



HOUSE OF REPRESENTATIVES

SB 1282

racing omnibus

Sponsors: Senators Pierce: Shooter

DPA Committee on Energy, Environment and Natural Resources

DPA Caucus and COW

X As Transmitted to Governor

OVERVIEW

SB 1282 allows Advance Deposit Wagering on live or simulcast horse racing through advance deposit wagering providers, approved by the Arizona Racing Commission, using a telephone; distributes revenues from the sale of unclaimed property to the Arizona Breeders' Award Fund and the County Fair Racing Fund; and makes various changes to state racing laws.

HISTORY

The Arizona Department of Racing (Department) regulates the pari-mutuel horse and greyhound racing industry in Arizona. The Department is charged with overseeing and supervising all horse, greyhound and county fair racing meetings; licensing participants; collecting state revenues generated by race meetings; promoting and encouraging the breeding of horses and greyhounds in this state; and enforcing laws and rules related to racing and wagering to protect industry participants and the public.

The Arizona Racing Commission (Commission) is a five member statutory body responsible for preparing and adopting rules to govern races to protect and promote the safety and welfare of the animals participating in races; to protect and promote public health and safety; and the proper conduct of racing and pari-mutuel wagering (Arizona Revised Statutes [A.R.S.] § 5-104).

Advance Deposit Wagering (ADW) is a form of betting that enables a bettor to deposit funds into an account and use the funds for pari-mutuel wagers on horse and dog races. The account, managed either by a third-party or by a racetrack, allows bettors to place wagers using a telephone or the Internet without having to physically be present at the racing event. Approximately 20 states currently regulate ADW.

Current law allows, with restrictions, commercial racetrack permittees to offer simulcasts of horse and dog racing events at wagering facilities that are licensed by the Commission. The broadcasting of racing events to these facilities, referred to as simulcasting, allows viewers to watch racing events from other locations and place wagers. Statute defines *simulcast* as the transmission of in-state racing events to out-of-state locations or the telecast of out-of-state racing events to in-state facilities for the purpose of pari-mutuel wagering (A.R.S. § 5-101).

PROVISIONS

Advance Deposit Wagering (ADW)

- Allows a commercial live-racing permittee to conduct ADW as approved by the Commission.
- Permits the Commission to allow ADW by an out-of-state ADW provider if the provider is approved by the racing authority in that state and approved by the following:

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- For horse racing, if the ADW provider is approved by the live horse racing permittees in Arizona counties where ADW is accepted and annually approved by the organization that represents the majority of horse trainers and owners; and
- For dog racing, if the ADW provider secures the approval of each live dog racing permittee in Arizona.
- Allows the Commission to issue a permit authorizing an ADW provider to accept ADW on racing from persons in Arizona and requires that the procedures for the approval of the permit must be similar to the procedures for the approval of racing permits by the Commission.
 - The Commission may only issue an ADW permit if the ADW provider is approved by a racing regulatory agency where the provider is located.
- Allows an ADW provider to accept advance deposit pari-mutuel wagers from people in Arizona on racing conducted by an in-state commercial live-racing permittee or for out-of-state racing if a commercial live-racing permittee meets the following requirements:
 - Enter into an agreement with the ADW provider providing for the payment of a source market fee on all ADW at a commercial live-racing track that is either:
 - i. A racetrack where live horse or live dog racing has been conducted for a period of at least 40 days per year for 12 consecutive years beginning after 1992;
 - ii. A new racetrack in the same county that replaced the previously existing racetrack; or
 - iii. A racetrack that conducts a racing program with the same type of racing.
 - Pay source market fees in an amount agreed to by the commercial live-racing permittee on all ADW wagers on the same type of racing the permittee conducts.
- Specifies that the in-state ADW agreements that are executed between permittees must contain the same or substantially equivalent terms and conditions, including provisions for revenue sharing, as the terms and conditions contained in simulcasting agreements that are executed between those same permittees in order to accept ADW on horse racing from a county with a commercial live dog racing permittee.
- Stipulates that the advance deposit wagering provider must transmit daily a percentage of the gross revenues generated by ADWs to the Department for deposit in the Racing Regulation Fund.
- Specifies that the owner of the ADW account may only make an advance deposit pari-mutuel wager by telephone.
- Stipulates that only the ADW provider may make an advance deposit wager as instructed by the owner of the monies by telephone.
- Requires the ADW provider to do the following:
 - Ensure the identification of the owner of the account by using methods and technologies approved by the Commission;
 - Provide a daily report that contains a full accounting and verification of the source of the wagers made, including the zip code of the source of the wagers and all pari-mutuel data, in a form and manner approved by the Commission; and
 - Accept the responsibility of costs associated with the creation, provision and transfer of the data.

