

House Engrossed Senate Bill
racing; boxing; transfer; gaming commission

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SENATE BILL 1575

AN ACT

AMENDING SECTIONS 5-101, 5-601, 5-602, 5-602.01 AND 5-603, ARIZONA REVISED STATUTES; REPEALING SECTION 5-604, ARIZONA REVISED STATUTES; AMENDING SECTION 5-605, ARIZONA REVISED STATUTES; AMENDING TITLE 5, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 6.1; AMENDING SECTIONS 5-1201 AND 5-1301, ARIZONA REVISED STATUTES; REPEALING SECTIONS 41-3024.28 AND 41-3026.04, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3034.01; APPROPRIATING MONIES; RELATING TO GAMING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-101, Arizona Revised Statutes, is amended to
3 read:

4 5-101. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Additional wagering facility" means a facility that is not the
7 enclosure in which authorized racing takes place but that meets the
8 requirements of section 5-111, subsection A and is used by a permittee for
9 handling pari-mutuel wagering.

10 2. "Advance deposit wagering" means a form of pari-mutuel wagering
11 that allows a person to deposit monies in advance in an account with an
12 advance deposit provider and use the monies to pay for pari-mutuel
13 wagering on live or simulcast racing that the advance deposit pari-mutuel
14 wagering permittee accepts or makes.

15 3. "Advance deposit wagering provider" means a betting system or
16 multijurisdictional wagering provider that is authorized to conduct
17 advance deposit wagering pursuant to this article.

18 4. "Applicant" means a person, partnership, association or
19 corporation placing before the department an application for a permit or
20 license.

21 5. "Association" means a body of persons, corporations,
22 partnerships or associations, united and acting together without a charter
23 from the state for the prosecution of some common enterprise.

24 6. "Commercial horse racing" means horse racing conducted other
25 than by a county fair association.

26 7. "Commission" means the Arizona ~~racing~~ GAMING commission.

27 8. "Concessionaire" means a person, partnership, association or
28 corporation that offers goods or services for sale to the public, a
29 permittee or a licensee at an enclosure in which authorized racing takes
30 place or an additional wagering facility.

31 9. "County fair facility" means any place, enclosure or track
32 constructed in accordance with a permit issued by the commission for the
33 purpose of running county fair horse racing dates as well as any
34 commercial dates for horse racing that may be awarded by the commission in
35 reference to the location.

36 10. "County fair racing association" means an association duly
37 authorized by the board of supervisors to conduct a county fair racing
38 meeting for the benefit of the county.

39 11. "Dark day simulcast" means a simulcast received on a day when
40 there are no posted races conducted at the enclosure in which authorized
41 racing takes place.

42 12. "Department" means the ~~department of gaming~~ ARIZONA GAMING
43 COMMISSION.

- 1 13. "Desensitized" means that a horse's legs on arrival at the
2 receiving barn or saddling paddock do not respond appropriately to tests
3 for feeling administered by an official veterinarian.
- 4 14. "Director" means the director of the ~~department of gaming~~
5 COMMISSION.
- 6 15. "Dog racing" means racing in which greyhound dogs chase a
7 mechanical lure.
- 8 16. "Entered" means that a horse or dog has been registered with an
9 authorized racing official as a participant in a specified race and has
10 not been withdrawn ~~prior to~~ BEFORE presentation of the horse or dog for
11 inspection and testing as provided in section 5-105.
- 12 17. "Financial interest" means any direct pecuniary interest.
- 13 18. "Firm" means a business unit or enterprise that transacts
14 business.
- 15 19. "Handle" means the total amount of money contributed to all
16 pari-mutuel pools by bettors.
- 17 20. "Harness racing" means horse racing in which the horses are
18 harnessed to a sulky, carriage or similar vehicle and driven by a driver.
- 19 21. "Horse racing" means racing in which horses are mounted and
20 ridden by jockeys. For purposes of county fair racing meetings, "horse
21 racing" means racing in which horses or mules are mounted and ridden by
22 jockeys.
- 23 22. "License" means the license issued by the department to each
24 employee or other person participating in any capacity in a racing
25 meeting, including officials and employees of the pari-mutuel department.
- 26 23. "Pari-mutuel wagering" means a system of betting that provides
27 for the distribution among the winning patrons of at least the total
28 amount wagered ~~less~~ MINUS the amount withheld under state law.
- 29 24. "Permit" means a permit for a racing meeting issued under this
30 article.
- 31 25. "Racing meeting" means a number of days of racing allotted by
32 the commission in one permit.
- 33 26. "Simulcast" means the telecast shown within this state of live
34 audio and visual signals of horse, harness or dog races conducted at an
35 out-of-state track or the telecast shown outside this state of live audio
36 and visual signals of horse or harness races originating within this state
37 for the purpose of pari-mutuel wagering.
- 38 27. "Source market fee" means the fee that an advance deposit
39 wagering provider pays to a commercial permittee in the state where the
40 advance deposit wagering customer resides.
- 41 28. "Telephone" means any device that a person uses for voice
42 communications in connection with the services of a telephone company.
- 43 29. "Unauthorized racing meeting" means any racing meeting
44 conducted outside the bounds of a permit.

1 30. "Undesirable" includes known bookmakers, touts, persons
2 convicted of a violation of this article or of any law prohibiting
3 bookmaking or any other illegal forms of wagering, or any other person
4 whose presence would, in the opinion of the director, be inimical to the
5 interests of the state.

6 31. "Week" means seven consecutive days beginning on Monday and
7 ending on Sunday, mountain standard time.

