

State of Arizona
Senate
Fifty-first Legislature
First Regular Session
2013

SENATE BILL 1146

AN ACT

AMENDING SECTIONS 5-104, 5-106, 5-108, 5-108.03, 5-108.04 AND 5-115, ARIZONA
REVISED STATUTES; RELATING TO DOG AND HORSE RACING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-104, Arizona Revised Statutes, is amended to
3 read:

4 5-104. Racing commission; director; department; powers and
5 duties

6 A. The commission shall:

7 1. Issue racing dates.

8 2. Prepare and adopt ~~such~~ complete rules to govern the racing meetings
9 as may be required to protect and promote the safety and welfare of the
10 animals participating in ~~such~~ racing meetings, to protect and promote public
11 health, safety and the proper conduct of racing and pari-mutuel wagering and
12 any other matter pertaining to the proper conduct of racing within this
13 state.

14 3. Conduct hearings on applications for permits and approve permits
15 and shall conduct ~~such~~ rehearings on licensing and regulatory decisions made
16 by the director as required pursuant to rules adopted by the commission.

17 4. Conduct all reviews of applications to construct capital
18 improvements at racetracks as provided in this chapter.

19 5. Adopt rules governing the proper and humane methods for the
20 disposition and transportation of dogs by breeders, kennels or others.

21 B. The director shall license personnel and shall regulate and
22 supervise all racing meetings held and pari-mutuel wagering conducted in this
23 state and cause the various places where racing meetings are held and
24 wagering is conducted to be visited and inspected on a regular basis. The
25 director may delegate to stewards ~~such~~ ANY of the director's powers and
26 duties as are necessary to fully carry out and effectuate the purposes of
27 this chapter. The director shall exercise immediate supervision over the
28 department of racing. The director is subject to ongoing supervision by the
29 commission, and the commission may approve or reject decisions of the
30 director in accordance with rules established by the commission.

31 C. The commission or the department is authorized to allow stewards,
32 with the written approval of the director, to require a jockey, apprentice
33 jockey, sulky driver, groom, horseshoer, outrider, trainer, assistant
34 trainer, exercise rider, pony rider, starter, assistant starter, jockey's
35 agent, veterinarian, assistant veterinarian, cool-out, lead-out, paddock
36 employee, security or maintenance worker, official or individual licensed in
37 an occupational category whose role requires direct hands-on contact with
38 horses or greyhounds, while on the grounds of a permittee, to submit to a
39 test if the stewards have reason to believe the licensee is under the
40 influence of or unlawfully in possession of any prohibited substance
41 regulated by title 13, chapter 34.

42 D. The department shall employ the services of the office of
43 administrative hearings to conduct hearings on matters requested to be heard
44 by the director or the commission for the department except for those
45 rehearings that are required by the terms of this chapter to be conducted by

1 the commission. Any person adversely affected by a decision of a steward or
2 by any other decision of the department may request a hearing on ~~such~~ THE
3 decision. The decision of the administrative law judge becomes the decision
4 of the director unless rejected or modified by the director within thirty
5 days. The commission may hear any appeal of a decision of the director in
6 accordance with title 41, chapter 6, article 10.

7 E. The department may visit and investigate the offices, tracks or
8 places of business of any permittee and place in those offices, tracks or
9 places of business expert accountants and ~~such~~ other persons as it deems
10 necessary for the purpose of ascertaining that the permittee or any licensee
11 is in compliance with the rules adopted pursuant to this article.

12 F. The department shall establish and collect the following licensing
13 fees and regulatory assessments, which shall not be reduced for hardship tax
14 credits pursuant to section 5-111, subsection I or for capital improvements
15 pursuant to section 5-111.02 or 5-111.03:

16 1. For each racing license issued, a LICENSE fee ~~established by the~~
17 ~~department~~.

18 2. From the purse accounts provided for in section 5-111, a regulatory
19 assessment to pay for racing animal medication testing, animal safety and
20 welfare.

21 3. From each permittee, a regulatory assessment for each day of dark
22 day simulcasting conducted in excess of the number of live racing days
23 conducted by the permittee.

24 4. From each commercial racing permittee, a regulatory assessment
25 payable from amounts deducted from pari-mutuel pools by the permittee, in
26 addition to the amounts the permittee is authorized to deduct pursuant to
27 section 5-111, subsection C from amounts wagered on live and simulcast races
28 from in-state and out-of-state wagering handled by the permittee.

