

PROPOSED AMENDMENT

SENATE AMENDMENTS TO H.B. 2127

(Reference to House engrossed bill)

1 Strike everything after the enacting clause and insert:

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 that is not the  
7 enclosure in which authorized racing takes place but 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 4. "Applicant" means a person, partnership, association or corporation  
19 placing before the department an application for a permit or license.

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

23 6. "Commercial horse racing" means horse racing conducted other than  
24 by a county fair association.

25 7. "Commission" means the Arizona racing commission.

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

1           9. "County fair facility" means any place, enclosure or track  
2 constructed in accordance with a permit issued by the commission for the  
3 purpose of running county fair horse racing dates as well as any commercial  
4 dates for horse racing that may be awarded by the commission in reference to  
5 the location.

6           10. "County fair racing association" means an association duly  
7 authorized by the board of supervisors to conduct a county fair racing  
8 meeting for the benefit of the county.

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

12           12. "Department" means the department of gaming.

13           13. "Desensitized" means that a horse's or dog's legs on arrival at  
14 the receiving barn, saddling paddock or lockout kennel do not respond  
15 appropriately to tests for feeling administered by an official veterinarian.

16           14. "Director" means the director of the department of gaming.

17           15. "Dog racing" means racing in which greyhound dogs chase a  
18 mechanical lure.

19           16. "Entered" means that a horse or dog has been registered with an  
20 authorized racing official as a participant in a specified race and has not  
21 been withdrawn prior to presentation of the horse or dog for inspection and  
22 testing as provided in section 5-105.

23           17. "Financial interest" means any direct pecuniary interest.

24           18. "Firm" means a business unit or enterprise that transacts  
25 business.

26           19. "Handle" means the total amount of money contributed to all  
27 pari-mutuel pools by bettors.

28           20. "Harness racing" means horse racing in which the horses are  
29 harnessed to a sulky, carriage or similar vehicle and driven by a driver.

30           21. "Horse racing" means racing in which horses are mounted and ridden  
31 by jockeys. For purposes of county fair racing meetings, "horse racing"  
32 means racing in which horses or mules are mounted and ridden by jockeys.

33           22. "License" means the license issued by the department to each  
34 employee or other person participating in any capacity in a racing meeting,  
35 including officials and employees of the pari-mutuel department.

1           23. "Pari-mutuel wagering" means a system of betting that provides for  
2 the distribution among the winning patrons of at least the total amount  
3 wagered less the amount withheld under state law.

4           24. "Permit" means a permit for a racing meeting issued under the  
5 provisions of this article.

6           25. "Racing meeting" means a number of days of racing allotted by the  
7 commission in one permit.

8           26. "Simulcast" means the telecast shown within this state of live  
9 audio and visual signals of horse, harness or dog races conducted at an  
10 out-of-state track or the telecast shown outside this state of live audio and  
11 visual signals of horse, ~~OR~~ OR harness ~~or dog~~ races originating within this  
12 state for the purpose of pari-mutuel wagering.

13           27. "Source market fee" means the fee that an advance deposit wagering  
14 provider pays to a commercial live-racing permittee in the state where the  
15 advance deposit wagering customer resides.

16           28. "Telephone" means any device that a person uses for voice  
17 communications in connection with the services of a telephone company.

18           29. "Undesirable" includes known bookmakers, touts, persons convicted  
19 of a violation of any provision of this article or of any law prohibiting  
20 bookmaking or any other illegal forms of wagering, or any other person whose  
21 presence would, in the opinion of the director, be inimical to the interests  
22 of the state.

23           30. "Week" means seven consecutive days beginning on Monday and ending  
24 on Sunday, mountain standard time.