8 Sec. 2. Section 5-601, Arizona Revised Statutes, is amended to
9 read:

10 5-601. Gambling on Indian reservations: tribal-state
11 compacts; tribal-state compact fund

12 A. Notwithstanding any other law, this state, through the governor,
13 may enter into negotiations and execute tribal-state compacts with Indian
14 tribes in this state pursuant to the Indian gaming regulatory act of 1988
15 (P.L. 100-497; 102 Stat. 2467; 25 United States Code sections 2701 through
16 2721 and 18 United States Code sections 1166 through 1168).
17 Notwithstanding the authority granted to the governor by this subsection,
18 this state specifically reserves all of its rights, as attributes of its
19 inherent sovereignty, recognized by the tenth and eleventh amendments to
20 the United States Constitution. The governor shall not execute a
21 tribal-state compact ~~which~~ THAT waives, abrogates or diminishes these
22 rights.

23 B. Tribal-state gaming compacts shall prohibit persons under
24 twenty-one years of age from wagering on gaming activities conducted
25 pursuant to the compact ~~as follows:~~

26 ~~1. Beginning on June 1, 2003, any tribal-state gaming compact that~~
27 ~~is executed, modified, extended or renewed pursuant to this section shall~~
28 ~~include a provision that prohibits persons who are under twenty-one years~~
29 ~~of age from wagering on gaming activities.~~

30 ~~2. Any tribal-state gaming compact that is executed, modified,~~
31 ~~extended or renewed pursuant to this section from and after July 18, 2000~~
32 ~~but before June 1, 2003 shall include a provision that prohibits persons~~
33 ~~who are under twenty-one years of age from wagering on gaming activities,~~
34 ~~except that the provision shall not take effect until June 1, 2003.~~

35 C. The governor shall not concur in any determination by the United
36 States secretary of the interior that would ~~permit~~ ALLOW gaming on lands
37 acquired after October 17, 1988 pursuant to 25 United States Code section
38 2719.

39 D. The ~~department of gaming~~ ARIZONA GAMING COMMISSION is authorized
40 to carry out the duties and responsibilities of the state gaming agency in
41 compacts executed by the state and Indian tribes of this state pursuant to
42 the Indian gaming regulatory act.

43 E. In carrying out its duties under tribal-state gaming compacts,
44 the ~~department of gaming~~ ARIZONA GAMING COMMISSION is exempt from the ~~rule~~
45 ~~making~~ RULEMAKING requirements of title 41, chapter 6.

1 F. Indian tribes of this state that have executed compacts with ~~the~~
2 ~~THIS~~ state shall pay to the ~~department of gaming~~ ARIZONA GAMING COMMISSION
3 their share of the regulatory costs necessary to carry out the duties
4 required by any executed tribal-state compact authorized by the Indian
5 gaming regulatory act. The ~~department of gaming~~ ARIZONA GAMING COMMISSION
6 shall collect from each of the tribes that have executed a compact with
7 ~~the~~ ~~THIS~~ state their share of the costs incurred by the ~~department~~
8 COMMISSION pursuant to this chapter. The dates and methods of payment
9 shall be as specified in the tribal-state compacts.

10 G. A permanent tribal-state compact fund is established consisting
11 of monies received pursuant to subsection F of this section and other
12 monies received pursuant to this chapter. The ~~department of gaming~~
13 ARIZONA GAMING COMMISSION shall administer the fund. The director of the
14 ~~department of gaming~~ ARIZONA GAMING COMMISSION shall make an annual report
15 to the governor, the president of the senate, the speaker of the house of
16 representatives and each tribe ~~which~~ THAT has executed a compact with ~~the~~
17 ~~THIS~~ state disclosing in detail the activities of the ~~department of gaming~~
18 ARIZONA GAMING COMMISSION pursuant to this chapter, including a full and
19 complete statement of revenues deposited in and expenditures from the
20 permanent tribal-state compact fund. The director shall provide a copy of
21 this report to the secretary of state. Monies paid by the tribes shall
22 ~~only~~ be used ONLY for reimbursement of administrative and regulatory
23 expenses incurred by the ~~department~~ COMMISSION pursuant to this chapter.

24 H. Monies deposited in the permanent tribal-state compact fund are
25 subject to legislative appropriation. Monies in the fund are exempt from
26 the provisions of section 35-190 relating to lapsing of appropriations.

27 I. Any tribal-state gaming compact that is executed, modified,
28 extended or renewed pursuant to this section shall include provisions that
29 do all of the following:

30 1. Establish guidelines on automated teller machine use and on the
31 use of credit cards or other forms of credit in gaming facilities.

32 2. Require the Indian tribe to post at all public entrances and
33 exits to the gaming facilities signs that state that help is available if
34 a person has a problem with gambling and the statewide toll-free crisis
35 hotline telephone number, established by the Arizona state lottery
36 commission.

37 3. Prohibit gaming facility advertising and marketing that
38 specifically appeal to minors. The provisions shall include guidelines
39 for determining acceptable advertising and marketing.

40 4. Establish guidelines for the effective treatment and prevention
41 of problem and pathological gambling.

42 5. Establish guidelines for voluntary ban procedures from all
43 gaming facilities in ~~the~~ ~~THIS~~ state, including ~~but not limited to~~
44 prohibiting the use of check cashing services, automatic teller machines,

1 credit cards or other forms of credit offered at a gaming facility. A
2 third person may not request a ban on behalf of another person.

3 Sec. 3. Section 5-602, Arizona Revised Statutes, is amended to
4 read:

5 5-602. Gaming certification and enforcement; powers; duties;
6 deputy director

7 A. The ~~department of gaming~~ ARIZONA GAMING COMMISSION shall
8 certify, as provided in tribal-state compacts, prospective gaming
9 employees, facility support employees, tribal gaming office employees,
10 financiers, management contractors, providers of gaming services and
11 manufacturers and distributors of gaming devices to ensure that unsuitable
12 individuals or companies are not involved in Indian gaming ~~permitted~~
13 ALLOWED under the tribal-state compacts. In carrying out the duties
14 prescribed in this section, the ~~department~~ COMMISSION shall seek to
15 promote the public welfare and public safety and shall seek to prevent
16 corrupt influences from infiltrating Indian gaming.

