INITIATIVE PETITION

THE COIN OPERATED AMUSEMENT MACHINE AMENDMENT TO ARTICLE 19, SECTION 14 OF THE ARKANSAS CONSTITUTION

To the Honorable John Thurston, Secretary of State of the State of Arkansas: We, the undersigned registered voters of the State of Arkansas, respectfully propose the following amendment to the Constitution of the State, and by this, our petition, order that the same be submitted to the people of said state, to the end that the same may be adopted, enacted, or rejected by the vote of the registered voters of said state at the regular general election to be held on the 3rd day of November, 2020, and each of us for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Arkansas, and my printed name, date of birth, residence, city or town of residence, and date of signing this petition are correctly written after my signature. The Popular Name is THE COIN OPERATED AMUSEMENT MACHINE AMENDMENT TO ARTICLE 19, SECTION 14 OF THE ARKANSAS CONSTITUTION and the ballot title is attached or affixed hereto.

VOTERS REGISTERED IN __________ COUNTY

<table>
<thead>
<tr>
<th>Signature</th>
<th>Printed Name</th>
<th>Date of Birth</th>
<th>Residence (Street Address)</th>
<th>City or Town of Residence</th>
<th>County of Residence</th>
<th>Date of Signing</th>
</tr>
</thead>
</table>

FILED

AUG 29 2019

Arkansas Secretary of State

State of Arkansas, County of ____________ (county where notary signs)

I, __________________________________________, being duly sworn, state that each of the foregoing persons signed his or her own name to this sheet of the petition in my presence. To the best of my knowledge and belief, each signature is genuine and each signer is a registered voter of the State of Arkansas, in the County listed at top of the Petition. At all times during the circulation of this signature sheet, an exact copy of the popular name, ballot title, and text was attached to the signature sheet. My current residence address is correctly stated below.

Signature

Permanent Domicile Address

Current Residence Address

Indicate one: _____ Paid Canvasser    _____ Volunteer/Unpaid Canvasser

On this _____ day of ___________ 20___ before me, the undersigned Notary Public, personally appeared ______________________ well known to me (or satisfactorily proven by identification documents provided) to be the person described in the foregoing Canvasser Affidavit and acknowledged that he executed the same in the capacity of a Canvasser for the purposes of fulfilling legal requirements of a Canvasser in the State of Arkansas, and that I personally witnessed the signature of the Canvasser.

Signature of Notary

My Commission Expires ______________________

Residence County of Notary ______________________

[Notary Seal Above]
BE IT ENACTED BY THE PEOPLE OF THE STATE OF ARKANSAS

Section 1. Article 19, Section 14 of the Arkansas Constitution is amended to read as follows:

(a) The General Assembly may enact laws to establish, operate, and regulate State lotteries.
(b) Lottery proceeds shall be used solely to pay the operating expenses of lotteries, including all prizes, and to fund or provide for scholarships and grants to citizens of this State enrolled in public and private non-profit two-year and four-year colleges and universities located within the State that are certified according to criteria established by the General Assembly. The General Assembly shall establish criteria to determine who is eligible to receive the scholarships and grants pursuant to this Amendment.
(c) Lottery proceeds shall not be subject to appropriation by the General Assembly and are specifically declared to be cash funds held in trust separate and apart from the State treasury to be managed and maintained by the General Assembly or an agency or department of the State as determined by the General Assembly.
(d) Lottery proceeds remaining after payment of operating expenses and prizes shall supplement, not supplant, non-lottery educational resources.
(e) This subsection shall be known as the “Coin Operated Amusement Machine Amendment.”

(1) Definitions. For purposes of this subsection, the below terms are defined as follows:

(A) “Coin operated amusement machine” is defined as every machine of any kind or character designed to provide amusement or entertainment, which can be legally shipped according to federal law, whose operation requires the payment of or the insertion of a coin, bill, other money, token, ticket, card, or similar object and the result of whose operation depends in whole or in part upon some skill of the player, that allows a successful player to accrue points on the machine and carry over points won on one play to a subsequent play or plays to win redeemable prizes.

(B) “Coin operated amusement machine applicant” is defined as any individual, corporation, partnership, association, trust, or other entity applying for a license to own and lease coin operated amusement machines to one or more location operator licensees.

(C) “Coin operated amusement machines receipts” is defined as gross receipts from coin operated amusement machines.

(D) “Coin operated amusement machine license” is defined as a license issued by the Arkansas Scholarship Lottery to own and lease coin operated amusement machines to one or more location operator licensees.

(E) “Coin operated amusement machine licensee” is defined as any individual, corporation, partnership, association, trust, or other entity holding a license, or licenses, issued by the Arkansas Scholarship Lottery to own and lease to own and lease coin operated amusement machines to one or more location operator licensees.

(F) “Dexterity” is defined as the ability to use the hands skillfully in doing something.

(G) “Location operator license” is defined as a license issued by the Arkansas Scholarship Lottery to make coin operated amusement machines available for commercial use and play by the public.

(H) “Location operator licensee” is defined as any individual, corporation, partnership, association, trust, or other entity holding a license issued by the Arkansas Scholarship Lottery to make coin operated amusement machines available for commercial use and play by the public.

