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Conference Engrossed

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

**CHAPTER 277**

**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.  
45       ~~26.~~ 30. "Week" means seven consecutive days beginning on Monday and  
46 ending on Sunday, mountain standard time.

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

3           5-105.01. Injury reports and records

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

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

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

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

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

36           5-110. Racing days, times and allocations; emergency transfer;  
37                                   county fairs; charity days

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

1 year shall be alternated from one year to the next, the commission shall  
2 recognize their agreement and ~~such~~ THOSE permittees may be accorded  
3 preference over any other permittee as to those dates to be allotted to ~~such~~  
4 THOSE permittees on an alternating basis. Except as otherwise provided, the  
5 commission shall allot dates to the respective permittees after giving due  
6 consideration to all of the factors involved and the interests of permittees,  
7 the public and this state.

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

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

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

40 E. A racing meeting, when operated by a county fair racing association  
41 or under lease during the county fair to any individual, corporation or  
42 association, shall not come under the limitation placed on days of racing in  
43 this section.

44 F. The department shall be the judge of whether a county fair racing  
45 meeting is being operated ~~in accordance with the provisions of~~ PURSUANT TO  
46 this section. A county fair racing meeting conducted by an individual,

1 corporation or association, other than the properly authorized county fair  
2 racing association, shall come under the general provisions of this article  
3 the same as a commercial meeting. Notwithstanding this subsection, a county  
4 fair racing meeting, whether conducted by a county fair racing association or  
5 by an individual, corporation or association other than a county fair racing  
6 association, is exempt from the requirement prescribed in section 5-111 to  
7 pay to the state a percentage of the pari-mutuel pool collected at the  
8 meeting.

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

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

32 I. Notwithstanding any other provision of this article, any dog racing  
33 permittee that has offered live dog racing in eight out of ten calendar years  
34 from 1980 to 1990 in counties that have a population of less than five  
35 hundred thousand persons ~~according to the most recent United States decennial~~  
36 ~~census~~ shall be considered as operating a racetrack enclosure for all  
37 purposes under this article and shall not be required to conduct live racing  
38 as a condition of that permittee's racing permit. Any permittee qualified  
39 under this subsection may conduct wagering on telecasts of races conducted at  
40 racetrack enclosures within this state or at racetrack enclosures outside  
41 this state without offering live racing at that permittee's racetrack  
42 enclosure.

43 Sec. 4. Section 5-111, Arizona Revised Statutes, is amended to read:  
44 5-111. Wagering percentage to permittee and state; exemptions

45 A. The commission shall prescribe rules governing wagering on races  
46 under the system known as pari-mutuel wagering. Wagering shall be conducted

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

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

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

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

1 to the state and to the trust account for payment of purse amounts and the  
2 permittee shall receive the balance. If the dog racing permittee has made  
3 capital improvements, the distribution to the state shall be adjusted as  
4 provided in section 5-111.03. Monies deposited in the trust account for  
5 payment of purses pursuant to this subsection shall be in addition to amounts  
6 deposited pursuant to subsection B of this section.

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

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

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

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

1 H. All of the amounts received by a permittee from the gross amount of  
2 monies handled in a pari-mutuel pool and all amounts held by a permittee for  
3 payment of purses pursuant to this section and sections 5-111.01, 5-112 and  
4 5-114 are exempt from the provisions of title 42, chapter 5.

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

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

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

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

30 Sec. 5. Section 5-112, Arizona Revised Statutes, is amended to read:  
31 5-112. Wagering legalized; simulcasting of races; unauthorized  
32 wagering prohibited; classification; report

33 A. Except as provided in subsection K of this section, section  
34 5-101.01, subsection F and title 13, chapter 33, any person within the  
35 enclosure of a racing meeting held pursuant to this article may wager on the  
36 results of a race held at the meeting or televised to the racetrack enclosure  
37 by simulcasting pursuant to this section by contributing money to a  
38 pari-mutuel pool operated by the permittee as provided by this article.

