basis, including without
5 limitation:

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

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

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

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

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

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

20 (b) The ~~department's~~ Department of Higher
21 Education's report to the Arkansas Lottery ~~Commission~~ Division Legislative
22 Oversight Committee required under § 6-85-219(b);

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

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

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

29 (xiii) Contact information for the Arkansas
30 Scholarship Lottery and key employees of the ~~commission~~ Arkansas Lottery
31 Division of the Department of Higher Education;

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 Arkansas Lottery
- 4 Division of the Department of Higher Education;

5 (10)(A) Submit to the cochairs of the Arkansas Lottery

6 ~~Commission~~ Division Legislative Oversight Committee by April 30 of each year

7 the estimated annual operating budget for the ~~commission~~ Arkansas Lottery

8 Division of the Department of Higher Education for the next fiscal year.

9 (B) At a minimum, the estimated annual operating budget

10 submitted for the Arkansas Lottery ~~Commission~~ Division Legislative Oversight

11 Committee's review shall:

12 (i) Contain an estimate of the net proceeds to be

13 available for scholarships and grants during the succeeding fiscal year;

14 (ii) Compare the:

15 (a) Actual revenues and expenditures for the

16 last completed fiscal year;

17 (b) Budgeted revenues and expenditures for the

18 current fiscal year; and

19 (c) Estimated revenues and expenditures for

20 the next fiscal year;

21 (iii) Contain an explanation of increases or

22 decreases in revenues and expenditures shown in the estimated annual

23 operating budget for the next fiscal year compared to the budgeted revenues

24 and expenditures for the current fiscal year;

25 (iv) Classify all revenues and expenditures by

26 specific purpose instead of "miscellaneous" or "other";

27 (v) Contain a schedule of the total amounts of

28 regular salaries, extra help compensation, overtime compensation, and

29 personal services matching as defined in § 19-4-521; and

30 (vi) For each position title authorized under §§ 23-

31 115-305 – 23-115-307, contain a schedule of the annual salary, special

32 allowance, or grade and include:

33 (a) The total number of persons currently

34 employed;

35 (b) The number of Caucasian male employees;

36 (c) The number of Caucasian female employees;

- (d) The total number of Caucasian employees;
- (e) The number of African-American male employees;
- (f) The number of African-American female employees;
- (g) The number of other employees who are members of racial minorities; and
- (h) The total number of minorities currently employed; and

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

(b)(1)(A) The ~~division~~ Division of Legislative Audit shall annually audit the ~~commission~~ Arkansas Lottery Division of the Department of Higher Education.

(B) The ~~division~~ Division of Legislative Audit may conduct an investigation or audit or prepare special reports regarding the ~~commission~~ Arkansas Lottery Division of the Department of Higher Education or related entities, scholarships, grants, vendors, retailers, or any other transactions or relationships connected or associated with the ~~commission~~ Arkansas Lottery Division of the Department of Higher Education or its operations, duties, or functions upon the approval of the Legislative Joint Auditing Committee.

(2) The ~~commission~~ Arkansas Lottery Division of the Department of Higher Education shall reimburse the ~~division~~ Division of Legislative Audit at an hourly rate set by the Legislative Joint Auditing Committee for work performed by the ~~division~~ Division of Legislative Audit relating to any audit, investigation, or special report regarding the ~~commission~~ Arkansas Lottery Division of the Department of Higher Education and related entities, scholarships, grants, vendors, retailers, or other related matters.

(3)(A) If the ~~commission~~ Director of the Arkansas Lottery Division of the Department of Higher Education, the General Assembly, the Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee, or the Legislative Joint Auditing Committee requests additional audits or performance reviews of the fiscal affairs or operations of the ~~commission~~ Arkansas Lottery Division of the Department of Higher Education to be conducted by a private certified public accountant or other consultant, the ~~division~~ Division of Legislative Audit shall select and contract with

1 appropriate certified public accountants or consultants to provide the
2 services.

3 (B) The ~~division~~ Division of Legislative Audit shall
4 contract for the services which shall be paid directly to the contractor by
5 the ~~commission~~ Arkansas Lottery Division of the Department of Higher
6 Education.

7 (C) A copy of any report or management correspondence
8 prepared by the certified public accountants or consultants shall be
9 forwarded to the ~~commission, the division~~ Arkansas Lottery Division of the
10 Department of Higher Education, the Division of Legislative Audit, and the
11 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

12 (4) This chapter does not limit the statutory authority of the
13 ~~division~~ Division of Legislative Audit or the responsibilities of the
14 ~~commission~~ Arkansas Lottery Division of the Department of Higher Education or
15 related entities, board members, employees, vendors, retailers, or any other
16 individuals or entities to cooperate with the ~~division~~ Division of
17 Legislative Audit or provide information or records requested by the ~~division~~
18 Division of Legislative Audit.

19
20 23-115-207. Rulemaking.

21 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of
22 Higher Education may adopt rules regulating the conduct of lotteries in
23 general, including without limitation rules specifying:

- 24 (1) The types of lotteries to be conducted;
- 25 (2)(A) The sale price of tickets or shares and the manner and
26 method of sale.

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

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

30 (3) The number and amount of prizes;

31 (4) The method and location of selecting or validating winning
32 tickets or shares;

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

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

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

3 (i) A retailer; or

4 (ii) The ~~commission~~ division.

5 (C)(i) Winners of more than five hundred dollars (\$500)
6 shall claim prizes from the ~~commission~~ division.

7 (ii) The ~~commission~~ division may establish claim
8 centers throughout the state as it deems necessary;

9 (7) The frequency of lotteries and drawings or selection of
10 winning tickets or shares;

11 (8) The means of conducting drawings;

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

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

15 (C) If the ~~commission~~ division elects to use electronic or
16 mechanical devices to sell tickets or shares, the ~~commission~~ division shall
17 provide by rule:

18 (i) Specifications and required features for
19 electronic or mechanical devices that may be used to sell tickets or shares;
20 and

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

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

27 (E) The ~~commission~~ division shall publish a notice on the
28 ~~commission's~~ division's public website that provides the location, including
29 without limitation the street address, of each self-service lottery ticket
30 vending machine in operation in this state;

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

32 (11) Any other matters necessary, desirable, or convenient
33 toward ensuring the efficient and effective operation of lotteries, the
34 continued entertainment and convenience of the public, and the integrity of
35 the lotteries.

36 (b) The ~~commission~~ division may adopt rules requiring the publication

1 on a ticket or share of the odds of winning a particular lottery game.

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

5 (B) The ~~commission~~ division is not required to file rules
6 under § 10-3-309.

7 (2)(A) The promulgation of rules by the ~~commission~~ division is
8 exempt from § 10-3-309.

9 (B) The ~~commission~~ division shall file its rules with the
10 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee for
11 review at least thirty (30) days before the expiration of the public comment
12 period.

13
14 23-115-208. Sovereign immunity.

15 (a) This chapter does not waive the sovereign immunity of the State of
16 Arkansas.

17 (b)(1) A claim in contract or in tort against the Arkansas Lottery
18 ~~Commission~~ Division of the Department of Higher Education or its employees
19 shall be presented to the ~~Arkansas Lottery Commission~~ division.

20 (2) The ~~Arkansas Lottery Commission~~ division shall promulgate
21 rules concerning the consideration of claims in contract or in tort presented
22 to the ~~Arkansas Lottery Commission~~ division, including without limitation
23 rules concerning the conduct of hearings on claims in contract or in tort.

24 (c)(1) A claimant may appeal the decision of the ~~Arkansas Lottery~~
25 ~~Commission~~ division under subsection (b) of this section to the Arkansas
26 State Claims Commission.

27 (2) The claimant may:

28 (A) Within forty (40) days after the decision is rendered,
29 file with the Arkansas State Claims Commission a notice of appeal of the
30 decision of the ~~Arkansas Lottery Commission~~ division;

31 (B) Within forty (40) days after the decision is rendered,
32 file with the ~~Arkansas Lottery Commission~~ division a motion for
33 reconsideration requesting the ~~Arkansas Lottery Commission~~ division to
34 reconsider its decision; and

35 (C) Within twenty (20) days after the ~~Arkansas Lottery~~
36 ~~Commission's~~ division's reconsideration or denial of the motion for

1 reconsideration, file with the Arkansas State Claims Commission a notice of
2 appeal of the decision of the ~~Arkansas Lottery Commission~~ division.

3 (3) When the ~~Arkansas Lottery Commission~~ division notifies
4 parties of a decision of the ~~Arkansas Lottery Commission~~ division, it shall
5 advise the parties of the right of appeal.

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

11 (B) The Arkansas State Claims Commission shall consider an
12 appeal de novo.

13 (2) A decision of the Arkansas State Claims Commission relating
14 to a claim in contract or in tort against the ~~Arkansas Lottery Commission~~
15 division or its employees shall not be appealed to the General Assembly.

16 (3)(A) A valid claim in any amount against the ~~Arkansas Lottery~~
17 ~~Commission~~ division shall not be referred to the General Assembly for an
18 appropriation.

19 (B) The Clerk of the Arkansas State Claims Commission
20 shall notify the ~~Arkansas Lottery Commission~~ division of the amount of the
21 valid claim.

22 (C) Upon receipt of notification from the clerk, the
23 ~~Arkansas Lottery Commission~~ division shall deliver a check to the clerk, who
24 shall deposit the sum as a nonrevenue receipt into the Miscellaneous
25 Revolving Fund from which he or she shall disburse the amount of the claim to
26 the claimant.

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

29
30 23-115-209. Appealing administrative orders of the division.

31 (a) A retailer, a vendor, or an applicant for a contract or a retailer
32 license aggrieved by an administrative order of the Arkansas Lottery
33 ~~Commission~~ Division of the Department of Higher Education may appeal that
34 decision to Pulaski County Circuit Court.

35 (b) The court shall hear appeals from administrative orders of the
36 ~~commission~~ division, and based upon the record of the proceedings before the

1 ~~commission~~ division, may reverse the administrative order of the ~~commission~~
2 division only if the person appealing the administrative order proves the
3 administrative order to be:

- 4 (1) Clearly erroneous;
- 5 (2) Arbitrary and capricious;
- 6 (3) Procured by fraud;
- 7 (4) A result of substantial misconduct by the ~~commission~~
8 division; or

9 (5) Contrary to the United States Constitution, the Arkansas
10 Constitution, or this chapter.

11 (c) The court may remand an appeal to the ~~commission~~ division to
12 conduct further hearings.

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

16 (2) If upon the motion of the ~~commission~~ division the court
17 finds the appeal to have been frivolous, the cost of appeal and defense shall
18 include without limitation the following expenses of the division resulting
19 from institution of the appeal:

- 20 (A) Court costs;
- 21 (B) Bond;
- 22 (C) Legal fees; and
- 23 (D) Loss of income.

