

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

# SENATE BILL 1282

AN ACT

AMENDING SECTIONS 5-101, 5-101.01, 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 LOCATED OUTSIDE THIS STATE AND  
17 THAT IS AUTHORIZED TO CONDUCT ADVANCE DEPOSIT WAGERING PURSUANT TO THIS  
18 ARTICLE.

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

22 ~~3-~~ 5. "Association" means a body of persons, corporations,  
23 partnerships or associations, united and acting together without a charter  
24 from the state for the prosecution of some common enterprise.

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

27 ~~5-~~ 7. "Commission" means the Arizona racing commission.

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

32 ~~7-~~ 9. "County fair facility" means any place, enclosure or track  
33 constructed in accordance with a permit issued by the commission for the  
34 purpose of running county fair horse racing dates as well as any commercial  
35 dates for horse racing that may be awarded by the commission in reference to  
36 ~~such-a~~ THE location.

37 ~~8-~~ 10. "County fair racing association" means an association duly  
38 authorized by the board of supervisors to conduct a county fair racing  
39 meeting for the benefit of the county.

40 ~~9-~~ 11. "Dark day simulcast" means a simulcast received on a day when  
41 there are no posted races conducted at the enclosure in which authorized  
42 racing takes place.

43 ~~10-~~ 12. "Department" means the Arizona department of racing.

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



1           4. Have any interest, whether direct or indirect, in a license issued  
2 pursuant to this chapter or in a licensee, facility or entity that is  
3 involved in any way with pari-mutuel wagering. For the purposes of this  
4 paragraph, "interest" includes employment.

5           G. Failure to comply with subsection F of this section is grounds for  
6 dismissal.

7           H. For the purposes of subsection F of this section, "immediate  
8 family" means a spouse or children who regularly reside in the household of  
9 the director or other employee of the department.

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

11          5-111. Wagering percentage to permittee and state; exemptions

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

1 section, the wagering at the additional facility shall be deemed to occur in  
2 the county in which the additional facility is located.

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

41 C. During the period of a permit for horse, harness or dog racing, the  
42 permittee ~~which THAT~~ conducts ~~such THE~~ meeting may deduct up to and including  
43 twenty-five per cent of the total amount handled in the regular pari-mutuel  
44 pools and ~~may~~, at the permittee's option, ~~MAY~~ deduct up to and including  
45 thirty per cent of the total amount handled in the exacta, daily double,

1 quinella and other wagering pools involving two horses or dogs, and up to and  
2 including thirty-five per cent of the total amount handled in the trifecta or  
3 other wagering pools involving more than two horses or dogs in one or more  
4 races. The amounts if deducted shall be distributed as prescribed in  
5 subsection D of this section and section 5-111.02 for horse or harness racing  
6 permittees. For dog racing permittees, unless otherwise agreed by written  
7 contract, the permittee shall allocate to purses from amounts wagered on live  
8 racing conducted in this state an amount equal to fifty per cent of any  
9 amounts that are deducted pursuant to this subsection in excess of twenty per  
10 cent of the total amount handled in the regular pari-mutuel pools, twenty-one  
11 per cent of the total amount handled in the exacta, daily double, quinella  
12 and other wagering pools involving two dogs or twenty-five per cent of the  
13 total amount handled in the trifecta or other wagering pools involving more  
14 than two dogs in one or more races. For dog racing permittees the  
15 percentages prescribed in subsection B of this section shall be distributed  
16 to the state and to the trust account for payment of purse amounts and the  
17 permittee shall receive the balance. If the dog racing permittee has made  
18 capital improvements, the distribution to the state shall be adjusted as  
19 provided in section 5-111.03. Monies deposited in the trust account for  
20 payment of purses pursuant to this subsection shall be in addition to amounts  
21 deposited pursuant to subsection B of this section.

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

44 E. Any county fair racing association may apply to the commission for  
45 one racing meeting each year and the commission shall set the number of days

1 and the dates of ~~such~~ THE meetings. A racing meeting conducted under this  
2 subsection shall be operated in such manner SO that all profits accrue to the  
3 county fair racing association, and the county fair racing association may  
4 deduct from the pari-mutuel pool the same amount as prescribed in subsection  
5 C of this section. All county fair racing meetings, whether conducted by  
6 county fair racing associations under ~~the provisions of~~ this subsection or by  
7 an individual, corporation or association other than a county fair racing  
8 association, are exempt from the payment to the state of the percentage of  
9 the pari-mutuel pool prescribed by subsection D of this section and are also  
10 exempt from the provisions of section 5-111.01.

