



TIM GRIFFIN
ATTORNEY GENERAL

Opinion No. 2025-073

October 23, 2025

The Honorable Bryan B. King
State Senator
871 County Road 814
Green Forest, Arkansas 72638

Dear Senator King:

You have requested an opinion from this Office concerning prediction markets and event contracts. In making your request, you note that Kalshi, “one of the largest exchange platforms for predictive markets,” allows people to “bet on future events” like “election outcomes, the occurrence of natural disasters, sports outcomes, and who will win the Nobel Peace Prize this year.”

In that light, you ask the following four questions:

1. Would a company like Kalshi be operating in violation of Arkansas law if it was not licensed to engage in gaming operations?

Brief response: Yes, based on the information provided in the opinion request, a business model like you have described constitutes gambling or gaming and requires licensure.

2. Under Arkansas law, would sports related event contracts be subject to Arkansas’s tax on fantasy sports games?

Brief response: No, unless the contracts meet the definition of a “paid fantasy sports game” under A.C.A. § 23-116-102, they are not subject to such a tax. Only games that meet this definition pay the tax and benefit from the exemption under A.C.A. § 23-116-101.

3. If companies like Kalshi are not required to possess gaming licenses, would they be subject to any other Arkansas regulatory body as a financial exchange?

Brief response: My response to Question 1 renders this question moot.

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4. If companies like Kalshi can operate under Arkansas law without a gaming license, is there any type of event contract that could not be exchanged under Arkansas law, such as election contracts or contracts related to future tragedies?

Brief response: My response to Question 1 renders this question moot.

DISCUSSION

Question 1: Would a company like Kalshi be operating in violation of Arkansas law if it was not licensed to engage in gaming operations?

To answer your question, one must first determine whether a company like Kalshi facilitates or offers “gambling” or “gaming.” Although neither word is defined by statute, the Arkansas Supreme Court uses these words interchangeably and has defined them as “the risking of money between two or more persons, on a contest or chance of any kind, where one must be loser and the other gainer.”¹

Generally, gambling and gaming are prohibited in Arkansas.² Regulating or prohibiting such activities falls “within the police powers of a state.”³ When interpreting statutes that prohibit gambling or gaming, judges will read “the statutes liberally” and “in favor of the prohibition,” to prevent someone “from evading the penalty of the law” by changing the name or creating a new name or device.⁴

The acts you describe meet the Supreme Court’s definition of gambling and gaming: a participant is risking money on a chance that some future event occurs. The fact that a company has rebranded this gambling activity as a “prediction market” does not protect it from scrutiny. Further, it is unlawful for anyone to “receive or transmit information” concerning sports or games “for the purpose of gaming.”⁵ Thus, to the extent that a company like Kalshi facilitates wagers on sports outcomes or transmits data for gaming purposes (and your correspondence suggests that it does), those actions violate the law as well.

¹ *Sharp v. State*, 350 Ark. 529, 534, 88 S.W.3d 848, 851–52 (2002) (quoting *Portis v. State*, 27 Ark. 360, 362 (1872)); Ark. Att’y Gen. Op. 2025-022.

² *E.g.*, A.C.A. §§ 5-66-101 to -120; Ark. Att’y Gen. Ops. 2025-022, 2023-008, 2016-073, 2009-123, 2006-052.

³ *See Ah Sin v. Wittman*, 198 U.S. 500, 505–07 (1905).

⁴ A.C.A. § 5-66-101; Ark. Att’y Gen. Op. 2009-123.

⁵ A.C.A. § 5-66-114(a).

Question 2: Under Arkansas law, would sports related event contracts be subject to Arkansas's tax on fantasy sports games?

Arkansas law permits the online operation of “paid fantasy sports games,” which are expressly exempt from the state’s gambling and gaming prohibitions.⁶ To qualify for this exemption, the operator of such games must pay a tax⁷ and meet multiple other requirements.⁸ For purposes of this opinion, the most relevant requirements are:

- The value of “all prizes and awards offered to winning game participants” must be “established and made known” in advance of the game.
- The winning outcomes must be determined “predominantly by accumulated statistical results of the performance of individual athletes.”
- A winning outcome cannot be “based on the score, point spread, or performance or performance of any single team or combination of teams on any single performance of an individual athlete.”⁹

Because the business model as you have described does not meet the above requirements, it would not fall under the statutes governing “paid fantasy sports games.” Consequently, it would not be subject to Arkansas’s tax on fantasy sports and would not benefit from A.C.A. § 23-116-101(b)’s exemption from certain state gambling laws.

Question 3: If companies like Kalshi are not required to possess gaming licenses, would they be subject to any other Arkansas regulatory body as a financial exchange?

My response to Question 1 renders this question moot.

Question 4: If companies like Kalshi can operate under Arkansas law without a gaming license, is there any type of event contract that could not be exchanged under Arkansas law, such as election contracts or contracts related to future tragedies?

My response to Question 1 renders this question moot.

⁶ *Id.* §§ 23-116-101, -103.

⁷ *Id.* § 23-116-104.

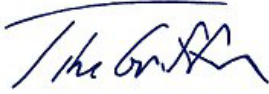
⁸ *Id.* § 23-116-102(5).

⁹ *Id.*

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Assistant Attorney General William R. Olson prepared this opinion, which I hereby approve.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Griffin", with a horizontal line above it.

TIM GRIFFIN
Attorney General