39 B. The department, ~~upon~~ **ON** request by a permittee, may grant  
40 permission for electronically-televised simulcasts of horse, harness or dog  
41 races to be received by the permittee. In counties having a population of  
42 one million five hundred thousand persons or more ~~according to the most~~  
43 ~~recent United States decennial census~~, the simulcasts shall be received at  
44 the racetrack enclosure where a horse, harness or dog racing meeting is being  
45 conducted, provided that the simulcast may only be received during,  
46 immediately before or immediately after a minimum of nine posted races for

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

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

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

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

44 D. Notwithstanding subsection B of this section, in counties having a  
45 population of seven hundred thousand persons or more but less than one  
46 million five hundred thousand persons ~~according to the most recent United~~

1 ~~States decennial census~~, simulcasts may be received at the racetrack  
2 enclosure, and **THE PERMITTEE MAY OFFER PARI-MUTUEL WAGERING ON THE SIMULCAST**  
3 **RACING** at any additional wagering facility used by a permittee for handling  
4 wagering as provided in section 5-111, subsection A during a permittee's  
5 racing meeting as approved by the commission, **WHETHER OR NOT THE SIMULCASTS**  
6 **ARE TELEVISED TO THE ADDITIONAL WAGERING FACILITIES AND** whether or not posted  
7 races have been conducted on the day the simulcast is received, subject to  
8 the following conditions:

9 1. For horse and harness racing, the permittee may conduct wagering on  
10 dark day simulcasts for twenty days, provided the permittee conducts a  
11 minimum of seven posted races on each of the racing days mandated in the  
12 permittee's commercial racing permit. In order to conduct wagering on dark  
13 day simulcasts for more than twenty days, the permittee is required to  
14 conduct a minimum of seven posted races on one hundred forty racing days at  
15 the permittee's racetrack enclosure.

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

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

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

31 G. Simulcast signals or teletracking of simulcast signals does not  
32 prohibit live racing or teletracking of that live racing in any county at any  
33 time.

34 H. Except as provided in subsection K of this section, section  
35 5-101.01, subsection F and title 13, chapter 33, any person within a  
36 racetrack enclosure or an additional facility authorized for wagering  
37 pursuant to section 5-111, subsection A may wager on the results of a race  
38 televised to the facility pursuant to section 5-111, subsection A by  
39 contributing to a pari-mutuel pool operated as provided by this article.

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

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

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

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

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

13 N. IN ADDITION TO PARI-MUTUEL WAGERING OTHERWISE AUTHORIZED BY THIS  
14 CHAPTER, A COMMERCIAL LIVE-RACING PERMITTEE MAY CONDUCT ADVANCE DEPOSIT  
15 WAGERING AS APPROVED BY THE COMMISSION. THE COMMISSION ALSO MAY ALLOW  
16 ADVANCE DEPOSIT WAGERING BY AN ADVANCE DEPOSIT WAGERING PROVIDER IF A RACING  
17 AUTHORITY IN THE STATE WHERE THE ADVANCE DEPOSIT WAGERING PROVIDER IS LOCATED  
18 APPROVES THE ADVANCE DEPOSIT WAGERING PROVIDER AND, FOR HORSE RACING, IF THE  
19 ADVANCE DEPOSIT WAGERING PROVIDER ANNUALLY SECURES THE APPROVAL OF THE  
20 COMMERCIAL LIVE HORSE RACING PERMITTEES IN A COUNTY WHERE THE ADVANCE DEPOSIT  
21 WAGERING PROVIDER OR COMMERCIAL LIVE-RACING PERMITTEE ACCEPTS ADVANCE DEPOSIT  
22 WAGERS FOR HORSE RACING AND OF THE ORGANIZATION THAT REPRESENTS THE MAJORITY  
23 OF OWNERS AND TRAINERS AT EACH OF THE COMMERCIAL LIVE HORSE RACING ENCLOSURES  
24 IN EACH COUNTY OR, FOR DOG RACING, IF THE ADVANCE DEPOSIT WAGERING PROVIDER  
25 SECURES THE APPROVAL OF EACH COMMERCIAL LIVE DOG RACING PERMITTEE IN THIS  
26 STATE. AN ADVANCE DEPOSIT WAGERING PROVIDER THAT THE COMMISSION APPROVES  
27 SHALL PAY SOURCE MARKET FEES ON WAGERS PLACED ON HORSE RACING FROM THIS STATE  
28 TO COMMERCIAL LIVE HORSE RACING PERMITTEES IN THIS STATE. THE ADVANCE  
29 DEPOSIT WAGERING PROVIDER SHALL DIVIDE THE SOURCE MARKET FEES ON HORSE RACING  
30 WAGERS ON THE BASIS OF THE PROPORTION OF THE PERMITTEES' TOTAL LIVE AND  
31 SIMULCAST HANDLE DURING THE PREVIOUS YEAR AND THE ADVANCE DEPOSIT WAGERING  
32 PROVIDER SHALL PAY SOURCE MARKET FEES ON WAGERS ON DOG RACING FROM THE COUNTY  
33 IN WHICH THE LIVE OR SIMULCAST RACING IS CONDUCTED TO THE COMMERCIAL LIVE  
34 RACING PERMITTEE IN THAT COUNTY. THE ADVANCE DEPOSIT WAGERING PROVIDER SHALL  
35 DIVIDE THE SOURCE MARKET FEES ON DOG RACING FROM WAGERING IN ANY OTHER COUNTY  
36 AS PROVIDED IN A WRITTEN AGREEMENT THAT IS SUBMITTED TO THE DEPARTMENT  
37 BETWEEN ALL COMMERCIAL LIVE DOG RACING PERMITTEES AND ALL COMMERCIAL DOG  
38 RACING PERMITTEES.

