

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
First Regular Session  
2019

# **HOUSE BILL 2547**

AN ACT

AMENDING SECTION 5-112, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-118; 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 5-112, Arizona Revised Statutes, is amended to  
3 read:

4 5-112. Wagering legalized: simulcasting of races;  
5 unauthorized wagering prohibited; classification;  
6 report; anticompetitive or deceptive practices  
7 prohibited

8 A. Except as provided in subsection J of this section, section  
9 5-101.01, subsection F and title 13, chapter 33, any person within the  
10 enclosure of a racing meeting held pursuant to this article may wager on  
11 the results of a race held at the meeting or televised to the racetrack  
12 enclosure by simulcasting pursuant to this section by contributing money  
13 to a pari-mutuel pool operated by the permittee as provided by this  
14 article.

15 B. The department, on request by a permittee, may grant permission  
16 for electronically televised simulcasts of horse, harness or dog races to  
17 be received by the permittee. In counties ~~having~~ WITH a population of one  
18 million five hundred thousand persons or more, the simulcasts shall be  
19 received at the racetrack enclosure where a horse or harness racing  
20 meeting is being conducted, provided that the simulcast may only be  
21 received during, immediately before or immediately after a minimum of nine  
22 posted races for that racing day. In counties ~~having~~ WITH a population of  
23 five hundred thousand persons or more but less than one million five  
24 hundred thousand persons, the simulcasts shall be received at the  
25 racetrack enclosure where a horse or harness racing meeting is being  
26 conducted provided that the simulcast may only be received during,  
27 immediately before or immediately after a minimum of four posted races for  
28 that racing day. In all other counties, the simulcasts shall be received  
29 at a racetrack enclosure at which authorized racing has been conducted,  
30 whether or not posted races have been offered for the day the simulcast is  
31 received. The simulcasts ~~shall be~~ ARE limited to horse, harness or dog  
32 races. The simulcasts ~~shall be~~ ARE limited to the same type of racing as  
33 authorized in the permit for live racing conducted by the permittee. The  
34 department, on request by a permittee, may grant permission for the  
35 permittee to transmit the live race from the racetrack enclosure where a  
36 horse or harness racing meeting is being conducted to a facility or  
37 facilities in another state. All simulcasts of horse or harness races  
38 shall comply with the interstate horseracing act of 1978 (P.L. 95-515; 92  
39 Stat. 1811; 15 United States Code chapter 57). All forms of pari-mutuel  
40 wagering ~~shall be~~ ARE allowed on horse, harness or dog races, whether or  
41 not televised by simulcasting. All monies wagered by patrons on these  
42 horse, harness or dog races shall be computed in the amount of money  
43 wagered each racing day for THE purposes of section 5-111.

44 C. Notwithstanding subsection B of this section, in counties ~~having~~  
45 WITH a population of one million five hundred thousand persons or more,

1 simulcasts may be received at the racetrack enclosure, and the permittee  
2 may offer pari-mutuel wagering on the simulcast racing at any additional  
3 wagering facility used by a permittee for handling wagering as provided in  
4 section 5-111, subsection A during a permittee's racing meeting as  
5 approved by the commission, whether or not the simulcasts are televised to  
6 the additional wagering facilities and whether or not posted races have  
7 been conducted on the day the simulcast is received, if the permittee's  
8 racing permit requires the permittee to conduct a minimum of one hundred  
9 fifty-six days of live racing with an average of nine posted races on an  
10 average of five racing days each week at the permittee's racetrack  
11 enclosure during the period beginning on October 1 and ending on the first  
12 full week in May, unless otherwise agreed in writing by the permittee and  
13 the recognized horsemen's organization that represents the horsemen  
14 participating in the race meet at the racetrack enclosure, subject to  
15 approval by the department.