29 G. The commission shall establish financial assistance procedures for
30 promoting adoption of racing greyhounds as domestic pets and for promoting
31 adoption of retired racehorses. The provision of financial assistance to
32 nonprofit enterprises for the purpose of promoting adoption of racing
33 greyhounds as domestic pets and for the purpose of promoting adoption of
34 retired racehorses is contingent on a finding by the commission that the
35 program presented by the enterprise is in the best interest of the racing
36 industry and this state. ~~Upon~~ ON a finding by the commission, the commission
37 is authorized to make grants to nonprofit enterprises whose programs promote
38 adoption of racing greyhounds or adoption of retired racehorses. The
39 commission shall develop an application process. The commission shall
40 require an enterprise to report to the commission on the use of grants under
41 this subsection. Financial assistance for nonprofit enterprises for the
42 purpose of promoting adoption of racing greyhounds as domestic pets under
43 this subsection shall not exceed the amount collected for license fees under
44 subsection F of this section for greyhound racing kennels, farms or other
45 operations where greyhounds are raised for the purpose of dog

1 racing. Financial assistance for nonprofit enterprises that promote adoption
2 of retired racehorses under this subsection shall not exceed the amount of
3 retired racehorse adoption surcharges collected pursuant to this
4 subsection. The commission shall collect a retired racehorse adoption
5 surcharge in addition to each civil penalty assessed in connection with horse
6 or harness racing pursuant to this article. The amount of the retired
7 racehorse adoption surcharge shall be five per cent of the amount collected
8 for each applicable civil penalty.

9 H. A license is valid for the period established by the commission,
10 but not to exceed three years, except for a temporary license issued pursuant
11 to section 5-107.01, subsection F. The licensing period for horse racing
12 shall begin July 1. The licensing period for greyhound racing shall begin
13 February 1.

14 I. ~~Upon~~ ON application in writing by an objector to any decision of
15 track stewards, made within three days after the official notification to the
16 objector of the decision complained of, the department or administrative law
17 judge shall review the objection. In the case of a suspension of a license
18 by the track stewards, ~~such~~ THE suspension shall ~~commence at once and~~ run for
19 a period of not more than ~~sixty days~~ SIX MONTHS. Before the end of this
20 suspension period, filing an application for review is not cause for
21 reinstatement. If at the end of this suspension period the department or
22 administrative law judge has not held a hearing to review the decision of the
23 stewards, the suspended license shall be reinstated until ~~such time as~~ the
24 department or administrative law judge holds a hearing to review the
25 objection. Except as provided in section 41-1092.08, subsection H, a final
26 decision of the commission is subject to judicial review pursuant to title
27 12, chapter 7, article 6.

28 J. The commission or the director may issue subpoenas for the
29 attendance of witnesses and the production of books, records and documents
30 relevant and material to a particular matter before the commission or
31 department. ~~Such~~ AND THE subpoenas shall be served and enforced in
32 accordance with title 41, chapter 6, article 10.

33 K. Any member of the commission, the administrative law judge or the
34 director or the director's designee may administer oaths, and ~~such~~ THE oaths
35 shall be administered to any person who appears before the commission to give
36 testimony or information pertaining to matters before the commission.

37 L. The commission shall adopt rules ~~which~~ THAT require permittees to
38 retain for three months all official race photographs and videotapes. The
39 department shall retain all ~~such~~ photographs and videotapes ~~which~~ THAT are
40 used as evidence in an administrative proceeding until the conclusion of the
41 proceeding and any subsequent judicial proceeding. All photographs and
42 videotapes must be available to the public on request, including photographs
43 and videotapes of races concerning which an objection is made, regardless of
44 whether the objection is allowed or disallowed.

1 M. The director may establish a management review section for the
2 development, implementation and operation of a system of management reports
3 and controls in major areas of department operations, including licensing,
4 work load management and staffing, and enforcement of the provisions of this
5 article and the rules of the commission.

6 N. In cooperation with the department of public safety, the director
7 shall establish a cooperative fingerprint registration system. Each
8 applicant for a license or permit under this article or any other person who
9 has a financial interest in the business or corporation making the
10 application shall submit to fingerprint registration as part of the
11 background investigation conducted pursuant to section 5-108. The
12 cooperative fingerprint registration system shall be maintained in an updated
13 form using information from available law enforcement sources and shall
14 provide current information to the director upon request as to the fitness of
15 each racing permittee and each racing licensee to engage in the racing
16 industry in this state.

17 O. The director shall develop and require department staff to use
18 uniform procedural manuals in the issuance of any license or permit under
19 this article and in the enforcement of this article and the rules adopted
20 under this article.

21 P. The director shall submit an annual report containing ~~such~~
22 operational and economic performance information as is necessary to evaluate
23 the department's budget request for the forthcoming fiscal year to the
24 governor, the speaker of the house of representatives, the president of the
25 senate and the Arizona state library, archives and public records no later
26 than September 30 each year. The annual report shall be for the preceding
27 fiscal year and ~~SHALL~~ contain ~~such~~ performance information as ~~FOLLOWS~~:

28 1. The total state revenues for the previous fiscal year from the
29 overall pari-mutuel handle with an itemization for each dog racing meeting,
30 each horse racing meeting, each harness racing meeting and each additional
31 wagering facility.

