

1 State of Arkansas  
2 87th General Assembly  
3 Fiscal Session 2010

SCR 3

4  
5 By: Senators Salmon, Broadway, T. Smith

6  
7  
8 **SENATE CONCURRENT RESOLUTION**

9 TO AUTHORIZE THE INTRODUCTION OF A  
10 NONAPPROPRIATION BILL TO AMEND THE ARKANSAS  
11 SCHOLARSHIP LOTTERY ACT, ARKANSAS CODE § 23-115-  
12 101 ET SEQ. AND § 6-85-201 ET SEQ., AND OTHER  
13 ARKANSAS CODE SECTIONS RELATING TO THE  
14 ADMINISTRATION OF THE ARKANSAS ACADEMIC CHALLENGE  
15 SCHOLARSHIP PROGRAM, PART 2; TO REQUIRE THE  
16 ARKANSAS LOTTERY COMMISSION TO WITHHOLD STATE  
17 INCOME TAX FROM LOTTERY PRIZE WINNINGS; AND FOR  
18 OTHER PURPOSES.

19  
20 **Subtitle**

21 TO AUTHORIZE THE INTRODUCTION OF A  
22 NONAPPROPRIATION BILL TO AMEND THE  
23 ARKANSAS SCHOLARSHIP LOTTERY ACT AND  
24 REQUIRE THE LOTTERY COMMISSION TO  
25 WITHHOLD STATE INCOME TAX FROM LOTTERY  
26 PRIZE WINNINGS.

27  
28  
29 BE IT RESOLVED BY THE SENATE OF THE EIGHTY-SEVENTH GENERAL ASSEMBLY OF THE  
30 STATE OF ARKANSAS, THE HOUSE OF REPRESENTATIVES CONCURRING THEREIN:

31  
32 That Senator Salmon is authorized to introduce a bill which as introduced  
33 will read substantially as follows:  
34  
35  
36



1 "For An Act To Be Entitled  
 2 AN ACT TO AMEND THE ARKANSAS SCHOLARSHIP LOTTERY ACT, ARKANSAS CODE § 6-85-  
 3 201 ET SEQ. AND § 23-115-101 ET SEQ.; TO AMEND OTHER ARKANSAS CODE PROVISIONS  
 4 RELATING TO THE ADMINISTRATION OF THE ARKANSAS ACADEMIC CHALLENGE  
 5 SCHOLARSHIP PROGRAM, PART 2; TO REQUIRE THE ARKANSAS LOTTERY COMMISSION TO  
 6 WITHHOLD STATE INCOME TAX FROM LOTTERY PRIZE WINNINGS; AND FOR OTHER  
 7 PURPOSES.

8  
 9 Subtitle  
 10 TO AMEND THE ARKANSAS SCHOLARSHIP  
 11 LOTTERY ACT; AND TO PROVIDE FOR STATE  
 12 INCOME TAX WITHHOLDING FROM LOTTERY  
 13 PRIZE WINNINGS.

14

15

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

17

18 SECTION 1. Arkansas Code § 6-85-204(5) – (17), concerning definitions  
 19 used in the Arkansas Academic Challenge Scholarship Program – Part 2, is  
 20 amended to read as follows:

21 (5) "Continuously enrolled" means:

22 (A) For a traditional student, he or she completes at an  
 23 approved institution of higher education twenty-seven (27) semester hours in  
 24 the first academic year as a recipient and completes thirty (30) semester  
 25 hours each academic year thereafter, not including any summer term;

26 (B) For a full-time nontraditional student or a current  
 27 achiever student, he or she completes at an approved institution of higher  
 28 education at least fifteen (15) semester hours of courses in consecutive  
 29 semesters, not including any summer term; and

30 (C) For a part-time nontraditional student, he or she  
 31 completes at an approved institution of higher education at least six (6)  
 32 semester hours of courses in consecutive semesters, not including any summer  
 33 term;

34 (6) "Current achiever student" means a student:

35 (A) Who meets the requirements of § 6-85-209; and

36 (B) Is not a traditional student or a nontraditional

1 student.

2 ~~(5)~~(7) "End-of-course assessment" means an examination taken at  
3 the completion of a course of study to determine whether a student  
4 demonstrates attainment of the knowledge and skills necessary for mastery of  
5 that subject;

6 ~~(6)~~(8) "General Educational Development test" means a test  
7 measuring the knowledge and skills usually learned in high school that is  
8 administered by a state-approved institution or organization;

9 ~~(7)~~(9) "High school grade point average" means the numbered  
10 grade average on a student's high school transcript calculated;

11 (A) For a traditional student, using the first seven (7)  
12 of the last eight (8) semesters the student completed prior to graduating  
13 high school; or

14 (B) For a nontraditional student, using the last eight (8)  
15 semesters the student completed before graduating high school;

16 (C) Recognized by the United States Department of  
17 Education for financial aid purposes;

18 ~~(8)~~(10) "Lawful permanent resident" means a non-United States  
19 citizen who resides in the United States under a legally recognized and  
20 lawfully recorded permanent residence and who may receive state public  
21 benefits under 8 U.S.C. § 1622;

22 ~~(9)~~(11) "Net proceeds from the state lottery" means lottery  
23 proceeds for one (1) fiscal year less the operating expenses, ~~as~~ defined in §  
24 23-115-103 for the fiscal year;

25 ~~(10)~~(12) "Nonlottery state educational resources" means the  
26 funding available for state-supported scholarships and grants for students  
27 enrolled in ~~two-year and four-year institutions of higher~~ postsecondary  
28 education in this state that:

29 (A) The General Assembly makes available from general  
30 revenue to the Higher Education Grants Fund Account without consideration of  
31 the availability of proceeds from the state lottery; and

32 (B) The Department of Finance and Administration estimates  
33 is available for distribution to the Higher Education Grants Fund Account  
34 during a fiscal year from the Educational Excellence Trust Fund;

35 ~~(11)~~(13) "Nontraditional student" means a student who is not a  
36 traditional student or a current achiever student;

1           ~~(12)~~(14) “Personally identifiable student data” means any  
 2 information that, alone or in combination with other available information,  
 3 is linked or linkable to a specific student that would allow a reasonable  
 4 person in the student’s school community to identify the student with  
 5 reasonable certainty;

6           ~~(13)~~(15) “Postsecondary grade point average” means the  
 7 cumulative numbered grade average for college credit courses as calculated  
 8 using a 4.0 scale;

9           ~~(14)~~(16) “Qualified certificate program” means a program ~~that is:~~

10           (A) ~~Offered~~ That is offered by an approved institution of  
 11 higher education; and