25           Sec. 2. Section 5-110, Arizona Revised Statutes, is amended to read:

26           5-110. Racing days, times and allocations; emergency transfer;  
27                           county fairs; charity days

28           A. Permits for horse, ~~OR~~ OR harness ~~or dog~~ racing meetings shall be  
29 approved and issued for substantially the same dates allotted to permittees  
30 for the same type of racing during the preceding year or for other dates that  
31 permittees request, provided that, in the event there is a conflict in dates  
32 requested between two or more permittees in the same county for the same kind  
33 of racing, the permittee whose application is for substantially the same  
34 dates as were allotted to the permittee in the preceding year shall be  
35 entitled to have preference over other permittees. In the event two or more  
36 permittees have agreed that the dates to be allotted to each of them each  
37 year shall be alternated from one year to the next, the commission shall

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

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

18 C. Live racing and wagering on simulcast races shall be permissible in  
19 either daytime or nighttime, ~~but, unless otherwise agreed by written contract~~  
20 ~~that is submitted to the department between all the permittees in the same~~  
21 ~~county, there shall be no live daytime dog racing on the same day that there~~  
22 ~~is live daytime horse or harness racing in any county in which commercial~~  
23 ~~horse or harness racing has been conducted prior to February 1, 1971, and no~~  
24 ~~live nighttime horse or harness racing on the same day that there is live~~  
25 ~~nighttime dog racing in the same county.~~ Unless otherwise agreed by written  
26 contract that is submitted to the department between all the permittees in  
27 the same county, there shall be no wagering on simulcast dog races before  
28 4:15 p.m., mountain standard time, on the same day that there is live daytime  
29 horse or harness racing in any county in which commercial horse or harness  
30 racing has been conducted before February 1, 1971, ~~and no wagering on~~  
31 ~~simulcast horse or harness racing after 7:30 p.m., mountain standard time, on~~  
32 ~~the same day that there is live nighttime dog racing in the same county.~~ The  
33 hours during which any other ~~dog,~~ harness or horse racing is to be conducted  
34 shall be determined by the commission. The application for a permit shall  
35 state the exact days on which racing will be held and the time of day during  
36 which racing will be conducted.

1           D. If the commission determines that an emergency has obligated or may  
2 obligate a permittee to discontinue racing at a location, the commission may  
3 authorize the permittee to transfer racing for the number of days lost to any  
4 other location.

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

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

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

30           ~~H. Notwithstanding any other provision of this chapter, any dog racing~~  
31 ~~permittee to which a permit to conduct dog racing in this state has been~~  
32 ~~issued may in any racing year modify the racing date allocations made to the~~  
33 ~~permittee for conducting dog racing at a track by reallocating up to~~  
34 ~~two thirds of the racing dates allocated to that permittee for dog racing at~~  
35 ~~a track to another track in this state at which the permittee or a~~  
36 ~~corporation of common ownership to the permittee conducts dog racing. For~~  
37 ~~the purpose of this section, a corporation of common ownership to the~~

~~1        permittee is a corporation that is owned or controlled, directly or  
2        indirectly, by the same corporation that owns or controls the permittee and  
3        that holds a permit to conduct dog racing in this state.~~

4        ~~I.~~ H. NOTWITHSTANDING ANY OTHER LAW, LIVE DOG RACING SHALL NOT BE  
5        CONDUCTED IN THIS STATE AFTER DECEMBER 31, 2016. Notwithstanding any other  
6        provision of this article, any dog racing permittee THAT OFFERED LIVE DOG  
7        RACING IN 2016 OR that has offered live dog racing in eight out of ten  
8        calendar years from 1980 to 1990 in counties that have a population of less  
9        than five hundred thousand persons shall be considered as operating a  
10       racetrack enclosure for all purposes under this article and shall not be  
11       AUTHORIZED OR required to conduct live racing as a condition of that  
12       permittee's racing permit. Any permittee qualified under this subsection may  
13       conduct ADVANCE DEPOSIT WAGERING, WAGERING AT ADDITIONAL WAGERING FACILITIES  
14       THAT ARE OWNED OR LEASED BY THAT PERMITTEE AND wagering on telecasts of races  
15       conducted at racetrack enclosures within this state or at racetrack  
16       enclosures outside this state without offering live racing at that  
17       permittee's racetrack enclosure.

