

REFERENCE TITLE: racing facilities; gaming

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

HB 2220

Introduced by
Representative Fillmore

AN ACT

AMENDING SECTION 5-111, ARIZONA REVISED STATUTES; RELATING TO HORSE AND DOG RACING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-111, Arizona Revised Statutes, is amended to
3 read:

4 5-111. Wagering percentage to permittee and state; exemptions:
5 gaming

6 A. The commission shall prescribe rules governing wagering on races
7 under the system known as pari-mutuel wagering. Wagering shall be conducted
8 by a permittee only by pari-mutuel wagering and only on the dates for which
9 racing or dark day simulcasting has been authorized by the commission.
10 Wagering for a licensed racing meeting shall be conducted by a permittee only
11 within an enclosure in which authorized racing takes place and, in counties
12 having a population of less than five hundred thousand persons or at least
13 one million five hundred thousand persons, as shown by the most recent United
14 States decennial census, at those additional facilities ~~which~~ THAT are owned
15 or leased by a permittee and ~~which~~ THAT are used by a permittee for handling
16 wagering as part of the pari-mutuel system and pool of the permittee at the
17 enclosure where the authorized racing is conducted. In all other counties,
18 wagering may also be conducted at additional facilities ~~which~~ THAT are owned
19 or leased by a permittee who is licensed to conduct live racing in those
20 counties or who has the consent of all commercial permittees currently
21 licensed to conduct live racing in those counties and ~~which~~ THAT are used by
22 a permittee for handling wagering and as part of the pari-mutuel system and
23 pool of the permittee at the enclosure where the authorized racing is
24 conducted. If the additional facilities have not been used for authorized
25 racing before their use for handling wagering, a permittee shall not use the
26 facilities for handling wagering before receiving approval for such use by
27 the governing body of the city or town, if located within the corporate
28 limits, or by the board of supervisors, if located in an unincorporated area
29 of the county. A permittee may televise the races to the additional
30 facilities at the times the races are conducted. For the purpose of section
31 5-110, subsection C only, a race upon which wagering is permitted under this
32 subsection shall be deemed to also occur at the additional facility in the
33 county in which the additional facility is located, and as such shall be
34 limited in the same manner as actual live racing in such county. For the
35 purpose of subsections B and C of this section, the wagering at the
36 additional facility shall be deemed to occur in the county in which the
37 additional facility is located.

38 B. During the period of any permit for dog racing in any county, the
39 state shall receive five and one-half per cent of all monies handled in the
40 pari-mutuel pool operated by the permittee, to be paid daily during the
41 racing meeting. In all counties having a population of one million five
42 hundred thousand persons or more, according to the most recent United States
43 decennial census, four and three-quarters per cent of the gross amount of
44 monies handled in a pari-mutuel pool shall be deducted from the pari-mutuel
45 pool and shall be deposited daily into a trust account for the payment of

1 purse amounts. In counties having a population of less than one million five
2 hundred thousand persons according to the most recent United States decennial
3 census, four per cent of the gross amount of monies handled in a pari-mutuel
4 pool shall be deducted from the pari-mutuel pool and shall be deposited daily
5 in a trust account for the payment of purse amounts. In addition,
6 twenty-five per cent of any reduction in pari-mutuel taxes each year
7 resulting from the application of the hardship tax reduction credit
8 determined pursuant to subsection I of this section shall be deposited in the
9 trust account for supplementing purse amounts in an equitable manner over the
10 racing meeting as determined by the commission. Notwithstanding any other
11 provision of this subsection, the percentage paid by a permittee to the state
12 does not apply to monies handled in a pari-mutuel pool for wagering on
13 simulcasts of out-of-state races. During a week in which a permittee
14 conducts live racing at the permittee's racetrack enclosure, the permittee
15 shall deduct from monies handled in a pari-mutuel pool for wagering on
16 simulcasts of out-of-state races and deposit daily in a trust account for the
17 payment of purse amounts the same percentage of the pari-mutuel pool as is
18 deducted for purses for live races unless otherwise agreed by written
19 contract. Unless otherwise agreed by written contract, if the commission
20 reasonably determines that live racing will not be conducted within one
21 calendar year at a racetrack enclosure, the permittee shall deduct from
22 monies handled in a pari-mutuel pool for wagering on simulcasts of
23 out-of-state races and deposit daily in a trust account to supplement purses
24 of any dog track where live racing is conducted within a one hundred mile
25 radius. The supplementing provided by this subsection shall be in the most
26 equitable manner possible as determined by the commission. The permittee
27 shall allocate the funds in the trust account and pay purse amounts at least
28 biweekly. The permittee ~~may~~, at the permittee's discretion, ~~MAY~~ pay
29 additional amounts to augment purses from the amounts received by the
30 permittee under this subsection.