12           (B) ~~Shorter in duration than an associate degree for~~ For  
 13 which credit hours are awarded that are creditable toward an associate degree  
 14 or baccalaureate degree; and

15           ~~(15)~~(17) “Recipient” means an applicant awarded a scholarship  
 16 funded through the program;

17           ~~(16)~~(18) “State-supported student financial assistance” means a  
 18 state-supported scholarship, grant, tuition waiver, or tuition reimbursement  
 19 funded with state funds or net proceeds from the state lottery awarded by:

20           (A) The Department of Higher Education; or

21           (B) A scholarship or grant awarded by an institution of  
 22 higher education in this state in whole or in part by state funds, including  
 23 without limitation:

24                           (i) Scholarships awarded on the basis of entrance  
 25 exam scores or high school academic achievement;

26                           (ii) Tuition waivers based on age, military service,  
 27 occupation, or other factors;

28                           (iii) Out-of-state tuition waivers for undergraduate  
 29 students from contiguous states in close proximity to a college or  
 30 university;

31                           (iv) Scholarships for transfers from two-year  
 32 institutions;

33                           (v) Performance scholarships for band, musical  
 34 performing groups, arts, theater, forensics, and similar activities that are  
 35 not awarded on the basis of entrance exam scores or high school academic  
 36 achievement; and

1 (vi) Any other publicly funded program under which  
 2 students are not charged or are reimbursed by the institution of higher  
 3 education for tuition, fees, books, or other costs of attendance; ~~and~~

4 (19)(A) "Supplant" means that the net proceeds from the state  
 5 lottery are used in place of, not in addition to, state nonlottery  
 6 educational resources provided for state-supported student financial  
 7 assistance for a specified fiscal year.

8 (B) Supplanting does not occur if the General Assembly provided  
 9 the state nonlottery educational resources as if the lotteries under § 23-  
 10 115-101 et seq. do not exist; and

11 ~~(17)~~(20)(A) "Traditional student" means a student who, beginning  
 12 with the 2010-2011 academic year, will enter postsecondary education as a  
 13 full-time first-time freshman within twelve (12) months after graduating from  
 14 high school and remains continuously enrolled as a full-time student.

15 (B) "Traditional student" does not include a current  
 16 achiever student.

17  
 18 SECTION 2. Arkansas Code § 6-85-205(a)(2), concerning the duties of  
 19 the Department of Higher Education, is amended to read as follows:

20 (2) ~~At least ten (10) business days before the date the~~  
 21 ~~Department of Higher Education files with the Bureau of Legislative Research~~  
 22 ~~under § 25-15-204~~ The Arkansas Lottery Commission Legislative Oversight  
 23 Committee shall perform the function of the Legislative Council required by  
 24 law for the review of a proposed rule or proposed change to a rule  
 25 promulgated by the Department of Higher Education under this subchapter, ~~the~~  
 26 ~~Department of Higher Education shall file a copy of the proposed rule or~~  
 27 ~~proposed change to a rule with the Arkansas Lottery Commission Legislative~~  
 28 ~~Oversight Committee.~~

29  
 30 SECTION 3. Arkansas Code § 6-85-205(d), concerning the duties of the  
 31 Department of Higher Education, is amended to read as follows:

32 (d)(1) The Department of Education and the Department of Higher  
 33 Education are directed to develop appropriate informational materials on the  
 34 Arkansas Academic Challenge Scholarship Program and to ensure distribution of  
 35 the materials to Arkansas students in grade seven through grade twelve (7-12)  
 36 each year as a part of the packet of materials on precollegiate preparation

1 distributed by the ~~Department of Education as required by § 6-61-217~~ Arkansas  
 2 Higher Education Coordinating Board under § 6-61-217 and by the Department of  
 3 Education under the Higher Education Awareness Act of 1993, § 6-5-401 et seq.

4 (2) The distribution of informational materials under this  
 5 section shall be accomplished through the collaboration of school counselors  
 6 and other appropriate public school or Department of Higher Education  
 7 personnel.

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

11  
 12 SECTION 4. Arkansas Code § 6-85-205(g), concerning the duties of the  
 13 Department of Higher Education, is amended to read as follows:

14 (g)(1)(A) ~~The~~ By July 15 of each year, the Director of the Department  
 15 of Higher Education shall provide a report to the General Assembly annually  
 16 ~~regarding~~ Arkansas Lottery Commission Legislative Oversight Committee on:

17 (i) ~~the~~The implementation of this subchapter;

18 (ii) The number of recipients that either:

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

20 (b) Lost the scholarship during the academic

21 year; and

22 (iii) Any additional information requested by the  
 23 committee.

24 (B) The committee shall include the information reported  
 25 under this subsection (g) in its annual report to the General Assembly under  
 26 § 6-85-220.

27  
 28 SECTION 5. Arkansas Code § 6-85-206(1), concerning basic eligibility  
 29 requirements for the Arkansas Academic Challenge Scholarship Program - Part  
 30 2, is amended to read as follows:

31 (1)(A) The applicant has been an Arkansas resident for at least  
 32 the twelve (12) months immediately preceding the date the applicant will  
 33 enroll in an approved institution of higher education, ~~and,~~

34 (B) ~~if~~ If the applicant is less than ~~eighteen (18)~~ twenty-  
 35 one (21) years of age, either the applicant or a parent or guardian of the  
 36 applicant or a combination of the applicant and a parent or guardian of the

1 ~~applicant has~~ shall have maintained Arkansas residency for ~~the same period of~~  
 2 ~~time at least the twelve (12) months immediately preceding the date the~~  
 3 applicant will enroll in an approved institution of higher education.

4 ~~(B)(C)(i)~~ To be considered an Arkansas resident, an  
 5 applicant shall demonstrate residency by evidence deemed sufficient to the  
 6 Department of Higher Education.

7 (ii) Evidence of residency may include ~~including~~  
 8 without limitation information provided by the applicant on the Free  
 9 Application for Federal Student Aid or a subsequent application required by  
 10 the United States Department of Education for federal financial aid;

11  
 12 SECTION 6. Arkansas Code § 6-85-207(2), concerning eligibility  
 13 requirements of traditional students for the Arkansas Academic Challenge  
 14 Scholarship Program - Part 2, is amended to read as follows:

15 (2) Graduated from an Arkansas public high school that in the  
 16 year of the applicant's graduation is ~~annually~~ identified in the report by  
 17 the Department of Education under § 6-15-421 as a school in which twenty  
 18 percent (20%) or more of the students received a letter grade of "B" or  
 19 higher but did not score proficiency or higher on ~~the~~ state-mandated end-of-  
 20 course assessment for the related course on the first attempt, achieved a  
 21 high school grade point average of at least 2.5, and:

22 (A) Completed the Smart Core curriculum if graduating from  
 23 an Arkansas high school in the 2013-2014 school year or later; and

24 (B) Either:

25 (i) Has a minimum composite score of nineteen (19)  
 26 on the ACT or the equivalent score on an ACT equivalent; or

27 (ii) Scores proficient or higher on all state-  
 28 mandated end-of-course assessments, including without limitation end-of-  
 29 course assessments on:

30 (a) Algebra I;

31 (b) Geometry;

32 (c) Biology; and

33 (d) Beginning with the 2013-2014 school year,  
 34 literacy; or

35  
 36 SECTION 7. Arkansas Code § 6-85-208 is amended to read as follows:

1           6-85-208. Additional eligibility requirements for a nontraditional  
2 student.

