

REFERENCE TITLE: event wagering; other events

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

SB 1616

Introduced by
Senator Gonzales

AN ACT

AMENDING SECTIONS 5-554 AND 5-1301, 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 5-554, Arizona Revised Statutes, is amended to
3 read:

4 5-554. Commission; director; powers and duties; definitions

5 A. The commission shall meet with the director not less than once
6 each quarter to make recommendations and set policy, receive reports from
7 the director and transact other business properly brought before the
8 commission.

9 B. The commission shall oversee a state lottery to produce the
10 maximum amount of net revenue consonant with the dignity of the state. To
11 achieve these ends, the commission shall authorize the director to adopt
12 rules in accordance with title 41, chapter 6. Rules adopted by the
13 director may include the following:

14 1. Subject to the approval of the commission, the types of lottery
15 games and the types of game play-styles to be conducted.

16 2. The method of selecting the winning tickets or shares for
17 noncomputerized online games, except that a method may not be used that,
18 in whole or in part, depends on the results of a dog race, a horse race,
19 any gaming activity conducted pursuant to the 2021 tribal-state gaming
20 compact amendments or any sports event or other event.

21 3. The manner of payment of prizes to the holders of winning
22 tickets or shares, including providing for payment by the purchase of
23 annuities in the case of prizes payable in installments, except that the
24 commission staff shall examine claims and may not pay any prize based on
25 altered, stolen or counterfeit tickets or based on any tickets that fail
26 to meet established validation requirements, including rules stated on the
27 ticket or in the published game rules, and confidential validation tests
28 applied consistently by the commission staff. ~~No~~ A particular prize in a
29 lottery game may NOT be paid more than once, and in the event of a binding
30 determination that more than one person is entitled to a particular prize,
31 the sole remedy of the claimants is the award to each of them of an equal
32 portion of the single prize.

33 4. The method to be used in selling tickets or shares, except that
34 ~~no~~ AN elected official's name may NOT be printed on the tickets or
35 shares. The overall estimated odds of winning some prize or some cash
36 prize, as appropriate, in a given game shall be printed on each ticket or
37 share.

38 5. The licensing of agents to sell tickets or shares, except that a
39 person who is under eighteen years of age shall not be licensed as an
40 agent.

41 6. The manner and amount of compensation to be paid licensed sales
42 agents necessary to provide for the adequate availability of tickets or
43 shares to prospective buyers and for the convenience of the public,
44 including provision for variable compensation based on sales volume.

1 7. Matters necessary or desirable for the efficient and economical
2 operation and administration of the lottery and for the convenience of the
3 purchasers of tickets or shares and the holders of winning tickets or
4 shares.

5 8. The licensing of authorized keno locations, including the
6 persons that control the business or other activity conducted at an
7 authorized keno location.

8 C. The commission shall authorize the director to issue orders and
9 shall approve orders issued by the director for the necessary operation of
10 the lottery. Orders issued under this subsection may include the
11 following:

12 1. The prices of tickets or shares in lottery games.

13 2. The themes, game play-styles, and names of lottery games and
14 definitions of symbols and other characters used in lottery games, except
15 that each ticket or share in a lottery game shall bear a unique
16 distinguishable serial number.

17 3. The sale of tickets or shares at a discount for promotional
18 purposes.

19 4. The prize structure of lottery games, including the number and
20 size of prizes available. Available prizes may include free tickets in
21 lottery games and merchandise prizes.

22 5. The frequency of drawings, if any, or other selections of
23 winning tickets or shares, except that:

24 (a) All drawings shall be open to the public.

25 (b) The actual selection of winning tickets or shares may not be
26 performed by an employee or member of the commission.

27 (c) Noncomputerized online game drawings shall be witnessed by an
28 independent observer.

29 6. Requirements for eligibility for participation in grand drawings
30 or other runoff drawings, including requirements for the submission of
31 evidence of eligibility within a shorter period than that provided for
32 claims by section 5-568.

33 7. Incentive and bonus programs designed to increase sales of
34 lottery tickets or shares and to produce the maximum amount of net revenue
35 for this state.

36 8. The method used for the validation of a ticket, which may be by
37 physical or electronic presentation of a ticket.