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

27
28 ~~23-115-210. Removal of commission member.~~

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

- 31 ~~(A) Misconduct;~~
- 32 ~~(B) Incompetence; or~~
- 33 ~~(C) Any malfeasance in office.~~

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

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

3 ~~(1) Be in writing;~~

4 ~~(2) Be delivered to the removed commission member or counsel for~~
5 ~~the removed commission member; and~~

6 ~~(3) Specifically set out the grounds relied upon for removal.~~

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

11 ~~(2) This petition shall not supersede or stay the order of~~
12 ~~removal, nor shall any court enter an order to this effect or one that would~~
13 ~~impair the authority of the appointing authority to appoint a commission~~
14 ~~member whose service begins immediately upon fulfillment of the normal~~
15 ~~requirements for assuming office.~~

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

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

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

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

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

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

36 ~~(f) A commission action in which the appointed replacement commission~~

1 ~~member participates is not void, voidable, or in any way subject to~~
2 ~~invalidation on grounds of participation of the appointed replacement~~
3 ~~commission member or lack of participation by the removed commission member~~
4 ~~if the circuit court or the Supreme Court orders the removed commission~~
5 ~~member reinstated.~~

6

7 23-115-211. Certain sections inapplicable.

8 In addition to any provision of law expressly exempting the Arkansas
9 Lottery ~~Commission~~ Division of the Department of Higher Education, the
10 following sections shall not apply to the ~~commission~~ division:

- 11 (1) Section 19-1-211;
- 12 (2) Section 19-1-301 et seq.;
- 13 (3) Section 19-1-609;
- 14 (4) Section 19-4-1802;
- 15 (5) Section 19-5-206;
- 16 (6) Section 19-11-301 et seq.;
- 17 (7) Section 22-9-103;
- 18 (8) Section 22-9-104;
- 19 (9) Section 25-1-104; and
- 20 (10) Section 25-27-104.

21

22 23-115-212. Duties and responsibilities of internal auditor.

23 (a) The internal auditor employed by the Arkansas Lottery ~~Commission~~
24 Division of the Department of Higher Education shall report directly to the
25 ~~commission~~ Director of the Arkansas Lottery Division of the Department of
26 Higher Education.

27 (b) The ~~commission~~ director shall determine the duties and
28 responsibilities of the internal auditor that:

29 (1) Assist the ~~commission~~ Arkansas Lottery Division of the
30 Department of Higher Education in the ~~commission's~~ Arkansas Lottery Division
31 of the Department of Higher Education's obligations under § 23-115-206; and

32 (2) Are consistent with the suggested standards for the
33 professional practice of internal auditing as adopted by the Institute of
34 Internal Auditors, including without limitation:

35 (A) Preparing a formal written three-year audit plan and
36 presenting it to the ~~commission~~ director for ~~commission~~ director approval;

1 (B) Conducting ongoing reviews of the internal procedures,
2 records, and operating procedures of the ~~commission~~ Arkansas Lottery Division
3 of the Department of Higher Education and the lotteries to:

4 (i) Verify compliance with established policies,
5 procedures, and control systems;

6 (ii) Assure compliance with regulatory and statutory
7 conditions; and

8 (iii) Assure adherence to generally accepted
9 accounting principles; and

10 (C) Advising the ~~commission~~ director of inconsistencies
11 within or improvements needed to the internal controls, operating procedures,
12 or accounting procedures of the ~~commission~~ Arkansas Lottery Division of the
13 Department of Higher Education or the lotteries.

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

17 (A) Advise the Arkansas Lottery Division Legislative
18 Oversight Committee concerning current issues and problems reported to the
19 ~~commission~~ director under subsection (b) of this section; and

20 (B) Update the Arkansas Lottery Division Legislative
21 Oversight Committee concerning the resolution of findings of the Division of
22 Legislative Audit in the annual financial report for the ~~commission~~ Arkansas
23 Lottery Division of the Department of Higher Education.

24 (2) The internal auditor is not required to file a report, but
25 shall include a statement in the monthly report of the ~~commission~~ Arkansas
26 Lottery Division of the Department of Higher Education if:

27 (A) There are no current issues or problems reported to
28 the ~~commission~~ Arkansas Lottery Division of the Department of Higher
29 Education ; and

30 (B) The ~~commission~~ Arkansas Lottery Division of the
31 Department of Higher Education and the ~~division~~ Division of Legislative Audit
32 agree that all audit findings are resolved.

33
34 Subchapter 3 – Employees of Arkansas Lottery ~~commission~~ Division of the
35 Department of Higher Education

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

(a)(1)(A) ~~The Arkansas Lottery Commission~~ Governor shall appoint the Director of the Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education.

(B) The director is an employee of the ~~commission~~ Arkansas Lottery Division of the Department of Higher Education and shall direct the day-to-day operations and management of the ~~commission~~ division.

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

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

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

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

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

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

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

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

- (1) Been convicted of a felony or a gambling offense in a state or federal court of the United States;
- (2) Been convicted of a crime involving moral turpitude; or
- (3) Entered into a plea agreement to avoid felony prosecution.

23-115-302. Duties of director.

(a) The Director of the Arkansas Lottery ~~Commission~~ Division of the

1 Department of Higher Education shall direct and supervise all administrative
 2 and technical activities related to the operation of a lottery in accordance
 3 with this chapter and with rules adopted by the Arkansas Lottery ~~Commission~~
 4 Division of the Department of Higher Education.

5 (b) The director shall:

6 (1) Facilitate the initiation and supervise and administer the
 7 operation of the lotteries;

8 (2) Direct personnel as deemed necessary;

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

10 (4) Appoint, select, and employ officers, agents, and employees,
 11 including professional and administrative staff and personnel and hearing
 12 officers, and fix their compensation and pay their expenses as authorized by
 13 Arkansas law;

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

16 (6) Prepare a budget for the approval of the ~~commission~~
 17 division;

18 (7) Require bond from retailers and vendors in amounts as
 19 required by the ~~commission~~ division;

20 (8) Report monthly to the ~~commission~~ division and the Arkansas
 21 Lottery ~~Commission~~ Division Legislative Oversight Committee a complete
 22 statement of lottery revenues and expenses for the preceding month and an
 23 accompanying statement of net assets;

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

26 (A) For the immediately preceding fiscal year:

27 (i) The total amount of net proceeds from the state
 28 lottery; and

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

31 (B) The ~~commission's~~ division's projection for net
 32 proceeds from the state lottery for the current fiscal year; and

33 (10) Perform other duties generally associated with a director
 34 of a ~~commission~~ division of an entrepreneurial nature.

35 (c) The director may for good cause suspend, revoke, or refuse to
 36 renew any contract or license entered into in accordance with this chapter

1 and the rules of the ~~commission~~ division.

2 (d) The director or his or her designee may conduct hearings and
3 administer oaths to persons to assure the security and integrity of lottery
4 operations or to determine the qualifications of or compliance by vendors and
5 retailers.

6

7 23-115-303. Employees – Background investigation.

8 (a) As required by Arkansas Constitution, Article 16, § 4, the General
9 Assembly shall fix the salaries of all employees of the Arkansas Lottery
10 ~~Commission~~ Division of the Department of Higher Education, including without
11 limitation the Director of the Arkansas Lottery ~~Commission~~ Division of the
12 Department of Higher Education.

13 (b) A ~~commission~~ division employee shall not have a financial interest
14 in a vendor doing business or proposing to do business with the ~~commission~~
15 division.

16 (c) A ~~commission~~ division employee with decision-making authority
17 shall not participate in a decision involving a retailer with whom the
18 ~~commission~~ division employee has a financial interest.

19 (d)(1) A ~~commission~~ division employee who leaves the employment of the
20 ~~commission~~ division shall not:

21 (A) Represent a vendor or retailer before the ~~commission~~
22 division for a period of two (2) years after leaving the employment of the
23 ~~commission~~ division; or

24 (B) Engage in lobbying on any matter related to the
25 operation or conduct of a lottery for a period of two (2) years after leaving
26 the employment of the ~~commission~~ division.

27 (2)(A) Subdivision (d)(1) of this section is supplemental to §
28 19-11-701 et seq.

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

33 (e)(1) Each person considered for employment by the ~~commission~~
34 division shall apply to the Identification Bureau of the Department of
35 Arkansas State Police for a state and federal criminal background check to be
36 conducted by the Identification Bureau of the Department of Arkansas State

1 Police and the Federal Bureau of Investigation.

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

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

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

9 (5) Upon completion of the state and federal criminal background
10 check, the Identification Bureau of the Department of Arkansas State Police
11 shall forward to the ~~commission~~ division all releasable information obtained
12 concerning the applicant.

13 (f) The ~~commission~~ division shall not employ an individual who has:

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

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

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

18 (g)(1) The ~~commission~~ division shall bond a ~~commission~~ division
19 employee with access to ~~commission~~ division funds or lottery revenue in an
20 amount as provided by the ~~commission~~ division and may bond other ~~commission~~
21 division employees as deemed necessary.

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

25

26 23-115-304. ~~Commission~~ Division employees – Participation in Arkansas
27 Public Employees’ Retirement System.

28 (a) Employees of the Arkansas Lottery ~~Commission~~ Division of the
29 Department of Higher Education shall be members of the Arkansas Public
30 Employees’ Retirement System.

31 (b)(1) A ~~commission~~ division employee’s compensation for retirement
32 purposes includes only the base salary of the employee under § 23-115-305.

33 (2) A ~~commission~~ division employee’s compensation for retirement
34 purposes does not include a multiplier or other special salary allowance used
35 to increase the employee’s salary as authorized by the General Assembly,
36 including without limitation the special salary allowances authorized under §

1 23-115-306.

2

3 23-115-305. Regular salaries.

4 There is established for the Arkansas Lottery ~~Commission~~ Division of

5 the Department of Higher Education the following regular employees, the

6 grades to be assigned to the respective positions, and the maximum annual

7 salaries for each position. The maximum annual salary for the positions

8 assigned to grades shall be determined in accordance with, but shall not

9 exceed, the maximum annual amount for the grade assigned in this section, as

10 established in § 21-5-209. Except for the purpose of determining the maximum

11 annual salary rate, which is to be applicable to each of the positions to

12 which a salary grade is assigned in this section, in accordance with § 21-5-

13 209, all positions set forth in this section shall be exempt from other

14 provisions of the Uniform Classification and Compensation Act, § 21-5-201 et

15 seq., but shall not be exempt from the Regular Salaries Procedures and

16 Restrictions Act, § 21-5-101 et seq.

17

18 Item

19 Class

20 No.

21 Code Title Maximum No. of Maximum Annual

22 Employees Salary Rate

23 (01) LOTTERY CMSN DIRECTOR 1 \$141,603

24 (02) LOTTERY CMSN INTERNAL 1 \$141,603

25 AUDITOR

26 (03) LOTTERY CMSN CHIEF 1 \$126,050

27 OPERATING OFFICER

28 (04) LOTTERY CMSN 1 GRADE N912

29 INFORMATION TECH DIR

30 (05) LOTTERY CMSN ADMIN & 1 GRADE N912

31 OPERATIONS DIR

32 (06) LOTTERY CMSN CHIEF 1 GRADE N910

33 LEGAL COUNSEL

34 (07) LOTTERY CMSN CHIEF 1 GRADE N910

35 FISCAL OFFICER

36 (08) LOTTERY CMSN MARKETING 1 GRADE N909

1	& PROD DEV DIR		
2	(09) LOTTERY CMSN	1	GRADE N909
3	SALES/RETAIL RELATIONS DIR		
4	(10) LOTTERY CMSN	1	GRADE N908
5	PROCUREMENT DIRECTOR		
6	(11) LOTTERY CMSN ADMIN	2	GRADE C115
7	ANALYST		
8	(12) LOTTERY CMSN ADMIN	2	GRADE C113
9	SUPPORT SUPERVISOR		
10	(13) LOTTERY CMSN ADMIN	6	GRADE C112
11	SUPPORT SPEC III		

12
13 23-115-306. Special salary allowances.