17 B. Certification pursuant to this chapter is a privilege and not a
18 right.

19 C. The ~~department of gaming~~ ARIZONA GAMING COMMISSION shall execute
20 the duties of this state under the tribal-state compacts in a manner that
21 is consistent with this state's desire to have extensive, thorough and
22 fair regulation of Indian gaming ~~permitted~~ ALLOWED under the tribal-state
23 compacts.

24 D. The ~~department of gaming~~ ARIZONA GAMING COMMISSION shall
25 establish a certification and enforcement unit charged with the
26 investigative duties relevant to tribal-state compacts, including
27 applications for certification, investigations and enforcement, and such
28 other duties as the director of the ~~department of gaming~~ ARIZONA GAMING
29 COMMISSION prescribes.

30 E. To determine the suitability of prospective applicants for any
31 tribal gaming license or state certification, each applicant shall furnish
32 a full set of fingerprints and such fingerprints shall be submitted to the
33 department of public safety for a criminal records check. Each
34 applicant's fingerprints shall also be submitted by the department of
35 public safety to the federal bureau of investigation for a federal
36 criminal records check. The ~~department of gaming~~ ARIZONA GAMING
37 COMMISSION is authorized to receive criminal records information from the
38 department of public safety and from the federal bureau of investigation
39 for the purpose of evaluating the fitness of applicants for any tribal
40 gaming license, state certification or renewal.

41 F. Hearings shall be conducted pursuant to title 41, chapter 6,
42 article 10. Except as provided in section 41-1092.08, subsection H, any
43 party who is aggrieved by a final order or decision of the director of the
44 ~~department of gaming~~ ARIZONA GAMING COMMISSION may seek judicial review
45 pursuant to title 12, chapter 7, article 6.

1 G. The director of the ~~department of gaming~~ ARIZONA GAMING
2 COMMISSION may issue subpoenas for the attendance of witnesses and the
3 production of books, records and documents necessary for the enforcement
4 of this article and the tribal-state compacts. These subpoenas shall be
5 served and enforced in a manner consistent with title 41, chapter 6,
6 article 10.

7 H. The director of the ~~department of gaming~~ ARIZONA GAMING
8 COMMISSION may establish the position of deputy director of the ~~department~~
9 ~~of gaming~~ ARIZONA GAMING COMMISSION. The deputy director of the
10 ~~department of gaming~~ ARIZONA GAMING COMMISSION position is exempt from
11 title 41, chapter 4, articles 5 and 6. Persons holding the position of
12 deputy director of the ~~department of gaming~~ ARIZONA GAMING COMMISSION are
13 eligible to receive compensation pursuant to section 38-611.

14 I. The director of the ~~department of gaming~~ ARIZONA GAMING
15 COMMISSION may enter into a contract or agreement with any public agency
16 for any joint and cooperative action as provided in title 11, chapter 7,
17 article 3.

18 J. The ~~department of gaming~~ ARIZONA GAMING COMMISSION may
19 investigate violations of section 13-3306 that occur on non-Indian lands
20 in this state and may cooperate with appropriate law enforcement
21 authorities and prosecutorial agencies in the investigation and
22 prosecution of these violations.

23 Sec. 4. Section 5-602.01, Arizona Revised Statutes, is amended to
24 read:

25 5-602.01. Rules; civil penalties

26 A. The ~~department of gaming~~ ARIZONA GAMING COMMISSION may adopt
27 rules to carry out the purposes of this chapter. The rules shall be
28 consistent with the provisions contained in tribal-state compacts.

29 B. The ~~department~~ COMMISSION may impose a civil penalty not to
30 exceed ~~five thousand dollars~~ \$5,000 per day and not to exceed a total of
31 ~~twenty-five thousand dollars~~ \$25,000 against a certificate holder in lieu
32 of or in addition to revocation of the certificate. The ~~department~~
33 COMMISSION may impose a civil penalty against a certificate holder in an
34 amount not to exceed ~~five hundred dollars~~ \$500 for a violation of any rule
35 adopted pursuant to this section if the violation does not constitute
36 grounds for revocation of the certificate. In determining the amount of
37 the civil penalty, the ~~department~~ COMMISSION shall consider the
38 seriousness of the violation and the financial impact that the penalty
39 will have on the certificate holder. All civil penalties collected by the
40 ~~department~~ COMMISSION pursuant to this section shall be ~~transferred to the~~
41 ~~state treasurer for deposit~~ DEPOSITED, PURSUANT TO SECTIONS 35-146 AND
42 35-147, in the state general fund.

43 C. At the director's request, the attorney general shall file an
44 action in superior court to recover civil penalties imposed pursuant to
45 this section.

1 fund are exempt from the provisions of section 35-190 relating to lapsing
2 of appropriations.

3 E. On or before September 30 of each year, the ~~department of gaming~~
4 ARIZONA GAMING COMMISSION shall issue a report to the governor, the
5 president of the senate, the speaker of the house of representatives and
6 each tribe that has executed a 2021 gaming compact amendment that
7 discloses all monies deposited in and disbursed from the trust fund during
8 the prior fiscal year.

9 F. For the purposes of this section, "2021 gaming compact
10 amendment" means a tribal-state gaming compact amendment that becomes
11 effective after January 1, 2021.