38 D. Notwithstanding title 41, chapter 6 and subsection B of this
39 section, the director, subject to the approval of the commission, may
40 establish a policy, procedure or practice that relates to an existing
41 online game or a new online game that is the same type and has the same
42 type of game play-style as an online game currently being conducted by the
43 lottery or may modify an existing rule for an existing online game or a
44 new online game that is the same type and has the same type of game
45 play-style as an online game currently being conducted by the lottery,

1 including establishing or modifying the matrix for an online game by
2 giving notice of the establishment or modification at least thirty days
3 before the effective date of the establishment or modification.

4 E. The commission shall maintain and make the following information
5 available for public inspection at its offices during regular business
6 hours:

7 1. A detailed listing of the estimated number of prizes of each
8 particular denomination expected to be awarded in any instant game
9 currently on sale.

10 2. After the end of the claim period prescribed by section 5-568, a
11 listing of the total number of tickets or shares sold and the number of
12 prizes of each particular denomination awarded in each lottery game.

13 3. Definitions of all play symbols and other characters used in
14 each lottery game and instructions on how to play and how to win each
15 lottery game.

16 F. Any information that is maintained by the commission and that
17 would assist a person in locating or identifying a winning ticket or share
18 or that would otherwise compromise the integrity of any lottery game is
19 deemed confidential and is not subject to public inspection.

20 G. The commission, in addition to other games authorized by this
21 article, may establish multijurisdictional lottery games to be conducted
22 concurrently with other lottery games authorized under subsection B of
23 this section. The monies for prizes, for operating expenses and for
24 payment to the state general fund shall be accounted for separately as
25 nearly as practicable in the lottery commission's general accounting
26 system. The monies shall be derived from the revenues of
27 multijurisdictional lottery games.

28 H. The commission, in addition to other games authorized by this
29 article, shall establish special instant ticket games with play areas
30 protected by paper tabs designated for use by charitable organizations.
31 The monies for prizes and for operating expenses shall be accounted for
32 separately as nearly as practicable in the lottery commission's general
33 accounting system. Monies saved from the revenues of the special games,
34 by reason of operating efficiencies, shall become other revenue of the
35 lottery commission and revert to the state general fund, except that the
36 commission shall transfer the proceeds from any games that are sold from a
37 vending machine in an age-restricted area to the state treasurer for
38 deposit in the following amounts:

39 1. ~~Nine hundred thousand dollars~~ \$900,000 each fiscal year in the
40 internet crimes against children enforcement fund established by section
41 41-199.

42 2. ~~One hundred thousand dollars~~ \$100,000 each fiscal year in the
43 victims' rights enforcement fund established by section 41-1727.

1 3. Any monies in excess of the amounts listed in paragraphs 1 and 2
2 of this subsection, in the state lottery fund established by section
3 5-571.

4 I. The commission or director shall not establish or operate any
5 online or electronic keno game or any game played on the internet, except
6 for the electronic keno game and the mobile draw game authorized in
7 subsection J of this section.

8 J. ~~From and after the date on which the conditions prescribed in~~
9 ~~sections 5-1213 and 5-1321 are met,~~ The commission or director, in
10 addition to any other game authorized in this section, may establish and
11 operate a single electronic keno game and a single mobile draw game on a
12 centralized computer system controlled by the lottery that allows a player
13 to place wagers, view the outcome of a game and receive winnings over the
14 internet, including on personal electronic devices.

15 K. An electronic keno game conducted pursuant to subsection J of
16 this section may be operated only within an authorized keno location. If
17 the electronic keno game is authorized to be played on personal electronic
18 devices, players shall be geographically restricted by means of geofencing
19 to authorized keno locations. Electronic keno game draws may not be
20 conducted more frequently than once every four minutes. The number of
21 authorized keno locations may not exceed the number published annually by
22 the director, which is equal to the total number of establishments
23 licensed by the department of gaming to allow wagering on live horse races
24 and simulcast wagering pursuant to section 5-107, plus the total number of
25 class 14 liquor licenses that the department of liquor licenses and
26 control issued to fraternal organizations or veterans' organizations as of
27 January 1, 2021. The total number of authorized keno locations shall be
28 automatically increased by two percent every two years.