32 2. The total state revenues for the previous fiscal year from the
33 regulation of racing, including licensing fees assessed pursuant to
34 subsection F of this section and monetary penalties assessed pursuant to
35 section 5-108.02.

36 3. The amount and use of capital improvement funds pursuant to
37 sections 5-111.02 and 5-111.03 ~~which~~ ~~THAT~~ would otherwise be state revenues.

38 4. The number of licenses and permits issued, renewed, pending and
39 revoked during the previous fiscal year.

40 5. The investigations conducted during the previous fiscal year and
41 any action taken as a result of the investigations.

42 6. The department budget for the immediately preceding three fiscal
43 years, including the number of full-time, part-time, temporary and contract
44 employees, a statement of budget needs for the forthcoming fiscal year and a
45 statement of the minimum staff necessary to accomplish these objectives.

1 7. Revenues generated for this state for the preceding fiscal year by
2 persons holding horse, harness and dog racing permits.

3 8. Recommendations for increasing state revenues from the regulation
4 of the racing industry while maintaining the financial health of the industry
5 and protecting the public interest.

6 Q. The commission may certify animals as Arizona bred or as Arizona
7 stallions. The commission may delegate this authority to a breeders'
8 association it contracts with for these purposes. The commission may
9 authorize the association, racing organization or department to charge and
10 collect a reasonable fee to cover the cost of breeding or ownership
11 certification or transfer of ownership for racing purposes.

12 R. The department has responsibility for the collection and accounting
13 of revenues for the state boxing and mixed martial arts commission including,
14 but not limited to, licensing fees required by section 5-230, the levy of the
15 tax on gross receipts imposed by section 5-104.02 and cash deposited pursuant
16 to section 5-229. All revenues collected pursuant to this subsection, from
17 whatever source, shall be reported and deposited pursuant to section
18 5-104.02, subsection C, except that licensing fees required by section 5-230
19 shall be deposited in the racing regulation fund established by section
20 5-113.01. The director shall adopt rules as necessary to accomplish the
21 purposes of this subsection and chapter 2, article 2 of this title.

22 S. The commission may obtain the services of the office of
23 administrative hearings on any matter ~~which~~ THAT the commission is empowered
24 to hear.

25 T. The department may adopt rules pursuant to title 41, chapter 6 to
26 carry out the purposes of this article, ensure the safety and integrity of
27 racing in this state and protect the public interest.

28 Sec. 2. Section 5-106, Arizona Revised Statutes, is amended to read:
29 5-106. Supervisor of mutuels; pari-mutuel auditors; other
30 employees; stewards

31 A. The director shall appoint a supervisor of mutuels, security
32 personnel and as many other employees as may be necessary for the enforcement
33 of the laws of this state and the rules relating to racing.

34 B. The director shall determine which employees shall give bond to the
35 state for the faithful performance of their respective duties in ~~such~~ AN
36 amount as the department shall prescribe. The cost of providing the bonds
37 shall be a charge against the state.

38 C. The compensation of employees shall be as determined pursuant to
39 section 38-611.

40 D. The director shall keep a record of all proceedings and preserve
41 all books, documents and papers of the commission and department.

42 E. The supervisor of mutuels shall monitor the wagering and the
43 pari-mutuel departments at all racing meetings and additional wagering
44 facilities and shall enter into no other employment or contracts of

1 employment involving racing or pari-mutuel wagering either within or without
2 the state during days of racing in the state.

3 F. The security personnel appointed by the director shall assist in
4 keeping the peace at all racing meetings and additional wagering facilities,
5 shall enforce all laws of the state relating to racing and all rules of the
6 commission and shall perform ~~such~~ other duties as the commission or director
7 shall prescribe and in the discharge of their duties shall have the authority
8 of peace officers.

9 G. The director shall establish a security section charged with the
10 responsibility for investigative matters relating to the proper conduct of
11 racing and greyhound breeding, inspections of off-track kenneling of
12 greyhounds used, trained or bred for racing purposes and pari-mutuel wagering
13 including barring undesirables from racing, undercover investigations,
14 fingerprinting persons licensed by the department and reviewing license
15 applications. The person in charge of the security section shall have at
16 least five years of experience in law enforcement or in conducting or
17 supervising investigations in some aspect of racing law enforcement.

18 H. For purposes of inspecting off-track greyhound training or breeding
19 facilities, the director may request and accept volunteer assistance from a
20 member or representative of the national greyhound association in any
21 instance in which the director believes specialized knowledge or advice may
22 be useful or necessary in the enforcement of this chapter.

23 I. If ~~upon~~ **ON** investigation by the department there is substantial
24 evidence indicating that the security at any track or additional wagering
25 facility is not satisfactory, the director may order the permittee to remedy
26 the deficiency. If after ten days following ~~such~~ **THE** order the permittee has
27 not remedied the deficiency, the department may institute its own security
28 personnel program until the deficiency in security is remedied and may charge
29 the permittee the actual costs incurred therefor. The permittee may petition
30 the department for a hearing at any time to review the necessity of the
31 department further maintaining its own security personnel.