12 Sec. 8. Title 5, Arizona Revised Statutes, is amended by adding
13 chapter 6.1, to read:

14 CHAPTER 6.1

15 ARIZONA GAMING COMMISSION

16 ARTICLE 1. GENERAL PROVISIONS

17 5-621. Arizona gaming commission; qualifications; membership;
18 appointment; terms; powers and duties; director;
19 definition

20 A. THE ARIZONA GAMING COMMISSION IS ESTABLISHED CONSISTING OF THE
21 FOLLOWING MEMBERS, WHO MUST BE CITIZENS OF THE UNITED STATES AND RESIDENTS
22 OF THIS STATE AND WHO ARE APPOINTED PURSUANT TO SECTION 5-622:

23 1. A CERTIFIED PUBLIC ACCOUNTANT WHO IS LICENSED BY THIS STATE OR
24 ANOTHER STATE AND WHO HAS AT LEAST FIVE YEARS OF EXPERIENCE IN GENERAL
25 ACCOUNTING, PRINCIPLES AND PRACTICE OF CORPORATE FINANCE, GENERAL FINANCE,
26 GAMING OR ECONOMICS.

27 2. ONE MEMBER WITH AT LEAST FIVE YEARS OF EXPERIENCE IN
28 INVESTIGATION, LAW ENFORCEMENT OR GAMING LAW.

29 3. THE DIRECTOR OF THE COMMISSION.

30 4. THREE PUBLIC MEMBERS.

31 5. THREE MEMBERS WHO HAVE EXPERIENCE IN HORSE RACING.

32 B. THE GOVERNOR SHALL APPOINT THE DIRECTOR PURSUANT TO SECTION
33 5-622. THE DIRECTOR SERVES AT THE PLEASURE OF THE GOVERNOR AND IS
34 ELIGIBLE TO RECEIVE COMPENSATION PURSUANT TO SECTION 38-611. THE DIRECTOR
35 AND ALL OTHER EMPLOYEES OF THE ARIZONA GAMING COMMISSION ARE SUBJECT TO
36 TITLE 41, CHAPTER 4, ARTICLE 4. THE DIRECTOR MUST HAVE AT LEAST FIVE
37 YEARS OF EXPERIENCE IN PUBLIC OR BUSINESS ADMINISTRATION.

38 C. EACH MEMBER SHALL BE APPOINTED FOR A FOUR-YEAR TERM.

39 D. THE GOVERNOR MAY REMOVE ANY MEMBER OF THE COMMISSION FOR CAUSE.

40 E. ANY MEMBER OF THE COMMISSION MAY BE REMOVED BY A VOTE OF A
41 MAJORITY OF THE MEMBERS OF THE COMMISSION WITHOUT CAUSE.

42 F. BEFORE ENTERING ON THE DISCHARGE OF THE APPOINTEE'S DUTIES, EACH
43 MEMBER SHALL TAKE THE OFFICIAL OATH.

44 G. MEMBERS OF THE COMMISSION ARE ELIGIBLE TO RECEIVE COMPENSATION
45 PURSUANT TO SECTION 38-611 FOR EACH DAY SPENT IN THE DISCHARGE OF THEIR

1 DUTIES AND REIMBURSEMENT FOR ALL EXPENSES NECESSARILY AND PROPERLY
2 INCURRED IN ATTENDING A MEETING OF OR FOR THE COMMISSION, INCLUDING
3 MILEAGE EXPENSES.

4 H. A PERSON WHO HAS A FINANCIAL INTEREST, EITHER DIRECTLY OR
5 INDIRECTLY, IN GAMING IS NOT QUALIFIED FOR MEMBERSHIP ON THE COMMISSION,
6 APPOINTMENT TO THE COMMISSION OR EMPLOYMENT BY THE COMMISSION.

7 I. A PERSON WHO HOLDS ELECTED OFFICE IN THIS STATE OR ANY OFFICER
8 OR OFFICIAL OF A POLITICAL PARTY OR POLITICAL CONVENTION IS NOT QUALIFIED
9 FOR MEMBERSHIP ON THE COMMISSION, APPOINTMENT TO THE COMMISSION OR
10 EMPLOYMENT BY THE COMMISSION.

11 J. THE COMMISSION SHALL MEET AT THE DISCRETION OF THE DIRECTOR. A
12 MAJORITY OF THE COMMISSION MEMBERS CONSTITUTE A QUORUM.

13 K. THE COMMISSION SHALL HAVE AN OFFICE LOCATED IN PHOENIX AND MAY
14 MAINTAIN AN OFFICE IN TUCSON. ON REQUEST OF THE COMMISSION, AN AGENCY OF
15 THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE SHALL PROVIDE THE
16 COMMISSION WITH ITS SERVICES, EQUIPMENT, DOCUMENTS, PERSONNEL AND
17 FACILITIES TO THE EXTENT POSSIBLE WITHOUT COST TO THE COMMISSION.

18 L. THE COMMISSION SHALL:

19 1. ASSUME ALL THE POWERS AND DUTIES OF THE ARIZONA RACING
20 COMMISSION AND THE DEPARTMENT OF GAMING.

21 2. ENFORCE ALL ADOPTED RULES RELATING TO GAMING.

22 3. ENSURE THE CONTINUED GROWTH AND SUCCESS OF GAMING IN THIS STATE
23 BY ESTABLISHING PUBLIC CONFIDENCE.

24 4. REGULATE THE LOCATION, PRACTICE, ASSOCIATION AND ACTIVITIES
25 RELATING TO THE OPERATION OF LICENSED GAMING ESTABLISHMENTS AND THE
26 MANUFACTURE, SALE OR DISTRIBUTION OF GAMING DEVICES AND ASSOCIATED
27 EQUIPMENT.

