

Conference Engrossed

State of Arizona
Senate
Fifty-first Legislature
Second Regular Session
2014

SENATE BILL 1282

AN ACT

AMENDING SECTIONS 5-101, 5-105.01, 5-110, 5-111, 5-112, 5-113 AND 44-313,
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 5-101, 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 ~~which~~ THAT is not
7 the enclosure in which authorized racing takes place but ~~which~~ 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 WAGERING
13 ON LIVE OR SIMULCAST RACING THAT THE ADVANCE DEPOSIT PARI-MUTUEL WAGERING
14 PERMITTEE ACCEPTS OR MAKES.

15 3. "ADVANCE DEPOSIT WAGERING PROVIDER" MEANS A BETTING SYSTEM OR
16 MULTIJURISDICTIONAL WAGERING PROVIDER THAT IS AUTHORIZED TO CONDUCT ADVANCE
17 DEPOSIT WAGERING PURSUANT TO THIS ARTICLE.

18 ~~2-~~ 4. "Applicant" means a person, partnership, association or
19 corporation placing before the department an application for a permit or
20 license.

21 ~~3-~~ 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 ~~4-~~ 6. "Commercial horse racing" means horse racing conducted other
25 than by a county fair association.

26 ~~5-~~ 7. "Commission" means the Arizona racing commission.

27 ~~6-~~ 8. "Concessionaire" means a person, partnership, association or
28 corporation that offers goods or services for sale to the public, a permittee
29 or a licensee at an enclosure in which authorized racing takes place or an
30 additional wagering facility.

31 ~~7-~~ 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 commercial
34 dates for horse racing that may be awarded by the commission in reference to
35 ~~such-a~~ THE location.

36 ~~8-~~ 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 ~~9-~~ 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 ~~10-~~ 12. "Department" means the Arizona department of racing.

43 ~~11-~~ 13. "Desensitized" means that a horse's or dog's legs upon arrival
44 at the receiving barn, saddling paddock or lockout kennel do not respond
45 appropriately to tests for feeling administered by an official veterinarian.

1 ~~12.~~ 14. "Director" means the director of the Arizona department of
2 racing.
3 ~~13.~~ 15. "Dog racing" means racing in which greyhound dogs chase a
4 mechanical lure.
5 ~~14.~~ 16. "Entered" means that a horse or dog has been registered with
6 an authorized racing official as a participant in a specified race and has
7 not been withdrawn prior to presentation of the horse or dog for inspection
8 and testing as provided in section 5-105.
9 ~~15.~~ 17. "Financial interest" means any direct pecuniary interest.
10 ~~16.~~ 18. "Firm" means a business unit or enterprise that transacts
11 business.
12 ~~17.~~ 19. "Handle" means the total amount of money contributed to all
13 pari-mutuel pools by bettors.
14 ~~18.~~ 20. "Harness racing" means horse racing in which the horses are
15 harnessed to a sulky, carriage or similar vehicle and driven by a driver.
16 ~~19.~~ 21. "Horse racing" means racing in which horses are mounted and
17 ridden by jockeys. For purposes of county fair racing meetings, "horse
18 racing" means racing in which horses or mules are mounted and ridden by
19 jockeys.
20 ~~20.~~ 22. "License" means the license issued by the department to each
21 employee or other person participating in any capacity in a racing meeting,
22 including officials and employees of the pari-mutuel department.
23 ~~21.~~ 23. "Pari-mutuel wagering" means a system of betting ~~which~~ THAT
24 provides for the distribution among the winning patrons of at least the total
25 amount wagered less the amount withheld under state law.
26 ~~22.~~ 24. "Permit" means a permit for a racing meeting issued under the
27 provisions of this article.
28 ~~23.~~ 25. "Racing meeting" means a number of days of racing allotted by
29 the commission in one permit.
30 ~~24.~~ 26. "Simulcast" means the telecast shown within this state of live
31 audio and visual signals of horse, harness or dog races conducted at an
32 out-of-state track or the telecast shown outside this state of live audio and
33 visual signals of horse, harness or dog races originating within this state
34 for the purpose of pari-mutuel wagering.
35 27. "SOURCE MARKET FEE" MEANS THE FEE THAT AN ADVANCE DEPOSIT WAGERING
36 PROVIDER PAYS TO A COMMERCIAL LIVE-RACING PERMITTEE IN THE STATE WHERE THE
37 ADVANCE DEPOSIT WAGERING CUSTOMER RESIDES.
38 28. "TELEPHONE" MEANS ANY DEVICE THAT A PERSON USES FOR VOICE
39 COMMUNICATIONS IN CONNECTION WITH THE SERVICES OF A TELEPHONE COMPANY.
40 ~~25.~~ 29. "Undesirable" includes known bookmakers, touts, persons
41 convicted of a violation of any provision of this article or of any law
42 prohibiting bookmaking or any other illegal forms of wagering, or any other
43 person whose presence would, in the opinion of the director, be inimical to
44 the interests of the state.

1 ~~26-~~ 30. "Week" means seven consecutive days beginning on Monday and
2 ending on Sunday, mountain standard time.

3 Sec. 2. Section 5-105.01, Arizona Revised Statutes, is amended to
4 read:

5 5-105.01. Injury reports and records

6 A. No later than ten days following the end of each month, the
7 department shall obtain **AND MAKE AVAILABLE TO THE PUBLIC** a list of all
8 racing-related injuries and deaths to the animals reported to the track
9 veterinarian.