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

19        5-111. Wagering percentage to permittee and state; exemptions

20        A. The commission shall prescribe rules governing wagering on races  
21        under the system known as pari-mutuel wagering. Wagering shall be conducted  
22        by a permittee only by pari-mutuel wagering and only on the dates for which  
23        racing or dark day simulcasting has been authorized by the commission.  
24        Wagering for a licensed racing meeting shall be conducted by a commercial  
25        live-racing permittee only within an enclosure in which authorized racing  
26        takes place and, in counties having a population of less than five hundred  
27        thousand persons or at least one million five hundred thousand persons, at  
28        those additional facilities that are owned or leased by a permittee, that are  
29        approved by the commission and that are used by a permittee for handling  
30        wagering as part of the pari-mutuel system of the commercial live-racing  
31        permittee. In all other counties, wagering may also be conducted at  
32        additional facilities that are owned or leased by a commercial live-racing  
33        permittee who is licensed to conduct live racing in those counties or, UNTIL  
34        JANUARY 1, 2019, who has the consent of all commercial permittees currently  
35        licensed to conduct live racing in those counties, and that are used by a  
36        permittee for handling wagering and as part of the pari-mutuel system of the  
37        commercial live-racing permittee. If the additional facilities have not been

1 used for authorized racing before their use for handling wagering, a  
2 permittee shall not use the facilities for handling wagering before receiving  
3 approval for use by the governing body of the city or town, if located within  
4 the corporate limits, or by the board of supervisors, if located in an  
5 unincorporated area of the county. A permittee may televise any live or  
6 simulcast races received at the permittee's racing enclosure to the  
7 additional facilities at the times the races are conducted or received at the  
8 permittee's enclosure. For the purpose of section 5-110, subsection C only,  
9 a race on which wagering is permitted under this subsection shall be deemed  
10 to also occur at the additional facility in the county in which the  
11 additional facility is located, and shall be limited in the same manner as  
12 actual live racing in that county. For the purpose of subsections B and C of  
13 this section, the wagering at the additional facility shall be deemed to  
14 occur in the county in which the additional facility is located.

15 B. UNTIL JANUARY 1, 2017, during the period of any permit for dog  
16 racing in any county, the state shall receive five and one-half ~~per-cent~~  
17 PERCENT of all monies handled in the pari-mutuel pool operated by the  
18 permittee, to be paid daily during the racing meeting. In all counties  
19 having a population of one million five hundred thousand persons or more,  
20 four and three-quarters ~~per-cent~~ PERCENT of the gross amount of monies  
21 handled in a pari-mutuel pool shall be deducted from the pari-mutuel pool and  
22 shall be deposited daily into a trust account for the payment of purse  
23 amounts. In counties having a population of less than one million five  
24 hundred thousand persons, four ~~per-cent~~ PERCENT of the gross amount of monies  
25 handled in a pari-mutuel pool shall be deducted from the pari-mutuel pool and  
26 shall be deposited daily in a trust account for the payment of purse amounts.  
27 In addition, twenty-five ~~per-cent~~ PERCENT of any reduction in pari-mutuel  
28 taxes each year resulting from the application of the hardship tax reduction  
29 credit determined pursuant to subsection I of this section shall be deposited  
30 in the trust account for supplementing purse amounts in an equitable manner  
31 over the racing meeting as determined by the commission. Notwithstanding any  
32 other provision of this subsection, the percentage paid by a permittee to the  
33 state does not apply to monies handled in a pari-mutuel pool for wagering on  
34 simulcasts of out-of-state races. During a week in which a permittee  
35 conducts live racing at the permittee's racetrack enclosure, the permittee  
36 shall deduct from monies handled in a pari-mutuel pool for wagering on  
37 simulcasts of out-of-state races and deposit daily in a trust account for the

1 payment of purse amounts the same percentage of the pari-mutuel pool as is  
2 deducted for purses for live races unless otherwise agreed by written  
3 contract. Unless otherwise agreed by written contract, if the commission  
4 reasonably determines that live racing will not be conducted within one  
5 calendar year at a racetrack enclosure, the permittee shall deduct from  
6 monies handled in a pari-mutuel pool for wagering on simulcasts of  
7 out-of-state races and deposit daily in a trust account to supplement purses  
8 of any dog track where live racing is conducted within a one hundred mile  
9 radius. The supplementing provided by this subsection shall be in the most  
10 equitable manner possible as determined by the commission. The permittee  
11 shall allocate the funds in the trust account and pay purse amounts at least  
12 biweekly. The permittee, at the permittee's discretion, may pay additional  
13 amounts to augment purses from the amounts received by the permittee under  
14 this subsection.