28 5. LICENSE ALL ESTABLISHMENTS WHERE GAMING IS CONDUCTED AND WHERE
29 GAMING DEVICES ARE OPERATED TO PROTECT THE PUBLIC HEALTH, SAFETY, ORDER
30 AND GENERAL WELFARE OF RESIDENTS OF THIS STATE.

31 M. THE EMPLOYMENT OR FINANCIAL INTEREST OF ANY RELATIVE TO THE
32 FIRST DEGREE OF CONSANGUINITY OR AFFINITY TO THE DIRECTOR OR ANY OTHER
33 EMPLOYEE OF THE ARIZONA GAMING COMMISSION IN THE GAMBLING INDUSTRY IN THIS
34 STATE IS GROUNDS FOR DISMISSAL.

35 N. FOR THE PURPOSES OF THIS SECTION, "GAMING" MEANS ALL RACING,
36 GAMBLING ON INDIAN RESERVATIONS, FANTASY SPORTS CONTESTS AND EVENT
37 WAGERING CONDUCTED IN THIS STATE.

38 5-622. Arizona gaming commission appointment recommendation
39 board

40 A. THE ARIZONA GAMING COMMISSION APPOINTMENT RECOMMENDATION BOARD
41 IS ESTABLISHED CONSISTING OF MEMBERS APPOINTED BY THE GOVERNOR PURSUANT TO
42 THIS SECTION AND SECTION 38-211. THE BOARD SHALL CONSIST OF MEMBERS WHO
43 ARE CITIZENS OF THE UNITED STATES AND WHO HAVE BEEN RESIDENTS OF THIS
44 STATE FOR AT LEAST FIVE YEARS. THE MEMBERS SHALL BE SELECTED FROM EACH OF
45 THE FOLLOWING QUALIFYING GROUPS:

1 1. ONE MEMBER WHO IS ACTIVELY ENGAGED IN AN ORGANIZATION THAT HAS
2 BEEN IN EXISTENCE FOR AT LEAST FIVE YEARS AND THAT OPERATES IN THE HORSE
3 AND DOG RACING INDUSTRY.

4 2. ONE MEMBER WHO IS ACTIVELY ENGAGED IN AN ORGANIZATION THAT HAS
5 BEEN IN EXISTENCE FOR AT LEAST FIVE YEARS AND THAT OPERATES IN THE EVENT
6 WAGERING AND FANTASY SPORTS INDUSTRY.

7 3. ONE MEMBER WHO IS ACTIVELY ENGAGED IN AN ORGANIZATION THAT HAS
8 BEEN IN EXISTENCE FOR AT LEAST FIVE YEARS AND THAT OPERATES IN THE TRIBAL
9 GAMING INDUSTRY.

10 4. TWO MEMBERS WHO HAVE AT LEAST FIVE YEARS OF EXPERIENCE IN
11 INVESTIGATIONS, LAW ENFORCEMENT OR GAMING LAW.

12 B. EXCEPT AS OTHERWISE PROVIDED BY LAW, MEMBERS OF THE BOARD SERVE
13 FIVE-YEAR TERMS OF OFFICE. A BOARD MEMBER MUST MAINTAIN CONTINUOUS
14 MEMBERSHIP IN THE ORGANIZATION THE MEMBER REPRESENTED WHEN APPOINTED
15 DURING THE ENTIRE TERM OF OFFICE. THE GOVERNOR MAY REMOVE A MEMBER OF THE
16 BOARD FOR INEFFICIENCY, CONFLICT OF INTEREST, NEGLECT OF DUTY OR
17 MISCONDUCT IN OFFICE AND REPLACE THE MEMBER WITH AN INDIVIDUAL FROM THE
18 SAME ORGANIZATION REPRESENTED BY THE FORMER MEMBER. IF A BOARD MEMBER
19 DIES, RESIGNS OR IS REMOVED FROM OFFICE, THE GOVERNOR SHALL APPOINT AN
20 INDIVIDUAL TO FILL THE VACANCY WITHIN THIRTY DAYS FROM THE SAME
21 ORGANIZATION REPRESENTED BY THE FORMER MEMBER.

22 C. THREE MEMBERS OF THE BOARD CONSTITUTE A QUORUM. MEETINGS OF THE
23 BOARD SHALL BE HELD AT A LOCATION DETERMINED BY THE BOARD. THE BOARD
24 SHALL ISSUE A PUBLIC NOTICE AT LEAST ONE WEEK BEFORE A BOARD MEETING.

25 D. MEMBERS OF THE BOARD ARE NOT ELIGIBLE FOR COMPENSATION OR
26 REIMBURSEMENT OF EXPENSES.

27 E. THE BOARD SHALL ASSIST THE GOVERNOR BY INTERVIEWING, EVALUATING
28 AND RECOMMENDING CANDIDATES TO FILL VACANCIES ON THE ARIZONA GAMING
29 COMMISSION AS FOLLOWS:

30 1. AFTER THE GOVERNOR'S CALL FOR APPLICATIONS FOR AN OPEN POSITION
31 ON THE COMMISSION, THE GOVERNOR SHALL DELIVER A FINAL LIST OF THE
32 APPLICANTS TO THE BOARD WITHIN FIVE DAYS AFTER THE CLOSE OF THE
33 APPLICATION PERIOD. THE BOARD SHALL REVIEW THE LIST OF APPLICANTS AND THE
34 APPLICATION SUBMITTED BY EACH APPLICANT AND PROCEED TO INTERVIEW, EVALUATE
35 AND RECOMMEND CANDIDATES AS PROVIDED BY THIS SUBSECTION.