14 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of
15 Higher Education, upon approval of the Arkansas Lottery ~~Commission~~ Division
16 Legislative Oversight Committee, may make special salary allowances
17 authorized by this section for recruitment or retention in amounts as the
18 ~~commission~~ division may determine equitable in view of the exacting duties
19 that are involved as a part of the salary of the:

- 20 (1) Director of the Arkansas Lottery ~~Commission~~ Division of the
- 21 Department of Higher Education;
- 22 (2) Internal auditor of the ~~commission~~ division; and
- 23 (3) Chief operating officer of the ~~commission~~ division.

24 (b) For a position subject to a special allowance under subsection (a)
25 of this section, the sum of the salary authorized by the General Assembly and
26 the special salary allowance shall not exceed an amount equal to two and one-
27 half (2½) times the salary for the position authorized by the General
28 Assembly.

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

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

35
36 23-115-307. Expansion pool.

1 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of
2 Higher Education is authorized an expansion pool of sixty (60) positions not
3 to exceed the career service grade C130 and fifteen (15) positions not to
4 exceed the professional and executive grade N922 to be used to establish
5 additional positions of the proper title and salary if the ~~commission~~
6 division does not have sufficient positions available to address growth
7 needs.

8 (b) A position established under this section shall not exceed a
9 salary rate in excess of the highest rate established by grade or by line
10 item in this subchapter.

11 (c) A position shall not be authorized from the expansion pool until
12 the specific positions that are requested by the ~~commission~~ division are
13 reviewed by the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
14 Committee.

15 (d) When seeking review of positions by the Arkansas Lottery
16 ~~Commission~~ Division Legislative Oversight Committee under this section, the
17 ~~commission~~ division shall provide an organizational chart indicating the
18 current structure of the ~~commission~~ division and its employees.

19 (e)(1) The requirement of review by the Arkansas Lottery ~~Commission~~
20 Division Legislative Oversight Committee before authorizing positions from
21 the expansion pool is not a severable part of this section.

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

25
26 23-115-308. Participation in Arkansas Administrative Statewide
27 Information System.

28 The Arkansas Lottery ~~Commission~~ Division of the Department of Higher
29 Education may participate in the Arkansas Administrative Statewide
30 Information System.

31
32 Subchapter 4 – Operation of Lottery

33
34 23-115-401. Minority-owned businesses and female-owned businesses.

35 (a) It is the intent of the General Assembly that the Arkansas Lottery
36 ~~Commission~~ Division of the Department of Higher Education encourage

1 participation by minority-owned businesses and female-owned businesses.

2 (b) The ~~commission~~ division shall adopt a plan that encourages to the
 3 greatest extent possible a level of participation by minority-owned
 4 businesses and female-owned businesses taking into account the total number
 5 of all retailers and vendors, including any subcontractors.

6 (c) The ~~commission~~ division shall provide training programs and other
 7 educational activities to encourage minority-owned businesses and female-
 8 owned businesses to compete for contracts on an equal basis.

9 (d) The ~~commission~~ division shall employ staff to assist prospective
 10 vendors and retailers with entering into and competing for contracts,
 11 including without limitation the development and implementation of the plans
 12 and programs under subsections (b) and (c) of this section.

13 (e) The ~~commission~~ division shall monitor the results of minority-
 14 owned business and female-owned business participation and shall report the
 15 results of minority-owned business and female-owned business participation to
 16 the Governor and the Arkansas Lottery ~~Commission~~ Division Legislative
 17 Oversight Committee on at least an annual basis.

18
 19 23-115-402. Restriction on sales.

20 (a)(1) Unless authorized to do so in writing by the Director of the
 21 Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education, a
 22 person shall not sell a ticket or share at a price other than established by
 23 the Arkansas Lottery ~~Commission~~ Division of the Department of Higher
 24 Education.

25 (2)(A) Only a retailer holding a valid certificate of authority
 26 from the ~~commission~~ division shall sell a ticket.

27 (B) This subsection does not prevent an individual who may
 28 lawfully purchase tickets or shares from making a gift of tickets or shares
 29 to another individual.

30 (b) This chapter does not prohibit the ~~commission~~ division from
 31 designating certain of its agents and employees to sell or give tickets or
 32 shares directly to the public.

33 (c) Subject to prior approval by the ~~commission~~ division, retailers
 34 may give away tickets or shares as a means of promoting goods or services to
 35 customers or prospective customers.

36 (d) A retailer shall not sell a ticket or share except from the

1 locations evidenced by the retailer’s license issued by the ~~commission~~
2 division unless the division authorizes in writing any temporary location not
3 listed in the retailer’s license.

4 (e)(1) Tickets or shares shall not be sold or given to individuals
5 under eighteen (18) years of age.

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

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

- 10 (1) The Department of Correction;
- 11 (2) The Department of Community Correction; or
- 12 (3) A county or municipal jail or detention facility.

13
14 23-115-403. Attachments, garnishments, or executions withheld from
15 lottery prizes – Validity of tickets or shares – Lottery prize restrictions –
16 Unclaimed lottery prizes.

17 (a) Proceeds of a lottery prize are subject to Arkansas state income
18 tax.

19 (b)(1) Except as otherwise provided in this chapter, attachments,
20 garnishments, or executions authorized and issued under Arkansas law shall be
21 withheld if timely served upon the Arkansas Lottery ~~Commission~~ Division of
22 the Department of Higher Education.

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

25 (c) The ~~commission~~ Arkansas Lottery Division of the Department of
26 Higher Education shall adopt rules to establish a system of verifying the
27 validity of tickets or shares claimed to win lottery prizes and to effect
28 payment of lottery prizes, except that:

29 (1)(A) A lottery prize, any portion of a lottery prize, or any
30 right of any individual to a lottery prize is not assignable.

31 (B) A lottery prize or any portion of a lottery prize
32 remaining unpaid at the death of a lottery prize winner shall be paid to the
33 estate of the deceased lottery prize winner or to the trustee of a trust
34 established by the deceased lottery prize winner as settlor if:

35 (i) A copy of the trust document or instrument has
36 been filed with the ~~commission~~ Arkansas Lottery Division of the Department of

1 Higher Education along with a notarized letter of direction from the settlor;
2 and

3 (ii) No written notice of revocation has been
4 received by the ~~commission~~ Arkansas Lottery Division of the Department of
5 Higher Education before the settlor's death.

6 (C) Following a settlor's death and before any payment to
7 a successor trustee, the ~~commission~~ Arkansas Lottery Division of the
8 Department of Higher Education shall obtain from the trustee a written
9 agreement to indemnify and hold the ~~commission~~ Arkansas Lottery Division of
10 the Department of Higher Education harmless with respect to any claims that
11 may be asserted against the ~~commission~~ Arkansas Lottery Division of the
12 Department of Higher Education arising from payment to or through the trust.

13 (D) Under an appropriate judicial order, an individual
14 shall be paid the lottery prize to which a winner is entitled;

15 (2) A lottery prize shall not be paid arising from claimed
16 tickets that are:

17 (A) Stolen, counterfeit, altered, fraudulent, unissued,
18 produced or issued in error, unreadable, not received, or not recorded by the
19 ~~commission~~ Arkansas Lottery Division of the Department of Higher Education
20 within applicable deadlines;

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

23 (C) Not in compliance with rules and public or
24 confidential validation and security tests of the ~~commission~~ Arkansas Lottery
25 Division of the Department of Higher Education appropriate to the particular
26 lottery involved;

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

29 (B) If there is a determination that more than one (1)
30 claimant is entitled to a particular lottery prize, the sole remedy of the
31 claimants is the award to each of them of an equal share in the lottery
32 prize;

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

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

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

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

12 (D) The ~~commission~~ Arkansas Lottery Division of the
 13 Department of Higher Education at any time may alter the time periods under
 14 subdivisions (c)(4)(A) and (B) of this section by rule; and

15 (5)(A) If practicable, an auditor chosen by the ~~commission~~
 16 Arkansas Lottery Division of the Department of Higher Education shall be
 17 present at a draw to determine the winners of a draw game to verify the
 18 accuracy of the results.

19 (B) The ~~commission~~ Arkansas Lottery Division of the
 20 Department of Higher Education may request an auditor employed by the
 21 Division of Legislative Audit for the purposes of this subdivision (c)(5).

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

24 (2) A lottery prize described in subdivision (d)(1) of this
 25 section is an unclaimed lottery prize for purposes of this section.

26 (e) The ~~commission~~ Arkansas Lottery Division of the Department of
 27 Higher Education is discharged of all liability upon payment of a lottery
 28 prize.

29 (f)(1) The ~~commission~~ Arkansas Lottery Division of the Department of
 30 Higher Education shall not pay a lottery prize that exceeds the amount of
 31 five hundred dollars (\$500) to any:

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

33 ~~(B)~~ Employee of the ~~commission~~ Arkansas Lottery Division
 34 of the Department of Higher Education; or

35 ~~(C)~~(B) Member of the immediate family of a member of ~~the~~
 36 ~~commission~~ or an employee of the ~~commission~~ Arkansas Lottery Division of the

1 Department of Higher Education living in the same household as the ~~member of~~
2 ~~the commission or the~~ employee.

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

7 (A) Officer, employee, agent, or subcontractor of the
8 vendor; or

9 (B) Immediate family of the officer, employee, agent, or
10 subcontractor of the vendor.

11 (g)(1) During a fiscal year, the ~~commission~~ Arkansas Lottery Division
12 of the Department of Higher Education may expend up to two million five
13 hundred thousand dollars (\$2,500,000) of unclaimed lottery prize money for
14 one (1) or more of the following:

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

17 (B) Maintaining online game reserves at a fiscally sound
18 level; or

19 (C) Prize promotion.

20 (2) On the last day of each fiscal year, the ~~commission~~ Arkansas
21 Lottery Division of the Department of Higher Education shall deposit into the
22 trust account for net lottery proceeds the amount of unclaimed lottery prize
23 money existing at the end of the fiscal year less one million dollars
24 (\$1,000,000).

25 (3) The ~~commission~~ Arkansas Lottery Division of the Department
26 of Higher Education shall include in its monthly reports to the Arkansas
27 Lottery ~~Commission~~ Division Legislative Oversight Committee the following
28 monthly and year-to-date amounts:

29 (A) Unclaimed lottery prize money;

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

31 (C) Deposits to net lottery proceeds from unclaimed
32 lottery prize money.

33

34 23-115-404. Confidential information.

35 (a)(1) Except as provided in subdivision (a)(2) of this section, the
36 Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education

1 shall comply with the Freedom of Information Act of 1967, § 25-19-101 et seq.