3           (a) An applicant is eligible as a nontraditional student if, in  
4 addition to the requirements of § 6-85-206, the applicant:

5                   (1) Graduated from an Arkansas public high school and achieved a  
6 2.5 high school grade point average;

7                   (2) Had a minimum composite score of nineteen (19) on the ACT or  
8 the equivalent score on an ACT equivalent; or

9                   (3)(A) Has completed at least twelve (12) semester hours of  
10 courses granting three (3) or more hours of credit per course at an approved  
11 institution of higher education and earned a postsecondary grade point  
12 average of at least 2.5.

13                           (B) A course granting less than three (3) hours of credit  
14 may be counted toward the twelve (12) semester hours under this subdivision  
15 (a)(3) if it is related to a credit course required for a degree.

16           (b) To be eligible, a nontraditional student applicant who graduated  
17 from a private high school, an out-of-state high school, ~~or~~ a home school  
18 high school, or who obtained a General Educational Development certificate  
19 shall have achieved a minimum composite score of nineteen (19) on the ACT or  
20 the equivalent score on an ACT equivalent.

21  
22           SECTION 8. Arkansas Code § 6-85-209, is amended to read as follows:

23           6-85-209. Additional eligibility requirements for a ~~student near~~  
24 ~~completion~~ current achiever student.

25           (a) In addition to the requirements of § 6-85-206, an applicant is  
26 eligible as a ~~student near completion~~ current achiever student if ~~at the time of applying for the~~  
27 ~~scholarship~~ current achiever student if the applicant:

28                   (1) ~~Is enrolled in a two year or four year approved institution~~  
29 ~~of higher education;~~ Entered postsecondary education before the 2010-2011  
30 academic year:

31                           (A) As a full-time first-time freshman student; and

32                           (B) Within twelve (12) months after graduating high  
33 school; and

34                   (2) ~~Is within twenty five percent (25%) of the requirements for~~  
35 ~~completion of an associate degree or baccalaureate degree~~ At the time of  
36 applying for the scholarship:



1                   (A) Has been continuously enrolled at an institution of  
 2 higher education as a full-time student;

3                   (B)(i) Has completed at least twelve (12) semester hours of  
 4 courses granting three (3) or more hours of credit per course at an approved  
 5 institution of higher education.

6                                   (ii) A course granting less than three (3)  
 7 hours of credit may be counted toward the twelve (12) semester hours under  
 8 this subdivision (a)(2) if it is related to a credit course required for a  
 9 degree; and

10                   ~~(3)~~(C) Has achieved a postsecondary grade point average of  
 11 at least 2.5.

12  
 13                   SECTION 9. Arkansas Code § 6-85-210(b)(2)(C), concerning continuing  
 14 eligibility for the Arkansas Academic Scholarship Program - Part 2, is  
 15 amended to read as follows:

16                   ~~(C)(i) A traditional student recipient is continuously enrolled~~  
 17 ~~in an approved institution of higher education if he or she completes twenty-~~  
 18 ~~seven (27) semester hours in the first year as a recipient and completes~~  
 19 ~~thirty (30) semester hours each academic year thereafter.~~

20                                   ~~(ii) A nontraditional student recipient is~~  
 21 ~~continuously enrolled if he or she maintains at an approved institution of~~  
 22 ~~higher education in consecutive semesters, not including any summer term;~~

23   ~~(a) Full-time enrollment if the student~~  
 24 ~~receives a scholarship under this subchapter for a full-time student; or~~

25   ~~(b) Part-time enrollment if the student is~~  
 26 ~~receiving a scholarship under this subchapter for a part-time student;~~

27                   ~~(3) A recipient who enrolls in one (1) or more remedial~~  
 28 ~~courses shall complete all remedial courses required by the approved~~  
 29 ~~institution of higher education by the time the student completes the first~~  
 30 ~~thirty (30) semester hours attempted after receiving the scholarship;~~

31                   ~~(4) A recipient shall earn a postsecondary grade point~~  
 32 ~~average of 2.5 or higher at an approved institution of higher education;~~

33                   ~~(5) A recipient shall enroll in courses that lead toward a~~  
 34 ~~baccalaureate degree program after attempting the lesser of:~~

35                                   ~~(A) Sixty-six (66) semester hours; or~~

36                                   ~~(B) The completion of an associate degree program;~~

1 ~~unless the number of hours required to complete the associate degree program~~  
 2 ~~exceeds sixty six (66) semester hours, in which case the higher number of~~  
 3 ~~hours for completion shall be used for this subdivision (b)(5); and~~

4 ~~(6) A recipient shall meet any other continuing~~  
 5 ~~eligibility criteria established by the Department of Higher Education~~

6 (C) A recipient is continuously enrolled at an approved  
 7 institution of higher education.

8  
 9 SECTION 10. Arkansas Code § 6-85-210(c)(1), concerning continuing  
 10 eligibility for the Arkansas Academic Scholarship Program – Part 2, is  
 11 amended to read as follows:

12 (c)(1) If a recipient becomes ineligible for the scholarship because  
 13 the recipient's postsecondary grade point average or number of completed  
 14 credit hours no longer meets the minimum requirement for the scholarship, the  
 15 recipient may regain eligibility under this subsection (c) one (1) time ~~only~~  
 16 in an academic year.

17  
 18 SECTION 11. Arkansas Code § 6-85-212 (c), concerning scholarship award  
 19 amounts, is amended to read as follows:

20 (c) It is the General Assembly's intent that before increasing award  
 21 amounts for scholarships under this subchapter, the number of scholarships  
 22 awarded to nontraditional students under § 6-85-208 ~~and to students near~~  
 23 ~~completion under § 6-85-209~~ be increased.

