

State of Arizona  
Senate  
Fifty-fourth Legislature  
First Regular Session  
2019

**CHAPTER 197**  
**SENATE BILL 1144**

AN ACT

AMENDING SECTION 5-113, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-117; APPROPRIATING MONIES; RELATING TO HORSE RACING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-113, Arizona Revised Statutes, is amended to  
3 read:

4 5-113. Disposition of revenues and monies; funds; committee

5 A. All revenues derived from permittees, permits and licenses as  
6 provided by this article shall be deposited, pursuant to sections 35-146  
7 and 35-147, in the racing regulation fund established by section 5-113.01.  
8 The commission shall further allocate all monies deposited in the Arizona  
9 breeders' award fund pursuant to this subsection to support incentives as  
10 authorized by subsection F of this section for thoroughbred and quarter  
11 horse breeds only.

12 B. The Arizona county fairs racing betterment fund is established  
13 under the jurisdiction of the department. The department shall distribute  
14 monies from the fund to the county fair association or county fair racing  
15 association of each county conducting a county fair racing meeting in a  
16 proportion that the department deems necessary for the promotion and  
17 betterment of county fair racing meetings. All expenditures from the fund  
18 shall be made on claims approved by the department. In order to be  
19 eligible for distributions from the fund, a county fair association must  
20 provide the department with an annual certification in the form required  
21 by the department supporting expenditures made from the fund. Balances  
22 remaining in the fund at the end of a fiscal year do not revert to the  
23 state general fund.

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

- 40 1. Three members representing county fairs.
- 41 2. One member representing Arizona livestock fairs.
- 42 3. One member representing the university of Arizona college of  
43 agriculture.
- 44 4. One member representing the livestock industry.

1           5. One member representing the farming industry.

2           6. One member representing the governor's office.

3           7. One member representing the Arizona state fair conducted by the  
4 Arizona exposition and state fair board.

5           8. One member representing the general public.

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

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

11          F. The Arizona breeders' award fund is established under the  
12 jurisdiction of the department. The department shall distribute monies  
13 from the fund to the breeder, or the breeder's heirs, devisees or  
14 successors, of every winning horse or greyhound foaled or whelped in this  
15 state, as defined by section 5-114, in a manner and in an amount  
16 established by rules of the commission to protect the integrity of the  
17 racing industry and promote, improve and advance the quality of race horse  
18 and greyhound breeding within this state. The department may contract  
19 with a breeders' association to provide data, statistics and other  
20 information necessary to enable the department to carry out the purposes  
21 of this subsection. Persons who are not eligible to be licensed under  
22 section 5-107.01 or persons who have been refused licenses under section  
23 5-108 are not eligible to participate in the Arizona greyhound breeders'  
24 award fund. Balances remaining in the fund at the end of a fiscal year do  
25 not revert to the state general fund. For the purposes of this  
26 subsection, "breeder" means the owner or lessee of the dam of the animal  
27 at the time the animal was foaled or whelped.

28          G. The Arizona stallion award fund is established under the  
29 jurisdiction of the department to promote, improve and advance the quality  
30 of stallions in this state. The department shall distribute monies from  
31 the fund to the owner or lessee, or the owner's or lessee's heirs,  
32 devisees or successors, of every Arizona stallion whose certified Arizona  
33 bred offspring, as prescribed in section 5-114, finishes first, second or  
34 third in an eligible race in this state. The department may contract with  
35 a breeders' association to provide data, statistics and other information  
36 necessary to enable the department to carry out the purposes of this  
37 subsection. Balances remaining in the fund at the end of a fiscal year do  
38 not revert to the state general fund. The commission shall adopt rules  
39 pursuant to title 41, chapter 6 to carry out the purposes of this  
40 subsection. The rules shall prescribe at a minimum:

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

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

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

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

6           H. The retired racehorse adoption fund is established. The  
7 department shall administer the fund. All revenues derived from retired  
8 racehorse adoption surcharges collected pursuant to section 5-104,  
9 subsection G shall be deposited, pursuant to sections 35-146 and 35-147,  
10 in the fund. **THE FUND ALSO CONSISTS OF ANY MONIES CONTRIBUTED TO THE FUND  
11 BY A NONPROFIT ORGANIZATION PURSUANT TO SUBSECTION K OF THIS SECTION.** The  
12 department shall distribute monies from the fund to provide financial  
13 assistance to nonprofit enterprises approved by the commission to promote  
14 the adoption of retired racehorses pursuant to section 5-104, subsection G  
15 in a manner and in an amount established by rules of the commission.  
16 Balances remaining in the fund at the end of a fiscal year do not revert  
17 to the state general fund.