39 O. THE COMMISSION MAY ISSUE A PERMIT TO AUTHORIZE AN ADVANCE DEPOSIT  
40 WAGERING PROVIDER TO ACCEPT ADVANCE DEPOSIT WAGERING ON RACING FROM PERSONS  
41 IN THIS STATE. THE PROCEDURES FOR THE APPROVAL OF THE PERMIT MUST BE SIMILAR  
42 TO THE PROCEDURES FOR THE APPROVAL OF RACING PERMITS UNDER THIS ARTICLE,  
43 SUBJECT TO THE FOLLOWING REQUIREMENTS:

44 1. THE COMMISSION SHALL ISSUE AN ADVANCE DEPOSIT WAGERING PERMIT ONLY  
45 IF THE STATE AGENCY THAT REGULATES RACING IN THE STATE WHERE THE ADVANCE

1 DEPOSIT WAGERING PROVIDER IS LOCATED APPROVES THE PERMITTEE OR PROVIDER TO  
2 CONDUCT ADVANCE DEPOSIT WAGERING.

3 2. AN ADVANCE DEPOSIT WAGERING PROVIDER MAY ACCEPT ADVANCE DEPOSIT  
4 PARI-MUTUEL WAGERS FROM NATURAL PERSONS IN THIS STATE ON RACING CONDUCTED BY  
5 A COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE OR ON RACING CONDUCTED  
6 OUTSIDE THIS STATE IF THE COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE AT A  
7 RACETRACK ENCLOSURE IN A COUNTY WHERE LIVE HORSE OR LIVE DOG RACING HAS BEEN  
8 CONDUCTED FOR A PERIOD OF AT LEAST FORTY DAYS PER YEAR FOR AT LEAST TWELVE  
9 CONSECUTIVE YEARS BEGINNING AFTER 1992 OR AT A NEW RACETRACK ENCLOSURE IN THE  
10 SAME COUNTY THAT REPLACED THE PREVIOUSLY EXISTING RACETRACK ENCLOSURE ON  
11 WHICH ADVANCE DEPOSIT WAGERING IS ACCEPTED OR THAT CONDUCTS A RACING PROGRAM  
12 WITH THE SAME TYPE OF RACING ON WHICH THE ADVANCE DEPOSIT WAGERING IS  
13 ACCEPTED, ENTERS INTO AN AGREEMENT WITH THE ADVANCE DEPOSIT WAGERING PROVIDER  
14 PROVIDING FOR THE PAYMENT OF A SOURCE MARKET FEE THAT IS AGREED TO BY THE  
15 COMMERCIAL LIVE-RACING PERMITTEE ON ALL ADVANCED DEPOSIT WAGERING.