10 B. **THE DEPARTMENT SHALL OBTAIN AND MAINTAIN RECORDS REGARDING THE**
11 **INJURIES INCURRED BY DOGS THAT WERE USED FOR OR IN CONNECTION WITH DOG**
12 **RACING, INCLUDING INJURIES INCURRED IN SCHOOLING RACES.**

13 C. **INJURY FORMS FOR DOGS MUST BE COMPLETED AND SIGNED BY THE TRACK**
14 **VETERINARIAN, WHOSE SIGNATURE MUST BE WITNESSED BY A DESIGNATED**
15 **REPRESENTATIVE OF THE DEPARTMENT. ALL INJURY FORMS FOR DOGS MUST SPECIFY THE**
16 **FOLLOWING:**

- 17 1. **THE DOG'S NAME.**
- 18 2. **THE LEFT AND RIGHT EAR TATTOO NUMBERS OF THE DOG.**
- 19 3. **THE NUMBER OF THE MICROCHIP, IF ANY, THAT IS IMPLANTED IN THE DOG.**
- 20 4. **THE MANUFACTURER OF THE MICROCHIP, IF ANY, THAT IS IMPLANTED IN THE**
21 **DOG.**
- 22 5. **THE NAME OF THE OWNER OF THE DOG.**
- 23 6. **THE NAME OF THE TRAINER OF THE DOG.**
- 24 7. **THE NAME OF THE DOG'S KENNEL OPERATOR.**
- 25 8. **THE COLOR, WEIGHT AND GENDER OF THE DOG.**
- 26 9. **A DESCRIPTION OF WHERE THE INJURY OCCURRED AND, IF THE INJURY**
27 **OCCURRED WHILE THE DOG WAS RACING, THE FOLLOWING INFORMATION:**
 - 28 (a) **THE RACETRACK WHERE THE INJURY OCCURRED.**
 - 29 (b) **THE DISTANCE, GRADE, RACE AND POST POSITION WHEN THE INJURY**
30 **OCCURRED.**
 - 31 (c) **THE WEATHER CONDITIONS, TIME, TEMPERATURE AND TRACK CONDITIONS**
32 **WHEN THE INJURY OCCURRED.**
- 33 10. **THE SPECIFIC TYPE OF INJURY.**
- 34 11. **THE CAUSE OF THE INJURY.**
- 35 12. **THE LOCATION OF THE INJURY ON THE DOG.**
- 36 13. **THE ESTIMATED RECOVERY TIME FOR THE INJURY.**

37 Sec. 3. Section 5-110, Arizona Revised Statutes, is amended to read:

38 5-110. Racing days, times and allocations; emergency transfer;
39 county fairs; charity days

40 A. Permits for horse, harness or dog racing meetings shall be approved
41 and issued for substantially the same dates allotted to permittees for the
42 same type of racing during the preceding year or for other dates that
43 permittees request, provided that, in the event there is a conflict in dates
44 requested between two or more permittees in the same county for the same kind
45 of racing, the permittee whose application is for substantially the same

1 dates as were allotted to the permittee in the preceding year shall be
2 entitled to have preference over other permittees. In the event two or more
3 permittees have agreed that the dates to be allotted to each of them each
4 year shall be alternated from one year to the next, the commission shall
5 recognize their agreement and ~~such~~ THOSE permittees may be accorded
6 preference over any other permittee as to those dates to be allotted to ~~such~~
7 THOSE permittees on an alternating basis. Except as otherwise provided, the
8 commission shall allot dates to the respective permittees after giving due
9 consideration to all of the factors involved and the interests of permittees,
10 the public and this state.

11 B. The commission may require by the terms of any permit that the
12 permittee offer such number of races during any racing meeting as the
13 commission shall determine, provided that the permittee shall be permitted to
14 offer ~~not less than~~ AT LEAST the same number of races each day as offered in
15 the prior year. The commission shall require each horse racing permittee to
16 conduct for a period of thirty days a number of races equal to an average of
17 ~~not less than~~ AT LEAST two races for each day of racing exclusively for
18 quarter horses. If, in the opinion of the commission, the permittee is
19 offering acceptable quarter horse races but an honest effort is not being put
20 forth to fill these races by the horsemen, the commission may rescind the two
21 race per day quarter horse requirement.

22 C. Live racing and wagering on simulcast races shall be permissible in
23 either daytime or nighttime, but, UNLESS OTHERWISE AGREED BY WRITTEN CONTRACT
24 THAT IS SUBMITTED TO THE DEPARTMENT BETWEEN ALL THE PERMITTEES IN THE SAME
25 COUNTY, there shall be no live daytime dog racing on the same day that there
26 is live daytime horse or harness racing in any county in which commercial
27 horse or harness racing has been conducted prior to February 1, 1971, and no
28 live nighttime horse or harness racing on the same day that there is live
29 nighttime dog racing in the same county. There shall be no wagering on
30 simulcast dog races before 4:15 p.m., mountain standard time, on the same day
31 that there is live daytime horse or harness racing in any county in which
32 commercial horse or harness racing has been conducted before February 1,
33 1971, and no wagering on simulcast horse or harness racing after 7:30 p.m.,
34 mountain standard time, on the same day that there is live nighttime dog
35 racing in the same county. The hours during which any other dog, harness or
36 horse racing is to be conducted shall be determined by the commission. The
37 application for a permit shall state the exact days on which racing will be
38 held and the time of day during which racing will be conducted.

39 D. If the commission determines that an emergency has obligated or may
40 obligate a permittee to discontinue racing at a location, the commission may
41 authorize the permittee to transfer racing for the number of days lost to any
42 other location.

43 E. A racing meeting, when operated by a county fair racing association
44 or under lease during the county fair to any individual, corporation or

1 association, shall not come under the limitation placed on days of racing in
2 this section.

3 F. The department shall be the judge of whether a county fair racing
4 meeting is being operated ~~in accordance with the provisions of~~ PURSUANT TO
5 this section. A county fair racing meeting conducted by an individual,
6 corporation or association, other than the properly authorized county fair
7 racing association, shall come under the general provisions of this article
8 the same as a commercial meeting. Notwithstanding this subsection, a county
9 fair racing meeting, whether conducted by a county fair racing association or
10 by an individual, corporation or association other than a county fair racing
11 association, is exempt from the requirement prescribed in section 5-111 to
12 pay to the state a percentage of the pari-mutuel pool collected at the
13 meeting.

14 G. The commission may allow a permittee, in addition to the days
15 specified in this permit, to operate up to three racing days during any one
16 meeting as charity days. From the amount deducted from the total handled in
17 the pari-mutuel pool on charity days, the permittee shall deduct an amount
18 equal to the purses and the cost of conducting racing on these days, and
19 shall donate the balance to nonprofit organizations and corporations ~~which~~
20 THAT benefit the general public, ~~which~~ THAT are engaged in charitable,
21 benevolent and other like work and ~~which~~ THAT are selected by the permittee
22 and approved by the department. In no event shall the amount given to
23 charity from charity racing days be less than the amount ~~which~~ THAT otherwise
24 would have gone to this state as the state's share on a noncharity racing
25 day.