24  
 25 SECTION 12. Arkansas Code § 6-85-212 (e)(1) and (2), concerning  
 26 scholarship award amounts, is amended to read as follows:

27 (e)(1)(A) ~~For the 2010-2011 academic year, the General Assembly shall~~  
 28 ~~determine the scholarship award amount by February 28, 2010, based on the~~  
 29 ~~amount of net proceeds from the state lottery reasonably projected to be~~  
 30 ~~available for scholarships in the 2010-2011 academic year~~ The scholarship  
 31 award amount under this subchapter for an academic year for a full-time  
 32 recipient enrolled in a four-year approved institution of higher education is  
 33 five thousand dollars (\$5,000).

34 (B) The Department of Higher Education shall award an  
 35 aggregate amount of scholarship awards to current achiever students beginning  
 36 with the 2010-2011 academic year of up to forty-one million five hundred

1 thousand dollars (\$41,500,000).

2 (C) After deducting the amount committed for current  
 3 achiever student scholarships from the amount available under subdivision  
 4 (e)(1)(B) of this section, the department shall use the balance to fund  
 5 scholarships to nontraditional students under this subchapter.

6 ~~The Department of Higher Education~~ department shall award  
 7 an aggregate amount of scholarship awards to nontraditional students  
 8 beginning with the 2010-2011 academic year ~~up to~~ of at least eight million  
 9 dollars (\$8,000,000).

10 (B)(i) The department shall return to the Arkansas Lottery  
 11 Commission the excess funding, if any, for scholarship awards the department  
 12 received under § 23-115-801.

13 (ii) The commission shall deposit any funds  
 14 received from the department under this subdivision (e)(2)(B) into a trust  
 15 account established under § 23-115-801(b).

16 (C) Priority for scholarships awarded to nontraditional  
 17 students and current achiever students is based on the applicant's level of  
 18 progress toward completion of a certificate, an associate degree, nursing  
 19 diploma, or a baccalaureate degree, or on other criteria established by the  
 20 department.

21  
 22 SECTION 13. Arkansas Code § 6-85-212(f)-(j)(1), concerning scholarship  
 23 award amounts, is amended to read as follows:

24 ~~(f)(1)~~ By November 1 of each year, the Arkansas Lottery Commission  
 25 Legislative Oversight Committee shall provide to the General Assembly its  
 26 recommendations for any changes to the:

- 27 ~~(A)(1)~~ Award amounts;
- 28 ~~(B)(2)~~ Number or type of scholarships; and
- 29 ~~(C)(3)~~ Eligibility requirements.

30 ~~(2) The committee may base its recommendations for scholarship~~  
 31 ~~award amounts on the following guidelines and any additional information the~~  
 32 ~~committee finds relevant to making the recommendations:~~

34 <del>Annual 2-yr</del>	<del>Annual 4-yr</del>	<del>If net lottery</del>	
35 <del>Institution</del>	<del>institution</del>	<del>proceeds are</del>	
36 <del>award amount</del>	<del>award amount</del>	<del>greater than</del>	<del>Or equal to</del>

1	\$1,250	\$2,500	\$ 49,308,626	\$ 60,405,551
2	\$1,500	\$3,000	\$ 60,405,551	\$ 71,502,476
3	\$1,750	\$3,500	\$ 71,502,476	\$ 82,599,401
4	\$2,000	\$4,000	\$ 82,599,401	\$ 93,696,326
5	\$2,250	\$4,500	\$93,696,326	\$104,793,251
6	\$2,500	\$5,000	\$104,793,251	\$115,890,177
7	\$2,750	\$5,500	\$115,890,177	\$126,987,102
8	\$3,000	\$6,000	\$126,987,102	

9

10 ~~(g) After the 2010-2011 academic year, the determination of the amount~~  
 11 ~~of net proceeds from the state lottery available for each semester is based~~  
 12 ~~on the commission's certification of net proceeds.~~

13 ~~(h)(g) The department shall ensure that~~ It is the intent of the  
 14 General Assembly that in determining award amounts under this subchapter the  
 15 General Assembly will consider whether sufficient funds remain will be  
 16 available to pay for scholarship awards through the anticipated completion of  
 17 the degree or certificate a recipient is seeking ~~and report the balance of~~  
 18 ~~those funds to the General Assembly before the amount of awards under this~~  
 19 ~~subchapter are increased by the General Assembly.~~

20 ~~(i)(h)~~ All awards under this subchapter are subject to the prohibition  
 21 under § 6-80-105 against using public funds in a student financial package in  
 22 excess of the recognized cost of attendance at the institution where the  
 23 student is enrolled.

24 ~~(j)(1)(i)(1)~~ If the department has less than a sufficient amount from  
 25 net proceeds from the state lottery to provide for the scholarship  
 26 commitments under this subchapter, the department first shall use ~~the~~  
 27 ~~department's~~ funds from any Scholarships and Grants Contingency Appropriation  
 28 made to the department to fund the shortfall before requesting funds from the  
 29 Scholarship Shortfall Reserve Trust Account under § 23-115-802.

30

31 SECTION 14. Arkansas Code § 6-85-215(a), concerning the release of  
 32 student information, is amended to read as follows:

33 (a)(1)(A) A student receiving any state-supported student financial  
 34 assistance ~~for which an institution of higher education is required to~~  
 35 ~~provide information under this section~~ shall complete and sign a ~~consent~~ form  
 36 authorizing the release of or refusing to authorize:

1                    ~~(i) the~~ The institution of higher education to  
 2 release the student's individual personal information to the Bureau of  
 3 Legislative Research ~~and authorizing;~~

4                    ~~(i)(ii)~~ The institution of higher education to  
 5 provide the bureau with academic progress information for the scholarship  
 6 recipient; and

7                    ~~(ii)(iii)~~ The ~~department~~ Department of Higher  
 8 Education to release the student's individual personal information to the  
 9 bureau.

10                    (B) If a student is less than eighteen (18) years of age,  
 11 the student's parent or guardian shall complete and sign the ~~consent~~ form.

12                    (2)(A) ~~The student may opt out of the release of information.~~ A  
 13 decision to ~~opt out~~ applies only to refuse to authorize the release of  
 14 information under this section ~~and~~ does not apply to nonindividually  
 15 identifiable information released under any other section of this subchapter  
 16 or under any other law.

17                    (B) In order to provide better statistical data, each  
 18 institution shall report the number of students who ~~opt out~~ refuse to  
 19 authorize the release of information.

20                    (3)(A) Before any state funds for state-supported student  
 21 financial assistance are released on behalf of a student, the form signed by  
 22 the student or the student's parent or guardian indicating either the  
 23 student's authorization to release or the refusal to authorize the release of  
 24 information under this section shall be obtained by:

25                    (i) The department if the department awards the  
 26 state-supported student financial assistance; or

27                    (ii) The institution of higher education if the  
 28 state-supported student financial assistance is awarded solely by the  
 29 institution.

