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4

A Bill

HOUSE BILL 1861

5 By: Representatives Duffield, K. Ferguson, Achor, F. Allen, Barnes, Gramlich, M. McElroy, McGruder,
6 Painter, Perry, J. Richardson
7 By: Senators D. Wallace, Hester, J. Scott
8

For An Act To Be Entitled

9
10 AN ACT TO MAKE THE OPERATION OF AN ILLEGAL ONLINE
11 CASINO OR SPORTS BETTING A FELONY; TO AMEND THE LAW
12 CONCERNING INTERACTIVE GAMING; TO CREATE THE
13 INTERACTIVE GAMING ACT; TO EXPAND INTERACTIVE GAMING
14 TO INCLUDE NAME, IMAGE, OR LIKENESS DRAWING GAMES AND
15 CASINO GAMING; TO DECLARE AN EMERGENCY; AND FOR OTHER
16 PURPOSES.

Subtitle

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20 TO MAKE OPERATION OF AN ILLEGAL ONLINE
21 CASINO OR SPORTS BETTING A FELONY; TO
22 CREATE THE INTERACTIVE GAMING ACT AND TO
23 INCLUDE NAME, IMAGE, OR LIKENESS DRAWING
24 GAMES AND CASINO GAMING; AND TO DECLARE
25 AN EMERGENCY.
26

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

29 SECTION 1. Arkansas Code § 5-66-103(a), concerning the offense of
30 keeping a gambling house, is amended to read as follows:

31 (a) A person or entity commits the offense of keeping a gambling house
32 if the person or entity:

33 (1) Keeps, conducts, or operates, or who is interested directly
34 or indirectly in keeping, conducting, or operating any gambling house or
35 place, whether a physical location or online, where gambling is carried on;

36 (2) Sets up, keeps, or exhibits or causes to be set up, kept, or



1 exhibited or assists in setting up, keeping, or exhibiting any gambling
2 device; ~~or~~

3 (3) Is interested directly or indirectly in running any gambling
4 house or in setting up and exhibiting any gambling device, either by
5 furnishing money or another article, for the purpose of carrying on any
6 gambling house;

7 (4)(A) Makes available or participates in keeping, conducting,
8 or operating any game, contest, or promotion that is available on the
9 internet or accessible on a mobile phone, computer terminal, or similar
10 device capable of accessing the game, contest, or promotion that utilizes a
11 dual-currency system of payment that allows the player to exchange the
12 currency for a prize, award, cash, or cash equivalent, or a chance to win any
13 prize, award, cash, or cash equivalent, and simulates:

14 (i) Casino-style gaming, including without
15 limitation slot machines, video poker, or table games that include without
16 limitation blackjack, roulette, craps, and poker;

17 (ii) Lottery games, including without limitation
18 draw games, instant win games, keno, and bingo; and

19 (iii) Sports wagering.

20 (B) A sweepstakes game that does not award cash or a cash
21 equivalent is not included under subdivision (a)(4) of this section.

22 (C) Subdivision (a)(4)(A) of this section does not apply
23 to a casino licensed by the Arkansas Racing Commission; or

24 (5)(A) Makes available or participates in keeping, conducting,
25 or operating any game online that the commission or the Department of Finance
26 and Administration, consistent with the Arkansas Constitution, may determine
27 by rule to be sports wagering.

28 (B) Subdivision (a)(5)(A) of this section does not apply
29 to a casino licensed by the commission.

30

31 SECTION 2. Arkansas Code Title 23, Chapter 117, is amended to add an
32 additional subchapter to read as follows:

33 Subchapter 2 – Interactive Gaming Act

34

35 23-117-201. Title.

36 This subchapter shall be known and may be cited as the “Interactive

1 Gaming Act”.

2

3 23-117-202. Definitions.

4 As used in this subchapter:

5 (1) "Casino licensee" means any individual, corporation,
 6 partnership, association, trust, or other entity holding a license issued
 7 by the Arkansas Racing Commission to conduct casino gaming as authorized
 8 by The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution,
 9 Amendment 100;

10 (2) "Dormant account" means an interactive gaming account that
 11 has had no patron-initiated activity for a period of sixteen (16) months;

12 (3)(A) "Interactive gaming" includes the placing of wagers
 13 through a server-based gaming system that is situated in the United States
 14 using a computer network of interoperable packet switched data networks
 15 through which a casino licensee may offer authorized interactive games to a
 16 person who has established an interactive gaming account.

17 (B) "Interactive gaming" includes the placing of wagers
 18 using:

19 (i) A mobile cellular device using an application;

20 or

21 (ii) An internet browser on a supported device using
 22 software.

23 (C) "Interactive gaming" includes a name, image, or
 24 likeness drawing game conducted through an electronic device or machine to
 25 benefit a name, image, or likeness collective consistent with the Arkansas
 26 Student-Athlete Publicity Rights Act, § 4-75-1301 et seq.;

27 (4)(A) "Interactive gaming system" means a gaming device.