29 L. A mobile draw game conducted pursuant to subsection J of this
30 section may offer players multiple game play styles and wagering options.
31 Players of the mobile draw game may not play or win a prize more
32 frequently than once per hour.

33 M. An electronic keno game or mobile draw game conducted pursuant
34 to this section may not present the player with a user interface ~~depicting~~
35 ~~THAT DEPICTS~~ spinning reels or that replicates a slot machine, blackjack,
36 poker, roulette, craps or any other casino-style game other than
37 traditional keno or a traditional lottery draw game.

38 N. Except as provided in subsections J, K, L and M of this section,
39 the commission or director shall not establish or operate any lottery game
40 or any type of game play-style, either individually or in combination,
41 that uses gaming devices or video lottery terminals as those terms are
42 used in section 5-601.02, including monitor games that produce or display
43 outcomes or results more than once per hour.

44 O. The director shall print, in a prominent location on each
45 lottery ticket or share, a statement that help is available if a person

1 has a problem with gambling and a toll-free telephone number where problem
2 gambling assistance is available. The director shall require all licensed
3 agents to post a sign with the statement that help is available if a
4 person has a problem with gambling and the toll-free telephone number at
5 the point of sale as prescribed and supplied by the director.

6 P. For the purposes of this section:

7 1. "Additional wagering facility" has the same meaning prescribed
8 in section 5-101.

9 2. "Authorized keno location" means a physical facility located at
10 least five miles from an Indian gaming facility that is licensed by the
11 director in the same manner as licenses issued pursuant to section 5-562
12 but only to a fraternal organization or veterans' organization or to a
13 racetrack enclosure or additional wagering facility where pari-mutuel
14 wagering on horse races is conducted.

15 3. "Charitable organization" means any nonprofit organization,
16 including not more than one auxiliary of that organization, that has
17 operated for charitable purposes in this state for at least two years
18 before submitting a license application under this article.

19 4. "Electronic keno game" means a house banking game in which:

20 (a) A player selects from one to twenty numbers on a card that
21 contains the numbers one through eighty.

22 (b) The lottery randomly draws twenty numbers.

23 (c) Players win if the numbers they select correspond to the
24 numbers drawn by the lottery.

25 (d) The lottery pays all winners, if any, and collects from all
26 losers.

27 5. "Fraternal organization" has the same meaning prescribed in
28 section 5-401.

29 6. "Game play-style" means the process or procedure that a player
30 must follow to determine if a lottery ticket or share is a winning ticket
31 or share.

32 7. "Matrix" means the odds of winning a prize and the prize payout
33 amounts in a given game.

34 8. "Mobile draw game" ~~conducted pursuant to subsection j of this~~
35 ~~section,~~ means a lottery draw game offered to players over the internet,
36 including on mobile devices, in which:

37 (a) A combination of numbers, symbols or characters is selected.

38 (b) A computer system authorized by the lottery randomly selects a
39 winning combination of numbers, symbols or characters.

40 (c) A computer system validates any prize awarded to the players.

41 ~~9. "Other event" has the same meaning prescribed in section 5-1301.~~

42 9. "OTHER EVENT":

43 (a) MEANS A COMPETITION OF RELATIVE SKILL OR AN EVENT AUTHORIZED BY
44 THE DEPARTMENT OF GAMING UNDER THIS CHAPTER.

1 (b) DOES NOT INCLUDE ANY ELECTRONIC GAME OFFERED TO PLAYERS OVER
2 THE INTERNET THROUGH WEBSITES OR ON MOBILE DEVICES WITH A USER INTERFACE
3 THAT DEPICTS SPINNING REELS OR THAT REPLICATES A SLOT MACHINE, BLACKJACK,
4 POKER, ROULETTE, CRAPS OR ANY OTHER CASINO-STYLE GAME.

5 10. "Sports event" has the same meaning prescribed in section
6 5-1301.

7 11. "Veterans' organization" has the same meaning prescribed in
8 section 5-401.