30                    (B) The ~~consent~~ form shall state that:

31                    ~~(A)(i)~~ The purpose for the bureau's collecting data  
 32 is to guide the General Assembly's evaluation of the need for adjustments to  
 33 scholarship program eligibility and funding levels; and

34                    ~~(B) Personally identifiable student data will not be~~  
 35 ~~released by the bureau or the department; and~~

36                    ~~(C)(ii)~~ The student may opt out of the release of

1 ~~information, and that opting out~~ A refusal to authorize the release of  
 2 information under this section will not affect the student's eligibility for  
 3 a scholarship.

4 (C) A high school student enrolled in a course for  
 5 concurrent credit is exempt under this section.

6 (4) The form shall list the categories of information authorized  
 7 for release under this section.

8 (5) The Director of the Bureau of Legislative Research may:

9 (A) Seek an opinion from the Family Policy Compliance  
 10 Office of the United States Department of Education concerning the ~~student~~  
 11 ~~consent~~ requirement ~~and opt out~~ to authorize or refuse to authorize the  
 12 release of information under this section; or

13 (B) Request the Department of Higher Education to seek the  
 14 opinion on behalf of the bureau.

15  
 16 SECTION 15. Arkansas Code § 6-85-217(b)(3)(A), concerning the  
 17 confidentiality of student data to be provided to the Bureau of Legislative  
 18 Research, is amended to read as follows:

19 (3)(A) The Director of the Bureau of Legislative Research may  
 20 seek an opinion from Family Policy Compliance Office of the United States  
 21 Department of Education concerning the ~~department's~~ Department of Higher  
 22 Education's system, any proposed modification of the system, or any request  
 23 for information made by the bureau under this section.

24  
 25 SECTION 16. Arkansas Code § 6-85-217(f), concerning the use of student  
 26 data, is amended to read as follows:

27 (f) The bureau's staff shall inform the Department of Higher Education  
 28 of any data used in the preparation of reports and provide the ~~department~~  
 29 Department of Higher Education at least two (2) working days to review any  
 30 student-related data used in preparation of reports before publicly releasing  
 31 that student-related data without personally identifiable student data.

32  
 33 SECTION 17. Arkansas Code § 6-85-218 is repealed.

34 ~~6-85-218. Advisory council.~~

35 ~~(a) An advisory council is created to provide recommendations to the~~  
 36 ~~Department of Higher Education and the Arkansas Lottery Commission~~

1 ~~Legislative Oversight Committee for the implementation of this subchapter.~~

2 ~~(b) The advisory council shall be composed of sixteen (16) members as~~  
3 ~~follows:~~

4 ~~(1) The Director of the Department of Higher Education, or his~~  
5 ~~or her designee;~~

6 ~~(2) The Commissioner of Education, or his or her designee;~~

7 ~~(3) The Executive Director of the Arkansas Association of~~  
8 ~~Educational Administrators, or his or her designee;~~

9 ~~(4) The Executive Director of the Arkansas Education~~  
10 ~~Association, or his or her designee;~~

11 ~~(5) The Executive Director of the Arkansas School Boards~~  
12 ~~Association, or his or her designee;~~

13 ~~(6) The Director of the Bureau of Legislative Research, or his~~  
14 ~~or her designee, who shall serve as an ex officio nonvoting member; and~~

15 ~~(7)(A) Ten (10) members who shall serve three year terms,~~  
16 ~~selected as follows:~~

17 ~~(i) One (1) member of the House of Representatives~~  
18 ~~selected by the Speaker of the House of Representatives;~~

19 ~~(ii) One (1) member of the Senate selected by the~~  
20 ~~President Pro Tempore of the Senate;~~

21 ~~(iii) Two (2) members selected by the Director of~~  
22 ~~the Department of Higher Education who are employed at the department;~~

23 ~~(iv) Two (2) members selected by the Director of the~~  
24 ~~Department of Higher Education who are presidents or chancellors of two year~~  
25 ~~approved institutions of higher education, or the designee of the president~~  
26 ~~selected;~~

27 ~~(v) Two (2) members selected by the Director of the~~  
28 ~~Department of Higher Education who are presidents or chancellors of four year~~  
29 ~~approved institutions of higher education or the designee of the president or~~  
30 ~~chancellor selected;~~

31 ~~(vi) One (1) member selected by the Director of the~~  
32 ~~Department of Higher Education who is a financial aid administrator at an~~  
33 ~~approved institution of higher education, or his or her designee; and~~

34 ~~(vii) One (1) member selected by the Director of the~~  
35 ~~Department of Higher Education who is a student services administrator at an~~  
36 ~~approved institution of higher education, or his or her designee.~~

1 ~~(B) Members appointed under this subdivision (b)(7):~~

2 ~~(i) Shall have initial terms that are staggered~~  
 3 ~~evenly between two (2) and three (3) years as determined by lot at the~~  
 4 ~~advisory council's first meeting; and~~

5 ~~(ii) May be reappointed to successive terms.~~

6 ~~(C) A vacancy under this subdivision (b)(7) shall be~~  
 7 ~~filled by appointment by the appointing authority effective until the~~  
 8 ~~expiration of the regular term.~~

9 ~~(c) The advisory council shall be staffed by the department.~~

10 ~~(d) The legislator members of the advisory council shall serve as~~  
 11 ~~cochairs of the advisory council and shall call meetings as needed to fulfill~~  
 12 ~~the purpose of the advisory council.~~

13 ~~(e)(1) Legislative members are entitled to reimbursement for expenses~~  
 14 ~~and per diem at the same rate and from the same source as provided by law for~~  
 15 ~~members of the General Assembly attending meetings of interim committees.~~

16 ~~(2) Nonlegislative members of the advisory council shall serve~~  
 17 ~~without compensation but may be reimbursed by the department for reasonable~~  
 18 ~~travel expenses incurred to attend meetings if funding is available.~~

19 ~~(f) By August 1, 2009, and as requested thereafter, the advisory~~  
 20 ~~council shall report its recommendations to the Arkansas Lottery Commission~~  
 21 ~~Legislative Oversight Committee.~~

22  
 23 SECTION 18. Arkansas Code § 6-80-105 is amended to read as follows:

24 6-80-105. Student financial aid - ~~Antistacking~~ Scholarship stacking.