32 J. Persons employed by the department as investigators must have
33 training in a general investigation course, including instruction in
34 appropriate Arizona law, conducted or approved by the director.

35 K. For each horse, harness or dog racing meeting, the director ~~shall~~,
36 with the approval of the commission, **SHALL** employ two persons qualified as
37 stewards. For each horse, harness or dog racing meeting, the permittee
38 ~~shall~~, with the approval of the commission, **SHALL** employ one person qualified
39 and licensed by the department as a steward. An applicant who wishes to be
40 licensed or employed as a steward by the department for a commercial horse or
41 harness racing meeting must be certified as a steward by a national
42 organization approved by the department. ~~Beginning on January 1, 2000, an~~
43 ~~applicant who wishes to be licensed or employed as a steward by the~~
44 ~~department for a commercial dog racing meeting must be certified as a steward~~
45 ~~by a national organization approved by the department. An applicant as a~~

1 ~~steward for a commercial horse or harness racing meeting exceeding forty five~~
2 ~~days shall have been employed as a steward, patrol judge, clerk of scales or~~
3 ~~other racing official at a horse or harness racing meeting for a period of~~
4 ~~not less than forty five days during three of the past five years, or have at~~
5 ~~least five years' experience as a licensed jockey who has also served not~~
6 ~~less than one year as a licensed racing official at a horse or harness racing~~
7 ~~meeting, or have ten years' experience as a licensed horse trainer who has~~
8 ~~also served not less than one year as a licensed racing official at a horse~~
9 ~~or harness racing meeting.~~ The director shall designate one of the two
10 stewards employed by the department pursuant to this section as chief steward
11 for each horse, harness or dog racing meeting. The director shall designate
12 the remaining stewards as assistant stewards. ~~A person employed by the~~
13 ~~department as a steward pursuant to this subsection is considered an exempt~~
14 ~~state employee and not a state service employee subject to title 41, chapter~~
15 ~~4, articles 5 and 6. Stewards employed by the department pursuant to this~~
16 ~~section are eligible to receive compensation pursuant to section 38-611.~~ For
17 each horse, harness or dog racing meeting conducted by a county fair racing
18 association, the director ~~shall~~, with the approval of the commission, **SHALL**
19 employ three persons qualified as stewards. The director shall designate one
20 of the three stewards as chief steward for each horse, harness or dog racing
21 meeting conducted by a county fair racing association, and shall designate
22 the remaining stewards as assistant stewards.

23 Sec. 3. Section 5-108, Arizona Revised Statutes, is amended to read:

24 5-108. Issuance of permit or license; grounds for refusal to
25 issue; nontransferable; renewal

26 A. The department shall conduct a thorough investigation concerning
27 the application for a permit or a license and:

28 1. The department may refuse to issue or renew a license or the
29 commission may refuse to approve or renew a permit for any applicant if there
30 is substantial evidence to find that the applicant:

31 (a) Has been suspended or ruled off a recognized course in another
32 jurisdiction by the racing board or commission thereof.

33 (b) Is not of good repute and moral character.

34 (c) Has, when previously licensed or granted a permit, violated the
35 racing laws of this state or of any other state or the regulations of the
36 commission.

37 (d) Is a corporation, firm or association not duly qualified and
38 authorized to conduct business within this state.

39 (e) If an individual, has been convicted of a felony or any crime
40 involving moral turpitude, or, if a corporation, firm or association, is
41 controlled or operated directly or indirectly by a person or persons who have
42 been convicted of a felony or any crime involving moral turpitude.

43 (f) If an individual, is engaged in or has been convicted of wagering
44 by other than the mutuel method or in pool selling or bookmaking in any state
45 of the United States or foreign country where such other method, pool selling

1 or bookmaking is illegal or, if a corporation, firm or association, is
2 controlled or operated directly or indirectly by a person who is engaged in
3 or has been convicted of wagering by other than the mutuel method or in pool
4 selling or bookmaking in any state of the United States or foreign country
5 where such other method, pool selling or bookmaking is illegal.

6 (g) Has wilfully violated any provision of this chapter or any of the
7 rules and regulations of the commission.

8 (h) Should not, in the best interest of the safety, welfare, economy,
9 health and peace of the people of the state, be granted a license or permit.

10 (i) Has entered into any contract or contracts ~~which~~ THAT will not
11 further the best interests of racing or be in the public interest or, in the
12 case of permittees or applicants for permits to conduct racing meetings, has
13 failed to file with the department a contract, as an addendum to an
14 application for a permit to conduct a racing meeting, providing for food and
15 beverage concession rights, if any, at ~~such~~ THAT racing meeting. A food and
16 beverage concessionaire contract filed with the department pursuant to this
17 section shall be available to the public ~~upon~~ ON request.