36 2. IF THE BOARD IS CONSIDERING CANDIDATES TO FILL THE OFFICE OF A
37 COMMISSION MEMBER WHOSE DESIGNATED TERM IS ABOUT TO EXPIRE:

38 (a) ON OR BEFORE NOVEMBER 15 OF EACH YEAR, THE BOARD SHALL HOST A
39 PUBLIC FORUM TO INTERVIEW THE COMMISSION CANDIDATES. THE BOARD SHALL
40 ISSUE A NOTICE OF THE PUBLIC FORUM AT LEAST FIVE DAYS BEFORE THE SCHEDULED
41 DATE OF THE FORUM.

42 (b) ON OR BEFORE NOVEMBER 25, THE BOARD SHALL RECOMMEND AT LEAST
43 TWO, BUT NOT MORE THAN FIVE, CANDIDATES FROM THE GOVERNOR'S FINAL LIST OF
44 CANDIDATES.

1 (c) THE GOVERNOR MUST SELECT AND APPOINT A COMMISSIONER FROM THE
2 LIST SUBMITTED BY THE BOARD.

3 3. IF THE BOARD IS CONSIDERING CANDIDATES FOR A VACANCY RESULTING
4 FROM A COMMISSION MEMBER'S DEATH, RESIGNATION OR REMOVAL FROM OFFICE:

5 (a) NOT LATER THAN TWO WEEKS AFTER RECEIPT OF THE FINAL LIST OF
6 COMMISSION CANDIDATES FROM THE GOVERNOR, THE BOARD SHALL HOST A PUBLIC
7 FORUM TO INTERVIEW THE CANDIDATES. THE BOARD SHALL ISSUE A NOTICE OF THE
8 PUBLIC FORUM AT LEAST FIVE DAYS BEFORE THE SCHEDULED DATE OF THE FORUM.

9 (b) WITHIN ONE WEEK AFTER THE PUBLIC FORUM, THE BOARD SHALL
10 RECOMMEND AT LEAST TWO, BUT NOT MORE THAN FIVE, CANDIDATES FROM THE
11 GOVERNOR'S FINAL LIST OF CANDIDATES.

12 (c) THE GOVERNOR MUST SELECT AND APPOINT A COMMISSIONER FROM THE
13 LIST SUBMITTED BY THE BOARD.

14 F. THE BOARD SHALL ASSIST THE GOVERNOR IN IDENTIFYING COMMISSION
15 APPLICANTS.

16 Sec. 9. Section 5-1201, Arizona Revised Statutes, is amended to
17 read:

18 5-1201. Definitions

19 In this chapter, unless the context otherwise requires:

20 1. "Applicant" means any person that has applied for a license as a
21 fantasy sports contest operator or that has been approved for any act
22 related to fantasy sports contests.

23 2. "Application" means a request to issue a license as a fantasy
24 sports contest operator or to approve any act related to fantasy sports
25 contests.

26 3. "Athletic event":

27 (a) Means a real-world professional, collegiate or nationally
28 recognized sports game, contest or competition that involves the physical
29 exertion and skill of the participating individual athletes who are each
30 physically present at the location in which the sports game, contest or
31 competition occurs, and the outcome of the sports game, contest or
32 competition is directly dependent on the performance of the participating
33 athletes.

34 (b) Includes events involving motor vehicles.

35 4. "Department" means the ~~department of gaming~~ ARIZONA GAMING
36 COMMISSION.

37 5. "Entry fee" means cash or A cash equivalent that is paid by a
38 participant to a fantasy sports contest operator to participate in a
39 fantasy sports contest.

40 6. "Fantasy sports contest" means a simulated game or contest that
41 is offered to the public with an entry fee and that meets all of the
42 following conditions:

43 (a) No fantasy sports contest team is composed of the entire roster
44 of a real-world sports team.

1 (b) No fantasy sports contest team is composed entirely of
2 individual athletes who are members of the same real-world sports team.

3 (c) Each prize or award or the value of all prizes or awards
4 offered to winning fantasy sports contest players is made known to the
5 fantasy sports contest players in advance of the fantasy sports contest.

6 (d) Each winning outcome reflects the relative knowledge and skill
7 of the fantasy sports contest players and is determined by the aggregated
8 statistical results of the performance of multiple individual athletes or
9 participants selected by the fantasy sports contest player to form the
10 fantasy sports contest team, whose individual performances in the fantasy
11 sports contest directly correspond with the actual performance of those
12 athletes or participants in the athletic events in which those individual
13 athletes or participants participated.

14 (e) A winning outcome is not based on randomized or historical
15 events or on the score, point spread or performance in an athletic event
16 of a single real-world sports team, a single athlete or any combination of
17 real-world sports teams.

18 (f) The fantasy sports contest does not constitute or involve and
19 is not based on any of the following:

20 (i) Racing that involves animals.

21 (ii) A game or contest ordinarily offered by a horse track or
22 casino for money, credit or any representative of value, including any
23 races, games or contests that involve horses or that are played with cards
24 or dice.

25 (iii) A slot machine or other mechanical, electromechanical or
26 electronic device, equipment or machine.

27 (iv) Poker, blackjack, faro, monte, keno, bingo, fan-tan,
28 twenty-one, seven and a half, klondike, craps, chuck-a-luck, Chinese
29 chuck-a-luck, wheel of fortune, chemin de fer, baccarat, pai gow, beat the
30 banker, panguingue, roulette or other banking or percentage games.

31 (v) Any other game or device that is authorized or that is not
32 authorized by this state.

33 (vi) A high school or youth sporting event or any event that is not
34 an athletic event.

35 (vii) A contest that involves or results in betting on a race, a
36 game, a contest or a sport that constitutes event wagering as defined in
37 section 5-1301.