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

5 (A) Information pertaining to the security of lottery
6 games and lottery operations, including without limitation:

- 7 (i) Security measures, systems, or procedures; and
- 8 (ii) Security reports; and

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

11 (b) The Division of Legislative Audit shall have full access to the
12 records of the ~~commission~~ Arkansas Lottery Division of the Department of
13 Higher Education.

14
15 23-115-405. Intelligence sharing, reciprocal use, or restricted use
16 agreements.

17 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of
18 Higher Education may enter into an intelligence sharing, reciprocal use, or
19 restricted use agreement with the United States Government, law enforcement
20 agencies, lottery regulation agencies, and gaming enforcement agencies of
21 other jurisdictions that provide for and regulate the use of information
22 provided and received under the agreement.

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

28
29 23-115-406. Authority of local government.

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

32 (2) Local government shall not take any action, including
33 without limitation the adoption of an ordinance, relating to the operation of
34 lotteries.

35 (b) This section does not prohibit local government from requiring a
36 retailer to obtain an occupational license for any business unrelated to the

1 sale of tickets or shares.

2

3 23-115-407. Video lotteries prohibited.

4 A video lottery shall not be used as part of a lottery under this
5 chapter.

6

7 23-115-408. Video lotteries by institution or facility governed by
8 other wagering laws prohibited.

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

- 11 (1) Arkansas Horse Racing Law, § 23-110-101 et seq.;
- 12 (2) Arkansas Greyhound Racing Law, § 23-111-101 et seq.; or
- 13 (3) Local Option Horse Racing and Greyhound Racing Electronic
14 Games of Skill Act, § 23-113-101 et seq.

15

16 23-115-409. Laws under other wagering chapters not affected.
17 This chapter does not alter wagering that may be conducted under the Arkansas
18 Horse Racing Law, § 23-110-101 et seq., the Arkansas Greyhound Racing Law, §
19 23-111-101 et seq., or the Local Option Horse Racing and Greyhound Racing
20 Electronic Games of Skill Act, § 23-113-101 et seq.

21 23-115-410. Compulsive gambling disorder treatment and educational
22 programs.

23 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of
24 Higher Education shall provide an annual amount of at least two hundred
25 thousand dollars (\$200,000) for:

- 26 (1) Compulsive gambling disorder treatment programs; and
- 27 (2) Compulsive gambling disorder educational programs.

28 (b)(1) The ~~commission~~ division shall work together with the Department
29 of Human Services to implement the compulsive gambling disorder treatment
30 programs and the compulsive gambling disorder educational programs under this
31 section.

32 (2) The ~~commission~~ division may contract with the Department of
33 Human Services for providing all services related to and administering of the
34 compulsive gambling disorder treatment programs and the compulsive gambling
35 disorder educational programs.

36 (3) As part of its compulsive gambling disorder treatment and

1 educational programs, the Department of Human Services shall make available a
2 toll-free helpline telephone number providing information and referral
3 services concerning compulsive gambling disorders.

4 (4) The Department of Human Services may promulgate rules to
5 administer the compulsive gambling disorder treatment programs and the
6 compulsive gambling disorder educational programs.

7 (c) The ~~commission~~ division and the Department of Human Services shall
8 provide a joint report to the Arkansas Lottery ~~Commission~~ Division
9 Legislative Oversight Committee that includes without limitation:

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

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

14 (3) The recommendations of the ~~commission~~ division and the
15 Department of Human Services for changes in the programs or funding.

16 23-115-411. Multidraw screen-based lottery game prohibited.

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

20 (2) All lottery games operated by the Arkansas Lottery ~~Commission~~
21 Division of the Department of Higher Education on or before June 29, 2014,
22 are permitted and may continue as a part of the Arkansas Scholarship Lottery.

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

25 Subchapter 5 – Vendors

26
27 23-115-501. Vendors – Requirements when submitting a bid, proposal, or
28 offer – Major procurement contract.

29 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of
30 Higher Education shall investigate the financial responsibility, security,
31 and integrity of a vendor who is a finalist in submitting a bid, proposal, or
32 offer as part of a major procurement contract.

33 (b) At the time of submitting a bid, proposal, or offer to the
34 ~~commission~~ division, the ~~commission~~ division shall require the following
35 items:

36 (1) A disclosure of the vendor’s name and address and, as

1 applicable, the names and addresses of the following:

2 (A)(i) If the vendor is a corporation, the officers,
3 directors, and each stockholder of more than a ten percent (10%) interest in
4 the corporation.

5 (ii) However, in the case of owners of equity
6 securities of a publicly traded corporation, only the names and addresses of
7 those known to the corporation to own beneficially five percent (5%) or more
8 of the securities shall be disclosed;

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

11 (C) If the vendor is an association, the members,
12 officers, and directors; and

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

15 (2) A disclosure of all the states and jurisdictions in which
16 the vendor does business and the nature of the business for each state or
17 jurisdiction;

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

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

27 (B) If any lottery or gaming license or contract has been
28 revoked or has not been renewed or any lottery or gaming license or
29 application has been either denied or is pending and has remained pending for
30 more than six (6) months, all of the facts and circumstances underlying the
31 failure to receive a license shall be disclosed;

32 (5)(A) A disclosure of the details of any finding or plea,
33 conviction, or adjudication of guilt in a state or federal court of the
34 vendor for any felony or any other criminal offense other than a traffic
35 violation committed by the persons identified under subdivision (b)(1) of
36 this section.

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

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

6 (6) A disclosure of the details of any bankruptcy, insolvency,
 7 reorganization, or corporate or individual purchase or takeover of another
 8 corporation, including without limitation bonded indebtedness, and any
 9 pending litigation of the vendor;

10 (7) A disclosure of the vendor’s most recent financial report,
 11 including any reports on internal control over financial reporting, and the
 12 most recent audit report of the vendor’s operation as a service organization;
 13 and

14 (8) Additional disclosures and information that the ~~commission~~
 15 division may determine to be appropriate for the procurement involved.

16 (c) If any portion of a vendor’s contract is subcontracted, the vendor
 17 shall disclose all of the information required by this section for the
 18 subcontractor as if the subcontractor were itself a vendor.

19 (d)(1) The ~~commission~~ division shall not enter into a major
 20 procurement contract with a vendor that:

21 (A) Has not complied with the disclosure requirements
 22 described in subsection (b) of this section;

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

25 (C) Has an ownership interest in an entity that has
 26 supplied lottery goods or services under contract to the ~~commission~~ division
 27 regarding the request for proposals pertaining to those particular goods or
 28 services.

29 (2) The ~~commission~~ division may terminate a major procurement
 30 contract with a vendor that does not comply with requirements for
 31 periodically updating disclosures during the tenure of the major procurement
 32 contract as may be specified in the major procurement contract.

33 (3) This section shall be construed broadly and liberally to
 34 achieve full disclosure of all information necessary to allow for a full and
 35 complete evaluation by the ~~commission~~ division of the competence, integrity,
 36 background, and character of vendors for major procurement contracts.

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

4 (A) The Director of the Arkansas Lottery ~~Commission~~
5 Division of the Department of Higher Education, a ~~commission member~~, a
6 ~~commission~~ division employee, or a member of the Arkansas Lottery ~~Commission~~
7 Division Legislative Oversight Committee; or

8 (B) A member of the immediate family of the director, a
9 ~~commission member~~, a ~~commission~~ division employee, or a member of the
10 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

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

13 (B)(i) The Arkansas Ethics Commission shall also have the
14 authority to investigate and address alleged violations of subdivision (e)(1)
15 of this section.

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

19 (f)(1) A public official shall not knowingly own a financial interest
20 in a vendor.

21 (2)(A) If a public official becomes aware that he or she owns a
22 financial interest in a vendor, the public official shall divest the
23 financial interest as soon as possible.

24 (B) A public official shall not divest the financial
25 interest to a member of his or her immediate family.

26
27 23-115-502. Vendor – Performance bond or letter of credit.

28 (a)(1) At the execution of the major procurement contract with the
29 Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education,
30 each vendor shall post a performance bond or letter of credit from a bank or
31 credit provider acceptable to the ~~commission~~ division in an amount as deemed
32 necessary by the division for that particular bid or major procurement
33 contract.

34 (2) In lieu of the bond, to assure the faithful performance of
35 its obligations, a vendor may deposit and maintain with the ~~commission~~
36 division securities that are:

- 1 (A) Interest bearing or accruing; and
- 2 (B) Rated in one (1) of the three (3) highest
- 3 classifications by an established, nationally recognized investment rating
- 4 service.

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

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

9 (i) Approved by the ~~commission~~ division; and

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

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

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

17 (D)(i) Corporate bonds approved by the ~~commission~~
18 division.

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

21 (4) The securities shall be held in trust and shall at all times
22 be in an amount as deemed necessary by the ~~commission~~ division for the
23 particular bid or major procurement contract.

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

26 (2) All major procurement contracts under this section shall be
27 governed by the laws of this state except as provided in this chapter.

28

29 23-115-503. Cancellation, suspension, revocation, or termination of
30 major procurement contract.

31 (a) A major procurement contract executed by the Arkansas Lottery
32 ~~Commission~~ Division of the Department of Higher Education under this chapter
33 shall specify the reasons for which the major procurement contract may be
34 canceled, suspended, revoked, or terminated by the division. The reasons
35 shall include without limitation:

36 (1) Commission of a violation of this chapter or a rule of the

1 ~~commission~~ division;

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

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

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

6 (5) Any material change as determined in the sole discretion of
7 the ~~commission~~ division in any matter considered by the ~~commission~~ division
8 in executing the major procurement contract with the vendor.

9 (b)(1) If ~~upon approval of the commission~~ the Director of the Arkansas
10 Lottery ~~Commission~~ Division of the Department of Higher Education or his or
11 her designee determines that cancellation, denial, revocation, suspension, or
12 rejection of renewal of a major procurement contract is in the best interest
13 of lotteries, the public welfare, or the State of Arkansas, the director or
14 his or her designee may cancel, suspend, revoke, or terminate, after notice
15 and a right to a hearing, a major procurement contract issued under this
16 chapter.

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

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

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

25

26 23-115-504. Political contributions by vendors.

27 (a) The General Assembly finds:

28 (1) That the integrity of the Arkansas Lottery ~~Commission~~
29 Division of the Department of Higher Education and lotteries is of utmost
30 importance; and

31 (2) That the people of the State of Arkansas should have
32 confidence and be assured that public officials are free of any untoward
33 political influence by vendors.

34 (b) A vendor awarded a major procurement contract for lottery
35 equipment or tickets or an officer, employee, or agent of a vendor awarded a
36 major procurement contract for lottery equipment or tickets shall not make a

1 political contribution to a public official or a candidate for election as a
2 public official.

3 (c) A vendor proposing to provide goods or services under a major
4 procurement contract or an officer, employee, or agent of a vendor proposing
5 to provide goods or services under a major procurement contract shall not:

6 (1) Make a political contribution to a public official or a
7 candidate for election as a public official while the award of the major
8 procurement contract is pending; and

9 (2) While the award of the major procurement contract is
10 pending, promise to make a political contribution to a public official or a
11 candidate for election as a public official after the award of the major
12 procurement contract.