18 (j) Has failed to inform the department on or before May 15 of each
19 year in writing of any material change, occurring during the immediately
20 preceding year of the license or permit term, in the information supplied by
21 the applicant in the application, for a license or permit. ~~In the event that~~
22 IF a licensee or permittee fails to file such information, the department
23 shall notify the licensee or permittee of ~~such~~ THE failure to file and the
24 licensee or permittee shall have an additional fifteen days, after the notice
25 is mailed to the last known address of ~~such~~ THE licensee or permittee, to
26 file ~~such~~ THE information.

27 2. The commission may refuse to approve or renew a permit to conduct a
28 racing meeting or a food and beverage concessionaire license for any ground
29 set forth in paragraph 1 of this subsection or if there is substantial
30 evidence to find that:

31 (a) The applicant is not possessed of or has not demonstrated
32 financial responsibility sufficient to meet adequately the requirements of
33 the enterprise proposed to be authorized.

34 (b) The applicant is not the true owner of the enterprise proposed to
35 be granted a permit, that other persons have ownership in the enterprise
36 which fact has not been disclosed or, if the applicant is a corporation, that
37 ten per cent of the stock of ~~such~~ THE corporation is subject to a contract or
38 option to purchase at any time during the period for which the permit is
39 issued unless the contract or option was disclosed to the department and the
40 department approved the sale or transfer during the period of the permit.

41 (c) The granting of a permit or license in the locality set out in the
42 application is not in the public interest or convenience.

43 (d) The applicant, if a corporation or any holder of more than ten per
44 cent of the outstanding stock of any class, transferred, pledged or in any
45 other way collateralized any of its stock after an application for a permit

1 or license was filed with the department, without prior department
2 approval. The provisions of subdivision (b) OF THIS PARAGRAPH and this
3 subdivision shall not apply to day-to-day transfers of stock of a publicly
4 held corporation unless the transfer, or a combination of transfers, involves
5 a controlling interest in or affects the operational control of the
6 corporation, or involves ten per cent or more of any class of stock of the
7 corporation owned by the controlling shareholders or the manager of any
8 racing meeting.

9 (e) The applicant has, or if the applicant is a corporation, its
10 officers, managerial employees, directors or substantial stockholders have,
11 committed acts of moral turpitude in this state or have willfully WILFULLY
12 violated a material racing statute of this state or a material rule or
13 regulation of the commission. If the commission makes such a finding, with
14 respect to an officer, managerial employee, director or substantial
15 stockholder, the applicant may be denied a permit only upon ON the failure to
16 remove the officer, managerial employee or director or the failure of the
17 substantial stockholder to sell its stock interest. For purposes of this
18 subdivision a substantial stockholder is one who owns ten per cent of the
19 issued and outstanding stock of the applicant.

20 3. The department may deny or refuse to renew a license or the
21 commission may refuse to approve or renew a permit for any person who has
22 made a knowingly false statement of a material fact to the department.

23 4. The department may deny or refuse to renew a license or the
24 commission may refuse to approve or renew a permit to any applicant if such
25 THE applicant has failed to meet any monetary obligation in connection with
26 any racing meeting held in this state.

27 5. The department shall refuse to issue or renew a license or the
28 commission shall refuse to approve or renew a permit for any applicant if
29 there is substantial evidence to find that the applicant, if an individual,
30 has been convicted within the last five years of a felony or any crime
31 involving moral turpitude or, if a corporation, firm or association, is
32 controlled or operated directly or indirectly by a person or persons who have
33 been convicted within the last five years of a felony or any crime involving
34 moral turpitude.

35 B. The department in conducting the investigation referred to in this
36 section shall have the full cooperation of all state agencies and
37 departments, including the department of public safety, and such THE agencies
38 and departments shall make their personnel available to the department, upon
39 ON request.

40 C. If the commission determines that the applicant for a permit,
41 whether such applicant is a lessee or an individual or corporate owner of the
42 tracksite, meets the requirements prescribed by this article and the rules
43 and regulations of the commission, it shall approve the permit. The permit
44 shall be approved for a period of not to exceed three years, ~~except that the~~
45 ~~commission may at its discretion approve a permit for a period of not to~~

1 ~~exceed five years for an applicant who has not previously been granted a~~
2 ~~permit pursuant to this section and who purchases an excess holding and~~
3 ~~interest required to be sold pursuant to section 5-108.03.~~ Any renewal of a
4 permit shall be pursuant to subsection D of this section.

5 D. Except as provided by subsection C of this section, permits shall
6 be renewed for successive periods of not more than three years unless the
7 commission revokes the permit or refuses to renew the permit for any of the
8 grounds enumerated in this section or section 5-108.03. The renewal of a
9 permit shall be denied only after a full hearing and a finding of good cause
10 for refusing renewal has been made by the commission.