38 7. "Fantasy sports contest adjusted revenues" means the amount
39 equal to the total of all entry fees that a fantasy sports contest
40 operator collects from all fantasy sports contest players minus the total
41 of all sums paid out as prizes or awards to all fantasy sports contest
42 players, multiplied by the in-state percentage.

43 8. "Fantasy sports contest operator" or "operator" means a person
44 that is engaged in the business of professionally conducting paid fantasy
45 sports contests for cash or other prizes or awards for members of the

1 general public that requires cash or cash equivalent as an entry fee to be
2 paid by a member of the general public who participates in a paid fantasy
3 sports contest.

4 9. "Fantasy sports contest platform" means the hardware, software,
5 firmware, communications technology or other equipment, including operator
6 procedures implemented to allow player participation in digital or online
7 fantasy sports contests, and if supported, the corresponding equipment
8 related to the display of the outcomes, and other similar information
9 necessary to facilitate player participation in which a player is provided
10 with the means to establish a player account and the fantasy sports
11 contest operator is provided with the means to review player accounts,
12 suspend fantasy sports contests, generate various financial transaction
13 and account reports, input outcomes for fantasy sports contests and set
14 any configurable parameters.

15 10. "Fantasy sports contest player" or "player" means an individual
16 who participates in a fantasy sports contest offered by a fantasy sports
17 contest operator.

18 11. "Fantasy sports contest team" means the simulated team composed
19 of multiple individual athletes, each of whom is a member of a real-world
20 sports team that a fantasy sports contest player selects to compete in a
21 fantasy sports contest.

22 12. "Highly experienced player" means a fantasy sports contest
23 player who has done at least one of the following:

24 (a) Entered more than one thousand fantasy sports contests offered
25 by a single fantasy sports contest operator.

26 (b) Won more than three prizes or awards valued at \$1,000 each or
27 more from a single fantasy sports contest operator.

28 13. "Holding company" means a corporation, firm, partnership,
29 limited partnership, limited liability company, trust or other form of
30 business organization that is not an individual and that directly or
31 indirectly does either of the following:

32 (a) Holds an ownership interest of ten percent or more, as
33 determined by the holding company's board, in a fantasy sports contest
34 operator.

35 (b) Holds voting rights with the power to vote ten percent or more
36 of the outstanding voting rights of a fantasy sports contest operator.

37 14. "In-state percentage" means, for each fantasy sports contest,
38 the percentage, rounded to the nearest tenth of a percent, equal to the
39 total entry fees collected from all in-state participants divided by the
40 total entry fees collected from all participants in the fantasy sports
41 contest, unless otherwise prescribed by the department.

42 15. "Key employee" means an employee of a fantasy sports contest
43 operator who has the power to exercise significant influence over
44 decisions concerning the fantasy sports contest operator.

1 16. "License" means an approval that is issued by the department to
2 any person or entity to be involved in a fantasy sports operation.

3 17. "Management company" means a person retained by a fantasy
4 sports contest operator to manage a fantasy sports contest platform and
5 provide general administration and other operational services.

6 18. "Person" means an individual, partnership, corporation,
7 association, limited liability company, federally recognized Indian tribe
8 or other legal entity.

9 19. "Player account" means an account that is established by a
10 patron for the purpose of participating in fantasy sports contests,
11 including deposits, withdrawals, entry fees and payouts.

12 20. "Prize or award" means anything of value or any amount of cash
13 or cash equivalents.

14 21. "Protected information" means information related to playing
15 fantasy sports contests by a fantasy sports contest player that is not
16 readily available to the general public and that is obtained as a result
17 of a person's employment in relation to a fantasy sports contest.

18 22. "Script" means a list of commands that a fantasy **SPORTS**
19 contest-related computer program can execute and that is created by a
20 fantasy sports contest player or by a third party for a fantasy sports
21 contest player to automate processes on a fantasy sports contest platform.

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

24 5-1301. Definitions

25 In this chapter, unless the context otherwise requires:

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

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

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

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

40 (d) For year six and each year thereafter, a deduction of free bets
41 is not allowed. January 1 following the year in which the event wagering
42 operator begins event wagering operations is considered the first year of
43 event wagering for the purposes of this paragraph. An event wagering
44 operator may deduct up to twenty percent of an event wagering operator's

1 gross wagering receipts during any period that the operator conducts event
2 wagering before January 1 of the first year of event wagering operations.

3 2. "Department" means the ~~department of gaming~~ ARIZONA GAMING
4 COMMISSION.

5 3. "E-sport EVENT" means an organized, multiplayer video game
6 competition, particularly between professional players, individually or as
7 teams.

8 4. "Event wagering":

9 (a) Means accepting wagers on sports events or other events,
10 portions of sports events or other events, the individual performance
11 statistics of athletes in a sports event or combination of sports events
12 or the individual performance of individuals in other events or a
13 combination of other events by any system or method of wagering, including
14 in person or over the Internet through websites and on mobile devices.

15 (b) Does not include a fantasy sports contest as defined in section
16 5-1201.

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

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

23 7. "Event wagering operator" means either:

24 (a) An owner or operator of an Arizona professional sports team or
25 franchise, an operator of a sports facility in this state that hosts an
26 annual tournament on the PGA tour or a promoter of a national association
27 for stock car auto racing national touring race in this state, or the
28 designee of such an owner, operator or promoter, who is licensed to offer
29 event wagering under this chapter. If an owner, operator or promoter that
30 qualified for an event wagering operator license appoints a designee, the
31 designee will be considered the event wagering operator and the licensee
32 with respect to the applicable license for the purposes of this chapter.