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

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

16 H. All of the amounts received by a permittee from the gross amount of  
17 monies handled in a pari-mutuel pool and all amounts held by a permittee for  
18 payment of purses pursuant to this section and sections 5-111.01, 5-112 and  
19 5-114 are exempt from the provisions of title 42, chapter 5.

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

26 1. Determine the percentage decrease in pari-mutuel wagering by  
27 determining the percentage decrease in pari-mutuel wagering between the base  
28 period amount and the amount of pari-mutuel wagering in the previous fiscal  
29 year at the racetrack and the additional wagering facilities operated by the  
30 permittee. The base period amount is the highest total annual pari-mutuel  
31 wagering at the racetrack and all additional wagering facilities as reported  
32 to the department for fiscal year 1989-1990, 1990-1991, 1991-1992, 1992-1993  
33 or 1993-1994.

34 2. Determine the permittee's hardship tax credit by multiplying the  
35 total pari-mutuel tax due as a result of wagering at the racetrack and all  
36 additional wagering facilities for the previous fiscal year before applying  
37 any hardship tax credit amount by the percentage decrease in pari-mutuel  
38 wagering determined pursuant to paragraph 1 of this subsection and  
39 multiplying the result by three.

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

1           Sec. 4. Section 5-112, Arizona Revised Statutes, is amended to read:

2           5-112. Wagering legalized; simulcasting of races; unauthorized  
3           wagering prohibited; classification; report

4           A. Except as provided in subsection K of this section, section  
5 5-101.01, subsection F and title 13, chapter 33, any person within the  
6 enclosure of a racing meeting held pursuant to this article may wager on the  
7 results of a race held at the meeting or televised to the racetrack enclosure  
8 by simulcasting pursuant to this section by contributing money to a  
9 pari-mutuel pool operated by the permittee as provided by this article.

10          B. The department, ~~upon~~ ON request by a permittee, may grant  
11 permission for electronically-televised simulcasts of horse, harness or dog  
12 races to be received by the permittee. In counties having a population of  
13 one million five hundred thousand persons or more ~~according to the most~~  
14 ~~recent United States decennial census~~, the simulcasts shall be received at  
15 the racetrack enclosure where a horse, harness or dog racing meeting is being  
16 conducted, provided that the simulcast may only be received during,  
17 immediately before or immediately after a minimum of nine posted races for  
18 that racing day. In counties having a population of five hundred thousand  
19 persons or more but less than one million five hundred thousand persons  
20 ~~according to the most recent United States decennial census~~, the simulcasts  
21 shall be received at the racetrack enclosure where a horse, harness or dog  
22 racing meeting is being conducted provided that the simulcast may only be  
23 received during, immediately before or immediately after a minimum of four  
24 posted races for that racing day. In all other counties, the simulcasts  
25 shall be received at a racetrack enclosure at which authorized racing has  
26 been conducted, whether or not posted races have been offered for the day the  
27 simulcast is received. The simulcasts shall be limited to horse, harness or  
28 dog races. The simulcasts shall be limited to the same type of racing as  
29 authorized in the permit for live racing conducted by the permittee. The  
30 department, ~~upon~~ ON request by a permittee, may grant permission for the  
31 permittee to transmit the live race from the racetrack enclosure where a  
32 horse, harness or dog racing meeting is being conducted to a facility or  
33 facilities in another state. All simulcasts of horse or harness races shall  
34 comply with the interstate horseracing act of 1978 (P.L. 95-515; 92 Stat.  
35 1811; 15 United States Code chapter 57). All forms of pari-mutuel wagering  
36 shall be allowed on horse, harness or dog races, ~~WHETHER OR NOT~~ televised by  
37 simulcasting. All monies wagered by patrons on these horse, harness or dog  
38 races shall be computed in the amount of money wagered each racing day for  
39 purposes of section 5-111.