11 E. The director shall suspend or revoke a license or the commission
12 shall deny or revoke a permit of a person who intentionally provides false
13 information to the department or any other governmental agency concerning ~~his~~
14 ~~THE PERSON'S~~ criminal history background. The director may suspend or revoke
15 a license or the commission may deny or revoke a permit of a person who
16 negligently or recklessly provides false information to the department or any
17 other governmental agency concerning ~~his~~ ~~THE PERSON'S~~ criminal history
18 background.

19 F. Except as provided by this subsection, the director may grant a
20 license or the commission may approve a permit to engage in the racing
21 industry in this state only after all necessary investigation of the
22 background of the applicant required by this article has been completed. A
23 temporary permit approved by the commission or a temporary license valid for
24 a period of not to exceed ninety days may be issued by the director ~~prior to~~
25 ~~BEFORE~~ the time the investigation of the background of the applicant for the
26 license or permit has been completed. After a temporary license or permit
27 has been issued, the director may suspend or revoke a temporary license or
28 the commission may revoke a temporary permit for any reason ~~which~~ ~~THAT~~ would
29 be grounds to refuse to issue, approve or renew a license or permit under the
30 provisions of subsection A of this section.

31 Sec. 4. Section 5-108.03, Arizona Revised Statutes, is amended to
32 read:

33 5-108.03. Restrictions on ownership of licenses, permits and
34 tracks; exemptions; sale for fair market value

35 A. From and after December 31, 1978, no person, firm, partnership,
36 corporation or association or any affiliate thereof shall simultaneously hold
37 or have an ownership interest, direct or indirect, in permits to conduct
38 racing meetings at more than four racetracks within this state. For the
39 purpose of this chapter a person, firm, partnership, corporation or
40 association holding or having an ownership interest, direct or indirect, in a
41 place, enclosure or track at which a racing meeting is conducted in this
42 state shall be considered as holding an ownership interest in the permit or
43 permits issued for a racing meeting at ~~such~~ ~~THAT~~ location. This subsection
44 shall not apply with respect to a corporation unless the person, firm,
45 partnership, corporation or association otherwise subject to the provisions

1 of this subsection owns or controls ten per cent or more of any class of
2 stock of ~~such~~ THE corporation.

3 B. From and after December 31, 1978, no person, firm, partnership,
4 corporation or association or any affiliate thereof, which holds or has an
5 ownership interest, direct or indirect, in a permit to conduct a racing
6 meeting within a county having a population of ~~three~~ SEVEN hundred thousand
7 persons, or more, as shown by the last United States decennial census, shall
8 simultaneously hold or have any ownership interest, direct or indirect, in a
9 permit to conduct the same kind of racing within any other county having a
10 population of ~~three~~ SEVEN hundred thousand persons, or more, as shown by the
11 last United States decennial census.

12 ~~C. Any person, firm, partnership, corporation or association which on
13 the effective date of this section holds or has an ownership interest in
14 permits in excess of the limits specified in subsections A and B shall use
15 diligent effort to dispose of such excess holdings and interests prior to
16 January 1, 1979. If such person, firm, partnership, corporation or
17 association has failed to receive a reasonable offer, containing adequate
18 security provisions, for the acquisition of such excess holdings or interest
19 at the fair market value thereof prior to January 1, 1979, the department
20 shall grant an extension of the affected permits for a one-year period. At
21 the expiration of such extension, the department shall grant additional
22 one-year extensions but in no event shall the department grant more than
23 three extensions for an affected permittee. Upon the disposal of such excess
24 holdings and interest or expiration of the maximum number of extensions
25 authorized, the limitations set forth in subsections A and B shall apply.~~

26 ~~D.~~ C. For the purposes of subsections A, ~~OR B and C OF THIS SECTION,~~
27 a person, firm, partnership, corporation or association shall be considered
28 as itself holding or having any ownership interest held directly or
29 indirectly by its affiliates. For the purposes of this chapter, one person,
30 firm, partnership, corporation or association shall be considered the
31 affiliate of another person, firm, partnership, corporation or association if
32 any of the following applies:

33 1. They are either directly or indirectly under common control.

34 2. Any officer, director, manager, partner, supervisor, substantial
35 stockholder, owner, trustee or administrator of one ~~such~~ person, firm,
36 partnership, corporation or association is an officer, director, manager,
37 partner, substantial stockholder, owner, trustee or administrator of the
38 other person, firm, partnership, corporation or association. For the
39 purposes of this paragraph, a substantial stockholder is one who owns at
40 least ten per cent of the issued and outstanding stock of a corporation.

41 3. They, at any time, within an immediately preceding three-year
42 period, have each had a substantial ownership interest in the same permittee
43 authorized to conduct a racing meeting in this state. For the purposes of
44 this paragraph, the direct or indirect ownership of ten per cent or more of

1 the equity of a permittee shall be considered a substantial ownership
2 interest.