16 3. AN ADVANCE DEPOSIT WAGERING PROVIDER SHALL PAY SOURCE MARKET FEES  
17 IN AN AMOUNT THAT IS AGREED TO BY THE COMMERCIAL LIVE-RACING PERMITTEE ON ALL  
18 ADVANCE DEPOSIT WAGERING BY PERSONS IN THIS STATE ON THE SAME TYPE OF RACING  
19 THE COMMERCIAL LIVE-RACING PERMITTEE CONDUCTS. SOURCE MARKET FEES FROM  
20 WAGERS BY PERSONS IN THIS STATE THROUGH AN ADVANCE DEPOSIT WAGERING PROVIDER  
21 SHALL BE ALLOCATED AS PROVIDED IN PARAGRAPH 7 OF THIS SUBSECTION TO A  
22 COMMERCIAL LIVE HORSE RACING PERMITTEE AT A RACETRACK ENCLOSURE IN A COUNTY  
23 WHERE LIVE HORSE RACING HAS BEEN CONDUCTED FOR A PERIOD OF AT LEAST FORTY  
24 DAYS PER YEAR FOR AT LEAST TWELVE CONSECUTIVE YEARS BEGINNING AFTER 1992 OR  
25 AT A NEW RACETRACK ENCLOSURE IN THE SAME COUNTY THAT REPLACED THE PREVIOUSLY  
26 EXISTING RACETRACK ENCLOSURE DURING THE PERIOD OF TIME THAT THE COMMERCIAL  
27 LIVE-RACING PERMITTEE CONDUCTS A RACING PROGRAM. SOURCE MARKET FEES FOR DOG  
28 RACING FROM WAGERING THROUGH THE ADVANCE DEPOSIT WAGERING PROVIDER FROM  
29 PERSONS WAGERING IN A COUNTY SHALL BE ALLOCATED AS PROVIDED IN PARAGRAPH 7 OF  
30 THIS SUBSECTION TO A COMMERCIAL LIVE DOG RACING PERMITTEE AT A RACETRACK  
31 ENCLOSURE IN A COUNTY WHERE LIVE DOG RACING HAS BEEN CONDUCTED FOR A PERIOD  
32 OF AT LEAST FORTY DAYS PER YEAR FOR AT LEAST TWELVE CONSECUTIVE YEARS  
33 BEGINNING AFTER 1992 OR AT A NEW RACETRACK ENCLOSURE IN THE SAME COUNTY THAT  
34 REPLACED THE PREVIOUSLY EXISTING RACETRACK ENCLOSURE. SOURCE MARKET FEES  
35 FROM WAGERS BY PERSONS IN THIS STATE IN ALL OTHER COUNTIES FOR PARI-MUTUEL  
36 WAGERING ON DOG RACING THROUGH AN ADVANCE DEPOSIT WAGERING PROVIDER SHALL BE  
37 DIVIDED BETWEEN THE COMMERCIAL DOG RACING PERMITTEES IN PROPORTION TO EACH  
38 PERMITTEE'S LIVE DOG RACING HANDLE IN THIS STATE IF THE PERMITTEE HAS  
39 CONSENTED TO ALLOWING ADVANCE DEPOSIT WAGERING TO OCCUR IN THE COUNTY IN  
40 WHICH THE PERMITTEE OPERATES A RACETRACK ENCLOSURE AND SHALL BE ALLOCATED AS  
41 PROVIDED IN PARAGRAPH 7 OF THIS SUBSECTION.

42 4. ADVANCE DEPOSIT WAGERING AGREEMENTS THAT ARE EXECUTED BETWEEN  
43 PERMITTEES IN THIS STATE MUST CONTAIN THE SAME OR SUBSTANTIALLY EQUIVALENT  
44 TERMS AND CONDITIONS, INCLUDING PROVISIONS FOR REVENUE SHARING, AS THE TERMS  
45 AND CONDITIONS CONTAINED IN SIMULCASTING AGREEMENTS THAT ARE EXECUTED BETWEEN

1 THOSE SAME PERMITTEES IN ORDER TO ACCEPT ADVANCE DEPOSIT WAGERING ON HORSE  
2 RACING FROM A COUNTY WITH A COMMERCIAL LIVE DOG RACING PERMITTEE.