40          C. Notwithstanding subsection B of this section, in counties having a  
41 population of one million five hundred thousand persons or more ~~according to~~  
42 ~~the most recent United States decennial census~~, simulcasts may be received  
43 at the racetrack enclosure, and ~~THE PERMITTEE MAY OFFER PARI-MUTUEL WAGERING~~  
44 ~~ON THE SIMULCAST RACING~~ at any additional wagering facility used by a  
45 permittee for handling wagering as provided in section 5-111, subsection A

1 during a permittee's racing meeting as approved by the commission, **WHETHER OR**  
2 **NOT THE SIMULCASTS ARE TELEVISED TO THE ADDITIONAL WAGERING FACILITIES AND**  
3 whether or not posted races have been conducted on the day the simulcast is  
4 received, if:

5 1. For horse and harness racing, the permittee's racing permit  
6 requires the permittee to conduct a minimum of one hundred fifty-six days of  
7 live racing with an average of nine posted races on an average of five racing  
8 days each week at the permittee's racetrack enclosure during the period  
9 beginning on October 1 and ending on the first full week in May, unless  
10 otherwise agreed in writing by the permittee and the recognized horsemen's  
11 organization that represents the horsemen participating in the race meet at  
12 the racetrack enclosure, subject to approval by the department.

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

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

27 1. For horse and harness racing, the permittee may conduct wagering on  
28 dark day simulcasts for twenty days, provided the permittee conducts a  
29 minimum of seven posted races on each of the racing days mandated in the  
30 permittee's commercial racing permit. In order to conduct wagering on dark  
31 day simulcasts for more than twenty days, the permittee is required to  
32 conduct a minimum of seven posted races on one hundred forty racing days at  
33 the permittee's racetrack enclosure.

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

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

43 F. The minimum racing day requirements of subsections C and D of this  
44 section shall be computed by adding all racing days, including any county  
45 fair racing days operated in accordance with section 5-110, subsection F,

1 allotted to the permittee's racetrack enclosure in one or more racing permits  
2 and all racing days allotted to the permittee's racetrack enclosure pursuant  
3 to section 5-110, subsection H.

4 G. Simulcast signals or teletracking of simulcast signals does not  
5 prohibit live racing or teletracking of that live racing in any county at any  
6 time.

7 H. Except as provided in subsection K of this section, section  
8 5-101.01, subsection F and title 13, chapter 33, any person within a  
9 racetrack enclosure or an additional facility authorized for wagering  
10 pursuant to section 5-111, subsection A may wager on the results of a race  
11 televised to the facility pursuant to section 5-111, subsection A by  
12 contributing to a pari-mutuel pool operated as provided by this article.

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

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

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

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

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

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

1 TO COMMERCIAL LIVE HORSE RACING PERMITTEES IN THIS STATE. THE ADVANCE  
2 DEPOSIT WAGERING PROVIDER SHALL DIVIDE THE SOURCE MARKET FEES ON HORSE RACING  
3 WAGERS ON THE BASIS OF THE PROPORTION OF THE PERMITTEES' TOTAL LIVE AND  
4 SIMULCAST HANDLE DURING THE PREVIOUS YEAR AND THE ADVANCE DEPOSIT WAGERING  
5 PROVIDER SHALL PAY SOURCE MARKET FEES ON WAGERS ON DOG RACING FROM THE COUNTY  
6 IN WHICH THE LIVE OR SIMULCAST RACING IS CONDUCTED TO THE COMMERCIAL LIVE  
7 RACING PERMITTEE IN THAT COUNTY. THE ADVANCE DEPOSIT WAGERING PROVIDER SHALL  
8 DIVIDE THE SOURCE MARKET FEES ON DOG RACING FROM WAGERING IN ANY OTHER COUNTY  
9 ON THE BASIS OF THE PROPORTION OF TOTAL LIVE AND SIMULCAST HANDLE OF THE LIVE  
10 DOG RACING PERMITTEES DURING THE PREVIOUS YEAR.