3 ~~4. Notwithstanding the provisions of paragraph 3 of this subsection,~~
4 ~~any persons, firms, corporations, partnerships or affiliates thereof having a~~
5 ~~substantial ownership interest in the same permittee authorized to conduct a~~
6 ~~racing meeting in this state during 1976 shall be considered to be affiliates~~
7 ~~for purposes of subsections A and B until January 2, 1979, or until the~~
8 ~~termination of any extension granted by the department pursuant to subsection~~
9 ~~C, whichever period is longer. For the purposes of this paragraph, the~~
10 ~~direct or indirect owner of ten per cent or more of the equity of a permittee~~
11 ~~shall be considered a substantial ownership interest.~~

12 ~~E.~~ D. For purposes of determining interest in a permit or permittee,
13 insofar as ~~such~~ THE determination is based on stock ownership:

14 1. Stock owned, directly or indirectly, by or for a corporation,
15 partnership, estate or trust shall be considered as being owned
16 proportionately by its shareholders, partners or beneficiaries.

17 2. An individual shall be considered as owning the stock owned,
18 directly or indirectly, by or for his family or by or for his partner. For
19 purposes of this section, the family of an individual includes only his
20 brothers and sisters, whether by the whole or half blood, spouse, ancestors
21 and lineal descendants.

22 3. Stock constructively owned by a person by reason of the application
23 of paragraph 1 of this subsection shall, for purposes of applying paragraph 1
24 or 2 of this subsection, be treated as actually owned by ~~such~~ THE
25 person. Stock constructively owned by ~~such~~ THE person by reason of the
26 application of paragraph 2 of this subsection shall not be treated as owned
27 by ~~him~~ THE PERSON for purposes of again applying paragraph 2 of this
28 subsection in order to make another the constructive owner of ~~such~~ THE stock.

29 Sec. 5. Section 5-108.04, Arizona Revised Statutes, is amended to
30 read:

31 5-108.04. Restrictions on loans; exemptions

32 ~~From and after December 31, 1978, or from and after the termination of~~
33 ~~any extension period granted by the department pursuant to section 5-108.03,~~
34 ~~whichever time is later, no~~ A permittee or AN affiliate ~~thereof~~ OF A
35 PERMITTEE shall NOT borrow from or accept loans or guarantees of loans from
36 any licensed food and beverage concessionaire or any affiliate ~~thereof~~ OF A
37 CONCESSIONAIRE, or make payments pursuant to any such loans, except that a
38 permittee may accept loans or guarantees of loans, and may make payments
39 pursuant to such loans, from a food and beverage concessionaire ~~which~~ THAT is
40 an affiliate of such permittee.

41 Sec. 6. Section 5-115, Arizona Revised Statutes, is amended to read:

42 5-115. Violation; classification; civil penalties

43 A. At any racing meeting conducted under ~~the provisions of~~ this
44 article, a person is guilty of a class 4 felony, if ~~he~~ THE PERSON:

1 1. Knowingly influences or has any understanding or connivance with
2 any official, owner, jockey, trainer, groom, starter, assistant starter or
3 other person associated with a stable, kennel or race in which any horse or
4 dog participates to predetermine the result ~~thereof~~ OF A RACE.

5 2. Knowingly gives or offers a bribe in any form to any official,
6 owner, trainer, jockey, driver or groom, starter or assistant starter or any
7 other person licensed by the department or accepts or solicits a bribe in any
8 form.

9 3. Knowingly has in ~~his~~ THE PERSON'S possession or in use, while
10 riding or driving in any horse race, any mechanical or electric device
11 capable of affecting a horse's performance other than an ordinary whip.

12 4. Knowingly commits any other corrupt or fraudulent practice in
13 relation to racing ~~which~~ THAT affects or may affect the result of a race.

14 5. For the purpose of selling or offering to sell predictions on horse
15 races, harness races or dog races, advertises that he has predicted the
16 outcome of any race ~~which~~ THAT has been run in this state, unless ~~such~~ THE
17 person has notified in writing the department or a representative of the
18 department of his predictions at least three hours ~~prior to~~ BEFORE the race
19 involved on forms prescribed by the department. ~~No~~ A person shall NOT
20 advertise the fact that he has notified the department or use the name of the
21 department in any way whatsoever to promote the activities described in this
22 section. For the purposes of this paragraph, "advertise" means the use of
23 any newspaper, magazine or other publication, book, notice, circular,
24 pamphlet, letter, handbill, tip sheet, poster, bill, sign, placard, card,
25 label, tag window display, store sign, radio or television announcement, or
26 other means or methods now or hereafter employed to bring to the attention of
27 the public information concerning the outcome of horse or dog races. Nothing
28 contained in this paragraph ~~shall apply~~ APPLIES to any daily newspaper of
29 general circulation ~~which~~ THAT is regularly entered in the United States
30 mail, or any other daily publication carrying complete past performances of
31 horses or dogs entered in races, or to any regularly published magazine or
32 periodical devoted to racing news, ~~which magazine or periodical~~ THAT has been
33 published for at least two years.