Source Market Fees

- Requires ADW providers to pay source market fees on wagers placed on in-state horse races to horse racing permittees in Arizona.
 - Requires the ADW provider to divide the source market fees on horse racing wagers proportional to the permittees' total live and simulcast handle in the previous year.
- Requires the ADW provider to pay source market fees on dog racing wagers from counties where the live or simulcast racing is conducted to the dog racing permittee in that county.
 - Specifies that ADW providers must divide source market fees on dog racing from wagering in counties where no live dog racing is conducted as provided in a written agreement that is submitted to the Department between all commercial live dog racing permittees and all commercial dog racing permittees.
- Requires source market fees collected from wagers through an ADW provider to be allocated to a commercial live-racing track permittee in the county where the racing was conducted. Source market fees from wagers in counties with no live dog racing must be divided between the commercial dog racing permittees in proportion to each permittee's live dog racing handle.
- Requires source market fees to be divided among racetracks and purses, after deductions of taxes and other fees, in the same manner as provided in statute regarding live or simulcast pari-mutuel wagering proceeds.
- Stipulates that 5% of the source market fees from ADW on horse racing allocated for purses must be deposited in the Arizona Breeders Award Fund for distributions for Arizona bred horses.

Injury Reports and Records

- Requires the Department to make available to the public a list of all racing-related injuries and deaths to the animals reported to the track veterinarian.
- Requires the Department to obtain and maintain records regarding the injuries incurred by dogs that were used for racing.
- Stipulates that injury forms for dogs must be completed and signed by the track veterinarian and the signature must be witnessed by a Department representative.
- Requires the injury forms to specify the following:
 - The dog's name;
 - The left and right ear tattoo number of the dog;
 - The number and manufacturer of the microchip, if any, that is implanted in the dog;
 - The name of the owner and trainer and the of the dog, and the dog's kennel operator;
 - The color, weight and gender of the dog;
 - A description of where the injury occurred and, if the injury occurred while the dog was racing, the following information must be included:
 - i. The racetrack where the injury occurred;
 - ii. The distance, grade, race and post position when the injury occurred; and
 - iii. The weather conditions, time, temperature and track conditions when the injury occurred.
 - The specific type of injury;
 - The cause of the injury;
 - The location of the injury on the dog; and
 - The estimated recovery time for the injury.

Miscellaneous

- Specifies that after all statutorily mandated deposits, up to \$1,200,000 from unclaimed property revenues will be deposited each fiscal year, in amounts determined by the Commission, in the Arizona Breeders' Award Fund and in the County Fair Racing Fund. Directs the Commission to further allocate monies deposited in the Arizona Breeders' Award Fund to support incentives for thoroughbred and quarter horse breeds only.
- Allows a permittee to televise any live or simulcast races received at the permittee's racing enclosure to additional facilities at the times the races are conducted or received at the permittee's enclosure.
- Requires the Department to reduce the regulatory wagering assessment, by a period of time set by the Department, by an amount that offsets the amounts received by the Department from ADW revenues, that is payable from amounts deducted from pari-mutuel pools by the permittee, in addition to the amounts the permittee is statutorily authorized to deduct, from all amounts wagered on all live and simulcast races from in-state and out-of-state wagering authorized by the Department to the permittee.
- Exempts the Department from rulemaking requirements for one year after the effective date of this Act. The Department is required to hold at least one public hearing and file the rules with the secretary of state.
- Clarifies that unless there is written agreement by contract that is submitted to the Department between all permittees in the same county, there is to be no live dog racing on the same day there is live horse racing or harness racing in the same county.
- Defines *advance deposit wagering*, *advance deposit wagering provider*, *source market fee* and *telephone*.
- Specifies that this act does not authorize the state to opt in to any federal law, rule or regulation that allows legalized online gaming or to approve or enter into any framework that allows legalized online gaming.
- Makes technical and conforming changes.