33 (b) An Arizona Indian tribe or an entity fully owned by an Arizona
34 Indian tribe, or its designee, licensed to operate only mobile event
35 wagering outside the boundaries of its Indian lands and throughout this
36 state if it has signed the most recent tribal-state gaming compact and any
37 applicable appendices or amendments. If an Indian tribe that qualified
38 for an event wagering operator license appoints a designee, the designee
39 will be considered the event wagering operator and the licensee with
40 respect to the applicable license for the purposes of this chapter.

41 ~~10.~~ 8. "Licensee" means a person that holds an event wagering
42 operator license, limited event wagering license, supplier license or
43 management services provider license.

44 ~~8.~~ 9. "Limited event wagering operator" means a racetrack
45 enclosure or additional wagering facility that holds a permit issued by

1 the division of racing to offer wagers on horseracing and that is licensed
2 under this chapter.

3 ~~11.~~ 10. "Management services provider" means a person that
4 operates, manages or controls event wagering authorized by this chapter on
5 behalf of an event wagering operator or limited event wagering operator,
6 including developing or operating event wagering platforms and providing
7 odds, lines and global risk management, and may provide services to more
8 than one licensed event wagering operator or licensed limited event
9 wagering operator.

10 ~~9.~~ 11. "Official league data" means statistics, results, outcomes
11 and other data related to a sports event or other event obtained pursuant
12 to an agreement with the relevant sports governing body or an entity
13 expressly authorized by the sports governing body to provide such
14 information to licensees that authorizes the use of such data for
15 determining the outcome of sports wagers on sports events or other events.

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

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

21 14. "Professional sport" means a sport conducted at the highest
22 level league or organizational play for its respective sport and includes
23 baseball, basketball, football, golf, hockey, soccer and motorsports.

24 15. "Prohibited conduct" includes any statement, action or other
25 communication intended to unlawfully influence, manipulate or control a
26 betting outcome of a sports event or other event of any individual
27 occurrence or performance in a sports event or other event in exchange for
28 financial gain or to avoid financial or physical harm.

29 16. "Prohibited participant" means:

30 (a) Any individual whose participation may undermine the integrity
31 of the wagering, the sports event or the other event.

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

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

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

43 (e) An individual with access to exclusive information on any
44 sports event or other event overseen by that individual's sports governing
45 body that is not publicly available information or any individual

1 identified by any lists provided by the sports governing body to the
2 Department.

3 17. "Sports event" means a professional sport or athletic event, a
4 collegiate sport or athletic event, a motor race event, an e-sport event
5 or an olympic event.

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

13 19. "Sports governing body" means an organization headquartered in
14 the United States that prescribes final rules and enforces codes of
15 conduct with respect to a sports event and participants in a sports event.

16 ~~20.~~ 20. "Supplier" means a person that manufactures, distributes
17 or supplies event wagering equipment or software, including event wagering
18 systems.

19 ~~20.~~ 21. "Tier one sports wager" means a sports wager that is
20 determined solely by the final score or final outcome of the sports event
21 and that is placed before the sports event has begun.

22 ~~21.~~ 22. "Tier two sports wager" means a sports wager that is not a
23 tier one sports wager.

24 23. "Wager":

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

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

31 Sec. 11. Repeal

32 Sections 41-3024.28 and 41-3026.04, Arizona Revised Statutes, are
33 repealed.

34 Sec. 12. Title 41, chapter 27, article 2, Arizona Revised Statutes,
35 is amended by adding section 41-3034.01, to read:

36 41-3034.01. Arizona gaming commission: termination July 1,
37 2034

38 A. THE ARIZONA GAMING COMMISSION TERMINATES ON JULY 1, 2034.

39 B. TITLE 5, CHAPTERS 1, 6.1, 10 AND 11 AND THIS SECTION ARE
40 REPEALED ON JANUARY 1, 2035.

41 Sec. 13. Purpose

42 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
43 the legislature establishes the Arizona gaming commission to regulate and
44 promote gaming.

1 Sec. 14. Transferring powers; succession; initial terms

2 A. The Arizona gaming commission succeeds to the powers and duties
3 of the following:

- 4 1. The Arizona racing commission.
5 2. The department of gaming.

6 B. All certificates, licenses, registrations, permits and other
7 indicia of qualification and authority that were issued by the Arizona
8 racing commission and the department of gaming retain their validity as
9 provided by law.

10 C. All equipment, records, furnishings and other property and all
11 appropriated monies that remain unexpended and unencumbered on the
12 effective date of this act of the Arizona racing commission and the
13 department of gaming are transferred to the Arizona gaming commission.

14 D. All personnel who are under the state personnel system, who are
15 employed by the Arizona racing commission and the department of gaming are
16 transferred to comparable positions and pay classifications in the
17 respective administrative units of the Arizona gaming commission on the
18 effective date of this act.

19 E. Notwithstanding section 5-621, subsection C, Arizona Revised
20 Statutes, as added by this act, the initial terms of the Arizona gaming
21 commission are as follows:

22 1. The term of the member appointed pursuant to section 5-621,
23 subsection A, paragraph 1, Arizona Revised Statutes, as added by this act,
24 expires on the last Monday in January 2027.

25 2. The term of the member appointed pursuant to section 5-621,
26 subsection A, paragraph 2, Arizona Revised Statutes, as added by this act,
27 expires on the last Monday in January 2028.

28 3. The members appointed pursuant to section 5-621, subsection A,
29 paragraphs 4 and 5, Arizona Revised Statutes, as added by this act, shall
30 assign themselves by lot to terms of two, three and four years in office.
31 The chairperson shall notify the governor of these terms.

32 Sec. 15. Conforming legislation

33 The legislative council staff shall prepare proposed legislation
34 conforming the Arizona Revised Statutes to the provisions of this act for
35 consideration in the fifty-seventh legislature, first regular session.