9 Sec. 2. Section 5-1301, Arizona Revised Statutes, is amended to
10 read:

11 5-1301. Definitions

12 In this chapter, unless the context otherwise requires:

13 1. "Adjusted gross event wagering receipts" means an event wagering
14 operator's gross wagering receipts, excluding voided bets, minus winnings
15 paid to authorized participants and any federal excise tax. A deduction
16 from adjusted gross event wagering receipts equal to the value of free
17 bets or promotional credits redeemed by authorized participants may be
18 taken as provided in this paragraph. The deduction under this paragraph
19 for free bets or promotional credits is limited to the first five years
20 following ~~the effective date of this section~~ APRIL 15, 2021 as follows:

21 (a) For years one and two, a deduction not to exceed twenty percent
22 of an event wagering operator's gross wagering receipts.

23 (b) For year three, a deduction not to exceed fifteen percent of an
24 event wagering operator's gross wagering receipts.

25 (c) For years four and five, a deduction not to exceed ten percent
26 of an event wagering operator's gross wagering receipts.

27 (d) For year six and each year thereafter, a deduction of free bets
28 is not allowed. January 1 following the year in which the event wagering
29 operator begins event wagering operations is considered the first year of
30 event wagering for the purposes of this paragraph. An event wagering
31 operator may deduct up to twenty percent of an event wagering operator's
32 gross wagering receipts during any period that the operator conducts event
33 wagering before January 1 of the first year of event wagering operations.

34 2. "Department" means the department of gaming.

35 3. "E-sport **EVENT**" means an organized, multiplayer video game
36 competition, particularly between professional players, individually or as
37 teams.

38 4. "Event wagering":

39 (a) Means accepting wagers on sports events or other events,
40 portions of sports events or other events, the individual performance
41 statistics of athletes in a sports event or combination of sports events
42 or the individual performance of individuals in other events or a
43 combination of other events by any system or method of wagering, including
44 in person or over the Internet through websites and on mobile devices.

1 (b) Does not include a fantasy sports contest as defined in section
2 5-1201.

3 5. "Event wagering employee" means an employee of an event wagering
4 operator, sports facility, management services provider or limited event
5 wagering operator who is directly involved in the management or control of
6 the conduct of event wagering under this chapter in this state.

7 6. "Event wagering facility" means a facility at which event
8 wagering is conducted under this chapter.

9 7. "Event wagering operator" means either:

10 (a) An owner or operator of an Arizona professional sports team or
11 franchise, an operator of a sports facility in this state that hosts an
12 annual tournament on the PGA tour or a promoter of a national association
13 for stock car auto racing national touring race in this state, or the
14 designee of such an owner, operator or promoter, who is licensed to offer
15 event wagering under this chapter. If an owner, operator or promoter that
16 qualified for an event wagering operator license appoints a designee, the
17 designee will be considered the event wagering operator and the licensee
18 with respect to the applicable license for the purposes of this chapter.

19 (b) An Arizona Indian tribe or an entity fully owned by an Arizona
20 Indian tribe, or its designee, licensed to operate only mobile event
21 wagering outside the boundaries of its Indian lands and throughout this
22 state if it has signed the most recent tribal-state gaming compact and any
23 applicable appendices or amendments. If an Indian tribe that qualified
24 for an event wagering operator license appoints a designee, the designee
25 will be considered the event wagering operator and the licensee with
26 respect to the applicable license for the purposes of this chapter.

27 ~~10.~~ 8. "Licensee" means a person that holds an event wagering
28 operator license, limited event wagering license, supplier license or
29 management services provider license.

30 ~~8.~~ 9. "Limited event wagering operator" means a racetrack
31 enclosure or additional wagering facility that holds a permit issued by
32 the division of racing to offer wagers on horseracing and that is licensed
33 under this chapter.

34 ~~11.~~ 10. "Management services provider" means a person that
35 operates, manages or controls event wagering authorized by this chapter on
36 behalf of an event wagering operator or limited event wagering operator,
37 including developing or operating event wagering platforms and providing
38 odds, lines and global risk management, and may provide services to more
39 than one licensed event wagering operator or licensed limited event
40 wagering operator.

41 ~~9.~~ 11. "Official league data" means statistics, results, outcomes
42 and other data related to a sports event or other event obtained pursuant
43 to an agreement with the relevant sports governing body or an entity
44 expressly authorized by the sports governing body to provide such

1 information to licensees that authorizes the use of such data for
2 determining the outcome of sports wagers on sports events or other events.