31 C. During the period of a permit for horse, harness or dog racing, the
32 permittee ~~which~~ THAT conducts such meeting may deduct up to and including
33 twenty-five per cent of the total amount handled in the regular pari-mutuel
34 pools and may, at the permittee's option, deduct up to and including thirty
35 per cent of the total amount handled in the exacta, daily double, quinella
36 and other wagering pools involving two horses or dogs, and up to and
37 including thirty-five per cent of the total amount handled in the trifecta or
38 other wagering pools involving more than two horses or dogs in one or more
39 races. The amounts if deducted shall be distributed as prescribed in
40 subsection D of this section and section 5-111.02 for horse or harness racing
41 permittees. For dog racing permittees, unless otherwise agreed by written
42 contract, the permittee shall allocate to purses from amounts wagered on live
43 racing conducted in this state an amount equal to fifty per cent of any
44 amounts that are deducted pursuant to this subsection in excess of twenty per
45 cent of the total amount handled in the regular pari-mutuel pools, twenty-one

1 per cent of the total amount handled in the exacta, daily double, quinella
 2 and other wagering pools involving two dogs or twenty-five per cent of the
 3 total amount handled in the trifecta or other wagering pools involving more
 4 than two dogs in one or more races. For dog racing permittees the
 5 percentages prescribed in subsection B of this section shall be distributed
 6 to the state and to the trust account for payment of purse amounts and the
 7 permittee shall receive the balance. If the dog racing permittee has made
 8 capital improvements, the distribution to the state shall be adjusted as
 9 provided in section 5-111.03. Monies deposited in the trust account for
 10 payment of purses pursuant to this subsection shall be in addition to amounts
 11 deposited pursuant to subsection B of this section.

12 D. During the period of a permit for horse or harness racing, the
 13 state shall receive two per cent of the gross amount of the first one million
 14 dollars of the daily pari-mutuel pools and five per cent of the gross amount
 15 exceeding one million dollars of the daily pari-mutuel pools.
 16 Notwithstanding any other provision of this subsection, the percentage paid
 17 by a permittee to the state does not apply to monies handled in a pari-mutuel
 18 pool for wagering on simulcasts of out-of-state races. The permittee shall
 19 retain the balance of the total amounts deducted pursuant to subsection C of
 20 this section. Of the amount retained by the permittee, less the amount
 21 payable to the permittee for capital improvements pursuant to section
 22 5-111.02, breakage distributed to the permittee pursuant to section 5-111.01
 23 and other applicable state, county and city transaction privilege or other
 24 taxes, unless otherwise agreed by written contract, fifty per cent shall be
 25 used for purses. Unless otherwise agreed by written contract, fifty per cent
 26 of the revenues received by the permittee from simulcasting races as provided
 27 in section 5-112, net of costs of advertising, shall be utilized as a
 28 supplement to the general purse structure. All amounts ~~which~~ THAT are
 29 deducted from the pari-mutuel pool for purses pursuant to this section and
 30 sections 5-111.01, 5-112 and 5-114 and revenues ~~which~~ THAT are received from
 31 simulcasting and ~~which~~ THAT are to be used as a supplement to the general
 32 purse structure pursuant to this subsection shall be deposited daily into a
 33 trust account for the payment of purse amounts.

34 E. Any county fair racing association may apply to the commission for
 35 one racing meeting each year and the commission shall set the number of days
 36 and the dates of such meetings. A racing meeting conducted under this
 37 subsection shall be operated in such manner that all profits accrue to the
 38 county fair racing association, and the county fair racing association may
 39 deduct from the pari-mutuel pool the same amount as prescribed in subsection
 40 C of this section. All county fair racing meetings, whether conducted by
 41 county fair racing associations under ~~the provisions of~~ this subsection or by
 42 an individual, corporation or association other than a county fair racing
 43 association, are exempt from the payment to the state of the percentage of
 44 the pari-mutuel pool prescribed by subsection D of this section and are also
 45 exempt from the provisions of section 5-111.01.

1 F. Monies from charity racing days are exempt from the state
2 percentage of the pari-mutuel pool prescribed in this section.

3 G. Sums held by a permittee for payment of unclaimed pari-mutuel
4 tickets are exempt from the provisions of the revised Arizona unclaimed
5 property act, title 44, chapter 3.

6 H. All of the amounts received by a permittee from the gross amount of
7 monies handled in a pari-mutuel pool and all amounts held by a permittee for
8 payment of purses pursuant to this section and sections 5-111.01, 5-112 and
9 5-114 are exempt from the provisions of title 42, chapter 5.

