

Conference Engrossed

State of Arizona  
House of Representatives  
Fifty-second Legislature  
Second Regular Session  
2016

# HOUSE BILL 2127

AN ACT

AMENDING SECTIONS 5-101, 5-110, 5-111 AND 5-112, 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 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.

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

35 10. "County fair racing association" means an association duly  
36 authorized by the board of supervisors to conduct a county fair racing  
37 meeting for the benefit of the county.

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

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

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

- 1           14. "Director" means the director of the department of gaming.  
2           15. "Dog racing" means racing in which greyhound dogs chase a  
3 mechanical lure.  
4           16. "Entered" means that a horse or dog has been registered with an  
5 authorized racing official as a participant in a specified race and has not  
6 been withdrawn prior to presentation of the horse or dog for inspection and  
7 testing as provided in section 5-105.  
8           17. "Financial interest" means any direct pecuniary interest.  
9           18. "Firm" means a business unit or enterprise that transacts  
10 business.  
11          19. "Handle" means the total amount of money contributed to all  
12 pari-mutuel pools by bettors.  
13          20. "Harness racing" means horse racing in which the horses are  
14 harnessed to a sulky, carriage or similar vehicle and driven by a driver.  
15          21. "Horse racing" means racing in which horses are mounted and ridden  
16 by jockeys. For purposes of county fair racing meetings, "horse racing"  
17 means racing in which horses or mules are mounted and ridden by jockeys.  
18          22. "License" means the license issued by the department to each  
19 employee or other person participating in any capacity in a racing meeting,  
20 including officials and employees of the pari-mutuel department.  
21          23. "Pari-mutuel wagering" means a system of betting that provides for  
22 the distribution among the winning patrons of at least the total amount  
23 wagered less the amount withheld under state law.  
24          24. "Permit" means a permit for a racing meeting issued under the  
25 provisions of this article.  
26          25. "Racing meeting" means a number of days of racing allotted by the  
27 commission in one permit.  
28          26. "Simulcast" means the telecast shown within this state of live  
29 audio and visual signals of horse, harness or dog races conducted at an  
30 out-of-state track or the telecast shown outside this state of live audio and  
31 visual signals of horse, ~~OR~~ ~~OR~~ harness ~~or dog~~ races originating within this  
32 state for the purpose of pari-mutuel wagering.  
33          27. "Source market fee" means the fee that an advance deposit wagering  
34 provider pays to a commercial live-racing permittee in the state where the  
35 advance deposit wagering customer resides.  
36          28. "Telephone" means any device that a person uses for voice  
37 communications in connection with the services of a telephone company.  
38          29. "Undesirable" includes known bookmakers, touts, persons convicted  
39 of a violation of any provision of this article or of any law prohibiting  
40 bookmaking or any other illegal forms of wagering, or any other person whose  
41 presence would, in the opinion of the director, be inimical to the interests  
42 of the state.  
43          30. "Week" means seven consecutive days beginning on Monday and ending  
44 on Sunday, mountain standard time.

1           Sec. 2. Section 5-110, Arizona Revised Statutes, is amended to read:  
2           5-110. Racing days, times and allocations; emergency transfer;  
3                           county fairs; charity days

4           A. Permits for horse, ~~OR~~ harness ~~or dog~~ racing meetings shall be  
5 approved and issued for substantially the same dates allotted to permittees  
6 for the same type of racing during the preceding year or for other dates that  
7 permittees request, provided that, in the event there is a conflict in dates  
8 requested between two or more permittees in the same county for the same kind  
9 of racing, the permittee whose application is for substantially the same  
10 dates as were allotted to the permittee in the preceding year shall be  
11 entitled to have preference over other permittees. In the event two or more  
12 permittees have agreed that the dates to be allotted to each of them each  
13 year shall be alternated from one year to the next, the commission shall  
14 recognize their agreement and those permittees may be accorded preference  
15 over any other permittee as to those dates to be allotted to those permittees  
16 on an alternating basis. Except as otherwise provided, the commission shall  
17 allot dates to the respective permittees after giving due consideration to  
18 all of the factors involved and the interests of permittees, the public and  
19 this state.