18           I. The county fair racing fund is established. The department  
19 shall administer the fund. Monies in the fund are continuously  
20 appropriated. The department shall use fund monies for the administration  
21 of county fair racing. Any monies remaining unspent in the fund at the  
22 end of the fiscal year in excess of ~~seventy-five thousand dollars~~ **\$75,000**  
23 shall revert to the state general fund.

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

40           **K. ONE PERCENT OF THE IN-STATE HANDLE, NONE OF WHICH SHALL COME  
41 FROM THE AMOUNT PAID TO BETTORS, SHALL BE ALLOCATED TO THE DEPARTMENT ON A  
42 MONTHLY BASIS FOR DISTRIBUTION TO A NONPROFIT ORGANIZATION THAT REPRESENTS  
43 A MAJORITY OF THE HORSE BREEDERS IN THIS STATE, THAT MAINTAINS A FINANCIAL  
44 BOND AND THAT HAS PREVIOUSLY CONTRACTED WITH THE DEPARTMENT TO PROVIDE  
45 DATA, STATISTICS AND OTHER INFORMATION. THE NONPROFIT ORGANIZATION THAT**

1 RECEIVES MONIES PURSUANT TO THIS SUBSECTION SHALL ESTABLISH A SEPARATE  
2 FUND FOR THE RECEIPT OF THESE MONIES THAT SHALL BE DESIGNATED AS THE  
3 ARIZONA HORSE BREEDERS' FUND. THE NONPROFIT ORGANIZATION SHALL ADD MONIES  
4 TO PURSES AND PROVIDE PURSE AWARDS FOR THE ARIZONA BRED HORSES THAT FINISH  
5 IN FIRST, SECOND OR THIRD PLACE IN RACES HELD IN THIS STATE, PROVIDE  
6 AWARDS TO THE BREEDERS, OWNERS OR LESSEES OR THE BREEDERS', OWNERS' OR  
7 LESSEES' HEIRS, DEVISEES OR SUCCESSORS, OF THE DAMS AND SIRES WHOSE  
8 CERTIFIED ARIZONA BRED OFFSPRING FINISH IN FIRST, SECOND OR THIRD PLACE IN  
9 RACES HELD IN THIS STATE AND CONTRIBUTE NOT MORE THAN \$25,000 OF THESE  
10 MONIES EACH YEAR TO THE RETIRED RACEHORSE ADOPTION FUND ESTABLISHED BY  
11 SUBSECTION H OF THIS SECTION. THE NONPROFIT ORGANIZATION MAY SPEND A  
12 PORTION OF THESE MONIES FOR ADMINISTRATIVE COSTS. FOR THE PURPOSES OF  
13 THIS SUBSECTION, THE BREEDER OF A THOROUGHBRED HORSE SHALL BE CONSIDERED  
14 THE OWNER OF THE BROODMARE AT THE TIME THAT THE FOAL IS DROPPED. THE  
15 NONPROFIT ORGANIZATION SHALL SUBMIT AN ANNUAL REPORT TO THE GOVERNOR, THE  
16 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES  
17 THAT PROVIDES A DETAILED SUMMARY OF THE MONIES DISTRIBUTED PURSUANT TO  
18 THIS SUBSECTION, INCLUDING THE AMOUNT SPENT FOR ADMINISTRATIVE COSTS. THE  
19 NONPROFIT ORGANIZATION SHALL PROVIDE A COPY OF THIS REPORT TO THE  
20 COMMISSION AND THE SECRETARY OF STATE. FOR THE PURPOSES OF THIS  
21 SUBSECTION, "IN-STATE HANDLE" MEANS THE TOTAL AMOUNT OF MONIES CONTRIBUTED  
22 ON LIVE RACES IN THIS STATE TO ALL PARI-MUTUEL POOLS BY BETTORS PLUS THE  
23 TOTAL AMOUNT OF MONIES CONTRIBUTED BY BETTORS IN THIS STATE ON SIMULCAST  
24 RACES THAT ORIGINATE OUTSIDE THIS STATE.