26 H. Notwithstanding any other provision of this chapter, any dog racing
27 permittee to which a permit to conduct dog racing in this state has been
28 issued may in any racing year modify the racing date allocations made to the
29 permittee for conducting dog racing at a track by reallocating up to
30 two-thirds of the racing dates allocated to that permittee for dog racing at
31 a track to another track in this state at which the permittee or a
32 corporation of common ownership to the permittee conducts dog racing. For
33 the purpose of this section, a corporation of common ownership to the
34 permittee is a corporation ~~which~~ THAT is owned or controlled, directly or
35 indirectly, by the same corporation that owns or controls the permittee and
36 ~~which~~ THAT holds a permit to conduct dog racing in this state.

37 I. Notwithstanding any other provision of this article, any dog racing
38 permittee that has offered live dog racing in eight out of ten calendar years
39 from 1980 to 1990 in counties that have a population of less than five
40 hundred thousand persons ~~according to the most recent United States decennial~~
41 ~~census~~ shall be considered as operating a racetrack enclosure for all
42 purposes under this article and shall not be required to conduct live racing
43 as a condition of that permittee's racing permit. Any permittee qualified
44 under this subsection may conduct wagering on telecasts of races conducted at
45 racetrack enclosures within this state or at racetrack enclosures outside

1 this state without offering live racing at that permittee's racetrack
2 enclosure.

3 Sec. 4. Section 5-111, Arizona Revised Statutes, is amended to read:

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

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

41 B. During the period of any permit for dog racing in any county, the
42 state shall receive five and one-half per cent of all monies handled in the
43 pari-mutuel pool operated by the permittee, to be paid daily during the
44 racing meeting. In all counties having a population of one million five
45 hundred thousand persons or more, ~~according to the most recent United States~~

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

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

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

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

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

1 association, are exempt from the payment to the state of the percentage of
2 the pari-mutuel pool prescribed by subsection D of this section and are also
3 exempt from the provisions of section 5-111.01.

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

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

9 H. All of the amounts received by a permittee from the gross amount of
10 monies handled in a pari-mutuel pool and all amounts held by a permittee for
11 payment of purses pursuant to this section and sections 5-111.01, 5-112 and
12 5-114 are exempt from the provisions of title 42, chapter 5.

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

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

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

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

38 Sec. 5. Section 5-112, Arizona Revised Statutes, is amended to read:

39 5-112. Wagering legalized; simulcasting of races; unauthorized
40 wagering prohibited; classification; report

41 A. Except as provided in subsection K of this section, section
42 5-101.01, subsection F and title 13, chapter 33, any person within the
43 enclosure of a racing meeting held pursuant to this article may wager on the
44 results of a race held at the meeting or televised to the racetrack enclosure

1 by simulcasting pursuant to this section by contributing money to a
2 pari-mutuel pool operated by the permittee as provided by this article.

3 B. The department, ~~upon~~ ON request by a permittee, may grant
4 permission for electronically-televised simulcasts of horse, harness or dog
5 races to be received by the permittee. In counties having a population of
6 one million five hundred thousand persons or more ~~according to the most~~
7 ~~recent United States decennial census~~, the simulcasts shall be received at
8 the racetrack enclosure where a horse, harness or dog racing meeting is being
9 conducted, provided that the simulcast may only be received during,
10 immediately before or immediately after a minimum of nine posted races for
11 that racing day. In counties having a population of five hundred thousand
12 persons or more but less than one million five hundred thousand persons
13 ~~according to the most recent United States decennial census~~, the simulcasts
14 shall be received at the racetrack enclosure where a horse, harness or dog
15 racing meeting is being conducted provided that the simulcast may only be
16 received during, immediately before or immediately after a minimum of four
17 posted races for that racing day. In all other counties, the simulcasts
18 shall be received at a racetrack enclosure at which authorized racing has
19 been conducted, whether or not posted races have been offered for the day the
20 simulcast is received. The simulcasts shall be limited to horse, harness or
21 dog races. The simulcasts shall be limited to the same type of racing as
22 authorized in the permit for live racing conducted by the permittee. The
23 department, ~~upon~~ ON request by a permittee, may grant permission for the
24 permittee to transmit the live race from the racetrack enclosure where a
25 horse, harness or dog racing meeting is being conducted to a facility or
26 facilities in another state. All simulcasts of horse or harness races shall
27 comply with the interstate horseracing act of 1978 (P.L. 95-515; 92 Stat.
28 1811; 15 United States Code chapter 57). All forms of pari-mutuel wagering
29 shall be allowed on horse, harness or dog races, **WHETHER OR NOT** televised by
30 simulcasting. All monies wagered by patrons on these horse, harness or dog
31 races shall be computed in the amount of money wagered each racing day for
32 purposes of section 5-111.

33 C. Notwithstanding subsection B of this section, in counties having a
34 population of one million five hundred thousand persons or more ~~according to~~
35 ~~the most recent United States decennial census~~, simulcasts may be received
36 at the racetrack enclosure, and **THE PERMITTEE MAY OFFER PARI-MUTUEL WAGERING**
37 **ON THE SIMULCAST RACING** at any additional wagering facility used by a
38 permittee for handling wagering as provided in section 5-111, subsection A
39 during a permittee's racing meeting as approved by the commission, **WHETHER OR**
40 **NOT THE SIMULCASTS ARE TELEVISED TO THE ADDITIONAL WAGERING FACILITIES AND**
41 whether or not posted races have been conducted on the day the simulcast is
42 received, if:

43 1. For horse and harness racing, the permittee's racing permit
44 requires the permittee to conduct a minimum of one hundred fifty-six days of
45 live racing with an average of nine posted races on an average of five racing

1 days each week at the permittee's racetrack enclosure during the period
2 beginning on October 1 and ending on the first full week in May, unless
3 otherwise agreed in writing by the permittee and the recognized horsemen's
4 organization that represents the horsemen participating in the race meet at
5 the racetrack enclosure, subject to approval by the department.