25 (a) As used in this section:

26 (1) "Federal aid" means scholarships or grants awarded to a  
 27 student as a result of the Free Application for Federal Student Aid,  
 28 excluding the Pell grant;

29 (2) "Other aid" means scholarships, grants, tuition waivers, or  
 30 housing waivers awarded to a student from postsecondary institutions or  
 31 private sources; and

32 (3) "State aid" means scholarships or grants awarded to a  
 33 student from public funds, including without limitation the Arkansas Academic  
 34 Challenge Scholarship under § 6-85-201 et seq., the Department of Higher  
 35 Education scholarship and grant programs, state general revenues, tuition,  
 36 and local tax revenue; and



1           (4) "Student aid package" means federal aid, state aid, and  
 2 other aid a student receives for postsecondary education expenses.

3           ~~(a)(b)(1) No A~~ postsecondary institution shall ~~use public funds not~~  
 4 award state aid in a student aid package ~~which exceeds~~ in excess of the  
 5 recognized cost of attendance at the institution where the student enrolls.

6           ~~(2) Public funds are defined to include Department of Higher~~  
 7 ~~Education scholarships and grants, state general revenues, tuition, or local~~  
 8 ~~tax revenue~~ For the purpose of stacking scholarships in a student's student  
 9 aid package, the Arkansas Academic Challenge Scholarship under § 6-85-201 et  
 10 seq. shall be reduced or returned first.

11           ~~(b)(c) All A~~ postsecondary ~~institutions~~ institution shall report to  
 12 the ~~department~~ Department of Higher Education the total amount of ~~financial~~  
 13 federal aid, state aid, and other aid ~~from all sources for any a~~ student who  
 14 receives if the student receives an award from a department scholarship or  
 15 grant program, including the Arkansas Academic Challenge Scholarship under §  
 16 6-85-201, et. seq.

17           ~~(e)(1)(d)(1)~~ When a student receives a ~~total~~ student aid package that  
 18 includes ~~public funds~~ state aid and the student aid package exceeds the cost  
 19 of attendance, the postsecondary institution shall repay ~~public funds~~ state  
 20 aid in the amount exceeding the total cost of attendance, starting with state  
 21 aid received under the Arkansas Academic Challenge Scholarship under § 6-85-  
 22 201 et seq.

23           ~~(2) Such~~ The department shall credit the excess state aid funds  
 24 ~~repaid shall be credited~~ to the Higher Education Grants Fund Account  
 25 appropriate department fund or trust account.

26  
 27           SECTION 19. Section 7 of Acts 605 and 606 of 2009, as amended by Act  
 28 1405 of 2009, is repealed:

29           ~~(a) The Director of the Department of Higher Education shall determine~~  
 30 ~~the amount of excess net proceeds from the state lottery by calculating the~~  
 31 ~~difference between:~~

32           ~~(1) The amount committed to scholarships awarded under the~~  
 33 ~~Academic Challenge Scholarship Program—Part 1 and the scholarships for~~  
 34 ~~traditional students and nontraditional students under the Academic Challenge~~  
 35 ~~Scholarship Program—Part 2; and~~

36           ~~(2) The amount of net proceeds from the state lottery reasonably~~

1 projected for the 2010-2011 academic year as determined by the director  
 2 after consultation with the Arkansas Lottery Commission, the Legislative  
 3 Oversight Committee, the House Committee on Education, and the Senate  
 4 Committee on Education.

5 (b) ~~The amount of excess net proceeds from the state lottery shall  
 6 only be available for one (1) or more of the following:~~

7 (1) ~~Awarding scholarships to students near completion;~~

8 (2) ~~Increasing state supported student financial assistance  
 9 under the Higher Education Opportunities Grant Program, § 6-82-1701 et seq.,  
 10 and the Arkansas Workforce Improvement Grant Program, § 6-82-1601 et seq., or  
 11 other state supported student financial assistance programs for  
 12 nontraditional students; or~~

13 (3) ~~Establishing a reserve fund.~~

14 (c) ~~By July 15, 2010, the Director of the Department of Higher  
 15 Education shall prepare a report on the projected distribution of excess net  
 16 proceeds from the state lottery based on:~~

17 (1) ~~The award amounts set by the General Assembly in February  
 18 2010 under this act;~~

19 (2) ~~The amount of excess net proceeds from the state lottery  
 20 reasonably projected to be available for funding scholarships under this act;~~

21 (3) ~~The number of applications accepted for the 2010-2011  
 22 academic year under this act;~~

23 (4) ~~The number of applicants on the waiting lists for  
 24 scholarships to be awarded under this act;~~

25 (5) ~~Of the applicants on the waiting list, whether the  
 26 applicants are traditional students, nontraditional students, or students  
 27 near completion;~~

28 (d) ~~The director shall provide the report to the Arkansas Lottery  
 29 Commission Legislative Oversight Committee, the House Committee on Education,  
 30 and the Senate Committee on Education for review.~~

31 (e)(1) ~~The department shall maintain a list of nontraditional students  
 32 and students near completion and shall award scholarships under this  
 33 subchapter first in order of those nearest completion.~~

34 (2) ~~The amount of the award per student per year shall be  
 35 determined by dividing the number of hours until completion by thirty (30)  
 36 and multiplying by the amount the legislature sets for the award for~~

1 ~~baccalaureate students.~~

2 ~~(3) The amount of the award for associate degree students shall~~  
 3 ~~be determined by dividing the number of hours until completion by fifteen~~  
 4 ~~(15) and multiplying by the amount the legislature sets for two year~~  
 5 ~~students.~~

6  
 7 SECTION 20. Arkansas Code § 23-115-103(7), concerning the definition  
 8 of "immediate family" as used in the Arkansas Scholarship Lottery Act, is  
 9 amended to read as follows:

10 (7) "Immediate family" means the father, mother, sister,  
 11 brother, husband, wife, child, grandmother, grandfather, grandchild, father-  
 12 in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-  
 13 in-law, stepchild, grandmother-in-law, grandfather-in-law, stepgrandchild, or  
 14 any individual acting as parent or guardian;

15  
 16 SECTION 21. Arkansas Code § 23-115-103(12)(B), concerning the  
 17 definition of "lottery" as used in the Arkansas Scholarship Lottery Act, is  
 18 amended to read as follows:

19 (B) "Lottery" includes without limitation:  
 20 (i) An instant ticket;  
 21 (ii) A draw game; ~~and~~  
 22 (iii) Participation in a multistate or  
 23 multisovereign game; and  
 24 (iv) A raffle.