11 0. THE COMMISSION MAY ISSUE A PERMIT TO AUTHORIZE AN ADVANCE DEPOSIT  
12 WAGERING PROVIDER TO ACCEPT ADVANCE DEPOSIT WAGERING ON RACING FROM PERSONS  
13 IN THIS STATE. THE PROCEDURES FOR THE APPROVAL OF THE PERMIT MUST BE SIMILAR  
14 TO THE PROCEDURES FOR THE APPROVAL OF RACING PERMITS UNDER THIS ARTICLE,  
15 SUBJECT TO THE FOLLOWING REQUIREMENTS:

16 1. THE COMMISSION SHALL ISSUE AN ADVANCE DEPOSIT WAGERING PERMIT ONLY  
17 IF THE STATE AGENCY THAT REGULATES RACING IN THE STATE WHERE THE ADVANCE  
18 DEPOSIT WAGERING PROVIDER IS LOCATED APPROVES THE PERMITTEE OR PROVIDER TO  
19 CONDUCT ADVANCE DEPOSIT WAGERING.

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

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

1 PERSONS WAGERING IN A COUNTY SHALL BE ALLOCATED AS PROVIDED IN PARAGRAPH 7 OF  
2 THIS SUBSECTION TO A COMMERCIAL LIVE DOG RACING PERMITTEE AT A RACETRACK  
3 ENCLOSURE IN A COUNTY WHERE LIVE DOG RACING HAS BEEN CONDUCTED FOR A PERIOD  
4 OF AT LEAST FORTY DAYS PER YEAR FOR AT LEAST TWELVE CONSECUTIVE YEARS  
5 BEGINNING AFTER 1992 OR AT A NEW RACETRACK ENCLOSURE IN THE SAME COUNTY THAT  
6 REPLACED THE PREVIOUSLY EXISTING RACETRACK ENCLOSURE. SOURCE MARKET FEES  
7 FROM WAGERS BY PERSONS IN THIS STATE IN ALL OTHER COUNTIES FOR PARI-MUTUEL  
8 WAGERING ON DOG RACING THROUGH AN ADVANCE DEPOSIT WAGERING PROVIDER SHALL BE  
9 DIVIDED BETWEEN THE COMMERCIAL DOG RACING PERMITTEES IN PROPORTION TO EACH  
10 PERMITTEE'S LIVE DOG RACING HANDLE IN THIS STATE IF THE PERMITTEE HAS  
11 CONSENTED TO ALLOWING ADVANCE DEPOSIT WAGERING TO OCCUR IN THE COUNTY IN  
12 WHICH THE PERMITTEE OPERATES A RACETRACK ENCLOSURE AND SHALL BE ALLOCATED AS  
13 PROVIDED IN PARAGRAPH 7 OF THIS SUBSECTION.

14 4. ADVANCE DEPOSIT WAGERING AGREEMENTS THAT ARE EXECUTED BETWEEN  
15 PERMITTEES IN THIS STATE MUST CONTAIN THE SAME OR SUBSTANTIALLY EQUIVALENT  
16 TERMS AND CONDITIONS, INCLUDING PROVISIONS FOR REVENUE SHARING, AS THE TERMS  
17 AND CONDITIONS CONTAINED IN SIMULCASTING AGREEMENTS THAT ARE EXECUTED BETWEEN  
18 THOSE SAME PERMITTEES.

19 5. THE ADVANCE WAGERING PROVIDER SHALL TRANSMIT DAILY A PERCENTAGE  
20 DETERMINED BY THE DEPARTMENT OF THE GROSS REVENUES GENERATED BY ADVANCE  
21 DEPOSIT WAGERS TO THE DEPARTMENT FOR DEPOSIT IN THE RACING REGULATION FUND  
22 ESTABLISHED BY SECTION 5-113.01.

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

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

36 P. THE OWNER OF THE ADVANCE DEPOSIT WAGERING ACCOUNT MAY MAKE AN  
37 ADVANCE DEPOSIT PARI-MUTUEL WAGER ONLY BY TELEPHONE OR BY CURRENT TELEPHONE  
38 TECHNOLOGIES THAT THE INTERNET OFFERS.

39 Q. ONLY THE ADVANCE DEPOSIT WAGERING PROVIDER MAY MAKE AN ADVANCE  
40 DEPOSIT WAGER, PURSUANT TO WAGERING INSTRUCTIONS THE OWNER OF THE MONIES  
41 ISSUES BY TELEPHONE. THE ADVANCE DEPOSIT WAGERING PROVIDER SHALL ENSURE THE  
42 IDENTIFICATION OF THE OWNER OF THE ACCOUNT BY USING METHODS AND TECHNOLOGIES  
43 APPROVED BY THE COMMISSION. ANY ADVANCE DEPOSIT WAGERING PROVIDER THAT  
44 ACCEPTS WAGERING INSTRUCTIONS ON RACES THAT ARE CONDUCTED IN THIS STATE, OR  
45 ACCEPTS WAGERING INSTRUCTIONS ORIGINATING IN THIS STATE, SHALL PROVIDE A