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

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

10 7. THE SOURCE MARKET FEES ARE ALLOCATED, AFTER DEDUCTIONS, AS PROVIDED  
11 FOR IN SECTION 5-111, SUBSECTION B FOR DOG RACING OR SECTION 5-111,  
12 SUBSECTION D FOR HORSE RACING FOR ANY FEES OR PAYMENTS TO THE STATE, COUNTY  
13 AND CITY FOR TAXES OR OTHER FEES, IN THE SAME MANNER AS THE PROCEEDS OF LIVE  
14 OR SIMULCAST PARI-MUTUEL WAGERING AS PROVIDED IN SECTION 5-111, SUBSECTION B  
15 FOR DOG RACING AND SECTION 5-111, SUBSECTION D FOR HORSE RACING. FROM THE  
16 SOURCE MARKET FEES FROM ADVANCE DEPOSIT WAGERING ON HORSE RACING ALLOCATED  
17 FOR PURSES AS PROVIDED IN SECTION 5-111, SUBSECTION D, FIVE PER CENT IS PAID  
18 TO THE DEPARTMENT FOR DEPOSIT IN THE ARIZONA BREEDERS AWARD FUND ACCOUNT FOR  
19 DISTRIBUTIONS FOR ARIZONA BRED HORSES AS PROVIDED IN SECTION 5-114.

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

22 Q. ONLY THE ADVANCE DEPOSIT WAGERING PROVIDER MAY MAKE AN ADVANCE  
23 DEPOSIT WAGER, PURSUANT TO WAGERING INSTRUCTIONS THE OWNER OF THE MONIES  
24 ISSUES BY TELEPHONE. THE ADVANCE DEPOSIT WAGERING PROVIDER SHALL ENSURE THE  
25 IDENTIFICATION OF THE OWNER OF THE ACCOUNT BY USING METHODS AND TECHNOLOGIES  
26 APPROVED BY THE COMMISSION. ANY ADVANCE DEPOSIT WAGERING PROVIDER THAT  
27 ACCEPTS WAGERING INSTRUCTIONS ON RACES THAT ARE CONDUCTED IN THIS STATE, OR  
28 ACCEPTS WAGERING INSTRUCTIONS ORIGINATING IN THIS STATE, SHALL PROVIDE A  
29 DAILY REPORT THAT CONTAINS A FULL ACCOUNTING AND VERIFICATION OF THE SOURCE  
30 OF THE WAGERS MADE, INCLUDING THE POSTAL ZIP CODE OF THE SOURCE OF THE WAGERS  
31 AND ALL PARI-MUTUEL DATA, IN A FORM AND MANNER THAT IS APPROVED BY THE  
32 COMMISSION. ALL REASONABLE COSTS ASSOCIATED WITH THE CREATION, PROVISION AND  
33 TRANSFER OF THE DATA IS THE RESPONSIBILITY OF THE ADVANCE DEPOSIT WAGERING  
34 PROVIDER.

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

43 ~~0-~~ S. Pursuant to section 13-108, a pari-mutuel wager or a bet placed  
44 or made by a person in this state is deemed for all purposes to occur in this  
45 state.

1 ~~P.~~ T. The department and the attorney general shall enforce  
2 subsections ~~N~~- R and ~~Q~~- S of this section and shall submit an annual report  
3 that summarizes these enforcement activities to the governor, the speaker of  
4 the house of representatives and the president of the senate. The department  
5 and the attorney general shall provide a copy of this report to the secretary  
6 of state.

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

8 5-113. Disposition of revenues and monies; funds; committee

9 A. All revenues derived from permittees, permits and licenses as  
10 provided by this article shall be deposited, pursuant to sections 35-146 and  
11 35-147, in the racing regulation fund established by section 5-113.01, ~~AND~~  
12 ~~ALL MONIES TRANSFERRED PURSUANT TO SECTION 44 313, SUBSECTION A UP TO ONE~~  
13 ~~MILLION TWO HUNDRED THOUSAND DOLLARS SHALL BE DEPOSITED IN AMOUNTS DETERMINED~~  
14 ~~BY THE COMMISSION IN THE ARIZONA BREEDERS' AWARD FUND ESTABLISHED BY~~  
15 ~~SUBSECTION F OF THIS SECTION AND IN THE COUNTY FAIR RACING FUND ESTABLISHED~~  
16 ~~BY SUBSECTION I OF THIS SECTION.~~ THE COMMISSION SHALL FURTHER ALLOCATE ALL  
17 MONIES DEPOSITED IN THE ARIZONA BREEDERS' AWARD FUND PURSUANT TO THIS  
18 SUBSECTION TO SUPPORT INCENTIVES AS AUTHORIZED BY SUBSECTION F OF THIS  
19 SECTION FOR THOROUGHBRED AND QUARTER HORSE BREEDS ONLY.