6 2. For dog racing, the permittee is required to conduct a minimum of
7 ten posted races on each of four days each week for forty-one weeks during a
8 calendar year at the permittee's racetrack enclosure.

9 D. Notwithstanding subsection B of this section, in counties having a
10 population of seven hundred thousand persons or more but less than one
11 million five hundred thousand persons ~~according to the most recent United~~
12 ~~States decennial census~~, simulcasts may be received at the racetrack
13 enclosure, and ~~THE PERMITTEE MAY OFFER PARI-MUTUEL WAGERING ON THE SIMULCAST~~
14 ~~RACING~~ at any additional wagering facility used by a permittee for handling
15 wagering as provided in section 5-111, subsection A during a permittee's
16 racing meeting as approved by the commission, ~~WHETHER OR NOT THE SIMULCASTS~~
17 ~~ARE TELEVISED TO THE ADDITIONAL WAGERING FACILITIES AND~~ whether or not posted
18 races have been conducted on the day the simulcast is received, subject to
19 the following conditions:

20 1. For horse and harness racing, the permittee may conduct wagering on
21 dark day simulcasts for twenty days, provided the permittee conducts a
22 minimum of seven posted races on each of the racing days mandated in the
23 permittee's commercial racing permit. In order to conduct wagering on dark
24 day simulcasts for more than twenty days, the permittee is required to
25 conduct a minimum of seven posted races on one hundred forty racing days at
26 the permittee's racetrack enclosure.

27 2. For dog racing, the permittee is required to conduct a minimum of
28 nine posted races on each of one hundred days during a calendar year at the
29 permittee's racetrack enclosure, unless a lesser number is otherwise agreed
30 to by written contract entered into by February 1 of each year by a permittee
31 and a majority of licensed persons then participating in a greyhound racing
32 meeting as greyhound racing kennel owners.

33 E. In an emergency and ~~upon~~ **ON** a showing of good cause by a permittee,
34 the commission may grant an exception to the minimum racing day requirements
35 of subsections C and D of this section.

36 F. The minimum racing day requirements of subsections C and D of this
37 section shall be computed by adding all racing days, including any county
38 fair racing days operated in accordance with section 5-110, subsection F,
39 allotted to the permittee's racetrack enclosure in one or more racing permits
40 and all racing days allotted to the permittee's racetrack enclosure pursuant
41 to section 5-110, subsection H.

42 G. Simulcast signals or teletracking of simulcast signals does not
43 prohibit live racing or teletracking of that live racing in any county at any
44 time.

1 H. Except as provided in subsection K of this section, section
2 5-101.01, subsection F and title 13, chapter 33, any person within a
3 racetrack enclosure or an additional facility authorized for wagering
4 pursuant to section 5-111, subsection A may wager on the results of a race
5 televised to the facility pursuant to section 5-111, subsection A by
6 contributing to a pari-mutuel pool operated as provided by this article.

7 I. Notwithstanding subsection B of this section, the department, in
8 counties having a population of one million five hundred thousand persons or
9 more ~~according to the most recent United States decennial census~~ and on
10 request by a permittee for one day each year, may grant permission for
11 simulcasts to be received without compliance with the minimum of nine posted
12 races requirement.

13 J. Except as provided in this article and in title 13, chapter 33, all
14 forms of wagering or betting on the results of a race, including ~~but not~~
15 ~~limited to~~ buying, selling, cashing, exchanging or acquiring a financial
16 interest in pari-mutuel tickets, except by operation of law, whether the race
17 is conducted in this state or elsewhere, are illegal.

18 K. A permittee shall not knowingly permit a person who is under
19 twenty-one years of age to be a patron of the pari-mutuel system of wagering.

20 L. Except as provided in title 13, chapter 33, any person who violates
21 this article with respect to any wagering or betting, whether the race is
22 conducted in or outside this state, is guilty of a class 6 felony.

23 M. Simulcasting may only be authorized for the same type of racing
24 authorized by a permittee's live racing permit.

25 N. IN ADDITION TO PARI-MUTUEL WAGERING OTHERWISE AUTHORIZED BY THIS
26 CHAPTER, A COMMERCIAL LIVE-RACING PERMITTEE MAY CONDUCT ADVANCE DEPOSIT
27 WAGERING AS APPROVED BY THE COMMISSION. THE COMMISSION ALSO MAY ALLOW
28 ADVANCE DEPOSIT WAGERING BY AN ADVANCE DEPOSIT WAGERING PROVIDER IF A RACING
29 AUTHORITY IN THE STATE WHERE THE ADVANCE DEPOSIT WAGERING PROVIDER IS LOCATED
30 APPROVES THE ADVANCE DEPOSIT WAGERING PROVIDER AND, FOR HORSE RACING, IF THE
31 ADVANCE DEPOSIT WAGERING PROVIDER ANNUALLY SECURES THE APPROVAL OF THE
32 COMMERCIAL LIVE HORSE RACING PERMITTEES IN A COUNTY WHERE THE ADVANCE DEPOSIT
33 WAGERING PROVIDER OR COMMERCIAL LIVE-RACING PERMITTEE ACCEPTS ADVANCE DEPOSIT
34 WAGERS FOR HORSE RACING AND OF THE ORGANIZATION THAT REPRESENTS THE MAJORITY
35 OF OWNERS AND TRAINERS AT EACH OF THE COMMERCIAL LIVE HORSE RACING ENCLOSURES
36 IN EACH COUNTY OR, FOR DOG RACING, IF THE ADVANCE DEPOSIT WAGERING PROVIDER
37 SECURES THE APPROVAL OF EACH COMMERCIAL LIVE DOG RACING PERMITTEE IN THIS
38 STATE. AN ADVANCE DEPOSIT WAGERING PROVIDER THAT THE COMMISSION APPROVES
39 SHALL PAY SOURCE MARKET FEES ON WAGERS PLACED ON HORSE RACING FROM THIS STATE
40 TO COMMERCIAL LIVE HORSE RACING PERMITTEES IN THIS STATE. THE ADVANCE
41 DEPOSIT WAGERING PROVIDER SHALL DIVIDE THE SOURCE MARKET FEES ON HORSE RACING
42 WAGERS ON THE BASIS OF THE PROPORTION OF THE PERMITTEES' TOTAL LIVE AND
43 SIMULCAST HANDLE DURING THE PREVIOUS YEAR AND THE ADVANCE DEPOSIT WAGERING
44 PROVIDER SHALL PAY SOURCE MARKET FEES ON WAGERS ON DOG RACING FROM THE COUNTY
45 IN WHICH THE LIVE OR SIMULCAST RACING IS CONDUCTED TO THE COMMERCIAL LIVE