25  
 26 SECTION 22. Arkansas Code § 23-115-103(13), concerning the definition  
 27 of "lottery proceeds", is amended to read as follows:

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

33  
 34 SECTION 23. Arkansas Code § 23-115-103(19)(J) - (K), concerning the  
 35 definition of operating expenses of the Arkansas Lottery Commission, is  
 36 amended to add an additional subdivision to read as follows:

1 (J) Amounts annually transferred to a fidelity fund under § 23-  
2 115-603; ~~and~~

3 (K) Amounts paid to governmental entities for goods or services  
4 provided to the Arkansas Lottery Commission, including without limitation  
5 services provided by the Division of Legislative Audit, the Department of  
6 Human Services, and the Department of Finance and Administration; and

7 (L) Withholding and payment of income taxes from lottery prizes.  
8

9 SECTION 24. Arkansas Code § 23-115-205(25)(C) and (26), concerning the  
10 powers of the Arkansas Lottery Commission, is amended to add an additional  
11 subdivision to read as follows:

12 (C) An independent testing laboratory shall not be owned  
13 or controlled by a vendor or a retailer; ~~and~~

14 (26) To withhold state and federal income taxes as required by  
15 law; and

16 (27) To adopt and amend rules necessary to carry out and  
17 implement its powers and duties, organize and operate the commission,  
18 regulate the conduct of lotteries in general, and any other matters necessary  
19 or desirable for the efficient and effective operation of lotteries for the  
20 convenience of the public.  
21

22 SECTION 25. Arkansas Code § 23-115-211 is amended to read as follows:  
23 23-115-211. Certain sections inapplicable.

24 The In addition to any provision of law expressly exempting the  
25 Arkansas Lottery Commission, the following sections shall not apply to the  
26 Arkansas Lottery Commission commission:

27 (1) Section 19-1-211;

28 (2) Section 19-1-301 et seq.;

29 (3) Section 19-1-609;

30 (4) Section 19-4-1802;

31 (5) Section 19-5-206;

32 (6) Section 19-11-301 et seq;

33 (7) Section 22-9-103;

34 (8) Section 22-9-104;

35 (9) Section 25-1-104; and

36 ~~(10) Section 25-26-201 et seq.; and~~

1           ~~(11)~~(10) Section 25-27-104.

2  
3           SECTION 26. Arkansas Code § 23-115-302(b)(8) and (9), concerning the  
4 duties of the Director of the Arkansas Lottery Commission, is amended to read  
5 as follows:

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

10           (9) By August 15, 2011, and annually thereafter, report to the  
11 committee the following:

12                   (A) For the immediately preceding fiscal year:

13                           (i) The total amount of net proceeds from the state  
14 lottery; and

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

17                   (B) The commission's projection for net proceeds from the  
18 state lottery for the current fiscal year; and

19           (10) Perform other duties generally associated with a director  
20 of a commission of an entrepreneurial nature.

21  
22           SECTION 27. Arkansas Code § 23-115-306(b), concerning special salary  
23 allowances for employees of the Arkansas Lottery Commission, is amended to  
24 read as follows:

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

30  
31           SECTION 28. Arkansas Code § 23-115-403(g), concerning unclaimed  
32 lottery prizes, is amended to read as follows:

33           ~~(g)~~(1) Unclaimed lottery prize money ~~is not~~ shall be added to net  
34 lottery proceeds.

35           ~~(2)(A) An annual amount of at least two hundred thousand dollars~~  
36 ~~(\$200,000) shall be directed to the Department of Health for the treatment of~~

1 ~~compulsive gambling disorder and educational programs related to compulsive~~  
2 ~~gambling disorder.~~

3 ~~(B) As part of its regulation of public health, the State~~  
4 ~~Board of Health may promulgate rules to implement subdivision (g)(2)(A) of~~  
5 ~~this section, including without limitation the creation of:~~

6 ~~(i) Programs for the treatment of compulsive~~  
7 ~~gambling disorder; and~~

8 ~~(ii) Educational programs related to compulsive~~  
9 ~~gambling disorder.~~

10 ~~(3) Unclaimed lottery prize money remaining after the payment~~  
11 ~~under subdivision (g)(2) of this section shall be:~~

12 ~~(A) Added to the pool from which future lottery prizes are~~  
13 ~~to be awarded; or~~

14 ~~(B) Used for special lottery prize promotions.~~

15  
16 SECTION 29. Arkansas Code Title 23, Chapter 115, Subchapter 4, is  
17 amended to add an additional section to read as follows:

18 23-115-410. Compulsive gambling disorder treatment and educational  
19 programs.

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

22 (1) Compulsive gambling disorder treatment programs; and

23 (2) Compulsive gambling disorder educational programs.

24 (b)(1) The commission shall work together with the Department of Human  
25 Services to implement the compulsive gambling disorder treatment programs and  
26 the compulsive gambling disorder educational programs under this section.

27 (2) The commission may contract with the department for  
28 providing all services related to and administration of the compulsive  
29 gambling disorder treatment programs and the compulsive gambling disorder  
30 educational programs.

31 (3) The department may promulgate rules to administer the  
32 compulsive gambling disorder treatment programs and the compulsive gambling  
33 disorder educational programs.

34  
35 SECTION 30. Arkansas Code § 23-115-601(f)(5)(B)(v), concerning the  
36 qualifications of lottery retailers, is amended to read as follows:

1 (v) Is a member of the commission, or a member of  
 2 the immediate family of a member of the commission;

3  
 4 SECTION 31. Arkansas Code § 23-115-701(e), concerning major  
 5 procurement contracts of the Arkansas Lottery Commission, is amended to read  
 6 as follows:

7 (e)(1) Each proposed major procurement contract and each  
 8 amendment or modification to a proposed or executed major procurement  
 9 contract shall be filed with the Arkansas Lottery Commission Legislative  
 10 Oversight Committee for review at least thirty (30) days before the execution  
 11 date of the major procurement contract or the amendment or modification to a  
 12 proposed or executed major procurement contract.

13 (2) The Arkansas Lottery Commission Legislative Oversight  
 14 Committee shall provide the commission with its review as to the propriety of  
 15 the major procurement contract and each amendment or modification to a  
 16 proposed or executed major procurement contract within thirty (30) days after  
 17 receipt of the proposed major procurement contract or the amendment or  
 18 modification to a proposed or executed major procurement contract.

19  
 20 SECTION 32. Arkansas Code § 23-115-801(c)(1), concerning the use of  
 21 net proceeds from the state lottery, is amended to read as follows:

22 (c)(1) The Director of the Department of Higher Education shall  
 23 certify to the commission the amount of net proceeds from the lottery needed  
 24 to+

25 ~~(A) Fund~~ fund the scholarships awarded to recipients under  
 26 § 6-85-201 et seq. for each semester of an academic year; ~~and~~

27 ~~(B) Ensure that sufficient funds remain available to pay~~  
 28 ~~for scholarship awards for the recipients through the anticipated completion~~  
 29 ~~of the degree or certificate a recipient is seeking.~~

30  
 31 SECTION 33. Arkansas Code § 23-115-802(b)(3), concerning the Shortfall  
 32 Reserve Trust Account of the Arkansas Lottery Commission, is amended to read  
 33 as follows:

34 (3) Any amount in the trust ~~fund~~ account exceeding twenty million  
 35 dollars (\$20,000,000) shall be considered net proceeds and shall be deposited  
 36 annually into one (1) or more trust accounts at one (1) or more financial

1 institutions by July 1 of each year.