13
14 Subchapter 6- Retailers

15
16 23-115-601. Retailers.

17 (a) The General Assembly recognizes that to conduct a successful
18 lottery, the Arkansas Lottery ~~Commission~~ Division of the Department of Higher
19 Education must develop and maintain a statewide network of retailers that
20 will serve the public convenience and promote the sale of tickets or shares
21 and the playing of lotteries while ensuring the integrity of lottery
22 operations, games, and activities.

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

25 (c) The ~~commission~~ division shall provide for compensation to
26 retailers in the form of commissions in an amount of not less than five
27 percent (5%) of gross sales of tickets and shares and may provide for other
28 forms of compensation for services rendered in the sale or cashing of tickets
29 or shares.

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

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

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

35 (e)(1) A person considered as a retailer shall apply to the
36 Identification Bureau of the Department of Arkansas State Police for a state

1 and federal criminal background check, to be conducted by the Identification
 2 Bureau of the Department of Arkansas State Police and the Federal Bureau of
 3 Investigation.

4 (2) The state and federal criminal background check shall
 5 conform to the applicable federal standards and shall include the taking of
 6 fingerprints.

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

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

11 (5) Upon completion of the state and federal criminal background
 12 check, the Identification Bureau of the Department of Arkansas State Police
 13 shall forward to the ~~commission~~ division all releasable information obtained
 14 concerning the applicant.

15 (f)(1) The ~~commission~~ division shall develop a list of objective
 16 criteria upon which the qualification of retailers shall be based.

17 (2) The ~~commission~~ division shall develop separate criteria to
 18 govern the selection of retailers of instant tickets.

19 (3) In developing the criteria, the ~~commission~~ division shall
 20 consider certain factors, including without limitation:

- 21 (A) The applicant's financial responsibility;
- 22 (B) Security of the applicant's place of business or
 23 activity;
- 24 (C) Accessibility to the public;
- 25 (D) The applicant's integrity; and
- 26 (E) The applicant's reputation.

27 (4) The ~~commission~~ division shall not consider political
 28 affiliation, activities, or monetary contributions to political organizations
 29 or candidates for any public office.

30 (5) The criteria shall include without limitation the following:

31 (A)(i) The applicant shall be current in filing all
 32 applicable tax returns to the State of Arkansas and in payment of all taxes,
 33 interest, and penalties owed to the State of Arkansas, excluding items under
 34 formal appeal under applicable statutes.

35 (ii) The Department of Finance and Administration
 36 shall provide to the ~~commission~~ division the information required under

1 subdivision (f)(5)(A)(i) of this section;

2 (B) The ~~commission~~ division shall not select as a retailer
3 any person who:

4 (i) Has been convicted of a criminal offense related
5 to the security or integrity of a lottery in this or any other jurisdiction;

6 (ii)(a) Has been convicted of any illegal gambling
7 activity, false statements, false swearing, or perjury in this or any other
8 jurisdiction or convicted of any crime punishable by more than one (1) year
9 of imprisonment or a fine of more than one thousand dollars (\$1,000), or
10 both.

11 (b) Subdivision (f)(5)(B)(ii)(a) of this
12 section shall not apply if the person's civil rights have been restored and
13 at least five (5) years have elapsed from the date of the completion of the
14 sentence without a subsequent conviction of a crime described in subdivision
15 (f)(5)(B)(ii)(a) of this section;

16 (iii) Has been found to have violated this chapter
17 or any rule, policy, or procedure of the ~~commission~~ division unless:

18 (a) Ten (10) years have passed since the
19 violation; or

20 (b) The ~~commission~~ division finds the
21 violation both minor and unintentional in nature;

22 (iv) Is a vendor or an employee or agent of a vendor
23 doing business with the ~~commission~~ division;

24 (v) Is ~~a member~~ an employee of the ~~commission~~
25 division or a member of the immediate family of ~~a member~~ an employee of the
26 ~~commission~~ division;

27 (vi) Has made a statement of material fact to the
28 ~~commission~~ division knowing the statement to be false; or

29 (vii)(a) Is engaged exclusively in the business of
30 selling tickets or shares.

31 (b) Subdivision (f)(5)(B)(vii)(a) of this
32 section does not preclude the ~~commission~~ division from selling or giving away
33 tickets or shares for promotional purposes;

34 (C) A person applying to become a retailer shall be
35 charged a uniform application fee determined by rule for each lottery outlet;

36 (D) All retailer licenses may be renewable annually in the

1 discretion of the ~~commission~~ division unless canceled or terminated by the
2 ~~commission~~ division; and

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

7 (i) An initial and any subsequent state and federal
8 criminal background check under this subchapter; and

9 (ii) The reporting, communications technology, and
10 banking processes necessary to implement and enforce this subchapter.

11 (g)(1) A retailer or an applicant to be a retailer shall not provide a
12 gift or compensation to:

13 (A) The Director of the Arkansas Lottery ~~Commission~~
14 Division of the Department of Higher Education, ~~a commission member~~, or a
15 ~~commission~~ division employee; or

16 (B) A member of the immediate family of the director, ~~a~~
17 ~~commission member~~, or a ~~commission~~ division employee.

18 (2)(A) Any person who knowingly violates subdivision (g)(1) of
19 this section shall be guilty of a Class A misdemeanor.

20 (B)(i) The Arkansas Ethics Commission shall also have the
21 authority to investigate and address alleged violations of subdivision (g)(1)
22 of this section.

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

26
27 23-115-602. Retailer license.

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

29 (b) A retailer shall not contract with any person for lottery goods or
30 services except with the approval of the Arkansas Lottery ~~Commission~~ Division
31 of the Department of Higher Education.

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

34
35 23-115-603. Fidelity fund – Retailer fee – Reserve account to cover
36 losses – Retailer bond.

1 (a)(1) The Arkansas Lottery ~~Commission~~ Division of the Department of
 2 Higher Education shall establish a fidelity fund separate from all other
 3 funds and shall assess each retailer an annual fee not to exceed one hundred
 4 dollars (\$100) per sales location to be deposited into the fidelity fund.

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

6 (A) Invested or deposited into one (1) or more interest-
 7 bearing accounts;

8 (B) Used to cover losses the ~~commission~~ division
 9 experiences due to nonfeasance, misfeasance, or malfeasance of a retailer;
 10 and

11 (C) Used to purchase blanket bonds covering the ~~commission~~
 12 division against losses from all retailers.

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

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

20 (2) The ~~commission~~ division shall establish procedures for
 21 minimizing any losses that may be deemed uncollectable and shall exercise and
 22 exhaust all available options in those procedures before writing off amounts
 23 to this account.

24 (c)(1) The ~~commission~~ division shall require a retailer to post an
 25 appropriate bond, as determined by the ~~commission~~ division, using an
 26 insurance company acceptable to the ~~commission~~ division.

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

29 (d)(1) In its discretion, the ~~commission~~ division may allow a retailer
 30 to deposit and maintain with the ~~commission~~ division securities that are
 31 interest-bearing or accruing.

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

33 (A) Certificates of deposit in an amount fully insured by
 34 the Federal Deposit Insurance Corporation issued by solvent banks or savings
 35 associations organized and existing under the laws of this state or under the
 36 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; or

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

6 (3) The securities shall be held in trust in the name of the
7 ~~commission~~ division.

8
9 23-115-604. Cancellation, suspension, revocation, or termination of
10 retailer license.

11 (a) A retailer license executed by the Arkansas Lottery ~~Commission~~
12 Division of the Department of Higher Education under this chapter shall
13 specify the reasons for which the retailer license may be canceled,
14 suspended, revoked, or terminated by the ~~commission~~ division. The reasons
15 shall include without limitation:

16 (1) Commission of a violation of this chapter or a rule of the
17 ~~commission~~ division;

18 (2) Failure to accurately or timely account for tickets, lottery
19 games, revenues, or prizes as required by the ~~commission~~ division;

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

21 (4) Insufficient sales;

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

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

25 (7) Any material change as determined in the sole discretion of
26 the ~~commission~~ division in any matter considered by the ~~commission~~ division
27 in executing the license with the retailer; or

28 (8) Failure to meet any of the objective criteria established by
29 the ~~commission~~ division under this chapter.

30 (b)(1) If upon approval of the ~~commission~~ division the Director of the
31 Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education or
32 his or her designee determines that cancellation, denial, revocation,
33 suspension, or rejection of renewal of a retailer license is in the best
34 interest of lotteries, the public welfare, or the State of Arkansas, the
35 director or his or her designee may cancel, suspend, revoke, or terminate,
36 after notice and a right to a hearing, a retailer license issued under this

1 chapter.

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

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

8 (4)(3) Hearings under this subsection shall be held in
9 accordance with the Arkansas Administrative Procedure Act, § 25-15-201 et
10 seq.

11
12 23-115-605. Retailers – Fiduciary duty – Protection against loss.

13 (a)(1) All proceeds from the sale of tickets or shares constitute a
14 trust fund until paid to the Arkansas Lottery ~~Commission~~ Division of the
15 Department of Higher Education either directly or through the ~~commission's~~
16 division's authorized collection representative.

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

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

- 22 (A) Unsold instant tickets received by a retailer;
- 23 (B) Cash proceeds of the sale of any lottery products;
- 24 (C) Net of allowable sales commissions; and
- 25 (D) Credit for lottery prizes paid to winners by

26 retailers.

27 (4) Sales proceeds and unused instant tickets shall be delivered
28 to the ~~commission~~ division or its authorized collection representative upon
29 demand.

30 (b)(1) The ~~commission~~ division shall require retailers to place all
31 lottery proceeds due the ~~commission~~ division in accounts in institutions
32 insured by the Federal Deposit Insurance Corporation not later than the close
33 of the next banking day after the date of their collection by the retailer
34 until the date they are paid to the ~~commission~~ division.

35 (2) At the time of the deposit, lottery proceeds shall be deemed
36 to be the property of the ~~commission~~ division.

1 (3) The ~~commission~~ division may require a retailer to establish
 2 a single separate electronic funds transfer account when available for the
 3 purpose of:

- 4 (A) Receiving moneys from ticket or share sales;
- 5 (B) Making payments to the ~~commission~~ division; and
- 6 (C) Receiving payments for the ~~commission~~ division.

7 (4) Unless authorized in writing by the ~~commission~~ division,
 8 each retailer shall establish a separate bank account for lottery proceeds
 9 that shall be kept separate and apart from all other funds and assets and
 10 shall not be commingled with any other funds or assets.

11 (c) When an individual who receives proceeds from the sale of tickets
 12 or shares in the capacity of a retailer becomes insolvent or dies insolvent,
 13 the proceeds due the ~~commission~~ division from the individual or his or her
 14 estate have preference over all debts or demands.

15 (d) If the ~~commission~~ division determines that a retailer failed to
 16 comply with subsection (b) of this section three (3) times within any
 17 consecutive twenty-four-month period, the ~~commission~~ division may pursue
 18 business closure against the retailer under this subchapter.

19
 20 23-115-606. Retailer – Rental payments based on percentage of retail
 21 sales.