20           B. The commission may require by the terms of any permit that the  
21 permittee offer such number of races during any racing meeting as the  
22 commission shall determine, provided that the permittee shall be permitted to  
23 offer at least the same number of races each day as offered in the prior  
24 year. The commission shall require each horse racing permittee to conduct  
25 for a period of thirty days a number of races equal to an average of at least  
26 two races for each day of racing exclusively for quarter horses. If, in the  
27 opinion of the commission, the permittee is offering acceptable quarter horse  
28 races but an honest effort is not being put forth to fill these races by the  
29 horsemen, the commission may rescind the two race per day quarter horse  
30 requirement.

31           C. Live racing and wagering on simulcast races shall be permissible in  
32 either daytime or nighttime, ~~but, unless otherwise agreed by written contract~~  
33 ~~that is submitted to the department between all the permittees in the same~~  
34 ~~county, there shall be no live daytime dog racing on the same day that there~~  
35 ~~is live daytime horse or harness racing in any county in which commercial~~  
36 ~~horse or harness racing has been conducted prior to February 1, 1971, and no~~  
37 ~~live nighttime horse or harness racing on the same day that there is live~~  
38 ~~nighttime dog racing in the same county.~~ Unless otherwise agreed by written  
39 contract that is submitted to the department between all the permittees in  
40 the same county, there shall be no wagering on simulcast dog races before  
41 4:15 p.m., mountain standard time, on the same day that there is live daytime  
42 horse or harness racing in any county in which commercial horse or harness  
43 racing has been conducted before February 1, 1971, ~~and no wagering on~~  
44 ~~simulcast horse or harness racing after 7:30 p.m., mountain standard time, on~~

1 ~~the same day that there is live nighttime dog racing in the same county.~~ The  
2 hours during which any other ~~dog,~~ harness or horse racing is to be conducted  
3 shall be determined by the commission. The application for a permit shall  
4 state the exact days on which racing will be held and the time of day during  
5 which racing will be conducted.

6 D. If the commission determines that an emergency has obligated or may  
7 obligate a permittee to discontinue racing at a location, the commission may  
8 authorize the permittee to transfer racing for the number of days lost to any  
9 other location.

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

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

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

35 ~~H. Notwithstanding any other provision of this chapter, any dog racing~~  
36 ~~permittee to which a permit to conduct dog racing in this state has been~~  
37 ~~issued may in any racing year modify the racing date allocations made to the~~  
38 ~~permittee for conducting dog racing at a track by reallocating up to~~  
39 ~~two-thirds of the racing dates allocated to that permittee for dog racing at~~  
40 ~~a track to another track in this state at which the permittee or a~~  
41 ~~corporation of common ownership to the permittee conducts dog racing. For~~  
42 ~~the purpose of this section, a corporation of common ownership to the~~  
43 ~~permittee is a corporation that is owned or controlled, directly or~~

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

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

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

20 5-111. Wagering percentage to permittee and state; exemptions

21 A. The commission shall prescribe rules governing wagering on races  
22 under the system known as pari-mutuel wagering. Wagering shall be conducted  
23 by a permittee only by pari-mutuel wagering and only on the dates for which  
24 racing or dark day simulcasting has been authorized by the commission.  
25 Wagering for a licensed racing meeting shall be conducted by a commercial  
26 live-racing permittee only within an enclosure in which authorized racing  
27 takes place and, in counties having a population of less than five hundred  
28 thousand persons or at least one million five hundred thousand persons, at  
29 those additional facilities that are owned or leased by a permittee, that are  
30 approved by the commission and that are used by a permittee for handling  
31 wagering as part of the pari-mutuel system of the commercial live-racing  
32 permittee. In all other counties, wagering may also be conducted at  
33 additional facilities that are owned or leased by a commercial live-racing  
34 permittee who is licensed to conduct live racing in those counties or, UNTIL  
35 JANUARY 1, 2019, who has the consent of all commercial permittees currently  
36 licensed to conduct live racing in those counties, and that are used by a  
37 permittee for handling wagering and as part of the pari-mutuel system of the  
38 commercial live-racing permittee. BEGINNING JANUARY 1, 2019, CONSENT OF  
39 COMMERCIAL PERMITTEES LICENSED TO CONDUCT LIVE RACING IN THOSE COUNTIES IS  
40 NOT REQUIRED. FROM AND AFTER DECEMBER 31, 2016, ANY AGREEMENT CONCERNING  
41 SIMULCASTING THAT IS EXECUTED BETWEEN A PERMITTEE THAT CONDUCTED LIVE DOG  
42 RACING IN 2016 AND A HORSE RACING FACILITY THAT IS LOCATED IN A COUNTY WITH A  
43 POPULATION OF MORE THAN THREE MILLION PERSONS SHALL PROVIDE THAT TWENTY  
44 PERCENT OF THE COMMISSION FEE PAID TO A PERMITTEE THAT CONDUCTED LIVE DOG