3 12. "Other event" means a competition of relative skill or an event
4 authorized by the department under this chapter.

5 13. "OTHER EVENT":

6 (a) MEANS A COMPETITION OF RELATIVE SKILL OR AN EVENT AUTHORIZED BY
7 THE DEPARTMENT OF GAMING UNDER THIS CHAPTER.

8 (b) DOES NOT INCLUDE ANY ELECTRONIC GAME OFFERED TO PLAYERS OVER
9 THE INTERNET THROUGH WEBSITES OR ON MOBILE DEVICES WITH A USER INTERFACE
10 THAT DEPICTS SPINNING REELS OR THAT REPLICATES A SLOT MACHINE, BLACKJACK,
11 POKER, ROULETTE, CRAPS OR ANY OTHER CASINO-STYLE GAME.

12 ~~13.~~ 14. "Person" means an individual, partnership, committee,
13 association, corporation, ~~OR~~ OR Indian tribe or an entity fully owned by an
14 Indian tribe, or any other organization or group of persons.

15 ~~14.~~ 15. "Professional sport" means a sport conducted at the
16 highest level league or organizational play for its respective sport and
17 includes baseball, basketball, football, golf, hockey, soccer and
18 motorsports.

19 ~~15.~~ 16. "Prohibited conduct" includes any statement, action or
20 other communication intended to unlawfully influence, manipulate or
21 control a betting outcome of a sports event or other event of any
22 individual occurrence or performance in a sports event or other event in
23 exchange for financial gain or to avoid financial or physical harm.

24 ~~16.~~ 17. "Prohibited participant" means:

25 (a) Any individual whose participation may undermine the integrity
26 of the wagering, ~~OR~~ OR the sports event or the other event.

27 (b) Any individual who is prohibited from placing a wager as an
28 agent, proxy or because of self-exclusion.

29 (c) Any individual who is an athlete, coach, referee, player,
30 trainer or personnel of a sports organization in any sports event or other
31 event overseen by that individual's sports organization who, based on
32 information that is not publicly available, has the ability to determine
33 or to unlawfully influence the outcome of a wager.

34 (d) An individual who holds a position of authority or influence
35 sufficient to exert influence over the participants in a sporting contest,
36 including coaches, managers, handlers and athletic trainers, such that
37 their actions can affect the outcome of a wager.

38 (e) An individual with access to exclusive information on any
39 sports event or other event overseen by that individual's sports governing
40 body that is not publicly available information or any individual
41 identified by any lists provided by the sports governing body to the
42 department.

43 ~~17.~~ 18. "Sports event" means a professional sport or athletic
44 event, a collegiate sport or athletic event, a motor race event, an
45 e-sport event or an olympic event.

1 ~~18.~~ 19. "Sports facility" means a facility that is owned by a
2 commercial, state or local government or quasi-governmental entity that
3 hosts professional sports events and that holds a seating capacity of more
4 than ten thousand persons at its primary facility, one location in this
5 state that hosts an annual golf tournament on the PGA tour and one
6 location that holds an outdoor motorsports facility that hosts a national
7 association for stock car auto racing national touring race.

8 ~~19.~~ 20. "Sports governing body" means an organization
9 headquartered in the United States that prescribes final rules and
10 enforces codes of conduct with respect to a sports event and participants
11 in a sports event.

12 ~~22.~~ 21. "Supplier" means a person that manufactures, distributes
13 or supplies event wagering equipment or software, including event wagering
14 systems.

15 ~~20.~~ 22. "Tier one sports wager" means a sports wager that is
16 determined solely by the final score or final outcome of the sports event
17 and that is placed before the sports event has begun.

18 ~~21.~~ 23. "Tier two sports wager" means a sports wager that is not a
19 tier one sports wager.

20 ~~23.~~ 24. "Wager":

21 (a) Means a sum of money or thing of value risked on an uncertain
22 occurrence.

23 (b) Includes tier one and tier two sports wagers, single-game bets,
24 teaser bets, parlays, over-under bets, moneyline bets, pools, exchange
25 wagering, in-game wagering, in-play bets, proposition bets, straight bets
26 and other wagers approved by the department.