1 RACING PERMITTEE IN THAT COUNTY. THE ADVANCE DEPOSIT WAGERING PROVIDER SHALL
2 DIVIDE THE SOURCE MARKET FEES ON DOG RACING FROM WAGERING IN ANY OTHER COUNTY
3 AS PROVIDED IN A WRITTEN AGREEMENT THAT IS SUBMITTED TO THE DEPARTMENT
4 BETWEEN ALL COMMERCIAL LIVE DOG RACING PERMITTEES AND ALL COMMERCIAL DOG
5 RACING PERMITTEES.

6 0. THE COMMISSION MAY ISSUE A PERMIT TO AUTHORIZE AN ADVANCE DEPOSIT
7 WAGERING PROVIDER TO ACCEPT ADVANCE DEPOSIT WAGERING ON RACING FROM PERSONS
8 IN THIS STATE. THE PROCEDURES FOR THE APPROVAL OF THE PERMIT MUST BE SIMILAR
9 TO THE PROCEDURES FOR THE APPROVAL OF RACING PERMITS UNDER THIS ARTICLE,
10 SUBJECT TO THE FOLLOWING REQUIREMENTS:

11 1. THE COMMISSION SHALL ISSUE AN ADVANCE DEPOSIT WAGERING PERMIT ONLY
12 IF THE STATE AGENCY THAT REGULATES RACING IN THE STATE WHERE THE ADVANCE
13 DEPOSIT WAGERING PROVIDER IS LOCATED APPROVES THE PERMITTEE OR PROVIDER TO
14 CONDUCT ADVANCE DEPOSIT WAGERING.

15 2. AN ADVANCE DEPOSIT WAGERING PROVIDER MAY ACCEPT ADVANCE DEPOSIT
16 PARI-MUTUEL WAGERS FROM NATURAL PERSONS IN THIS STATE ON RACING CONDUCTED BY
17 A COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE OR ON RACING CONDUCTED
18 OUTSIDE THIS STATE IF THE COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE AT A
19 RACETRACK ENCLOSURE IN A COUNTY WHERE LIVE HORSE OR LIVE DOG RACING HAS BEEN
20 CONDUCTED FOR A PERIOD OF AT LEAST FORTY DAYS PER YEAR FOR AT LEAST TWELVE
21 CONSECUTIVE YEARS BEGINNING AFTER 1992 OR AT A NEW RACETRACK ENCLOSURE IN THE
22 SAME COUNTY THAT REPLACED THE PREVIOUSLY EXISTING RACETRACK ENCLOSURE ON
23 WHICH ADVANCE DEPOSIT WAGERING IS ACCEPTED OR THAT CONDUCTS A RACING PROGRAM
24 WITH THE SAME TYPE OF RACING ON WHICH THE ADVANCE DEPOSIT WAGERING IS
25 ACCEPTED, ENTERS INTO AN AGREEMENT WITH THE ADVANCE DEPOSIT WAGERING PROVIDER
26 PROVIDING FOR THE PAYMENT OF A SOURCE MARKET FEE THAT IS AGREED TO BY THE
27 COMMERCIAL LIVE-RACING PERMITTEE ON ALL ADVANCED DEPOSIT WAGERING.

28 3. AN ADVANCE DEPOSIT WAGERING PROVIDER SHALL PAY SOURCE MARKET FEES
29 IN AN AMOUNT THAT IS AGREED TO BY THE COMMERCIAL LIVE-RACING PERMITTEE ON ALL
30 ADVANCE DEPOSIT WAGERING BY PERSONS IN THIS STATE ON THE SAME TYPE OF RACING
31 THE COMMERCIAL LIVE-RACING PERMITTEE CONDUCTS. SOURCE MARKET FEES FROM
32 WAGERS BY PERSONS IN THIS STATE THROUGH AN ADVANCE DEPOSIT WAGERING PROVIDER
33 SHALL BE ALLOCATED AS PROVIDED IN PARAGRAPH 7 OF THIS SUBSECTION TO A
34 COMMERCIAL LIVE HORSE RACING PERMITTEE AT A RACETRACK ENCLOSURE IN A COUNTY
35 WHERE LIVE HORSE RACING HAS BEEN CONDUCTED FOR A PERIOD OF AT LEAST FORTY
36 DAYS PER YEAR FOR AT LEAST TWELVE CONSECUTIVE YEARS BEGINNING AFTER 1992 OR
37 AT A NEW RACETRACK ENCLOSURE IN THE SAME COUNTY THAT REPLACED THE PREVIOUSLY
38 EXISTING RACETRACK ENCLOSURE DURING THE PERIOD OF TIME THAT THE COMMERCIAL
39 LIVE-RACING PERMITTEE CONDUCTS A RACING PROGRAM. SOURCE MARKET FEES FOR DOG
40 RACING FROM WAGERING THROUGH THE ADVANCE DEPOSIT WAGERING PROVIDER FROM
41 PERSONS WAGERING IN A COUNTY SHALL BE ALLOCATED AS PROVIDED IN PARAGRAPH 7 OF
42 THIS SUBSECTION TO A COMMERCIAL LIVE DOG RACING PERMITTEE AT A RACETRACK
43 ENCLOSURE IN A COUNTY WHERE LIVE DOG RACING HAS BEEN CONDUCTED FOR A PERIOD
44 OF AT LEAST FORTY DAYS PER YEAR FOR AT LEAST TWELVE CONSECUTIVE YEARS
45 BEGINNING AFTER 1992 OR AT A NEW RACETRACK ENCLOSURE IN THE SAME COUNTY THAT