1 RACING IN 2016 UNDER THAT AGREEMENT BE DISTRIBUTED TO THE RECOGNIZED  
2 HORSEMEN'S ASSOCIATION THAT REPRESENTS HORSEMEN PARTICIPATING IN RACE MEETS  
3 IN THIS STATE. If the additional facilities have not been used for  
4 authorized racing before their use for handling wagering, a permittee shall  
5 not use the facilities for handling wagering before receiving approval for  
6 use by the governing body of the city or town, if located within the  
7 corporate limits, or by the board of supervisors, if located in an  
8 unincorporated area of the county. A permittee may televise any live or  
9 simulcast races received at the permittee's racing enclosure to the  
10 additional facilities at the times the races are conducted or received at the  
11 permittee's enclosure. For the purpose of section 5-110, subsection C only,  
12 a race on which wagering is permitted under this subsection shall be deemed  
13 to also occur at the additional facility in the county in which the  
14 additional facility is located, and shall be limited in the same manner as  
15 actual live racing in that county. For the purpose of subsections B and C of  
16 this section, the wagering at the additional facility shall be deemed to  
17 occur in the county in which the additional facility is located.

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

1 calendar year at a racetrack enclosure, the permittee shall deduct from  
2 monies handled in a pari-mutuel pool for wagering on simulcasts of  
3 out-of-state races and deposit daily in a trust account to supplement purses  
4 of any dog track where live racing is conducted within a one hundred mile  
5 radius. The supplementing provided by this subsection shall be in the most  
6 equitable manner possible as determined by the commission. The permittee  
7 shall allocate the funds in the trust account and pay purse amounts at least  
8 biweekly. The permittee, at the permittee's discretion, may pay additional  
9 amounts to augment purses from the amounts received by the permittee under  
10 this subsection.

11 C. During the period of a permit for horse, ~~OR harness or dog~~ racing,  
12 the permittee that conducts the meeting may deduct up to and including  
13 twenty-five ~~per-cent~~ PERCENT of the total amount handled in the regular  
14 pari-mutuel pools and, at the permittee's option, may deduct up to and  
15 including thirty ~~per-cent~~ PERCENT of the total amount handled in the exacta,  
16 daily double, quinella and other wagering pools involving two horses ~~or dogs~~,  
17 and up to and including thirty-five ~~per-cent~~ PERCENT of the total amount  
18 handled in the trifecta or other wagering pools involving more than two  
19 horses ~~or dogs~~ in one or more races. The amounts if deducted shall be  
20 distributed as prescribed in subsection D of this section and section  
21 5-111.02 for horse or harness racing permittees. UNTIL JANUARY 1, 2017, for  
22 dog racing permittees, unless otherwise agreed by written contract, the  
23 permittee shall allocate to purses from amounts wagered on live racing  
24 conducted in this state an amount equal to fifty ~~per-cent~~ PERCENT of any  
25 amounts that are deducted pursuant to this subsection in excess of twenty  
26 ~~per-cent~~ PERCENT of the total amount handled in the regular pari-mutuel  
27 pools, twenty-one ~~per-cent~~ PERCENT of the total amount handled in the exacta,  
28 daily double, quinella and other wagering pools involving two dogs or  
29 twenty-five ~~per-cent~~ PERCENT of the total amount handled in the trifecta or  
30 other wagering pools involving more than two dogs in one or more races. For  
31 dog racing permittees the percentages prescribed in subsection B of this  
32 section shall be distributed to the state and to the trust account for  
33 payment of purse amounts and the permittee shall receive the balance. If the  
34 dog racing permittee has made capital improvements, the distribution to the  
35 state shall be adjusted as provided in section 5-111.03. Monies deposited in  
36 the trust account for payment of purses pursuant to this subsection shall be  
37 in addition to amounts deposited pursuant to subsection B of this section.