34 B. It is a class 4 felony for:

35 1. A trainer or owner to enter a horse or dog in a race if the trainer
36 or owner knows that the horse or dog is drugged or desensitized and that the
37 racing performance of the animal is affected.

38 2. A person to perform the drugging or desensitizing of a horse or dog
39 if ~~such a~~ THE person knows that the horse or dog will compete in a race while
40 so drugged or desensitized and knows that the racing performance of the
41 animal is affected.

42 3. A person to intentionally fail to notify a steward as soon as
43 reasonably possible that a horse or dog entered in a race is drugged or
44 desensitized or that a horse or dog was not properly made available for the

1 required tests or inspections and knows that the racing performance of the
2 animal may be affected.

3 4. A person to intentionally impair or alter the normal performance of
4 a pari-mutuel wagering system with the intent to defraud or injure the state
5 or a permittee. Alteration of the normal performance of a pari-mutuel system
6 includes:

7 (a) Altering, changing or interfering with any equipment or device
8 used in connection with pari-mutuel wagering.

9 (b) Causing any false, inaccurate, delayed or unauthorized data,
10 impulse or signal to be fed into, transmitted over, registered in or
11 displayed on any equipment or device used in connection with pari-mutuel
12 wagering.

13 5. A person to impair or alter the normal operation of simulcast
14 broadcasts by intentionally doing any of the following with the intent to
15 defraud or injure the state or a permittee:

16 (a) Intercepting or decoding a transmission of a simulcast signal,
17 either in whole or in part, which has been authorized in writing for the use
18 of pari-mutuel wagering and ~~which~~ THAT the director has not provided written
19 authorization for the person to receive or decode.

20 (b) Without written authorization from the director, manufacturing,
21 distributing or selling a device, a plan or a kit for a device capable of
22 intercepting or decoding a transmission of a simulcast signal with the intent
23 that the device, plan or kit be used for interception or decoding.

24 (c) Without written authorization from the director, possessing a
25 device, a plan or a kit for a device capable of intercepting or decoding a
26 transmission of a simulcast signal with the intent that the device, plan or
27 kit be used for the interception or decoding.

28 C. The department, in addition to any criminal penalties provided in
29 this chapter and in addition to suspension or revocation of a credential or a
30 license, may levy a civil penalty as to a licensee or a holder of a
31 credential as follows:

32 1. In an amount of not ~~to exceed~~ MORE THAN five thousand dollars for
33 each violation of any provision of subsection A OF THIS SECTION.

34 2. In an amount of not ~~to exceed one~~ MORE THAN TWO thousand FIVE
35 HUNDRED dollars for each violation of any provision of this chapter ~~which~~
36 THAT constitutes grounds for suspension or revocation of a credential or
37 license, except for violation of those provisions contained in subsection A
38 OF THIS SECTION. All sums paid to the department pursuant to this subsection
39 shall be deposited, pursuant to sections 35-146 and 35-147, in the state
40 general fund.

41 D. Any person who holds or conducts any racing meeting or operates an
42 additional wagering facility without first complying with the provisions of
43 this article, or any person who fails to submit to a drug test as directed by
44 stewards or who violates any other provision of this article for which no
45 other penalty is prescribed, is guilty of a class 2 misdemeanor.

1 E. A member of the commission or an employee of the department who at
2 any time, directly or indirectly, knowingly receives any money, bribe, tip or
3 other thing of value or service from any person connected with racing given
4 with an intent to influence ~~his~~ THE MEMBER'S OR EMPLOYEE'S official action,
5 or any person connected with racing who, directly or indirectly, knowingly
6 gives ~~such~~ money, A bribe, A tip or ANY other thing of value or service to a
7 member of the commission or an employee of the department with intent to
8 influence ~~his~~ THE MEMBER'S OR EMPLOYEE'S official action, is guilty of a
9 class 4 felony.

10 F. A person who knowingly removes or alters, either directly or
11 indirectly, any tattoo, other marking, device, coloration or special
12 characteristic that is required by the department for the purpose of
13 identifying a greyhound used or bred for racing purposes or a person who
14 knowingly subjects a greyhound used or bred for racing purposes regulated
15 under this chapter to grossly inhumane conditions or severe mistreatment is
16 guilty of a class 6 felony. For THE purposes of this subsection:

17 1. "Grossly inhumane conditions" means conditions arising from a
18 person's reckless indifference to the consequences of an act or omission if
19 the person, without any actual intent to injure, is aware from ~~his~~ THE
20 PERSON'S knowledge of existing circumstances and conditions that ~~his~~ THE
21 PERSON'S conduct will inevitably or probably result in injury to a greyhound
22 used or bred for racing purposes.

23 2. "Severe mistreatment" means the infliction of physical pain,
24 suffering or death on a greyhound used or bred for racing purposes in a
25 manner that is either wanton or with reckless indifference to pain or
26 suffering.