1 REPLACED THE PREVIOUSLY EXISTING RACETRACK ENCLOSURE. SOURCE MARKET FEES
2 FROM WAGERS BY PERSONS IN THIS STATE IN ALL OTHER COUNTIES FOR PARI-MUTUEL
3 WAGERING ON DOG RACING THROUGH AN ADVANCE DEPOSIT WAGERING PROVIDER SHALL BE
4 DIVIDED BETWEEN THE COMMERCIAL DOG RACING PERMITTEES IN PROPORTION TO EACH
5 PERMITTEE'S LIVE DOG RACING HANDLE IN THIS STATE IF THE PERMITTEE HAS
6 CONSENTED TO ALLOWING ADVANCE DEPOSIT WAGERING TO OCCUR IN THE COUNTY IN
7 WHICH THE PERMITTEE OPERATES A RACETRACK ENCLOSURE AND SHALL BE ALLOCATED AS
8 PROVIDED IN PARAGRAPH 7 OF THIS SUBSECTION.

9 4. ADVANCE DEPOSIT WAGERING AGREEMENTS THAT ARE EXECUTED BETWEEN
10 PERMITTEES IN THIS STATE MUST CONTAIN THE SAME OR SUBSTANTIALLY EQUIVALENT
11 TERMS AND CONDITIONS, INCLUDING PROVISIONS FOR REVENUE SHARING, AS THE TERMS
12 AND CONDITIONS CONTAINED IN SIMULCASTING AGREEMENTS THAT ARE EXECUTED BETWEEN
13 THOSE SAME PERMITTEES IN ORDER TO ACCEPT ADVANCE DEPOSIT WAGERING ON HORSE
14 RACING FROM A COUNTY WITH A COMMERCIAL LIVE DOG RACING PERMITTEE.

15 5. THE ADVANCE WAGERING PROVIDER SHALL TRANSMIT DAILY A PERCENTAGE
16 DETERMINED BY THE DEPARTMENT OF THE GROSS REVENUES GENERATED BY ADVANCE
17 DEPOSIT WAGERS TO THE DEPARTMENT FOR DEPOSIT IN THE RACING REGULATION FUND
18 ESTABLISHED BY SECTION 5-113.01.

19 6. THE ADVANCE DEPOSIT WAGERING PROVIDER SHALL FILE THE CONSENT
20 PROVIDED FOR IN THIS SUBSECTION WITH THE COMMISSION, AND THE CONSENT IS VALID
21 FOR A PERIOD OF AT LEAST ONE YEAR.

22 7. THE SOURCE MARKET FEES ARE ALLOCATED, AFTER DEDUCTIONS, AS PROVIDED
23 FOR IN SECTION 5-111, SUBSECTION B FOR DOG RACING OR SECTION 5-111,
24 SUBSECTION D FOR HORSE RACING FOR ANY FEES OR PAYMENTS TO THE STATE, COUNTY
25 AND CITY FOR TAXES OR OTHER FEES, IN THE SAME MANNER AS THE PROCEEDS OF LIVE
26 OR SIMULCAST PARI-MUTUEL WAGERING AS PROVIDED IN SECTION 5-111, SUBSECTION B
27 FOR DOG RACING AND SECTION 5-111, SUBSECTION D FOR HORSE RACING. FROM THE
28 SOURCE MARKET FEES FROM ADVANCE DEPOSIT WAGERING ON HORSE RACING ALLOCATED
29 FOR PURSES AS PROVIDED IN SECTION 5-111, SUBSECTION D, FIVE PER CENT IS PAID
30 TO THE DEPARTMENT FOR DEPOSIT IN THE ARIZONA BREEDERS AWARD FUND ACCOUNT FOR
31 DISTRIBUTIONS FOR ARIZONA BRED HORSES AS PROVIDED IN SECTION 5-114.

32 P. THE OWNER OF THE ADVANCE DEPOSIT WAGERING ACCOUNT MAY MAKE AN
33 ADVANCE DEPOSIT PARI-MUTUEL WAGER ONLY BY TELEPHONE.

34 Q. ONLY THE ADVANCE DEPOSIT WAGERING PROVIDER MAY MAKE AN ADVANCE
35 DEPOSIT WAGER, PURSUANT TO WAGERING INSTRUCTIONS THE OWNER OF THE MONIES
36 ISSUES BY TELEPHONE. THE ADVANCE DEPOSIT WAGERING PROVIDER SHALL ENSURE THE
37 IDENTIFICATION OF THE OWNER OF THE ACCOUNT BY USING METHODS AND TECHNOLOGIES
38 APPROVED BY THE COMMISSION. ANY ADVANCE DEPOSIT WAGERING PROVIDER THAT
39 ACCEPTS WAGERING INSTRUCTIONS ON RACES THAT ARE CONDUCTED IN THIS STATE, OR
40 ACCEPTS WAGERING INSTRUCTIONS ORIGINATING IN THIS STATE, SHALL PROVIDE A
41 DAILY REPORT THAT CONTAINS A FULL ACCOUNTING AND VERIFICATION OF THE SOURCE
42 OF THE WAGERS MADE, INCLUDING THE POSTAL ZIP CODE OF THE SOURCE OF THE WAGERS
43 AND ALL PARI-MUTUEL DATA, IN A FORM AND MANNER THAT IS APPROVED BY THE
44 COMMISSION. ALL REASONABLE COSTS ASSOCIATED WITH THE CREATION, PROVISION AND

1 TRANSFER OF THE DATA IS THE RESPONSIBILITY OF THE ADVANCE DEPOSIT WAGERING
2 PROVIDER.

3 ~~R.~~ R. Any person other than a permittee OR ANY ADVANCE DEPOSIT
4 WAGERING PROVIDER WHO IS APPROVED BY THE COMMISSION under this article AND
5 who accepts a wager or who bets on the results of a race, whether the race is
6 conducted in or outside this state, including buying, selling, cashing,
7 exchanging or acquiring a financial interest in a pari-mutuel ticket from a
8 person in this state outside of a racing enclosure or an additional wagering
9 facility that is approved by the commission and that is located in this state
10 is guilty of a class 6 felony.