16 D. Notwithstanding subsection B of this section, in counties ~~having~~  
17 WITH a population of seven hundred thousand persons or more but less than  
18 one million five hundred thousand persons, simulcasts may be received at  
19 the racetrack enclosure, and the permittee may offer pari-mutuel wagering  
20 on the simulcast racing at any additional wagering facility used by a  
21 permittee for handling wagering as provided in section 5-111, subsection A  
22 during a permittee's racing meeting as approved by the commission, whether  
23 or not the simulcasts are televised to the additional wagering facilities  
24 and whether or not posted races have been conducted on the day the  
25 simulcast is received. The permittee may conduct wagering on dark day  
26 simulcasts for twenty days, provided the permittee conducts a minimum of  
27 seven posted races on each of the racing days mandated in the permittee's  
28 commercial racing permit. In order to conduct wagering on dark day  
29 simulcasts for more than twenty days, the permittee is required to conduct  
30 a minimum of seven posted races on one hundred forty racing days at the  
31 permittee's racetrack enclosure, UNLESS OTHERWISE AGREED IN WRITING BY THE  
PERMITTEE AND THE RECOGNIZED HORSEMAN'S ORGANIZATION THAT REPRESENTS THE  
HORSEMAN PARTICIPATING IN THE RACE MEET AT THE RACETRACK ENCLOSURE,  
SUBJECT TO APPROVAL BY THE DEPARTMENT.

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

38 F. The minimum racing day requirements of subsections C and D of  
39 this section shall be computed by adding all racing days, including any  
40 county fair racing days operated in accordance with section 5-110,  
41 subsection F, allotted to the permittee's racetrack enclosure in one or  
42 more racing permits.

43 G. Simulcast signals or teletracking of simulcast signals does not  
44 prohibit live racing or teletracking of that live racing in any county at  
45 any time.

1       H. Except as provided in subsection J of this section, section  
2 5-101.01, subsection F and title 13, chapter 33, any person within a  
3 racetrack enclosure or an additional facility authorized for wagering  
4 pursuant to section 5-111, subsection A may wager on the results of a race  
5 televised to the facility pursuant to section 5-111, subsection A by  
6 contributing to a pari-mutuel pool operated as provided by this article.

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

12      J. A permittee shall not knowingly permit a person who is under  
13 twenty-one years of age to be a patron of the pari-mutuel system of  
14 wagering.

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

18      L. Simulcasting may only be authorized for the same type of racing  
19 authorized by a permittee's live racing permit.

20      M. In addition to pari-mutuel wagering otherwise authorized by this  
21 chapter, a commercial live-racing permittee or a commercial dog racing  
22 permittee that conducted live dog racing in 2016 may conduct advance  
23 deposit wagering as approved by the commission. The commission also may  
24 allow advance deposit wagering by an advance deposit wagering provider if  
25 a racing authority in the state where the advance deposit wagering  
26 provider is located approves the advance deposit wagering provider and,  
27 for horse racing, if the advance deposit wagering provider annually  
28 secures the approval of the commercial live horse racing permittees in a  
29 county where the advance deposit wagering provider or commercial  
30 live-racing permittee accepts advance deposit wagers for horse racing and  
31 of the organization that represents the majority of owners and trainers at  
32 each of the commercial live horse racing enclosures in each county. An  
33 advance deposit wagering provider that the commission approves shall pay  
34 source market fees on wagers placed on horse racing from this state to  
35 commercial live horse racing permittees in this state. The advance  
36 deposit wagering provider shall divide the source market fees on horse  
37 racing wagers on the basis of the proportion of the permittees' total live  
38 and simulcast handle during the previous year and the advance deposit  
39 wagering provider shall pay source market fees on wagers on dog racing  
40 from the county in which the live or simulcast racing is conducted to the  
41 commercial live racing permittee in that county. The advance deposit  
42 wagering provider shall divide the source market fees on dog racing from  
43 wagering in any other county as provided in a written agreement that is  
44 submitted to the department between all commercial dog racing permittees.