38 D. During the period of a permit for horse or harness racing, the  
39 state shall receive two ~~per-cent~~ PERCENT of the gross amount of the first one  
40 million dollars of the daily pari-mutuel pools and five ~~per-cent~~ PERCENT of  
41 the gross amount exceeding one million dollars of the daily pari-mutuel  
42 pools. Notwithstanding any other provision of this subsection, the  
43 percentage paid by a permittee to the state does not apply to monies handled  
44 in a pari-mutuel pool for wagering on simulcasts of out-of-state races. The

1 permittee shall retain the balance of the total amounts deducted pursuant to  
2 subsection C of this section. Of the amount retained by the permittee, minus  
3 the amount payable to the permittee for capital improvements pursuant to  
4 section 5-111.02, breakage distributed to the permittee pursuant to section  
5 5-111.01 and other applicable state, county and city transaction privilege or  
6 other taxes, unless otherwise agreed by written contract, fifty ~~per cent~~  
7 PERCENT shall be used for purses. Unless otherwise agreed by written  
8 contract, fifty ~~per cent~~ PERCENT of the revenues received by the permittee  
9 from simulcasting races as provided in section 5-112, net of costs of  
10 advertising, shall be utilized as a supplement to the general purse  
11 structure. All amounts that are deducted from the pari-mutuel pool for  
12 purses pursuant to this section and sections 5-111.01, 5-112 and 5-114 and  
13 revenues that are received from simulcasting and that are to be used as a  
14 supplement to the general purse structure pursuant to this subsection shall  
15 be deposited daily into a trust account for the payment of purse amounts.

16 E. Any county fair racing association may apply to the commission for  
17 one racing meeting each year and the commission shall set the number of days  
18 and the dates of the meetings. A racing meeting conducted under this  
19 subsection shall be operated in such manner so that all profits accrue to the  
20 county fair racing association, and the county fair racing association may  
21 deduct from the pari-mutuel pool the same amount as prescribed in subsection  
22 C of this section. All county fair racing meetings, whether conducted by  
23 county fair racing associations under this subsection or by an individual,  
24 corporation or association other than a county fair racing association, are  
25 exempt from the payment to the state of the percentage of the pari-mutuel  
26 pool prescribed by subsection D of this section and are also exempt from the  
27 provisions of section 5-111.01.

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

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

33 H. All of the amounts received by a permittee from the gross amount of  
34 monies handled in a pari-mutuel pool and all amounts held by a permittee for  
35 payment of purses pursuant to this section and sections 5-111.01, 5-112 and  
36 5-114 are exempt from the provisions of title 42, chapter 5.

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

43 1. Determine the percentage decrease in pari-mutuel wagering by  
44 determining the percentage decrease in pari-mutuel wagering between the base

1 period amount and the amount of pari-mutuel wagering in the previous fiscal  
2 year at the racetrack and the additional wagering facilities operated by the  
3 permittee. The base period amount is the highest total annual pari-mutuel  
4 wagering at the racetrack and all additional wagering facilities as reported  
5 to the department for fiscal year 1989-1990, 1990-1991, 1991-1992, 1992-1993  
6 or 1993-1994.

7 2. Determine the permittee's hardship tax credit by multiplying the  
8 total pari-mutuel tax due as a result of wagering at the racetrack and all  
9 additional wagering facilities for the previous fiscal year before applying  
10 any hardship tax credit amount by the percentage decrease in pari-mutuel  
11 wagering determined pursuant to paragraph 1 of this subsection and  
12 multiplying the result by three.

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

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

19 5-112. Wagering legalized; simulcasting of races; unauthorized  
20 wagering prohibited; classification; report

21 A. Except as provided in subsection K of this section, section  
22 5-101.01, subsection F and title 13, chapter 33, any person within the  
23 enclosure of a racing meeting held pursuant to this article may wager on the  
24 results of a race held at the meeting or televised to the racetrack enclosure  
25 by simulcasting pursuant to this section by contributing money to a  
26 pari-mutuel pool operated by the permittee as provided by this article.