15 C. During the period of a permit for horse, ~~OR~~ harness ~~or dog~~ racing,  
16 the permittee that conducts the meeting may deduct up to and including  
17 twenty-five ~~per-cent~~ PERCENT of the total amount handled in the regular  
18 pari-mutuel pools and, at the permittee's option, may deduct up to and  
19 including thirty ~~per-cent~~ PERCENT of the total amount handled in the exacta,  
20 daily double, quinella and other wagering pools involving two horses ~~or dogs~~,  
21 and up to and including thirty-five ~~per-cent~~ PERCENT of the total amount  
22 handled in the trifecta or other wagering pools involving more than two  
23 horses ~~or dogs~~ in one or more races. The amounts if deducted shall be  
24 distributed as prescribed in subsection D of this section and section  
25 5-111.02 for horse or harness racing permittees. UNTIL JANUARY 1, 2017, for  
26 dog racing permittees, unless otherwise agreed by written contract, the  
27 permittee shall allocate to purses from amounts wagered on live racing  
28 conducted in this state an amount equal to fifty ~~per-cent~~ PERCENT of any  
29 amounts that are deducted pursuant to this subsection in excess of twenty  
30 ~~per-cent~~ PERCENT of the total amount handled in the regular pari-mutuel  
31 pools, twenty-one ~~per-cent~~ PERCENT of the total amount handled in the exacta,  
32 daily double, quinella and other wagering pools involving two dogs or  
33 twenty-five ~~per-cent~~ PERCENT of the total amount handled in the trifecta or  
34 other wagering pools involving more than two dogs in one or more races. For  
35 dog racing permittees the percentages prescribed in subsection B of this  
36 section shall be distributed to the state and to the trust account for  
37 payment of purse amounts and the permittee shall receive the balance. If the

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

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

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

1 pool prescribed by subsection D of this section and are also exempt from the  
2 provisions of section 5-111.01.

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

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

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

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

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

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

32 3. The permittee's pari-mutuel tax due as otherwise determined under  
33 subsections B and D of this section shall be reduced for the current period  
34 and any future periods by an amount equal to the amount of the hardship tax  
35 credit determined pursuant to this subsection. The hardship tax credit is in  
36 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, on request by a permittee, may grant permission for  
11         ~~electronically-televised~~ ELECTRONICALLY TELEVISED simulcasts of horse,  
12         harness or dog races to be received by the permittee. In counties having a  
13         population of one million five hundred thousand persons or more, the  
14         simulcasts shall be received at the racetrack enclosure where a horse, ~~OR~~  
15         harness ~~or-dog~~ racing meeting is being conducted, provided that the simulcast  
16         may only be received during, immediately before or immediately after a  
17         minimum of nine posted races for that racing day. In counties having a  
18         population of five hundred thousand persons or more but less than one million  
19         five hundred thousand persons, the simulcasts shall be received at the  
20         racetrack enclosure where a horse, ~~OR~~ harness ~~or-dog~~ racing meeting is being  
21         conducted provided that the simulcast may only be received during,  
22         immediately before or immediately after a minimum of four posted races for  
23         that racing day. In all other counties, the simulcasts shall be received at  
24         a racetrack enclosure at which authorized racing has been conducted, whether  
25         or not posted races have been offered for the day the simulcast is received.  
26         The simulcasts shall be limited to horse, harness or dog races. The  
27         simulcasts shall be limited to the same type of racing as authorized in the  
28         permit for live racing conducted by the permittee. The department, on  
29         request by a permittee, may grant permission for the permittee to transmit  
30         the live race from the racetrack enclosure where a horse, ~~OR~~ harness ~~or-dog~~  
31         racing meeting is being conducted to a facility or facilities in another  
32         state. All simulcasts of horse or harness races shall comply with the  
33         interstate horseracing act of 1978 (P.L. 95-515; 92 Stat. 1811; 15 United  
34         States Code chapter 57). All forms of pari-mutuel wagering shall be allowed  
35         on horse, harness or dog races, whether or not televised by simulcasting.  
36         All monies wagered by patrons on these horse, harness or dog races shall be

1 computed in the amount of money wagered each racing day for purposes of  
2 section 5-111.