28 (B) "Interactive gaming system" includes:

29 (i) The collective hardware, software,
 30 communication, technology, and proprietary hardware and software specifically
 31 designed or modified for and intended for use in the conduct of interactive
 32 gaming; and

33 (ii) The core components of the interactive gaming
 34 system, including without limitation the servers or databases running the
 35 games on the interactive gaming system and storing game and interactive
 36 gaming account information, that are hosted within the United States, with

1 the core components residing on physical hardware or a remote server,
2 provided that gaming participation is confined to the state; and

3 (5) "Name, image, or likeness drawing game" means a drawing game
4 of chance approved by the commission, the net proceeds of which after
5 incurred expenses, as approved by the commission, are divided between:

6 (A) A name, image, or likeness collective consistent with
7 the Arkansas Student-Athlete Publicity Rights Act, § 4-75-1301 et seq., or
8 any other organization affiliated with an Arkansas collegiate athletics
9 program; and

10 (B) The winning participant.

11
12 23-117-203. Interactive gaming.

13 (a)(1)(A) A casino licensee shall not operate an interactive gaming
14 system in this state unless the interactive gaming system has been approved
15 by the Arkansas Racing Commission.

16 (B) An activity conducted under Arkansas Constitution,
17 Amendment 84, shall not be considered interactive gaming.

18 (2) An interactive gaming system operated by a casino licensee
19 is subject to rules promulgated by the commission.

20 (3) A casino licensee is limited to one (1) branded interactive
21 gaming system that is identified with the casino licensee.

22 (4) The operation of interactive gaming is prohibited in
23 circumstances in which a majority of the net casino gaming receipts, as
24 defined by The Arkansas Casino Gaming Amendment of 2018, Arkansas
25 Constitution, Amendment 100, from interactive gaming is paid to a third-party
26 vendor assisting in the operation of the interactive gaming.

27 (b) An interactive gaming system shall meet applicable minimum
28 technical standards provided in Gaming Laboratories International's GLI-19:
29 Standards for Interactive Gaming Systems, as revised on July 17, 2020, or an
30 equivalent certification issued by a testing laboratory as approved and
31 licensed by the commission.

32 (c) A casino licensee may operate a name, image, or likeness drawing
33 game as approved by the commission.

34
35 23-117-204. Internal controls for casino licensees related to
36 interactive gaming.

1 (a) A casino licensee shall comply with:

2 (1) Standards related to interactive gaming adopted by the
3 Arkansas Racing Commission to implement this subchapter; and

4 (2) Existing rules of the commission.

5 (b) The commission shall:

6 (1) Approve game titles or themes; and

7 (2) Provide for standards and practices consistent with the
8 standards and practices of the Gaming Laboratories International, or other
9 testing entity licensed by the commission, approved in another jurisdiction
10 in the United States to serve as validation in Arkansas.

11 (c)(1) Live personnel engaged in dealing cards or similar activities
12 involved in interactive gaming shall hold a gaming license in the
13 jurisdiction in which the live personnel physically operate.

14 (2) A casino licensee shall transmit a list of the live
15 personnel described in subdivision (c)(1) of this section to the commission
16 no less than monthly.

17 (d) The commission may determine additional areas that require
18 internal controls that may necessitate the development of minimum standards.

19
20 23-117-205. Acceptance of wagers.

21 A casino licensee shall not accept or facilitate a wager on interactive
22 gaming other than as set forth by rule of the Arkansas Racing Commission.

23
24 23-117-206. Disposition of dormant accounts.

25 (a)(1) A casino licensee may suspend a dormant account.

26 (2) The casino licensee may reactivate a dormant account
27 suspended under subdivision (a)(1) of this section only after reverifying the
28 current government-issued picture identification of the account holder and
29 other information as required by the Arkansas Racing Commission.

30 (b) All amounts remaining inactive in the dormant account after a
31 period of two (2) years of the account's becoming a dormant account shall be
32 paid into a cash fund of the commission.

33 (c) Before closing a dormant account under this section, the casino
34 licensee shall attempt to contact the account holder a minimum of one (1)
35 time per year.

36

23-117-207. Prohibition – Penalty.

(a) The operation of an interactive gaming system without a casino license in this state is prohibited.

(b) Consistent with § 5-66-103, a violation of subsection (a) of this section is a Class D felony.

23-117-208. Rules.

The Arkansas Racing Commission may promulgate rules to administer and enforce this subchapter.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that unlicensed, unregulated, and untaxed casino style and sports wagering offerings are an ever-growing threat to the citizens of Arkansas. Further, institutions of higher education and their affiliated nonprofit organizations are intertwined with economic development, the education of student-athletes, commerce, and other governmental interests that otherwise impact the State of Arkansas; that a drawing game conducted through interactive gaming, in order to benefit a name, image, or likeness organization, the net proceeds of which, after incurred expenses, are equally divided between a name, image, or likeness organization and the participant, can increase economic development, education, and commerce in the State of Arkansas; and that this act is immediately necessary to ensure that institutions of higher education and their affiliated nonprofit organizations can financially support their student-athletes and athletic programs, which will bolster economic development, education, and commerce in the State of Arkansas. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.