22 If a retailer’s rental payments for the business premises are
 23 contractually computed, in whole or in part, on the basis of a percentage of
 24 retail sales and the computation of retail sales is not explicitly defined to
 25 include sales of tickets or shares, only the compensation received by the
 26 retailer from the Arkansas Lottery ~~Commission~~ Division of the Department of
 27 Higher Education may be considered the amount of the lottery retail sale for
 28 purposes of computing the rental payment.

29
 30 23-115-607. Business closure authority – Notice.

31 (a) In addition to all other remedies provided by law for failure to
 32 remit lottery proceeds due the Arkansas Lottery ~~Commission~~ Division of the
 33 Department of Higher Education, the Director of the Arkansas Lottery
 34 ~~Commission~~ Division of the Department of Higher Education may close the
 35 business of a retailer if the retailer fails to comply with § 23-115-605(b)
 36 three (3) times within any consecutive twenty-four-month period.

1 (b)(1) The director shall give notice to the retailer that the third
 2 delinquency in complying with § 23-115-605(b) in any consecutive twenty-four-
 3 month period may result in the closure of the business.

4 (2) The notice shall be in writing and delivered to the retailer
 5 by:

6 (A) The United States Postal Service; or

7 (B) Hand delivery.

8 (c)(1) If the retailer has a third delinquency in complying with § 23-
 9 115-605(b) in any consecutive twenty-four-month period after the issuance of
 10 the notice provided in subsection (b) of this section and the director
 11 chooses to close the business, the director shall notify the retailer by
 12 certified mail or by hand delivery that the business will be closed within
 13 five (5) business days from the date of receipt of the notice unless the
 14 retailer avoids closure of the business under subsection (d) of this section.

15 (2) If the fifth day falls on a Saturday, Sunday, or legal
 16 holiday, the performance of an act to avoid business closure under subsection
 17 (d) of this section is timely when performed on the next succeeding business
 18 day that is not a Saturday, Sunday, or legal holiday.

19 (d) A retailer may avoid closure of the business by:

20 (1) Remitting the delinquent lottery proceeds; or

21 (2) Entering into a written payment agreement approved by the
 22 director to satisfy the lottery proceeds delinquency.

23
 24 23-115-608. Administrative hearing.

25 (a) A retailer may request an administrative hearing concerning the
 26 decision of the Director of the Arkansas Lottery ~~Commission~~ Division of the
 27 Department of Higher Education to close the retailer's business.

28 (b) Within five (5) business days after the delivery or attempted
 29 delivery of the notice required by § 23-115-607(c), the retailer may file a
 30 written protest, signed by the retailer or his or her authorized agent, with
 31 the director stating the reasons for opposing the closure of the business and
 32 requesting an administrative hearing.

33 (c)(1) A retailer may request that an administrative hearing be held:

34 (A) In person;

35 (B) By telephone;

36 (C) Upon written documents furnished by the retailer; or

1 (D) Upon written documents and any evidence to be produced
 2 by the retailer at an administrative hearing.

3 (2) The director may determine whether an administrative hearing
 4 at which testimony is to be presented will be conducted in person or by
 5 telephone.

6 (3) A retailer who requests an administrative hearing based upon
 7 written documents is not entitled to any other administrative hearing before
 8 the rendering of the administrative decision.

9 (d) The administrative hearing shall be conducted by a hearing officer
 10 appointed by the director.

11 (e)(1) The hearing officer shall:

12 (A) Set the time and place for a hearing; and

13 (B) Give the retailer notice of the hearing.

14 (2) At the administrative hearing, the retailer may:

15 (A) Be represented by an authorized representative; and

16 (B) Present evidence in support of his or her position.

17 (f) The administrative hearing shall be held within fourteen (14)
 18 calendar days of receipt by the director of the request for hearing.

19 (g) The administrative hearing and determinations made by the hearing
 20 officer under this subchapter are subject to the Arkansas Administrative
 21 Procedure Act, § 25-15-201 et seq.

22 (h) The defense or defenses to the closure of a business under this
 23 subchapter are:

24 (1) Written proof that the retailer remitted the delinquent
 25 lottery proceeds due; or

26 (2) That the retailer has entered into a written payment
 27 agreement, approved by the director, to satisfy the lottery proceeds
 28 delinquency.

29 (i) The decision of the hearing officer shall be in writing with
 30 copies delivered to the retailer and the director by the United States Postal
 31 Service or by hand delivery.

32
 33 23-115-609. Judicial relief.

34 (a)(1) If the decision of the hearing officer under § 23-115-608 is to
 35 affirm the closure of the business, the decision shall be submitted in
 36 writing and delivered by the United States Postal Service or by hand to the

1 retailer.

2 (2) The retailer may seek judicial relief from the decision by
 3 filing suit within twenty (20) calendar days of the date of the decision.

4 (b)(1) Jurisdiction for a suit under this section to contest a
 5 determination of the ~~director~~ Director of the Arkansas Lottery Division of
 6 the Department of Higher Education shall be in Pulaski County Circuit Court,
 7 where the matter shall be tried de novo.

8 (2)(A) If the circuit court finds that the business closure
 9 order was appropriately issued by the director, the circuit court shall issue
 10 an injunction against the retailer prohibiting the further operation of the
 11 business.

12 (B) If a business subject to an injunction issued by the
 13 circuit court as provided in this subchapter continues in operation, upon
 14 conviction, any person responsible for the decision to operate the business
 15 after the issuance of the injunction shall be guilty of a Class A
 16 misdemeanor.

17 (3) An appeal may be made from the circuit court to the
 18 appropriate appellate court, as provided by law.

19 (c) The procedures established by § 23-115-608 and this section are
 20 the sole methods for seeking relief from a written decision to close the
 21 business of a retailer for failure to comply with § 23-115-605(b).

22 (d) The decision to close the business of a retailer shall be final:

23 (1) If the retailer fails to:

24 (A) Request an administrative hearing under § 23-115-608;
 25 or

26 (B) Seek judicial relief under this section; or

27 (2) Upon the final decision of a circuit court or an appellate
 28 court.

29 (e)(1) It is unlawful for a business to continue in operation after a
 30 business closure order is issued that is:

31 (A) Upheld on appeal under this subchapter; or

32 (B) Not appealed by the retailer under this subchapter.

33 (2) Upon conviction, any person responsible for the decision to
 34 operate the business in violation of this subchapter shall be guilty of a
 35 Class A misdemeanor.

36

23-115-610. Business closure procedure.

(a) If a retailer fails to timely seek administrative or judicial review of a business closure decision or if the business closure decision is affirmed after administrative or judicial review, the Director of the Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education shall direct the Department of Finance and Administration to affix a written notice to all entrances of the business that:

(1) Identifies the business as being subject to a business closure order; and

(2) States that the business is prohibited from further operation.

(b) The Director of the Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education may also direct that the business be locked or otherwise secured so that it may not be operated.

(c) The Director of the Department of Finance and Administration may request the assistance of the Department of Arkansas State Police or any state or local law enforcement official to post the notice or to secure the business as authorized in this section.

(d) The ~~commission~~ Arkansas Lottery Division of the Department of Higher Education may reimburse the Department of Finance and Administration for the costs of administering this section after review of the amount by the Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

23-115-611. Revocation and suspension of business license.

(a) The closure of a business under this subchapter shall be grounds for cancellation, suspension, revocation, or termination of a retailer license under § 23-115-604.

(b) The closure of a business under this subchapter shall be grounds for the suspension or revocation of any business license granted under the laws of the State of Arkansas, excluding professional licenses.

(c) After the decision to close the retailer's business becomes final, the Director of the Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education shall contact the appropriate administrative body responsible for granting licenses to operate the business and report the closure of the business.

23-115-612. Authority to promulgate rules.

The Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education may promulgate rules necessary for the implementation and enforcement of this subchapter.

Subchapter 7 – Procurements

23-115-701. Procurements – Major procurement contracts – Competitive bidding.

(a)(1) The Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education may purchase, lease, or lease-purchase goods or services as necessary for effectuating the purposes of this chapter.

(2) The ~~commission~~ division may make procurements that integrate functions, including without limitation:

- (A) Lottery design;
- (B) Ticket distribution to retailers;
- (C) Supply of goods and services; and
- (D) Advertising.

(3) In all procurement decisions, the ~~commission~~ division shall:

(A) Take into account the particularly sensitive nature of lotteries; and

(B) Act to promote and ensure:

(i) Security, honesty, fairness, and integrity in the operation and administration of lotteries; and

(ii) The objectives of raising net proceeds for the benefit of scholarships and grants.

(b) Except as provided in subsections (c) and (d) of this section, the ~~commission~~ division shall comply with the Arkansas Procurement Law, § 19-11-201 et seq.

(c)(1) The ~~commission~~ division shall adopt rules concerning the procurement process for major procurement contracts.

(2) The ~~commission~~ division shall arrange for the solicitation and receipt of competitive bids for major procurement contracts.

(3) Except for printing, stationery, and supplies under Arkansas Constitution, Amendment 54, the ~~commission~~ division is not required to accept the lowest responsible bid for major procurement contracts but shall select a

1 bid that provides the greatest long-term benefit to the state, the greatest
2 integrity for the ~~commission~~ division, and the best service and products for
3 the public.

4 (d) In any bidding process, the ~~commission~~ division may administer its
5 own bidding and procurement or may utilize the services of the Department of
6 Finance and Administration.

7 (e)(1) Each proposed major procurement contract and each amendment or
8 modification to a proposed or executed major procurement contract shall be
9 filed with the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
10 Committee for review at least thirty (30) days before the execution date of
11 the major procurement contract or the amendment or modification to a proposed
12 or executed major procurement contract.

13 (2) The Arkansas Lottery ~~Commission~~ Division Legislative
14 Oversight Committee shall provide the ~~commission~~ division with its review as
15 to the propriety of the major procurement contract and each amendment or
16 modification to a proposed or executed major procurement contract within
17 thirty (30) days after receipt of the proposed major procurement contract or
18 the amendment or modification to a proposed or executed major procurement
19 contract.

20
21 Subchapter 8 – Lottery Proceeds

22
23 23-115-801. Lottery proceeds.

24 (a)(1) All lottery proceeds are the property of the Arkansas Lottery
25 ~~Commission~~ Division of the Department of Higher Education.

26 (2)(A) The ~~commission~~ division shall pay its operating expenses
27 from its lottery proceeds.

28 (B)(i) An amount of lottery proceeds determined by the
29 ~~commission~~ division to maximize net proceeds shall be made available as prize
30 money.

31 (ii)(a) Subdivision (a)(2)(B)(i) of this section
32 does not create any lien, entitlement, cause of action, or other private
33 right.

34 (b) In setting the terms of a lottery, the
35 ~~commission~~ division shall determine any rights of holders of tickets or
36 shares.

1 (3) The percentage of lottery proceeds determined by the
2 ~~commission~~ division to be net proceeds shall equal an amount determined by
3 the ~~commission~~ division to maximize net proceeds.

4 (b)(1) On or before the fifteenth day of each month, the ~~commission~~
5 division shall deposit the net proceeds from the lottery into one (1) or more
6 trust accounts at one (1) or more financial institutions.

7 (2) The ~~commission~~ division shall follow the investment policy
8 guidelines of the State Board of Finance in selecting a financial institution
9 and managing the net proceeds from the lottery deposited into a trust
10 account.