27 B. The department, on request by a permittee, may grant permission for  
28 ~~electronically televised~~ ELECTRONICALLY TELEVISED simulcasts of horse,  
29 harness or dog races to be received by the permittee. In counties having a  
30 population of one million five hundred thousand persons or more, the  
31 simulcasts shall be received at the racetrack enclosure where a horse, ~~OR~~  
32 harness ~~or dog~~ racing meeting is being conducted, provided that the simulcast  
33 may only be received during, immediately before or immediately after a  
34 minimum of nine posted races for that racing day. In counties having a  
35 population of five hundred thousand persons or more but less than one million  
36 five hundred thousand persons, the simulcasts shall be received at the  
37 racetrack enclosure where a horse, ~~OR~~ harness ~~or dog~~ racing meeting is being  
38 conducted provided that the simulcast may only be received during,  
39 immediately before or immediately after a minimum of four posted races for  
40 that racing day. In all other counties, the simulcasts shall be received at  
41 a racetrack enclosure at which authorized racing has been conducted, whether  
42 or not posted races have been offered for the day the simulcast is received.  
43 The simulcasts shall be limited to horse, harness or dog races. The  
44 simulcasts shall be limited to the same type of racing as authorized in the

1 permit for live racing conducted by the permittee. The department, on  
2 request by a permittee, may grant permission for the permittee to transmit  
3 the live race from the racetrack enclosure where a horse, ~~OR harness or dog~~  
4 racing meeting is being conducted to a facility or facilities in another  
5 state. All simulcasts of horse or harness races shall comply with the  
6 interstate horseracing act of 1978 (P.L. 95-515; 92 Stat. 1811; 15 United  
7 States Code chapter 57). All forms of pari-mutuel wagering shall be allowed  
8 on horse, harness or dog races, whether or not televised by simulcasting.  
9 All monies wagered by patrons on these horse, harness or dog races shall be  
10 computed in the amount of money wagered each racing day for purposes of  
11 section 5-111.

12 C. Notwithstanding subsection B of this section, in counties having a  
13 population of one million five hundred thousand persons or more,  
14 simulcasts may be received at the racetrack enclosure, and the permittee may  
15 offer pari-mutuel wagering on the simulcast racing at any additional wagering  
16 facility used by a permittee for handling wagering as provided in section  
17 5-111, subsection A during a permittee's racing meeting as approved by the  
18 commission, whether or not the simulcasts are televised to the additional  
19 wagering facilities and whether or not posted races have been conducted on  
20 the day the simulcast is received, if:

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

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

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

42 1. For horse and harness racing, the permittee may conduct wagering on  
43 dark day simulcasts for twenty days, provided the permittee conducts a  
44 minimum of seven posted races on each of the racing days mandated in the

1 permittee's commercial racing permit. In order to conduct wagering on dark  
2 day simulcasts for more than twenty days, the permittee is required to  
3 conduct a minimum of seven posted races on one hundred forty racing days at  
4 the permittee's racetrack enclosure.

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

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

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

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

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

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

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

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

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

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

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

30 O. The commission may issue a permit to authorize an advance deposit  
31 wagering provider to accept advance deposit wagering on racing from persons  
32 in this state. The procedures for the approval of the permit must be similar  
33 to the procedures for the approval of racing permits under this article,  
34 subject to the following requirements:

35 1. The commission shall issue an advance deposit wagering permit only  
36 if the state agency that regulates racing in the state where the advance  
37 deposit wagering provider is located approves the permittee or provider to  
38 conduct advance deposit wagering.

39 2. An advance deposit wagering provider may accept advance deposit  
40 pari-mutuel wagers from natural persons in this state on racing conducted by  
41 a commercial live-racing permittee in this state or on racing conducted  
42 outside this state if the commercial live-racing permittee in this state at a  
43 racetrack enclosure in a county where live horse or live dog racing has been  
44 conducted for a period of at least forty days per year for at least twelve

1 consecutive years beginning after 1992 or at a new racetrack enclosure in the  
2 same county that replaced the previously existing racetrack enclosure on  
3 which advance deposit wagering is accepted or that conducts a racing program  
4 with the same type of racing on which the advance deposit wagering is  
5 accepted, ~~—~~ enters into an agreement with the advance deposit wagering  
6 provider providing for the payment of a source market fee that is agreed to  
7 by the commercial live-racing permittee on all ~~advanced~~ ADVANCE deposit  
8 wagering.

