

REFERENCE TITLE: event wagering; licenses; allocation; tribes

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1615

Introduced by
Senator Gonzales

AN ACT

AMENDING SECTION 5-1304, ARIZONA REVISED STATUTES; RELATING TO EVENT
WAGERING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-1304, Arizona Revised Statutes, is amended to
3 read:

4 5-1304. Licensure; application

5 A. The department may issue not more than ten event wagering
6 operator licenses to applicants other than an Indian tribe. The
7 department may issue not more than ten event wagering operator licenses to
8 Indian tribes in this state if the Indian tribe receiving a license has
9 signed the most recent tribal-state gaming compact and any applicable
10 appendices or amendments. The department shall issue event wagering
11 operator licenses only to applicants that are either of the following in
12 compliance with this chapter:

13 1. An owner of an Arizona professional sports team or franchise,
14 operator of a sports facility that hosts an annual tournament on the PGA
15 tour, promoter of a national association for stock car auto racing
16 national touring race conducted in this state or the owner's, operator's
17 or promoter's designee, contracted to operate event wagering for both
18 retail event wagering at a sports facility or its complex as prescribed in
19 subsection D of this section and mobile event wagering throughout the
20 state. If a designee is used, the designee shall be considered the
21 applicant and be subject to any requirements of the application process
22 rather than the owner, operator or promoter.

23 2. An Indian tribe, or an entity fully owned by an Indian tribe, or
24 its designee contracted to operate only mobile event wagering outside the
25 boundaries of its Indian lands and throughout the state if it has signed
26 the most recent tribal-state gaming compact and any applicable appendices
27 or amendments.

28 B. An applicant for an event wagering license shall submit an
29 application in a form prescribed by the department, including all of the
30 following:

31 1. The identification of the applicant's principal owners that own
32 more than five percent of the company, the partners, the members of its
33 board of directors and the officers, the identification of any holding
34 company, including its principals, that is engaged by the applicant to
35 assist in the management or operation of event wagering, if applicable,
36 and information to verify that the applicant is qualified to hold a
37 license under subsection A of this section.

38 2. A full set of fingerprints for the purpose of obtaining a state
39 and federal criminal records check pursuant to section 41-1750 and Public
40 Law 92-544. The department of public safety may exchange this fingerprint
41 data with the federal bureau of investigation. The fingerprints shall be
42 furnished by the applicant's officers and directors, if a corporation,
43 members, if a limited liability company, and partners, if a partnership.
44 An applicant convicted of a disqualifying offense may not be licensed.

1 3. A notice and description of civil judgments obtained against the
2 applicant pertaining to antitrust or security regulation laws of the
3 federal government, of this state or of any other state, jurisdiction,
4 province or country.

5 4. If the applicant has conducted gaming operations in a
6 jurisdiction that allows such activity, letters of compliance from the
7 regulatory body that regulates event wagering, sports wagering or any
8 other gaming activity that the applicant is licensed for, conducts or
9 operates under jurisdiction of the regulatory body.

10 5. Information, documentation and assurances concerning financial
11 background and resources of the applicant or its management services
12 provider as may be required to establish by clear and convincing evidence
13 the financial stability and responsibility of the applicant or its
14 management services provider, including bank references, business and
15 personal income and disbursement schedules, tax returns and other reports
16 filed with governmental agencies, and business and personal accounting and
17 check records and ledgers. Each applicant or its management services
18 provider, in writing, shall authorize the examination of all bank accounts
19 and records as may be deemed necessary by the department. The department
20 may consider any relevant evidence of financial stability. The applicant
21 is presumed to be financially stable if the applicant or its management
22 services provider establishes by clear and convincing evidence that it
23 meets each of the following standards:

24 (a) The ability to ensure the financial integrity of event wagering
25 operations by maintaining a bankroll or equivalent provisions adequate to
26 pay winning wagers to bettors when due. An applicant is presumed to have
27 met this standard if the applicant or its management services provider
28 maintains, on a daily basis, a bankroll or equivalent provisions in an
29 amount that is at least equal to the average daily minimum bankroll or
30 equivalent provisions, calculated on a monthly basis, for the
31 corresponding month in the previous year.

32 (b) The ability to meet ongoing operating expenses that are
33 essential to maintaining continuous and stable event wagering operations.

34 (c) The ability to pay, as and when due, all state and federal
35 taxes.