10 I. On August 1 of each year a permittee is eligible for a hardship tax
11 credit pursuant to this subsection. For THE purposes of this subsection,
12 "permittee" ~~shall include~~ INCLUDES any person who has succeeded to the
13 interest of a permittee and who is authorized to conduct racing at the
14 facility for which the permit was issued. The department shall determine the
15 amount of any hardship tax credit as follows:

16 1. Determine the percentage decrease in pari-mutuel wagering by
17 determining the percentage decrease in pari-mutuel wagering between the base
18 period amount and the amount of pari-mutuel wagering in the previous fiscal
19 year at the racetrack and the additional wagering facilities operated by the
20 permittee. The base period amount is the highest total annual pari-mutuel
21 wagering at the racetrack and all additional wagering facilities as reported
22 to the department for fiscal year 1989-1990, 1990-1991, 1991-1992, 1992-1993
23 or 1993-1994.

24 2. Determine the permittee's hardship tax credit by multiplying the
25 total pari-mutuel tax due as a result of wagering at the racetrack and all
26 additional wagering facilities for the previous fiscal year before applying
27 any hardship tax credit amount by the percentage decrease in pari-mutuel
28 wagering determined pursuant to paragraph 1 of this subsection and
29 multiplying the result by three.

30 3. The permittee's pari-mutuel tax due as otherwise determined under
31 subsections B and D of this section shall be reduced for the current period
32 and any future periods by an amount equal to the amount of the hardship tax
33 credit determined pursuant to this subsection. The hardship tax credit is in
34 addition to any other tax exemptions, rebates and credits.

35 J. THE ARIZONA DEPARTMENT OF RACING SHALL REGULATE GAMING AT RACING
36 FACILITIES AND SHALL ADOPT RULES REGULATING GAMING. A COMMERCIAL RACING
37 PERMITTEE THAT HAS OBTAINED A GAMING LICENSE FROM THE ARIZONA DEPARTMENT OF
38 RACING MAY CONDUCT GAMING AT A RACING FACILITY. THE ARIZONA DEPARTMENT OF
39 RACING SHALL ADOPT RULES TO CARRY OUT THE REQUIREMENTS OF THIS SUBSECTION,
40 INCLUDING THE ESTABLISHMENT OF GAMING LICENSING CRITERIA AND THE
41 ESTABLISHMENT OF GAMING LICENSE FEES. COMMERCIAL RACING PERMITTEES SHALL
42 DAILY TRANSFER TO THE STATE TREASURER FOR DEPOSIT IN THE STATE GENERAL FUND
43 _____ PER CENT OF DAILY GROSS GAMING REVENUE FROM GAMING. FOR THE
44 PURPOSES OF THIS SUBSECTION:

1 1. "GAMING" MEANS HOUSE-BANKED AND NON-HOUSE BANKED GAMES, INCLUDING
2 ALL FORMS OF POKER GAMES, BLACKJACK AND OTHER GAMES OF CHANCE OR SKILL AS
3 APPROVED BY THE DEPARTMENT OF GAMING AND ELECTROMECHANICAL DEVICES OR DEVICES
4 CONTROLLED BY AN ELECTRONIC MICROPROCESSOR OR ANOTHER MANNER THAT ALLOWS A
5 PLAYER OR PLAYERS TO PLAY GAMES OF CHANCE, WHETHER OR NOT THE OUTCOME ALSO IS
6 AFFECTED IN SOME PART BY SKILL, AND WHETHER THE DEVICE ACCEPTS COINS, TOKENS,
7 BILLS, COUPONS, TICKET VOUCHERS, SMART CARDS, ELECTRONIC IN-HOUSE ACCOUNTING
8 SYSTEM CREDITS OR OTHER SIMILAR FORMS OF CONSIDERATION AND, THROUGH THE
9 APPLICATION OF CHANCE, ALLOWS A PLAYER OR PLAYERS TO BECOME ENTITLED TO A
10 PRIZE THAT MAY BE COLLECTED THROUGH THE DISPENSING OF COINS, TOKENS, BILLS,
11 COUPONS, TICKET VOUCHERS, SMART CARDS, ELECTRONIC IN-HOUSE ACCOUNTING SYSTEM
12 CREDITS OR OTHER SIMILAR FORMS OF VALUE AS APPROVED BY THE DEPARTMENT OF
13 GAMING.

14 2. "GROSS GAMING REVENUE" MEANS THE NET WIN FROM GAMING, WHICH IS THE
15 DIFFERENCE BETWEEN GAMING WINS AND LOSSES, BEFORE DEDUCTING COSTS AND
16 EXPENSES.

17 Sec. 2. Requirements for enactment; two-thirds vote

18 Pursuant to article IX, section 22, Constitution of Arizona, this act
19 is effective only on the affirmative vote of at least two-thirds of the
20 members of each house of the legislature and is effective immediately on the
21 signature of the governor or, if the governor vetoes this act, on the
22 subsequent affirmative vote of at least three-fourths of the members of each
23 house of the legislature.