11 ~~S.~~ S. Pursuant to section 13-108, a pari-mutuel wager or a bet placed
12 or made by a person in this state is deemed for all purposes to occur in this
13 state.

14 ~~T.~~ T. The department and the attorney general shall enforce
15 subsections ~~R~~ R and ~~S~~ S of this section and shall submit an annual report
16 that summarizes these enforcement activities to the governor, the speaker of
17 the house of representatives and the president of the senate. The department
18 and the attorney general shall provide a copy of this report to the secretary
19 of state.

20 Sec. 6. Section 5-113, Arizona Revised Statutes, is amended to read:

21 5-113. Disposition of revenues and monies; funds; committee

22 A. All revenues derived from permittees, permits and licenses as
23 provided by this article shall be deposited, pursuant to sections 35-146 and
24 35-147, in the racing regulation fund established by section 5-113.01, AND
25 ALL MONIES TRANSFERRED PURSUANT TO SECTION 44-313, SUBSECTION A UP TO ONE
26 MILLION TWO HUNDRED THOUSAND DOLLARS SHALL BE DEPOSITED IN AMOUNTS DETERMINED
27 BY THE COMMISSION IN THE ARIZONA BREEDERS' AWARD FUND ESTABLISHED BY
28 SUBSECTION F OF THIS SECTION AND IN THE COUNTY FAIR RACING FUND ESTABLISHED
29 BY SUBSECTION I OF THIS SECTION. THE COMMISSION SHALL FURTHER ALLOCATE ALL
30 MONIES DEPOSITED IN THE ARIZONA BREEDERS' AWARD FUND PURSUANT TO THIS
31 SUBSECTION TO SUPPORT INCENTIVES AS AUTHORIZED BY SUBSECTION F OF THIS
32 SECTION FOR THOROUGHBRED AND QUARTER HORSE BREEDS ONLY.

33 B. The Arizona county fairs racing betterment fund is established
34 under the jurisdiction of the department. The department shall distribute
35 monies from the fund to the county fair association or county fair racing
36 association of each county conducting a county fair racing meeting in ~~such~~ A
37 proportion ~~as~~ THAT the department deems necessary for the promotion and
38 betterment of county fair racing meetings. All expenditures from the fund
39 shall be made on claims approved by the department. In order to be eligible
40 for distributions from the fund, a county fair association must provide the
41 department with an annual certification in the form required by the
42 department supporting expenditures made from the fund. Balances remaining in
43 the fund at the end of a fiscal year do not revert to the state general fund.

44 C. The county fairs livestock and agriculture promotion fund is
45 established under the control of the governor and shall be used for the

1 purpose of promoting the livestock and agricultural resources of the state
2 and for the purpose of conducting an annual Arizona national livestock fair
3 by the Arizona exposition and state fair board to further promote livestock
4 resources. The direct expenses less receipts of the livestock fair shall be
5 paid from this fund, but ~~such~~ THIS payment shall not exceed thirty per cent
6 of the receipts of the fund for the preceding fiscal year. Balances
7 remaining in the fund at the end of a fiscal year do not revert to the state
8 general fund. All expenditures from the fund shall be made upon claims
9 approved by the governor, as recommended by the livestock and agriculture
10 committee, for the promotion and betterment of the livestock and agricultural
11 resources of this state. The livestock and agriculture committee is
12 established and shall be composed of the following members, at least three of
13 whom are from counties that have a population of less than five hundred
14 thousand persons, appointed by the governor:

- 15 1. Three members representing county fairs.
- 16 2. One member representing Arizona livestock fairs.
- 17 3. One member representing the university of Arizona college of
18 agriculture.
- 19 4. One member representing the livestock industry.
- 20 5. One member representing the farming industry.
- 21 6. One member representing the governor's office.
- 22 7. One member representing the Arizona state fair conducted by the
23 Arizona exposition and state fair board.
- 24 8. One member representing the general public.

25 D. The governor shall appoint a chairman from the members. Terms of
26 members shall be four years.

27 E. Members of the committee are not eligible to receive compensation
28 but are eligible to receive reimbursement for expenses pursuant to title 38,
29 chapter 4, article 2.

30 F. The Arizona breeders' award fund is established under the
31 jurisdiction of the department. The department shall distribute monies from
32 the fund to the breeder, or the breeder's heirs, devisees or successors, of
33 every winning horse or greyhound foaled or whelped in this state, as defined
34 by section 5-114, in a manner and in an amount established by rules of the
35 commission to protect the integrity of the racing industry and promote,
36 improve and advance the quality of race horse and greyhound breeding within
37 this state. The department may contract with a breeders' association to
38 provide data, statistics and other information necessary to enable the
39 department to carry out the purposes of this subsection. Persons who are not
40 eligible to be licensed under section 5-107.01 or persons who have been
41 refused licenses under section 5-108 are not eligible to participate in the
42 Arizona greyhound breeders' award fund. Balances remaining in the fund at
43 the end of a fiscal year do not revert to the state general fund. For the
44 purposes of this subsection, "breeder" means the owner or lessee of the dam
45 of the animal at the time the animal was foaled or whelped.

1 G. The Arizona stallion award fund is established under the
2 jurisdiction of the department to promote, improve and advance the quality of
3 stallions in this state. The department shall distribute monies from the
4 fund to the owner or lessee, or the owner's or lessee's heirs, devisees or
5 successors, of every Arizona stallion whose certified Arizona bred offspring,
6 as prescribed in section 5-114, finishes first, second or third in an
7 eligible race in this state. The department may contract with a breeders'
8 association to provide data, statistics and other information necessary to
9 enable the department to carry out the purposes of this subsection. Balances
10 remaining in the fund at the end of a fiscal year do not revert to the state
11 general fund. The commission shall adopt rules pursuant to title 41, chapter
12 6 to carry out the purposes of this subsection. The rules shall prescribe at
13 a minimum:

14 1. The manner and procedure for distribution from the fund, including
15 eligibility requirements for owners and lessees.

16 2. Subject to availability of monies in the fund, the amount to be
17 awarded.