2  
3 SECTION 34. Arkansas Code § 23-115-802(c), concerning the Shortfall  
4 Reserve Trust Account of the Arkansas Lottery Commission, is amended to read  
5 as follows:

6 (c)~~(1)~~ If net proceeds in any year are not sufficient to meet the  
7 amount allocated for higher education scholarships, the account may be drawn  
8 upon to meet the deficiency.

9 ~~(2) If it becomes necessary to draw from the account in any~~  
10 ~~fiscal year, the Department of Higher Education shall review the scholarship~~  
11 ~~and grant program and shall reduce the program to accommodate available~~  
12 ~~lottery proceeds, exclusive of the account.~~

13  
14 SECTION 35. Arkansas Code § 23-115-1101(f)(3), concerning the Arkansas  
15 Lottery Commission Legislative Oversight Committee, is amended to read as  
16 follows:

17 (3) ~~Six (6) members~~ A majority of the Arkansas Lottery  
18 Commission Legislative Oversight Committee ~~constitute~~ constitutes a quorum.

19  
20 SECTION 36. Arkansas Code § 23-115-1102(c), concerning the duties of  
21 the Arkansas Lottery Commission Legislative Oversight Committee, is amended  
22 to read as follows:

23 (c)(1) The Arkansas Lottery Commission Legislative Oversight Committee  
24 shall perform all duties or functions of the Legislative Council required by  
25 law concerning the contracts, rules, reports, or other information filed with  
26 the Arkansas Lottery Commission Legislative Oversight Committee under  
27 subsection (b) of this section.

28 (2) The Bureau of Legislative Research shall provide staff for  
29 the Arkansas Lottery Commission Legislative Oversight Committee.

30  
31 SECTION 37. Arkansas Code Title 26, Chapter 51 is amended to add a new  
32 subchapter to read as follows:

33 SUBCHAPTER 23 -- LOTTERY WITHHOLDING ACT

34 26-51-2301. Title.

35 This subchapter may be cited as the "Lottery Withholding Act".

36



1       26-51-2302. Definitions.

2       As used in this subchapter:

3       (1) "Claim center" means a claim center established by the Arkansas  
4 Lottery Commission under § 23-115-207;

5       (2) "Lottery" means the same as defined in § 23-115-103; and

6       (3) "Lottery winnings" means the proceeds of a lottery prize based on  
7 the total amount paid from an Arkansas lottery or from a multistate or  
8 multisovereign lottery without reduction for the amount paid for the lottery  
9 ticket.

10  
11       26-51-2303. Administration.

12       (a) This subchapter shall be administered in accordance with the  
13 Arkansas Tax Procedure Act, § 26-18-101 et seq.

14       (b) The Director of the Department of Finance and Administration shall  
15 make and prescribe such rules, regulations, and forms as he or she deems  
16 necessary to administer this subchapter.

17  
18       26-51-2304. Amount deducted and withheld – Credit.

19       (a) A claim center making a payment of lottery winnings on a single  
20 lottery ticket of more than five thousand dollars (\$5,000) shall deduct and  
21 withhold an amount equal to seven percent (7%) of each payment of the lottery  
22 winnings.

23       (b) The amount deducted and withheld under this section from any  
24 lottery winnings paid to a person during the income year shall be credited  
25 against the income tax liability of that person under the Income Tax Act of  
26 1929, § 26-51-101 et seq.

27  
28       26-51-2305. Withholding return, reporting, and payment – Lottery.

29       (a) A claim center shall register to withhold income tax under § 26-  
30 51-2304 from lottery winnings in the manner prescribed by the Director of the  
31 Department of Finance and Administration.

32       (b) The withholding account used to report and remit the withholding  
33 on wages shall not be used to report withholding on lottery winnings.

34       (c) A separate account for withholding on lottery winnings shall be  
35 obtained from the Revenue Division of the Department of Finance and  
36 Administration.

1       (d) Each claim center shall file a monthly return and remit the income  
2 tax withheld from lottery winnings on or before the fifteenth day of the  
3 month following the month in which the income tax was withheld.

4       (e) A claim center shall keep the following records and information  
5 for six (6) years after the date the income tax becomes due or is paid,  
6 whichever is later:

7           (1) The total lottery winnings paid;

8           (2) The amount of lottery winnings income tax withheld and  
9 remitted;

10          (3) The name, address, social security number or taxpayer  
11 identification number, and amount of lottery winnings of each person in  
12 receipt of lottery winnings; and

13          (4) The name, address, and taxpayer identification number of the  
14 claim center.

15       (f)(1) A claim center shall provide two (2) copies of a statement to  
16 each person who received lottery winnings and had an amount withheld under §  
17 26-51-2304 during the income year before January 31 following the close of  
18 the income year.

19           (2) Each statement shall contain the following:

20           (A) The name, address, and social security number or  
21 taxpayer identification number of the person in receipt of lottery winnings;

22           (B) The total amount of the lottery winnings subject to  
23 withholding that was paid by the claim center to the recipient of the lottery  
24 winnings for the income tax year;

25           (C) The total amount withheld from the recipient's lottery  
26 winnings by the claim center under this subchapter for the income year;

27           (D) The name, address, and Arkansas identification number  
28 of the claim center; and

29           (E) Such other information as the director shall require  
30 by rule.

31  
32       26-51-2306. Duties of the claim centers and payees.

33       (a)(1) The Arkansas Lottery Commission is liable for amounts required  
34 to be deducted and withheld by a claim center under this subchapter  
35 regardless of whether the amounts were in fact deducted or withheld.

36           (2) Any sum withheld in accordance with this subchapter is

1 deemed to be held in trust for the State of Arkansas and shall be recorded by  
2 the claim center in a ledger account so as to clearly indicate the amount of  
3 income tax withheld and that the amount is the property of the State of  
4 Arkansas.

5 (b) Each person that is subject to this subchapter and who is to  
6 receive a payment of lottery winnings or is entitled to any portion of the  
7 payment of lottery winnings shall furnish the claim center making the payment  
8 a statement, made under penalty of perjury, containing his or her:

9 (1) Name;

10 (2) Address; and

11 (3) Social security number or taxpayer identification number."

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36