11 (c)(1) The Director of the Department of Higher Education shall
12 certify to the ~~commission~~ division the amount of net proceeds from the
13 lottery needed to fund the scholarships awarded to recipients under § 6-85-
14 201 et seq. for each semester of an academic year.

15 (2)(A) The ~~commission~~ division shall transfer the funds
16 requested by the director under subdivision (c)(1) of this section into one
17 (1) or more trust accounts at one (1) or more financial institutions meeting
18 the requirements of subdivision (b)(2) of this section maintained by the
19 ~~department~~ Department of Higher Education.

20 (B) The director shall disburse trust account funds
21 only in the name of the recipient:

22 (i) To an approved institution of higher
23 education; or

24 (ii) If a recipient transfers to another
25 approved institution of higher education, to the approved institution of
26 higher education where the recipient transferred.

27 (3) By August 1 of each year, the director shall provide to the
28 ~~commission~~ division and to the Arkansas Lottery ~~Commission~~ Division
29 Legislative Oversight Committee for the academic year just ended an
30 accounting of all trust accounts maintained by the department, including
31 without limitation:

- 32 (A) Total deposits to all trust accounts;
- 33 (B) Total disbursements from the trust accounts; and
- 34 (C) The balance remaining in the trust accounts.

35 (d)(1) The General Assembly finds that:

36 (A) The administration of scholarships with proceeds from

1 the lottery are expenses of the ~~commission~~ division; and

2 (B) Because the department has the expertise and
3 experienced staff needed to efficiently and appropriately administer the
4 scholarships, the ~~commission~~ division shall use the services of the
5 department to administer scholarships funded with net proceeds from the
6 lottery.

7 (2)(A) Annually by April 1, the department shall provide to the
8 ~~commission~~ division and to the Arkansas Lottery ~~Commission~~ Division
9 Legislative Oversight Committee the department's budget for the
10 administrative expenditures allowed under this subsection.

11 (B) Annually by October 31, the department shall provide
12 an invoice to the ~~commission~~ division for reimbursement of the administrative
13 expenditures allowed under this subsection, including without limitation:

14 (i) For each employee the:

15 (a) Type of position, whether full-time, part-
16 time, permanent, or temporary; and

17 (b) Salary paid;

18 (ii) A description of other expenditures requested
19 in the invoice; and

20 (iii) An explanation of the increase, if any, of
21 actual expenditures over the budgeted expenditures.

22 (3)(A) Annually by November 1, the ~~commission~~ division shall
23 file a copy of the invoice with the Arkansas Lottery ~~Commission~~ Division
24 Legislative Oversight Committee for its review.

25 (B) The Arkansas Lottery ~~Commission~~ Division Legislative
26 Oversight Committee shall review the invoice and forward its comments, if
27 any, to the ~~commission~~ division.

28 (C) The ~~commission~~ division shall reimburse the department
29 for the costs of administering the scholarship awards funded with net
30 proceeds from the lottery after the Arkansas Lottery ~~Commission~~ Division
31 Legislative Oversight Committee's review under this subsection.

32
33 23-115-802. Scholarship Shortfall Reserve Trust Account.

34 (a) The Arkansas Lottery ~~Commission~~ Division of the Department of
35 Higher Education shall maintain a Scholarship Shortfall Reserve Trust
36 Account.

1 (b)(1) An amount equal to four percent (4%) of the total amount of net
 2 proceeds disbursed during the preceding fiscal year in the form of
 3 scholarships and grants for higher education shall be deposited from lottery
 4 proceeds each year until the amount in the account equals twenty million
 5 dollars (\$20,000,000).

6 (2) Thereafter, only an amount necessary to maintain the account
 7 in an amount equal to twenty million dollars (\$20,000,000) shall be deposited
 8 into the account.

9 (3) Any amount in the trust account exceeding twenty million
 10 dollars (\$20,000,000) shall be considered net proceeds and shall be deposited
 11 annually into one (1) or more trust accounts at one (1) or more financial
 12 institutions by July 1 of each year.

13 (c) If net proceeds in any year are not sufficient to meet the amount
 14 allocated for higher education scholarships, the account may be drawn upon to
 15 meet the deficiency.

16
 17 23-115-803. Disposition of funds.

18 (a)(1) To effectuate the purposes of the Arkansas Lottery ~~Commission's~~
 19 Division of the Department of Higher Education, the ~~commission~~ division may
 20 borrow moneys from the State of Arkansas or accept and expend moneys from the
 21 State of Arkansas and shall repay any sums borrowed from the state as soon as
 22 practicable.

23 (2) As used in this section, "purposes" includes without
 24 limitation the payment of the initial expenses of initiation, administration,
 25 and operation of the ~~commission~~ division and lotteries.

26 (3) The ~~commission~~ division shall not issue bonds for any
 27 purpose.

28 (b)(1) The ~~commission~~ division shall be self-sustaining and self-
 29 funded.

30 (2)(A) Except as provided in subsection (a) of this section,
 31 moneys in the General Revenue Fund Account of the State Apportionment Fund
 32 shall not be used or obligated to pay the expenses of the ~~commission~~ division
 33 or prizes of a lottery.

34 (B) A claim for the payment of an expense of a lottery or
 35 prizes of a lottery shall not be made against any moneys other than moneys
 36 credited to the ~~commission's~~ division's operating account.

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Subchapter 9 – Penalties

23-115-901. Sale of ticket or share to person under 18 years of age prohibited – Penalty.

(a) A retailer who knowingly sells a ticket or share to a person under eighteen (18) years of age or permits a person under eighteen (18) years of age to play a lottery is guilty of a violation and subject to the following penalties:

(1) A fine not to exceed two hundred fifty dollars (\$250) for a first violation within a forty-eight-month period;

(2) For a second violation within a forty-eight-month period:

(A) A fine not to exceed five hundred dollars (\$500); and

(B) Suspension of the retailer license issued under § 23-115-601 et seq. for a period not to exceed two (2) days;

(3) For a third violation within a forty-eight-month period:

(A) A fine not to exceed one thousand dollars (\$1,000);

and

(B) Suspension of the retailer license issued under § 23-

115-601 et seq. for a period not to exceed seven (7) days;

(4) For a fourth or subsequent violation within a forty-eight-

month period:

(A) A fine not to exceed two thousand dollars (\$2,000);

and

(B) Suspension of the retailer license issued under § 23-

115-601 et seq. for a period not to exceed fourteen (14) days; and

(5) For a fifth or subsequent violation within a forty-eight-

month period, the retailer license issued under § 23-115-601 et seq. may be revoked.

(b) An employee of a retailer who violates this section is subject to a fine not to exceed one hundred dollars (\$100) per violation.

(c) It is an affirmative defense to a prosecution under this section that the retailer reasonably and in good faith relied upon representation of proof of age in making the sale.

(d) A person convicted of violating any provision of this section whose retailer license is suspended or revoked upon conviction shall

1 surrender to the court his or her retailer license, and the court shall
2 transmit the retailer license to the Arkansas Lottery ~~Commission~~ Division of
3 the Department of Higher Education and instruct the ~~commission~~ division:

4 (1) To suspend or revoke the person’s retailer license or to not
5 renew the license; and

6 (2) Not to issue any new retailer license to that person for the
7 period of time determined by the court in accordance with this section.

8
9 23-115-902. Fraud – Penalty.

10 The offense of lottery fraud and penalties for a conviction of lottery
11 fraud are provided under § 5-55-501.

12
13 23-115-903. False statement on license application – Penalty.

14 (a) A person shall not knowingly make:

15 (1) A material false statement in an application for a license
16 or proposal to conduct a lottery; or

17 (2) A material false entry in any book or record that is
18 compiled, maintained, or submitted to the Arkansas Lottery ~~Commission~~
19 Division of the Department of Higher Education.

20 (b)(1) A person who violates this section is guilty of a Class D
21 felony.

22 (2) A person convicted for violating subsection (a) of this
23 section is subject to an additional fine of not more than twenty-five
24 thousand dollars (\$25,000) or the dollar amount of the material false entry
25 or material false statement, whichever is greater.

26
27 23-115-904. Inconsistent statutes inapplicable.

28 (a) Section 5-66-101 et seq. and all other laws and parts of laws
29 inconsistent with this chapter are expressly declared not to apply to any
30 person engaged in, conducting, or otherwise participating in lotteries.

31 (b) A person is not guilty of any criminal offense set forth in § 5-
32 66-101 et seq. or any other law relating to illegal gambling to the extent
33 the person relied on any rule, order, finding, or other determination by the
34 Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education
35 that the activity was authorized by this chapter.

Subchapter 10 – Debtors Owing Money to the State

23-115-1001. Legislative intent.

(a) The purposes of this subchapter are to establish:

(1) A policy and to provide a system whereby all claimant agencies of this state in conjunction with the Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education shall cooperate in identifying debtors who owe money to the state through its various claimant agencies or to persons on whose behalf the state and its claimant agencies act and who qualify for lottery prizes under this chapter from the ~~commission~~ division; and

(2) Procedures for setting off against any prize the sum of any debt owed to the state or to persons on whose behalf the state and its claimant agencies act.

(b) This subchapter shall be liberally construed to effectuate the purposes stated in subsection (a) of this section.

23-115-1002. Definitions.

As used in this subchapter:

(1) "Claimant agency" means a state agency, department, board, bureau, commission, or authority:

(A) To which a person owes a debt; or

(B) That acts on behalf of a person to collect a debt;

(2) "Debt" means a:

(A) Liquidated sum due and owing any claimant agency when the sum has accrued through contract, subrogation, tort, or operation of law regardless of whether there is an outstanding judgment for the sum; or

(B) Sum that is due and owing any person and is enforceable by the state;

(3) "Debtor" means an individual owing money to or having a delinquent account with a claimant agency when the obligation has not been:

(A) Adjudicated as satisfied by court order;

(B) Set aside by court order; or

(C) Discharged in bankruptcy; and

(4) "Prize" means the proceeds of any lottery prize awarded under this chapter.

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23-115-1003. Collection remedy.

The collection remedy authorized by this subchapter is in addition to and not in substitution for any other remedy available by law.

23-115-1004. List of debtors – Withholding winnings – Ranking of liens.

(a)(1) A claimant agency may submit to the Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education a list of the names of all debtors owing in excess of one hundred dollars (\$100) to the claimant agency or to persons on whose behalf the claimant agency is acting.

(2) The full amount of the debt is collectible from any prize without regard to limitations on the amounts that may be collectable in increments through garnishment or other proceedings.

(3) The list shall constitute a valid lien upon and claim of lien against the prize of any debtor named in the list.

(4) The list shall contain:

(A) The name of each debtor;

(B) The Social Security number of each debtor if available; and

(C) Any other information that would assist the ~~commission~~ division in identifying each debtor named in the list.

(b)(1) The ~~commission~~ division shall withhold any prizes subject to the lien created by this section and send notice to the winner by certified mail, return receipt requested, of the action and the reason the prizes were withheld.

(2)(A) However, if the winner appears and claims prizes in person, the ~~commission~~ division shall notify the winner at that time by hand delivery of the action.

