

REFERENCE TITLE: Indian tribes; gaming; event wagering

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

SB 1706

Introduced by
Senator Gonzales: Representative Hernandez L

AN ACT

AMENDING SECTIONS 5-1304 AND 5-1305, ARIZONA REVISED STATUTES; RELATING TO
AMUSEMENTS AND SPORTS.

(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. ON
7 APPLICATION the department ~~may~~ SHALL issue ~~not more than ten~~ TWENTY-TWO
8 event wagering operator licenses to ~~Indian tribes in this state if the~~
9 ~~Indian tribe receiving a license~~ EACH FEDERALLY RECOGNIZED INDIAN TRIBE
10 LOCATED IN THIS STATE THAT has signed the most recent tribal-state gaming
11 compact and any applicable appendices or amendments. The department shall
12 issue event wagering operator licenses only to applicants that are either
13 of the following in compliance with this chapter:

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

24 2. An Indian tribe, or an entity fully owned by an Indian tribe, or
25 its designee contracted to operate ~~only mobile event wagering outside the~~
26 ~~boundaries of its Indian lands and throughout the state~~ EVENT WAGERING FOR
27 BOTH RETAIL EVENT WAGERING WITHIN A FIVE-BLOCK RADIUS OF A SPORTS FACILITY
28 OR A SPORTS COMPLEX AS PRESCRIBED IN SUBSECTION D OF THIS SECTION AND
29 MOBILE EVENT WAGERING THROUGHOUT THIS STATE, if it has signed the most
30 recent tribal-state gaming compact and any applicable appendices or
31 amendments. IF A DESIGNEE IS USED, THE DESIGNEE SHALL BE CONSIDERED THE
32 APPLICANT AND BE SUBJECT TO ANY REQUIREMENTS OF THE APPLICATION PROCESS
33 RATHER THAN THE OWNER, OPERATOR OR PROMOTER.

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

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

44 2. A full set of fingerprints for the purpose of obtaining a state
45 and federal criminal records check pursuant to section 41-1750 and Public

1 Law 92-544. The department of public safety may exchange this fingerprint
2 data with the federal bureau of investigation. The fingerprints shall be
3 furnished by the applicant's officers and directors, if a corporation,
4 members, if a limited liability company, and partners, if a partnership.
5 An applicant convicted of a disqualifying offense may not be licensed.

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

10 4. If the applicant has conducted gaming operations in a
11 jurisdiction that allows such activity, letters of compliance from the
12 regulatory body that regulates event wagering, sports wagering or any
13 other gaming activity that the applicant is licensed for, conducts or
14 operates under jurisdiction of the regulatory body.

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

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

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

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

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

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

4 8. Information on the amount of adjusted gross event wagering
5 receipts and associated adjusted gross receipts that the applicant expects
6 to generate.

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

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

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

17 D. A license issued by the department pursuant to this section
18 authorizes ~~an event wagering operator identified in subsection A,~~
19 ~~paragraph 2 of this section to operate only mobile event wagering or~~ an
20 event wagering operator identified in subsection A, ~~paragraph 1~~ of this
21 section to offer both:

22 1. Event wagering in this state through an event wagering facility
23 within a five-block radius of the event wagering operator's sports
24 facility or, in the case of a designee, the sports facility ~~or~~ OF the
25 designating owner, operator or promoter of a professional sports team,
26 event or franchise. An event wagering facility within one mile of a
27 tribal gaming facility must be:

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

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

32 2. Event wagering through a mobile platform as specified by the
33 department. A licensed event wagering operator or its designated
34 management services provider may offer event wagering through an event
35 wagering platform as specified by the department. **THE EVENT WAGERING**
36 **FACILITY MAY BE LOCATED IN RETAIL OR COMMERCIAL SPACE ON LAND THAT IS NOT**
37 **IDENTIFIED AS INDIAN LAND PURSUANT TO THE INDIAN GAMING REGULATORY ACT**
38 **(P.L. 100-497; 102 STAT. 2467).**

39 E. A license issued under this section is valid for five years if
40 the licensee submits an annual license fee, maintains the qualifications
41 to obtain a license under this section and substantially complies with
42 this chapter and other laws and rules relating to event wagering. A
43 licensee may renew its license by submitting an application in a form
44 prescribed by department rule and the application fee. A license may not
45 be renewed if it is determined by the department that the event wagering

1 operator has not substantially complied with this chapter or any other law
2 regulating its event wagering operations or other operations licensed by
3 the department. A licensee shall submit the nonrefundable annual license
4 and application fees prescribed in section 5-1310 with its application for
5 the renewal of its license.