3 C. Notwithstanding subsection B of this section, in counties having a  
4 population of one million five hundred thousand persons or more,  
5 simulcasts may be received at the racetrack enclosure, and the permittee may  
6 offer pari-mutuel wagering on the simulcast racing at any additional wagering  
7 facility used by a permittee for handling wagering as provided in section  
8 5-111, subsection A during a permittee's racing meeting as approved by the  
9 commission, whether or not the simulcasts are televised to the additional  
10 wagering facilities and whether or not posted races have been conducted on  
11 the day the simulcast is received, if:

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

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

23 D. Notwithstanding subsection B of this section, in counties having a  
24 population of seven hundred thousand persons or more but less than one  
25 million five hundred thousand persons, simulcasts may be received at the  
26 racetrack enclosure, and the permittee may offer pari-mutuel wagering on the  
27 simulcast racing at any additional wagering facility used by a permittee for  
28 handling wagering as provided in section 5-111, subsection A during a  
29 permittee's racing meeting as approved by the commission, whether or not the  
30 simulcasts are televised to the additional wagering facilities and whether or  
31 not posted races have been conducted on the day the simulcast is received,  
32 subject to the following conditions:

33 1. For horse and harness racing, the permittee may conduct wagering on  
34 dark day simulcasts for twenty days, provided the permittee conducts a  
35 minimum of seven posted races on each of the racing days mandated in the  
36 permittee's commercial racing permit. In order to conduct wagering on dark  
37 day simulcasts for more than twenty days, the permittee is required to

1 conduct a minimum of seven posted races on one hundred forty racing days at  
2 the permittee's racetrack enclosure.

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

9 E. In an emergency and on a showing of good cause by a permittee, the  
10 commission may grant an exception to the minimum racing day requirements of  
11 subsections C and D of this section.

12 F. The minimum racing day requirements of subsections C and D of this  
13 section shall be computed by adding all racing days, including any county  
14 fair racing days operated in accordance with section 5-110, subsection F,  
15 allotted to the permittee's racetrack enclosure in one or more racing permits  
16 ~~and all racing days allotted to the permittee's racetrack enclosure pursuant~~  
17 ~~to section 5-110, subsection H.~~

18 G. Simulcast signals or teletracking of simulcast signals does not  
19 prohibit live racing or teletracking of that live racing in any county at any  
20 time.

21 H. Except as provided in subsection K of this section, section  
22 5-101.01, subsection F and title 13, chapter 33, any person within a  
23 racetrack enclosure or an additional facility authorized for wagering  
24 pursuant to section 5-111, subsection A may wager on the results of a race  
25 televised to the facility pursuant to section 5-111, subsection A by  
26 contributing to a pari-mutuel pool operated as provided by this article.

27 I. Notwithstanding subsection B of this section, the department, in  
28 counties having a population of one million five hundred thousand persons or  
29 more and on request by a permittee for one day each year, may grant  
30 permission for simulcasts to be received without compliance with the minimum  
31 of nine posted races requirement.

32 J. Except as provided in this article and in title 13, chapter 33, all  
33 forms of wagering or betting on the results of a race, including buying,  
34 selling, cashing, exchanging or acquiring a financial interest in pari-mutuel  
35 tickets, except by operation of law, whether the race is conducted in this  
36 state or elsewhere, are illegal.