(B) If the debtor does not protest the withholding of the prizes in writing within thirty (30) days of receipt of the notice, the ~~commission~~ division shall pay the prizes to the claimant agency.

(C) If the debtor protests the withholding of the prizes within thirty (30) days of receipt of the notice, the ~~commission~~ division shall:

(i) File an action in interpleader in the circuit

1 court of the county where the debtor resides;

2 (ii) Pay the disputed sum into the registry of the
3 circuit court; and

4 (iii) Give notice to the claimant agency and debtor
5 of the initiation of the action.

6 (c) The liens created by this section are ranked by priority as
7 follows:

8 (1) Taxes due the state;

9 (2) Delinquent child support; and

10 (3) All other judgments and liens in order of the date entered
11 or perfected.

12 (d) The ~~commission~~ division is not required to deduct claimed debts
13 from prizes paid out by retailers or entities other than the ~~commission~~
14 division.

15 (e) Any list of debt provided under this section shall be provided
16 periodically as the ~~commission~~ division shall provide by rule, and the
17 ~~commission~~ division is not obligated to retain the lists or deduct debts
18 appearing on the lists beyond the period determined by the rules.

19 (f) The ~~commission~~ division may prescribe forms and promulgate rules
20 it deems necessary to implement this section.

21 (g) The ~~commission~~ division and any claimant agency shall incur no
22 civil or criminal liability for good faith adherence to this section.

23 (h) The claimant agency shall pay the ~~commission~~ division for all
24 costs incurred by the ~~commission~~ division in setting off debts in the manner
25 provided in this subchapter.

26

27 23-115-1005. Confidential information.

28 (a)(1) Notwithstanding any other confidentiality statute, the Arkansas
29 Lottery ~~Commission~~ Division of the Department of Higher Education may provide
30 to a claimant agency all information necessary to accomplish and effectuate
31 the intent of this subchapter.

32 (2) Information shall be used by a claimant agency only in the
33 pursuit of its debt collection duties and practices.

34 (b) Confidential information obtained by a claimant agency from the
35 ~~commission~~ division under this section shall retain its confidentiality.

36 (c) An employee or prior employee of a claimant agency who unlawfully

1 discloses any information for any other purpose, except as otherwise
2 specifically authorized by law, is guilty of a Class A misdemeanor.

3
4 23-115-1006. Application.

5 This subchapter applies only to prizes of more than five hundred
6 dollars (\$500).

7
8 Subchapter 11 – Arkansas Lottery ~~Commission~~ Division Legislative Oversight
9 Committee

10
11 23-115-1101. Arkansas Lottery ~~Commission~~ Division Legislative
12 Oversight Committee.

13 (a) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight
14 Committee is established.

15 (b) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight
16 Committee shall consist of the following members of the General Assembly
17 appointed as follows:

18 (1) Six (6) members of the House of Representatives shall be
19 appointed to the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
20 Committee by the Speaker of the House of Representatives; and

21 (2) Six (6) members of the Senate shall be appointed to the
22 Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee by the
23 President Pro Tempore of the Senate.

24 (c) In making appointments, each appointing officer shall select
25 members who have appropriate experience and knowledge of the issues to be
26 examined by the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
27 Committee and may consider racial, gender, and geographical diversity among
28 the membership.

29 (d) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight
30 Committee shall:

31 (1) Review whether expenditures of lottery proceeds have been in
32 accordance with this chapter;

33 (2) Review proposed rules of the Arkansas Lottery ~~Commission~~
34 Division of the Department of Higher Education;

35 (3)(A) Review proposed contracts of twenty-five thousand dollars
36 (\$25,000) or more before the execution of the contracts.

1 (B) The ~~commission~~ division shall provide a list of all
 2 contracts less than twenty-five thousand dollars (\$25,000) to the Arkansas
 3 Lottery ~~Commission~~ Division Legislative Oversight Committee on a monthly
 4 basis;

5 (4) Review reports filed with the Arkansas Lottery ~~Commission~~
 6 Division Legislative Oversight Committee by the Department of Higher
 7 Education, including without limitation reports filed under §§ 6-85-205 and
 8 6-85-220;

9 (5) Perform its duties under § 6-85-220; and

10 (6) Study other lottery matters as the Arkansas Lottery
 11 ~~Commission~~ Division Legislative Oversight Committee considers necessary to
 12 fulfill its mandate.

13 (e)(1) Annually by December 15, the Arkansas Lottery ~~Commission~~
 14 Division Legislative Oversight Committee shall provide to the General
 15 Assembly:

16 (A) Any analysis or findings resulting from its activities
 17 under this section that the Arkansas Lottery ~~Commission~~ Division Legislative
 18 Oversight Committee deems relevant; and

19 (B) Its recommendations for any changes to the:

- 20 (i) Scholarship award amounts;
- 21 (ii) Number or type of scholarships; and
- 22 (iii) Scholarship eligibility requirements.

23 (2) The Arkansas Lottery ~~Commission~~ Division Legislative
 24 Oversight Committee may make interim reports to the General Assembly
 25 regarding the expenditure of net lottery revenues.

26 (f)(1) The President Pro Tempore of the Senate and the Speaker of the
 27 House of Representatives shall each designate a cochair of the Arkansas
 28 Lottery ~~Commission~~ Division Legislative Oversight Committee.

29 (2) The Arkansas Lottery ~~Commission~~ Division Legislative
 30 Oversight Committee shall meet at least quarterly upon the joint call of the
 31 cochairs of the Arkansas Lottery ~~Commission~~ Division Legislative Oversight
 32 Committee.

33 (3) A majority of the Arkansas Lottery ~~Commission~~ Division
 34 Legislative Oversight Committee constitutes a quorum.

35 (4) No action may be taken by the Arkansas Lottery ~~Commission~~
 36 Division Legislative Oversight Committee except by a majority vote at a

1 meeting at which a quorum is present.

2 (g) Members of the Arkansas Lottery ~~Commission~~ Division Legislative
3 Oversight Committee are entitled to per diem and mileage at the same rate
4 authorized by law for attendance at meetings of interim committees of the
5 General Assembly and shall be paid from the same source.

6 (h)(1) With the consent of both the President Pro Tempore of the
7 Senate and the Speaker of the House of Representatives, the Arkansas Lottery
8 ~~Commission~~ Division Legislative Oversight Committee may meet during a session
9 of the General Assembly to perform its duties under this chapter.

10 (2) This subsection does not limit the authority of the Arkansas
11 Lottery ~~Commission~~ Division Legislative Oversight Committee to meet during a
12 recess as authorized by § 10-3-211 or § 10-2-223.

13
14 23-115-1102. Filing of information with Arkansas Lottery ~~Commission~~
15 Division Legislative Oversight Committee.

16 (a) It is the intent of the General Assembly that the Arkansas Lottery
17 ~~Commission~~ Division Legislative Oversight Committee perform the monitoring
18 and oversight functions of the Legislative Council for the Arkansas Lottery
19 ~~Commission~~ Division of the Department of Higher Education.

20 (b) All contracts, rules, reports, or other information required by
21 law to be filed by the ~~commission~~ division with the Legislative Council:

22 (1) Shall not be filed with the Legislative Council; and

23 (2) Shall be filed with the Arkansas Lottery ~~Commission~~ Division
24 Legislative Oversight Committee.

25 (c)(1) The Arkansas Lottery ~~Commission~~ Division Legislative Oversight
26 Committee shall perform all duties or functions of the Legislative Council
27 required by law concerning the contracts, rules, reports, or other
28 information filed with the Arkansas Lottery ~~Commission~~ Division Legislative
29 Oversight Committee under subsection (b) of this section.

30 (2) The Bureau of Legislative Research shall provide staff for
31 the Arkansas Lottery ~~Commission~~ Division Legislative Oversight Committee.

32
33 SECTION 25. Arkansas Code § 25-1-110(e), concerning cost-effectiveness
34 of state-owned vehicles, is amended to read as follows:

35 (e) The provisions of this section do not apply to the Arkansas
36 Lottery ~~Commission~~ Division of the Department of Higher Education,

1 institutions of higher education, and vocational technical institutes.

2

3 SECTION 26. Arkansas Code § 25-1-403(2)(B)(v), concerning definitions,
4 is amended to read as follows:

5 (v) The Arkansas Lottery ~~Commission~~ Division of the
6 Department of Higher Education;

7

8 SECTION 27. Arkansas Code § 25-1-405(c), concerning cooperation by
9 state agencies with the Department of Finance and Administration, is amended
10 to read as follows:

11 (c) The Arkansas Lottery ~~Commission~~ Division of the Department of
12 Higher Education shall pay the costs of providing expenditure information for
13 the ~~commission~~ division in the common format determined by the department.

14

15 SECTION 28. Arkansas Code § 25-4-103(15), concerning definitions, is
16 amended to read as follows:

17 (15) "State agencies" means all state departments, boards, and
18 commissions but shall not include the Arkansas Lottery ~~Commission~~ Division of
19 the Department of Higher Education, the elected constitutional officers and
20 their staffs, the General Assembly and its committees and staffs, or the
21 Supreme Court and the Administrative Office of the Courts, and public
22 institutions of higher education with respect to academic, research,
23 healthcare, and existing information technology applications and underlying
24 support therefor;

25

26 SECTION 29. Arkansas Code § 26-18-1001(e), concerning business closure
27 authority, is amended to read as follows:

28 (e) After written notice delivered to a lottery retailer by the United
29 States Postal Service or by hand delivery, the director may pursue a remedy
30 under this subchapter against a lottery retailer as a noncompliant taxpayer
31 upon receiving a referral from the Arkansas Lottery ~~Commission~~ Division of
32 the Department of Higher Education under § 23-115-605.

33

34 SECTION 30. Arkansas Code § 26-51-2302(1), concerning definitions, is
35 amended to read as follows:

36 (1) "Claim center" means a claim center established by the

1 Arkansas Lottery ~~Commission~~ Division of the Department of Higher Education
2 under § 23-115-207;

3
4 SECTION 31. Arkansas Code § 26-51-2306(a)(1), concerning duties of the
5 claim centers and payees, is amended to read as follows:

6 (a)(1) The Arkansas Lottery ~~Commission~~ Division of the Department of
7 Higher Education is liable for amounts required to be deducted and withheld
8 by a claim center under this subchapter regardless of whether the amounts
9 were in fact deducted or withheld.

10
11 SECTION 32. EMERGENCY CLAUSE. It is found and determined by the
12 General Assembly of the State of Arkansas that the stability of the lottery
13 is critical to the success of the Arkansas Academic Challenge Scholarship
14 Program; that changes to the operational structure of the lottery are needed
15 to improve the creditability and function of the lottery; and that this act
16 is immediately necessary to ensure the transition of lottery administration
17 is as disruptive as possible. Therefore, an emergency is declared to exist,
18 and this act being immediately necessary for the preservation of the public
19 peace, health, and safety shall become effective on:

20 (1) The date of its approval by the Governor;

21 (2) If the bill is neither approved nor vetoed by the Governor,
22 the expiration of the period of time during which the Governor may veto the
23 bill; or

24 (3) If the bill is vetoed by the Governor and the veto is
25 overridden, the date the last house overrides the veto.