20 B. The Arizona county fairs racing betterment fund is established  
21 under the jurisdiction of the department. The department shall distribute  
22 monies from the fund to the county fair association or county fair racing  
23 association of each county conducting a county fair racing meeting in ~~such~~ A  
24 proportion ~~as~~ THAT the department deems necessary for the promotion and  
25 betterment of county fair racing meetings. All expenditures from the fund  
26 shall be made on claims approved by the department. In order to be eligible  
27 for distributions from the fund, a county fair association must provide the  
28 department with an annual certification in the form required by the  
29 department supporting expenditures made from the fund. Balances remaining in  
30 the fund at the end of a fiscal year do not revert to the state general fund.

31 C. The county fairs livestock and agriculture promotion fund is  
32 established under the control of the governor and shall be used for the  
33 purpose of promoting the livestock and agricultural resources of the state  
34 and for the purpose of conducting an annual Arizona national livestock fair  
35 by the Arizona exposition and state fair board to further promote livestock  
36 resources. The direct expenses less receipts of the livestock fair shall be  
37 paid from this fund, but ~~such~~ THIS payment shall not exceed thirty per cent  
38 of the receipts of the fund for the preceding fiscal year. Balances  
39 remaining in the fund at the end of a fiscal year do not revert to the state  
40 general fund. All expenditures from the fund shall be made upon claims  
41 approved by the governor, as recommended by the livestock and agriculture  
42 committee, for the promotion and betterment of the livestock and agricultural  
43 resources of this state. The livestock and agriculture committee is  
44 established and shall be composed of the following members, at least three of  
45 whom are from counties that have a population of less than five hundred  
46 thousand persons, appointed by the governor:

- 1           1. Three members representing county fairs.
- 2           2. One member representing Arizona livestock fairs.
- 3           3. One member representing the university of Arizona college of  
4 agriculture.
- 5           4. One member representing the livestock industry.
- 6           5. One member representing the farming industry.
- 7           6. One member representing the governor's office.
- 8           7. One member representing the Arizona state fair conducted by the  
9 Arizona exposition and state fair board.
- 10          8. One member representing the general public.
- 11          D. The governor shall appoint a chairman from the members. Terms of  
12 members shall be four years.
- 13          E. Members of the committee are not eligible to receive compensation  
14 but are eligible to receive reimbursement for expenses pursuant to title 38,  
15 chapter 4, article 2.
- 16          F. The Arizona breeders' award fund is established under the  
17 jurisdiction of the department. The department shall distribute monies from  
18 the fund to the breeder, or the breeder's heirs, devisees or successors, of  
19 every winning horse or greyhound foaled or whelped in this state, as defined  
20 by section 5-114, in a manner and in an amount established by rules of the  
21 commission to protect the integrity of the racing industry and promote,  
22 improve and advance the quality of race horse and greyhound breeding within  
23 this state. The department may contract with a breeders' association to  
24 provide data, statistics and other information necessary to enable the  
25 department to carry out the purposes of this subsection. Persons who are not  
26 eligible to be licensed under section 5-107.01 or persons who have been  
27 refused licenses under section 5-108 are not eligible to participate in the  
28 Arizona greyhound breeders' award fund. Balances remaining in the fund at  
29 the end of a fiscal year do not revert to the state general fund. For the  
30 purposes of this subsection, "breeder" means the owner or lessee of the dam  
31 of the animal at the time the animal was foaled or whelped.
- 32          G. The Arizona stallion award fund is established under the  
33 jurisdiction of the department to promote, improve and advance the quality of  
34 stallions in this state. The department shall distribute monies from the  
35 fund to the owner or lessee, or the owner's or lessee's heirs, devisees or  
36 successors, of every Arizona stallion whose certified Arizona bred offspring,  
37 as prescribed in section 5-114, finishes first, second or third in an  
38 eligible race in this state. The department may contract with a breeders'  
39 association to provide data, statistics and other information necessary to  
40 enable the department to carry out the purposes of this subsection. Balances  
41 remaining in the fund at the end of a fiscal year do not revert to the state  
42 general fund. The commission shall adopt rules pursuant to title 41, chapter  
43 6 to carry out the purposes of this subsection. The rules shall prescribe at  
44 a minimum:
  - 45           1. The manner and procedure for distribution from the fund, including  
46 eligibility requirements for owners and lessees.