36 6. Information to establish by clear and convincing evidence that
37 the applicant or its management services provider has sufficient business
38 ability and gaming experience as to establish the likelihood of creating
39 and maintaining a successful and stable event wagering operation.

40 7. Information regarding the financial standing of the applicant,
41 including each person or entity that has provided loans or financing to
42 the applicant or its management services provider.

43 8. Information on the amount of adjusted gross event wagering
44 receipts and associated adjusted gross receipts that the applicant expects
45 to generate.

1 9. A nonrefundable application fee or annual licensing fee as
2 prescribed by section 5-1310.

3 10. Any additional information required by the department to
4 determine the financial and operational ability to fulfill its obligations
5 as an event wagering operator.

6 C. Any applicant for licensure agrees to be subject to state
7 jurisdiction to the extent necessary to determine the applicant's
8 qualification to hold a license, including all necessary administrative
9 procedures, hearings and appeals as provided in title 41, chapter 6 and
10 department rules.

11 D. A license issued by the department pursuant to this section
12 authorizes an event wagering operator identified in subsection A,
13 paragraph 2 of this section to operate only mobile event wagering or an
14 event wagering operator identified in subsection A, paragraph 1 of this
15 section to offer both:

16 1. Event wagering in this state through an event wagering facility
17 within a five-block radius of the event wagering operator's sports
18 facility or, in the case of a designee, the sports facility ~~or~~ OF the
19 designating owner, operator or promoter of a professional sports team,
20 event or franchise. An event wagering facility within one mile of a
21 tribal gaming facility must be:

22 (a) Within a sports complex that includes retail centers that are
23 adjacent to the sports facility.

24 (b) Not more than one-fourth of a mile from a sports facility
25 within the sports complex.

26 2. Event wagering through a mobile platform as specified by the
27 department. A licensed event wagering operator or its designated
28 management services provider may offer event wagering through an event
29 wagering platform as specified by the department.

30 E. A license issued under this section is valid for five years if
31 the licensee submits an annual license fee, maintains the qualifications
32 to obtain a license under this section and substantially complies with
33 this chapter and other laws and rules relating to event wagering. A
34 licensee may renew its license by submitting an application in a form
35 prescribed by department rule and the application fee. A license may not
36 be renewed if it is determined by the department that the event wagering
37 operator has not substantially complied with this chapter or any other law
38 regulating its event wagering operations or other operations licensed by
39 the department. A licensee shall submit the nonrefundable annual license
40 and application fees prescribed in section 5-1310 with its application for
41 the renewal of its license.

42 F. A person may not apply for or obtain more than one event
43 wagering operator license. A management services provider may offer
44 services to more than one event wagering operator.

1 G. THE DIRECTOR SHALL IMMEDIATELY MAKE AVAILABLE AND ISSUE ANY AND
2 ALL UNALLOCATED EVENT WAGER OPERATING LICENSES PURSUANT TO SUBSECTION A,
3 PARAGRAPH 1 OF THIS SECTION, THAT THE DEPARTMENT HAS NOT ISSUED BY
4 SEPTEMBER 30, 2022 TO A FEDERALLY RECOGNIZED INDIAN TRIBE IN THIS STATE,
5 OR ITS DESIGNEE, OR AN ENTITY THAT IS FULLY OWNED BY AN INDIAN TRIBE, IF
6 THE INDIAN TRIBE HAS SIGNED THE MOST RECENT TRIBAL-STATE GAMING COMPACT
7 AND ANY APPLICABLE APPENDICES OR AMENDMENTS.

8 H. ANY ALLOCATED EVENT WAGER OPERATING LICENSE PURSUANT TO
9 SUBSECTION A, PARAGRAPH 1 OF THIS SECTION THAT IS NOT RENEWED PURSUANT TO
10 SUBSECTION E OF THIS SECTION SHALL BE MADE AVAILABLE AND ISSUED TO A
11 FEDERALLY RECOGNIZED INDIAN TRIBE IN THIS STATE, OR ITS DESIGNEE, OR AN
12 ENTITY THAT IS FULLY OWNED BY AN INDIAN TRIBE, IF THE INDIAN TRIBE HAS
13 SIGNED THE MOST RECENT TRIBAL-STATE GAMING COMPACT AND ANY APPLICABLE
14 APPENDICES OR AMENDMENTS.