6 F. A person may not apply for or obtain more than one event
7 wagering operator license. A management services provider may offer
8 services to more than one event wagering operator.

9 Sec. 2. Section 5-1305, Arizona Revised Statutes, is amended to
10 read:

11 5-1305. License review; approval; fees; material change;
12 exemption; display; transferability

13 A. On receipt of a completed application and the required fee, the
14 department shall conduct the necessary background investigation to ensure
15 the applicant is qualified for licensure. On completion of the necessary
16 background investigation, the department shall either issue a license or
17 deny the application. If the application is denied, the department shall
18 forward a statement setting forth the grounds for denial to the applicant
19 together with all other documents on which the department relied, to the
20 extent allowed by law.

21 B. The department may conduct additional background investigations
22 of any person required to be licensed at any time while the license
23 remains valid. The issuance of a license does not create or imply a right
24 of employment or continued employment. The event wagering operator or
25 limited event wagering operator may not employ and, if already employed,
26 shall terminate an event wagering employee if it is determined that the
27 person meets any of the following criteria:

28 1. Has been convicted of any gaming offense.

29 2. Has been convicted of a felony in the seven years before
30 submitting an application unless that felony has been set aside.

31 3. Has ever been convicted of a felony related to extortion,
32 burglary, larceny, bribery, embezzlement, robbery, racketeering, money
33 laundering, forgery, fraud, murder, voluntary manslaughter, a sexual
34 offense that requires the individual to register pursuant to section
35 13-3821 or kidnapping.

36 4. Knowingly and wilfully provides materially important false
37 statements or information or omits materially important information on the
38 person's employment application or background questionnaire.

39 5. Is a person whose prior activities, criminal record, if any, or
40 reputation, habits and associations pose a threat to the public interest
41 or to the effective regulation and control of gaming or create or enhance
42 the dangers of unsuitable, unfair or illegal practices, methods and
43 activities in the conduct of gaming or the carrying on of the business and
44 financial arrangements incidental thereto.

1 C. Not later than sixty days after the department receives a
2 complete application, the department shall issue a license to the
3 applicant unless the background investigation the department conducts
4 discloses that the applicant has a criminal history or unless other
5 grounds sufficient to disqualify the applicant are apparent on the face of
6 the application. If more than ten applications are received for a
7 particular license type, the department shall adopt a process for ensuring
8 an equal opportunity for all qualified applicants to obtain a license.
9 The department shall review and approve or deny an application for a
10 license as provided in title 41, chapter 6, article 10.

11 D. For each application for licensure or renewal of a license that
12 is approved under this section, the amount of the application fee must be
13 credited toward the licensee's license fee and the licensee shall remit
14 the balance of the initial license fee to the department on approval of a
15 license. The fees collected from licensees under this section shall be
16 deposited in the event wagering fund established by section 5-1318 and
17 used by the department to pay the actual operating and administrative
18 expenses incurred for event wagering.

19 E. Each person licensed under this chapter shall give the
20 department written notice within thirty days after a material change is
21 made to information provided in the licensee's application for a license
22 or renewal.

23 F. Indian tribes within this state **THAT ARE** operating event
24 wagering exclusively on Indian lands are exempt from the licensure
25 requirements of this section. Event wagering on Indian lands is governed
26 by the tribal-state gaming compact, its appendices, any amendments and the
27 Indian gaming regulatory act (P.L. 100-497; 102 stat. 2467).

28 G. Each licensee shall display its license conspicuously in the
29 licensee's place of business or have the license available for inspection
30 by an agent of the department or a law enforcement agency. Each licensee
31 that operates an event wagering platform shall conspicuously display a
32 notice of the license on its platform's landing page.

33 H. The department shall keep **CONFIDENTIAL** all information, records,
34 interviews, reports, statements, memoranda or other data supplied to or
35 used by the department in the course of its review or investigation of an
36 application for an event wagering operator license or renewal of a license
37 ~~confidential~~. **THE DEPARTMENT SHALL IMMEDIATELY RELEASE ANY MATERIALS**
38 **DESCRIBED IN THIS SUBSECTION TO ANY MEMBER OF THE LEGISLATURE ON WRITTEN**
39 **REQUEST.** The materials described in this subsection are **NOT** exempt from
40 disclosure **IN COMPLIANCE WITH A COURT ORDER, SUBPOENA, STATUTORY AUDIT OR**
41 pursuant to title 39, chapter 1, article 2.

42 I. A license issued under this chapter may not be transferred to
43 another person or entity without prior approval of the department. The
44 department shall work with applicants and licensees to ensure there is no
45 gap in the validity of the license.