18 3. The requirements for a stallion registered with the jockey club,
19 Lexington, Kentucky or with the American quarter horse association, Amarillo,
20 Texas to be certified as an Arizona stallion.

21 4. The types and requirements of races for which an award may be made.

22 H. The greyhound and retired racehorse adoption fund is established.
23 The department shall administer the fund and maintain separate accounts for
24 greyhound adoptions and retired racehorse adoptions. All revenues derived
25 from license fees collected from dog breeders, racing kennels and other
26 operations where greyhounds are raised for the purpose of dog racing pursuant
27 to section 5-104, subsection F shall be deposited, pursuant to sections
28 35-146 and 35-147, in the greyhound adoption account of the fund. All
29 revenues derived from retired racehorse adoption surcharges collected
30 pursuant to section 5-104, subsection G shall be deposited, pursuant to
31 sections 35-146 and 35-147, in the retired racehorse adoption account of the
32 fund. The department shall distribute monies from the fund to provide
33 financial assistance to nonprofit enterprises approved by the commission to
34 promote the adoption of former racing greyhounds as domestic pets and to
35 promote the adoption of retired racehorses pursuant to section 5-104,
36 subsection G in a manner and in an amount established by rules of the
37 commission. Balances remaining in the fund at the end of a fiscal year do
38 not revert to the state general fund.

39 I. The county fair racing fund is established. The department shall
40 administer the fund. Monies in the fund are continuously appropriated. The
41 department shall use fund monies for the administration of county fair
42 racing. Any monies remaining ~~unexpended~~ UNSPENT in the fund at the end of
43 the fiscal year in excess of seventy-five thousand dollars shall revert to
44 the state general fund.

1 J. The agricultural consulting and training trust fund is established
2 for the exclusive purpose of implementing, continuing and supporting the
3 agricultural consulting and training program established by section 3-109.01.
4 The director of the Arizona department of agriculture shall administer the
5 trust fund as trustee. The state treasurer shall accept, separately account
6 for and hold in trust any monies deposited in the state treasury, which are
7 considered to be trust monies as defined in section 35-310 and which shall
8 not be commingled with any other monies in the state treasury except for
9 investment purposes. On notice from the director, the state treasurer shall
10 invest and divest any trust fund monies deposited in the state treasury as
11 provided by sections 35-313 and 35-314.03, and monies earned from investment
12 shall be credited to the trust fund. The beneficiary of the trust is the
13 agricultural consulting and training program established by section 3-109.01.
14 Surplus monies, including balances remaining in the trust fund at the end of
15 a fiscal year, do not revert to the state general fund.

16 Sec. 7. Section 44-313, Arizona Revised Statutes, is amended to read:

17 44-313. Deposit of monies

18 A. Except as otherwise provided in this section or section 44-314, the
19 department shall deposit, pursuant to sections 35-146 and 35-147, in the
20 state general fund all monies received pursuant to this chapter, including
21 the proceeds from the sale of abandoned property pursuant to section 44-312,
22 except that:

23 1. The first two million dollars of the monies shall be deposited each
24 fiscal year in the seriously mentally ill housing trust fund established by
25 section 41-3955.01.

26 2. The second two million five hundred thousand dollars of the monies
27 shall be deposited in the housing trust fund established by section 41-3955.

28 3. The next twenty-four million five hundred thousand dollars of the
29 monies shall be deposited each fiscal year in the department of revenue
30 administrative fund established by section 42-1116.01.

31 4. THE NEXT ONE MILLION TWO HUNDRED THOUSAND DOLLARS OF THE MONIES
32 SHALL BE DEPOSITED EACH FISCAL YEAR IN THE ARIZONA BREEDERS' AWARD FUND
33 ESTABLISHED IN SECTION 5-113, SUBSECTION F AND THE COUNTY FAIR RACING FUND
34 ESTABLISHED IN SECTION 5-113, SUBSECTION I AS ALLOCATED BY THE RACING
35 COMMISSION.

36 B. The department shall deposit monies from unclaimed shares and
37 dividends of any corporation incorporated under the laws of this state in the
38 permanent state school fund pursuant to article XI, section 8, Constitution
39 of Arizona.

40 C. The department shall deposit monies from unclaimed victim
41 restitution payments in the victim compensation and assistance fund
42 established by section 41-2407 for the purpose of establishing, maintaining
43 and supporting programs that compensate and assist victims of crime.

44 D. The department shall retain in a separate trust fund at least one
45 hundred thousand dollars from which the department shall pay claims.

1 E. Before making the deposit, the department shall record the name and
2 last known address of each person who appears from the holders' reports to be
3 entitled to the property and the name and last known address of each insured
4 person or annuitant and beneficiary. The department shall also record the
5 policy or contract number of each policy or contract of an insurance company
6 that is listed in the report, the name of the company and the amount due.
7 The department shall make the record available for public inspection during
8 reasonable business hours.

9 Sec. 8. Regulatory wagering assessment; reduction

10 Beginning on the effective date of this act, the Arizona department of
11 racing shall reduce, over a time period determined by the department, by an
12 amount that offsets the amounts received by the department from advanced
13 deposit wagering revenues, the regulatory wagering assessment that is payable
14 from amounts deducted from pari-mutuel pools by the permittee, in addition to
15 the amounts the permittee is authorized to deduct in section 5-111,
16 subsection C, Arizona Revised Statutes, from amounts wagered on all live and
17 simulcast races from in-state and out-of-state wagering authorized by the
18 Arizona department of racing to the permittee.

19 Sec. 9. Exemption from rulemaking

20 For the purposes of this act, the Arizona department of racing is
21 exempt from the rulemaking requirements of title 41, chapter 6, Arizona
22 Revised Statutes, for one year after the effective date of this act, except
23 that the department shall file the rules pursuant to title 41, chapter 6,
24 Arizona Revised Statutes, hold at least one public hearing and file the rules
25 with the secretary of state.

26 Sec. 10. Federal law; online gaming; nonauthorization

27 This act does not authorize this state to opt in to any federal law,
28 rule or regulation that allows legalized online gaming or to approve or enter
29 into any framework that allows legalized online gaming.