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

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

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

8 N. In addition to pari-mutuel wagering otherwise authorized by this  
9 chapter, a commercial live-racing permittee **OR A COMMERCIAL DOG RACING**  
10 **PERMITTEE THAT CONDUCTED LIVE DOG RACING IN 2016** may conduct advance deposit  
11 wagering as approved by the commission. The commission also may allow  
12 advance deposit wagering by an advance deposit wagering provider if a racing  
13 authority in the state where the advance deposit wagering provider is located  
14 approves the advance deposit wagering provider and, for horse racing, if the  
15 advance deposit wagering provider annually secures the approval of the  
16 commercial live horse racing permittees in a county where the advance deposit  
17 wagering provider or commercial live-racing permittee accepts advance deposit  
18 wagers for horse racing and of the organization that represents the majority  
19 of owners and trainers at each of the commercial live horse racing enclosures  
20 in each county ~~or, for dog racing, if the advance deposit wagering provider~~  
21 ~~secures the approval of each commercial live dog racing permittee in this~~  
22 ~~state~~. An advance deposit wagering provider that the commission approves  
23 shall pay source market fees on wagers placed on horse racing from this state  
24 to commercial live horse racing permittees in this state. The advance  
25 deposit wagering provider shall divide the source market fees on horse racing  
26 wagers on the basis of the proportion of the permittees' total live and  
27 simulcast handle during the previous year and the advance deposit wagering  
28 provider shall pay source market fees on wagers on dog racing from the county  
29 in which the live or simulcast racing is conducted to the commercial live  
30 racing permittee in that county. The advance deposit wagering provider shall  
31 divide the source market fees on dog racing from wagering in any other county  
32 as provided in a written agreement that is submitted to the department  
33 between ~~all commercial live dog racing permittees and~~ all commercial dog  
34 racing permittees.

35 O. The commission may issue a permit to authorize an advance deposit  
36 wagering provider to accept advance deposit wagering on racing from persons  
37 in this state. The procedures for the approval of the permit must be similar

1 to the procedures for the approval of racing permits under this article,  
2 subject to the following requirements:

3 1. The commission shall issue an advance deposit wagering permit only  
4 if the state agency that regulates racing in the state where the advance  
5 deposit wagering provider is located approves the permittee or provider to  
6 conduct advance deposit wagering.

7 2. An advance deposit wagering provider may accept advance deposit  
8 pari-mutuel wagers from natural persons in this state on racing conducted by  
9 a commercial live-racing permittee in this state or on racing conducted  
10 outside this state if the commercial live-racing permittee in this state at a  
11 racetrack enclosure in a county where live horse or live dog racing has been  
12 conducted for a period of at least forty days per year for at least twelve  
13 consecutive years beginning after 1992 or at a new racetrack enclosure in the  
14 same county that replaced the previously existing racetrack enclosure on  
15 which advance deposit wagering is accepted or that conducts a racing program  
16 with the same type of racing on which the advance deposit wagering is  
17 accepted, ~~—~~ enters into an agreement with the advance deposit wagering  
18 provider providing for the payment of a source market fee that is agreed to  
19 by the commercial live-racing permittee on all ~~advanced~~ ADVANCE deposit  
20 wagering.

21 3. An advance deposit wagering provider shall pay source market fees  
22 in an amount that is agreed to by the commercial live-racing permittee on all  
23 advance deposit wagering by persons in this state on the same type of racing  
24 the commercial live-racing permittee conducts OR ON THE SAME TYPE OF LIVE  
25 RACING THAT A COMMERCIAL DOG RACING PERMITTEE CONDUCTED IN 2016. Source  
26 market fees from wagers by persons in this state through an advance deposit  
27 wagering provider shall be allocated as provided in paragraph 7 of this  
28 subsection to a commercial live horse racing permittee at a racetrack  
29 enclosure in a county where live horse racing has been conducted for a period  
30 of at least forty days per year for at least twelve consecutive years  
31 beginning after 1992 or at a new racetrack enclosure in the same county that  
32 replaced the previously existing racetrack enclosure during the period of  
33 time that the commercial live-racing permittee conducts a racing program.  
34 Source market fees for dog racing from wagering through the advance deposit  
35 wagering provider from persons wagering in a county shall be allocated as  
36 provided in paragraph 7 of this subsection to a commercial ~~live~~ dog racing  
37 permittee at a racetrack enclosure in a county where live dog racing ~~has~~ HAD

1 ~~BEEN CONDUCTED IN 2016 OR HAD~~ been conducted for a period of at least forty  
2 days per year for at least twelve consecutive years beginning after 1992 or  
3 at a new racetrack enclosure in the same county that replaced the previously  
4 existing racetrack enclosure. Source market fees from wagers by persons in  
5 this state in all other counties for pari-mutuel wagering on dog racing  
6 through an advance deposit wagering provider shall be ~~divided between the~~  
7 ~~commercial dog racing permittees in proportion to each permittee's live dog~~  
8 ~~racing handle in this state if the permittee has consented to allowing~~  
9 ~~advance deposit wagering to occur in the county in which the permittee~~  
10 ~~operates a racetrack enclosure and shall be~~ allocated as provided in  
11 paragraph 7 of this subsection.