1 DAILY REPORT THAT CONTAINS A FULL ACCOUNTING AND VERIFICATION OF THE SOURCE  
2 OF THE WAGERS MADE, INCLUDING THE POSTAL ZIP CODE OF THE SOURCE OF THE WAGERS  
3 AND ALL PARI-MUTUEL DATA, IN A FORM AND MANNER THAT IS APPROVED BY THE  
4 COMMISSION. ALL REASONABLE COSTS ASSOCIATED WITH THE CREATION, PROVISION AND  
5 TRANSFER OF THE DATA IS THE RESPONSIBILITY OF THE ADVANCE DEPOSIT WAGERING  
6 PROVIDER.

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

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

18 ~~P.~~ T. The department and the attorney general shall enforce  
19 subsections ~~N.~~ R and ~~Ø.~~ S of this section and shall submit an annual report  
20 that summarizes these enforcement activities to the governor, the speaker of  
21 the house of representatives and the president of the senate. The department  
22 and the attorney general shall provide a copy of this report to the secretary  
23 of state.

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

25 5-113. Disposition of revenues and monies; funds; committee

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

37 B. The Arizona county fairs racing betterment fund is established  
38 under the jurisdiction of the department. The department shall distribute  
39 monies from the fund to the county fair association or county fair racing  
40 association of each county conducting a county fair racing meeting in ~~such A~~  
41 proportion ~~as~~ THAT the department deems necessary for the promotion and  
42 betterment of county fair racing meetings. All expenditures from the fund  
43 shall be made on claims approved by the department. In order to be eligible  
44 for distributions from the fund, a county fair association must provide the  
45 department with an annual certification in the form required by the

1 department supporting expenditures made from the fund. Balances remaining in  
2 the fund at the end of a fiscal year do not revert to the state general fund.

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

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

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

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

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

1 Arizona greyhound breeders' award fund. Balances remaining in the fund at  
2 the end of a fiscal year do not revert to the state general fund. For the  
3 purposes of this subsection, "breeder" means the owner or lessee of the dam  
4 of the animal at the time the animal was foaled or whelped.

5 G. The Arizona stallion award fund is established under the  
6 jurisdiction of the department to promote, improve and advance the quality of  
7 stallions in this state. The department shall distribute monies from the  
8 fund to the owner or lessee, or the owner's or lessee's heirs, devisees or  
9 successors, of every Arizona stallion whose certified Arizona bred offspring,  
10 as prescribed in section 5-114, finishes first, second or third in an  
11 eligible race in this state. The department may contract with a breeders'  
12 association to provide data, statistics and other information necessary to  
13 enable the department to carry out the purposes of this subsection. Balances  
14 remaining in the fund at the end of a fiscal year do not revert to the state  
15 general fund. The commission shall adopt rules pursuant to title 41, chapter  
16 6 to carry out the purposes of this subsection. The rules shall prescribe at  
17 a minimum:

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

20 2. Subject to availability of monies in the fund, the amount to be  
21 awarded.

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

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

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

43 I. The county fair racing fund is established. The department shall  
44 administer the fund. Monies in the fund are continuously appropriated. The  
45 department shall use fund monies for the administration of county fair

1 racing. Any monies remaining ~~unexpended~~ UNSPENT in the fund at the end of  
2 the fiscal year in excess of seventy-five thousand dollars shall revert to  
3 the state general fund.

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

19 Sec. 6. Section 44-313, Arizona Revised Statutes, is amended to read:

20 44-313. Deposit of monies

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

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

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

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

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

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

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

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

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

15 Sec. 7. Regulatory wagering assessment; reduction

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

25 Sec. 8. Exemption from rulemaking

26 For the purposes of this act, the Arizona department of racing is  
27 exempt from the rulemaking requirements of title 41, chapter 6, Arizona  
28 Revised Statutes, for one year after the effective date of this act, except  
29 that the department shall file the rules pursuant to title 41, chapter 6,  
30 Arizona Revised Statutes, hold at least one public hearing and file the rules  
31 with the secretary of state.