(I) “Redeemable prizes” is defined as (i) free replays, (ii) merchandise limited to noncash merchandise, prizes, toys, gift certificates, or novelties, each of which has a wholesale value of not more than $5.00, (iii) lottery tickets if otherwise qualified pursuant to Ark. Code Ann. § 23-115-101, et seq., and/or (iv) points, tokens, vouchers, tickets, or other evidence of winning, which may be exchanged for free replays and merchandise as set forth herein, and “redeemable prizes” shall not include cash, alcoholic beverages, firearms, or any product containing tobacco.

(J) “Some skill” is defined as eye-hand coordination or dexterity employed by the player of a coin operated amusement machine to affect in some way the outcome of the game played on a coin operated amusement machine.
(F) Not later than March 1, 2021, the Arkansas Scholarship Lottery shall begin accepting applications for coin operated amusement machine licenses and location operator licenses.

(G) The application for coin operated amusement machine licenses shall include without limitation the following:

(i) The application fee;
(ii) The legal name of the coin operated amusement machine applicant;
(iii) The physical address of the coin operated amusement machine applicant; and
(iv) The name, address, and date of birth of each officer and owner of the coin operated amusement machine applicant.

(H) The application for location operator licenses shall include without limitation the following:

(i) The application fee;
(ii) The legal name of the location operator applicant;
(iii) The physical address of the location operator applicant; and
(iv) The name, address, and date of birth of each officer and owner of the location operator applicant.

(I) A prospective applicant for a coin operated amusement machine license or a location operator license is disqualified from being an applicant if any of the following apply:

(i) If the applicant is an individual, the applicant is under twenty-one years of age.
(ii) If the applicant is an individual, the applicant has been convicted of a disqualifying felony offense as defined by the Arkansas Scholarship Lottery; or
(iii) The applicant has previously had a coin operated amusement machine license or a location operator license (or their functional equivalents) revoked in any State.

(J) The Arkansas Scholarship Lottery shall issue 50 coin operated amusement machine licenses and shall issue location operator licenses to any qualified location operator applicant.

(K) Coin operated amusement machine licensees are required to own and lease coin operated amusement machines to location operator licensees for as long as they have a license.

(L) The Arkansas Scholarship Lottery shall require all applicants for a coin operated amusement machine license to have procured, on or before August 1, 2019, at least 800 decals pursuant to Ark. Code Ann. § 26-57-417.

(M) No individual, corporation, partnership, association, trust, or other entity may hold more than 15 coin operated amusement machine licenses in Arkansas.

(N) Each coin operated amusement machine license authorizes a coin operated amusement machine licensee to own and lease up to 300 coin operated amusement machines to location operator licensees.

(O) Each location operator license authorizes a location operator licensee to make up to ten coin operated amusement machines available for commercial use and play by the public.

(P) The Arkansas Scholarship Lottery shall issue a renewal coin operated amusement machine license within ten days to any coin operated amusement machine licensee that complies with the requirements contained in this Amendment, including without limitation the payment of the coin operated amusement machine license renewal fee, which shall not exceed $1,000 per coin operated amusement machine license. Coin operated amusement machine licenses shall be renewed every ten years.

(Q) The Arkansas Scholarship Lottery shall issue a renewal location operator license within ten days to any location operator licensee that complies with the requirements contained in this Amendment, including without limitation the payment of the location operator license renewal fee, which shall not exceed $150. Location operator licenses shall be renewed every five years.

(5) Taxation and distribution of proceeds.

(A) A coin operated amusement machine licensee’s net coin operated amusement machine receipts are subject to a net coin operated amusement machine receipts tax of 20%.
(6) Except as herein specially provided, the rights of the holder of a security shall be subject to all rights, restrictions, and conditions of any security included in, substituted for, or consolidating the security of which it is a part. The rights conferred by this Act on the holders of such security shall be imposed upon, or allowed to, such holders for the benefit of the securities or obligations of which the security is a part. The rights conferred by this Act on the holders of such security shall be imposed upon, or allowed to, such holders for the benefit of the securities or obligations of which the security is a part.

(7) The authority vested under this Act shall be exercised by the Corporation.

(8) No action or proceeding against the Corporation under this Act shall be commenced or maintained in any court or other tribunal or before any arbitrator, or in any other manner, unless the same be commenced or maintained by a person who is a holder of the security of which the property is a part.

(9) No action or proceeding against the Corporation under this Act shall be commenced or maintained in any court or other tribunal or before any arbitrator, or in any other manner, unless the same be commenced or maintained by a person who is a holder of the security of which the property is a part.

(10) The Corporation shall, in its discretion, execute or cause to be executed any instrument or document necessary or convenient to carry into effect the purposes of this Act, and shall make, do, or suffer to be done, all acts and things necessary or convenient to carry into effect the purposes of this Act.

(11) Except as herein specially provided, the rights of the holder of a security shall be subject to all rights, restrictions, and conditions of any security included in, substituted for, or consolidating the security of which it is a part. The rights conferred by this Act on the holders of such security shall be imposed upon, or allowed to, such holders for the benefit of the securities or obligations of which the security is a part. The rights conferred by this Act on the holders of such security shall be imposed upon, or allowed to, such holders for the benefit of the securities or obligations of which the security is a part.