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

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

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

7           H. The greyhound and retired racehorse adoption fund is established.  
8 The department shall administer the fund and maintain separate accounts for  
9 greyhound adoptions and retired racehorse adoptions. All revenues derived  
10 from license fees collected from dog breeders, racing kennels and other  
11 operations where greyhounds are raised for the purpose of dog racing pursuant  
12 to section 5-104, subsection F shall be deposited, pursuant to sections  
13 35-146 and 35-147, in the greyhound adoption account of the fund. All  
14 revenues derived from retired racehorse adoption surcharges collected  
15 pursuant to section 5-104, subsection G shall be deposited, pursuant to  
16 sections 35-146 and 35-147, in the retired racehorse adoption account of the  
17 fund. The department shall distribute monies from the fund to provide  
18 financial assistance to nonprofit enterprises approved by the commission to  
19 promote the adoption of former racing greyhounds as domestic pets and to  
20 promote the adoption of retired racehorses pursuant to section 5-104,  
21 subsection G in a manner and in an amount established by rules of the  
22 commission. Balances remaining in the fund at the end of a fiscal year do  
23 not revert to the state general fund.

24           I. The county fair racing fund is established. The department shall  
25 administer the fund. Monies in the fund are continuously appropriated. The  
26 department shall use fund monies for the administration of county fair  
27 racing. Any monies remaining ~~unexpended~~ UNSPENT in the fund at the end of  
28 the fiscal year in excess of seventy-five thousand dollars shall revert to  
29 the state general fund.

30           J. The agricultural consulting and training trust fund is established  
31 for the exclusive purpose of implementing, continuing and supporting the  
32 agricultural consulting and training program established by section 3-109.01.  
33 The director of the Arizona department of agriculture shall administer the  
34 trust fund as trustee. The state treasurer shall accept, separately account  
35 for and hold in trust any monies deposited in the state treasury, which are  
36 considered to be trust monies as defined in section 35-310 and which shall  
37 not be commingled with any other monies in the state treasury except for  
38 investment purposes. On notice from the director, the state treasurer shall  
39 invest and divest any trust fund monies deposited in the state treasury as  
40 provided by sections 35-313 and 35-314.03, and monies earned from investment  
41 shall be credited to the trust fund. The beneficiary of the trust is the  
42 agricultural consulting and training program established by section 3-109.01.  
43 Surplus monies, including balances remaining in the trust fund at the end of  
44 a fiscal year, do not revert to the state general fund.

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

46           44-313. Deposit of monies

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

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

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

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

14           ~~4. THE NEXT ONE MILLION TWO HUNDRED THOUSAND DOLLARS OF THE MONIES~~  
15 ~~SHALL BE DEPOSITED EACH FISCAL YEAR IN THE ARIZONA BREEDERS' AWARD FUND~~  
16 ~~ESTABLISHED IN SECTION 5-113, SUBSECTION F AND THE COUNTY FAIR RACING FUND~~  
17 ~~ESTABLISHED IN SECTION 5-113, SUBSECTION I AS ALLOCATED BY THE RACING~~  
18 ~~COMMISSION.~~

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

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

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

29           E. Before making the deposit, the department shall record the name and  
30 last known address of each person who appears from the holders' reports to be  
31 entitled to the property and the name and last known address of each insured  
32 person or annuitant and beneficiary. The department shall also record the  
33 policy or contract number of each policy or contract of an insurance company  
34 that is listed in the report, the name of the company and the amount due.  
35 The department shall make the record available for public inspection during  
36 reasonable business hours.

37           Sec. 8. Regulatory wagering assessment; reduction

38           Beginning on the effective date of this act, the Arizona department of  
39 racing shall reduce, over a time period determined by the department, by an  
40 amount that offsets the amounts received by the department from advanced  
41 deposit wagering revenues, the regulatory wagering assessment that is payable  
42 from amounts deducted from pari-mutuel pools by the permittee, in addition to  
43 the amounts the permittee is authorized to deduct in section 5-111,  
44 subsection C, Arizona Revised Statutes, from amounts wagered on all live and  
45 simulcast races from in-state and out-of-state wagering authorized by the  
46 Arizona department of racing to the permittee.

1           Sec. 9. Exemption from rulemaking

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

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

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

APPROVED BY THE GOVERNOR MAY 5, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 6, 2014.