12 4. Advance deposit wagering agreements that are executed between  
13 permittees in this state must contain the same or substantially equivalent  
14 terms and conditions, including provisions for revenue sharing, as the terms  
15 and conditions contained in simulcasting agreements that are executed between  
16 those same permittees in order to accept advance deposit wagering on horse  
17 racing from a county with a commercial ~~live~~ dog racing permittee.

18 5. The advance wagering provider shall transmit daily a percentage  
19 determined by the department of the gross revenues generated by advance  
20 deposit wagers to the department for deposit in the racing regulation fund  
21 established by section 5-113.01.

22 6. The advance deposit wagering provider shall file the consent  
23 provided for in this subsection with the commission, and the consent is valid  
24 for a period of at least one year.

25 7. The source market fees are allocated, after deductions, as provided  
26 for in section 5-111, subsection B for dog racing or section 5-111,  
27 subsection D for horse racing for any fees or payments to the state, county  
28 and city for taxes or other fees, in the same manner as the proceeds of ~~live~~  
29 ~~or~~ simulcast pari-mutuel wagering as provided in section 5-111, subsection B  
30 for dog racing and section 5-111, subsection D for horse racing. From the  
31 source market fees from advance deposit wagering on horse racing allocated  
32 for purses as provided in section 5-111, subsection D, five ~~per cent~~ PERCENT  
33 is paid to the department for deposit in the Arizona breeders' award fund  
34 account for distributions for Arizona bred horses as provided in section  
35 5-114.

36 P. The owner of the advance deposit wagering account may make an  
37 advance deposit pari-mutuel wager only by telephone.

1 Q. Only the advance deposit wagering provider may make an advance  
2 deposit wager, pursuant to wagering instructions the owner of the monies  
3 issues by telephone. The advance deposit wagering provider shall ensure the  
4 identification of the owner of the account by using methods and technologies  
5 approved by the commission. Any advance deposit wagering provider that  
6 accepts wagering instructions on races that are conducted in this state, or  
7 accepts wagering instructions originating in this state, shall provide a  
8 daily report that contains a full accounting and verification of the source  
9 of the wagers made, including the postal zip code of the source of the wagers  
10 and all pari-mutuel data, in a form and manner that is approved by the  
11 commission. All reasonable costs associated with the creation, provision and  
12 transfer of the data is the responsibility of the advance deposit wagering  
13 provider.

14 R. Any person other than a permittee or any advance deposit wagering  
15 provider who is approved by the commission under this article and who accepts  
16 a wager or who bets on the results of a race, whether the race is conducted  
17 in or outside this state, including buying, selling, cashing, exchanging or  
18 acquiring a financial interest in a pari-mutuel ticket from a person in this  
19 state outside of a racing enclosure or an additional wagering facility that  
20 is approved by the commission and that is located in this state is guilty of  
21 a class 6 felony.

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

25 T. The department and the attorney general shall enforce subsections R  
26 and S of this section and shall submit an annual report that summarizes these  
27 enforcement activities to the governor, the speaker of the house of  
28 representatives and the president of the senate. The department and the  
29 attorney general shall provide a copy of this report to the secretary of  
30 state.

31 Sec. 5. Authorization to conduct live dog racing through  
32 December 31, 2016

33 Notwithstanding section 5-110, Arizona Revised Statutes, as amended by  
34 this act, a commercial dog racing permittee that is authorized to conduct  
35 live dog racing on the effective date of this act may continue to conduct  
36 live dog racing through December 31, 2016.

1           Sec. 6. Application of previously earned hardship tax credits

2           This act does not prevent a commercial dog racing permittee that  
3 lawfully conducted live dog racing in this state in 2016 from using hardship  
4 tax credits that were lawfully earned before January 1, 2017 to reduce  
5 pari-mutuel taxes after the effective date of this act.

6           Sec. 7. Conforming legislation

7           The legislative council staff shall prepare proposed legislation  
8 conforming the Arizona Revised Statutes to the provisions of this act for  
9 consideration in the fifty-third legislature, first regular session."

10 Amend title to conform

STEVE YARBROUGH

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