25 Sec. 2. Title 5, chapter 1, article 1, Arizona Revised Statutes, is  
26 amended by adding section 5-117, to read:

27 5-117. Ejection or exclusion from racing meeting or racetrack  
28 enclosure; due process; rules

29 A. ANY PERSON WHO IS LICENSED PURSUANT TO THIS CHAPTER MAY BE  
30 EJECTED OR EXCLUDED FROM ANY RACING MEETING OR RACETRACK ENCLOSURE IN THIS  
31 STATE OR ANY PORTION OF A RACING MEETING OR PORTION OF A RACETRACK  
32 ENCLOSURE IN THIS STATE IF THE TRACK STEWARDS ISSUE A RULING THAT THE  
33 PERSON'S PARTICIPATION IN THE RACING MEETING OR PRESENCE AT THE RACETRACK  
34 ENCLOSURE IS DETRIMENTAL TO THE INTEGRITY OF HORSE RACING OR WOULD  
35 INTERFERE WITH THE ORDERLY CONDUCT OF HORSE RACING. A LICENSEE MAY APPEAL  
36 THE RULING TO THE DIRECTOR WITHIN FIVE DAYS.

37 B. IF THE DIRECTOR DETERMINES THAT THE PERSON'S PARTICIPATION IN  
38 THE RACING MEETING OR PRESENCE AT THE RACETRACK ENCLOSURE IS DETRIMENTAL  
39 TO THE INTEGRITY OF HORSE RACING OR WOULD INTERFERE WITH THE ORDERLY  
40 CONDUCT OF HORSE RACING, THE EJECTION OR EXCLUSION SHALL REMAIN IN EFFECT.  
41 THE DIRECTOR SHALL MAKE A DETERMINATION WITHIN THREE DAYS AFTER THE APPEAL  
42 IS FILED. ANY PARTY MAY APPEAL THE DETERMINATION TO THE COMMISSION WITHIN  
43 FIVE DAYS.

44 C. IF THE COMMISSION DETERMINES BY MAJORITY VOTE IN A PUBLIC  
45 MEETING THAT THE PERSON'S PARTICIPATION IN THE RACING MEETING OR PRESENCE

1 AT THE RACETRACK ENCLOSURE IS DETRIMENTAL TO THE INTEGRITY OF HORSE RACING  
2 OR WOULD INTERFERE WITH THE ORDERLY CONDUCT OF HORSE RACING, THE EJECTION  
3 OR EXCLUSION SHALL REMAIN IN EFFECT. THE COMMISSION SHALL MAKE A  
4 DETERMINATION WITHIN SEVEN DAYS AFTER THE APPEAL IS FILED. IF THE  
5 COMMISSION MAKES A DETERMINATION IN FAVOR OF THE LICENSEE, THE LICENSEE  
6 MAY RETURN TO THE RACE MEETING OR RACETRACK ENCLOSURE.

7 D. THE COMMISSION SHALL ADOPT RULES TO CARRY OUT THE PURPOSES OF  
8 THIS SECTION. THE RULES SHALL INCLUDE PROCEDURES TO ENSURE THE DUE  
9 PROCESS AND PROPERTY RIGHTS OF ALL PARTIES THAT ARE INVOLVED IN A  
10 DETERMINATION CONDUCTED PURSUANT TO THIS SECTION, A HEARING CONDUCTED  
11 PURSUANT TO THIS SECTION OR AN ADMINISTRATIVE REVIEW CONDUCTED PURSUANT TO  
12 TITLE 41, CHAPTER 6, ARTICLE 10.

13 Sec. 3. Phase-in of in-state handle allocation; definition

14 A. Notwithstanding section 5-113, subsection K, Arizona Revised  
15 Statutes, as added by this act, the amount of in-state handle allocated to  
16 the department of gaming pursuant to section 5-113, subsection K, Arizona  
17 Revised Statutes, as added by this act, shall be as follows:

18 1. For fiscal year 2019-2020, thirty-four percent of the monies  
19 that would otherwise be allocated pursuant to section 5-113, subsection K,  
20 Arizona Revised Statutes, as added by this act.

21 2. For fiscal year 2020-2021, sixty-seven percent of the monies  
22 that would otherwise be allocated pursuant to section 5-113, subsection K,  
23 Arizona Revised Statutes, as added by this act.

24 3. For fiscal year 2021-2022 and each fiscal year thereafter, the  
25 monies shall be allocated as prescribed in section 5-113, subsection K,  
26 Arizona Revised Statutes, as added by this act.

27 B. For the purposes of this section, "in-state handle" has the same  
28 meaning prescribed in section 5-113, subsection K, Arizona Revised  
29 Statutes, as added by this act.

APPROVED BY THE GOVERNOR MAY 8, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2019.