9 3. An advance deposit wagering provider shall pay source market fees  
10 in an amount that is agreed to by the commercial live-racing permittee on all  
11 advance deposit wagering by persons in this state on the same type of racing  
12 the commercial live-racing permittee conducts OR ON THE SAME TYPE OF LIVE  
13 RACING THAT A COMMERCIAL DOG RACING PERMITTEE CONDUCTED IN 2016. Source  
14 market fees from wagers by persons in this state through an advance deposit  
15 wagering provider shall be allocated as provided in paragraph 7 of this  
16 subsection to a commercial live horse racing permittee at a racetrack  
17 enclosure in a county where live horse racing has been conducted for a period  
18 of at least forty days per year for at least twelve consecutive years  
19 beginning after 1992 or at a new racetrack enclosure in the same county that  
20 replaced the previously existing racetrack enclosure during the period of  
21 time that the commercial live-racing permittee conducts a racing program.  
22 Source market fees for dog racing from wagering through the advance deposit  
23 wagering provider from persons wagering in a county shall be allocated as  
24 provided in paragraph 7 of this subsection to a commercial ~~live~~ dog racing  
25 permittee at a racetrack enclosure in a county where live dog racing ~~has~~ HAD  
26 BEEN CONDUCTED IN 2016 OR HAD been conducted for a period of at least forty  
27 days per year for at least twelve consecutive years beginning after 1992 or  
28 at a new racetrack enclosure in the same county that replaced the previously  
29 existing racetrack enclosure. Source market fees from wagers by persons in  
30 this state in all other counties for pari-mutuel wagering on dog racing  
31 through an advance deposit wagering provider shall be ~~divided between the~~  
32 ~~commercial dog racing permittees in proportion to each permittee's live dog~~  
33 ~~racing handle in this state if the permittee has consented to allowing~~  
34 ~~advance deposit wagering to occur in the county in which the permittee~~  
35 ~~operates a racetrack enclosure and shall be~~ allocated as provided in  
36 paragraph 7 of this subsection.

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

43 5. The advance wagering provider shall transmit daily a percentage  
44 determined by the department of the gross revenues generated by advance

1 deposit wagers to the department for deposit in the racing regulation fund  
2 established by section 5-113.01.

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

6 7. The source market fees are allocated, after deductions, as provided  
7 for in section 5-111, subsection B for dog racing or section 5-111,  
8 subsection D for horse racing for any fees or payments to the state, county  
9 and city for taxes or other fees, in the same manner as the proceeds of ~~five~~  
10 ~~or~~ simulcast pari-mutuel wagering as provided in section 5-111, subsection B  
11 for dog racing and section 5-111, subsection D for horse racing. From the  
12 source market fees from advance deposit wagering on horse racing allocated  
13 for purses as provided in section 5-111, subsection D, five ~~per-cent~~ PERCENT  
14 is paid to the department for deposit in the Arizona breeders' award fund  
15 account for distributions for Arizona bred horses as provided in section  
16 5-114.

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

19 Q. Only the advance deposit wagering provider may make an advance  
20 deposit wager, pursuant to wagering instructions the owner of the monies  
21 issues by telephone. The advance deposit wagering provider shall ensure the  
22 identification of the owner of the account by using methods and technologies  
23 approved by the commission. Any advance deposit wagering provider that  
24 accepts wagering instructions on races that are conducted in this state, or  
25 accepts wagering instructions originating in this state, shall provide a  
26 daily report that contains a full accounting and verification of the source  
27 of the wagers made, including the postal zip code of the source of the wagers  
28 and all pari-mutuel data, in a form and manner that is approved by the  
29 commission. All reasonable costs associated with the creation, provision and  
30 transfer of the data is the responsibility of the advance deposit wagering  
31 provider.

32 R. Any person other than a permittee or any advance deposit wagering  
33 provider who is approved by the commission under this article and who accepts  
34 a wager or who bets on the results of a race, whether the race is conducted  
35 in or outside this state, including buying, selling, cashing, exchanging or  
36 acquiring a financial interest in a pari-mutuel ticket from a person in this  
37 state outside of a racing enclosure or an additional wagering facility that  
38 is approved by the commission and that is located in this state is guilty of  
39 a class 6 felony.

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

43 T. The department and the attorney general shall enforce subsections R  
44 and S of this section and shall submit an annual report that summarizes these

1 enforcement activities to the governor, the speaker of the house of  
2 representatives and the president of the senate. The department and the  
3 attorney general shall provide a copy of this report to the secretary of  
4 state.

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

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

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

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

16 Sec. 7. Conforming legislation

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