1       N. The commission may issue a permit to authorize an advance  
2 deposit wagering provider to accept advance deposit wagering on racing  
3 from persons in this state. The procedures for the approval of the permit  
4 must be similar to the procedures for the approval of racing permits under  
5 this article, subject to the following requirements:

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

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

24      3. An advance deposit wagering provider shall pay source market  
25 fees in an amount that is agreed to by the commercial live-racing  
26 permittee on all advance deposit wagering by persons in this state on the  
27 same type of racing the commercial live-racing permittee conducts. Source  
28 market fees from wagers by persons in this state through an advance  
29 deposit wagering provider shall be allocated as provided in paragraph 7 of  
30 this subsection to a commercial live horse racing permittee at a racetrack  
31 enclosure in a county where live horse racing has been conducted for a  
32 period of at least forty days per year for at least twelve consecutive  
33 years beginning after 1992 or at a new racetrack enclosure in the same  
34 county that replaced the previously existing racetrack enclosure during  
35 the period of time that the commercial live-racing permittee conducts a  
36 racing program. Source market fees for dog racing from wagering through  
37 the advance deposit wagering provider from persons wagering in a county  
38 shall be allocated as provided in paragraph 7 of this subsection to a  
39 commercial dog racing permittee at a racetrack enclosure in a county where  
40 live dog racing had been conducted in 2016 or had been conducted for a  
41 period of at least forty days per year for at least twelve consecutive  
42 years beginning after 1992 or at a new racetrack enclosure in the same  
43 county that replaced the previously existing racetrack enclosure. Source  
44 market fees from wagers by persons in this state in all other counties for

1 pari-mutuel wagering on dog racing through an advance deposit wagering  
2 provider shall be allocated as provided in paragraph 7 of this subsection.

3 4. Advance deposit wagering agreements that are executed between  
4 permittees in this state must contain the same or substantially equivalent  
5 terms and conditions, including provisions for revenue sharing, as the  
6 terms and conditions contained in simulcasting agreements that are  
7 executed between those same permittees in order to accept advance deposit  
8 wagering on horse racing from a county with a commercial dog racing  
9 permittee.

10 5. The advance wagering provider shall transmit daily a percentage  
11 determined by the department of the gross revenues generated by advance  
12 deposit wagers to the department for deposit in the racing regulation fund  
13 established by section 5-113.01.

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

17 7. The source market fees are allocated, after deductions, as  
18 provided for in section 5-111, subsection C for horse racing for any fees  
19 or payments to the state, county and city for taxes or other fees, in the  
20 same manner as the proceeds of simulcast pari-mutuel wagering as provided  
21 in section 5-111, subsection C for horse racing. From the source market  
22 fees from advance deposit wagering on horse racing allocated for purses as  
23 provided in section 5-111, subsection C, five percent is paid to the  
24 department for deposit in the Arizona breeders' award fund account for  
25 distributions for Arizona bred horses as provided in section 5-114.

26 8. The owner of the advance deposit wagering account may make an  
27 advance deposit pari-mutuel wager only by telephone.

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

41 10. Any person other than a permittee or any advance deposit  
42 wagering provider who is approved by the commission under this article and  
43 who accepts a wager or who bets on the results of a race, whether the race  
44 is conducted in or outside this state, including buying, selling, cashing,  
45 exchanging or acquiring a financial interest in a pari-mutuel ticket from

1 a person in this state outside of a racing enclosure or an additional  
2 wagering facility that is approved by the commission and that is located  
3 in this state is guilty of a class 6 felony.

4 R. Pursuant to section 13-108, a pari-mutuel wager or a bet placed  
5 or made by a person in this state is deemed for all purposes to occur in  
6 this state.

7 S. The department and the attorney general shall enforce  
8 subsections Q and R of this section and shall submit an annual report that  
9 summarizes these enforcement activities to the governor, the speaker of  
10 the house of representatives and the president of the senate. The  
11 department and the attorney general shall provide a copy of this report to  
12 the secretary of state.

13 T. EACH COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE SHALL ENTER  
14 INTO AN AGREEMENT THAT COMPLIES WITH THIS SUBSECTION. SIMULCASTS THAT  
15 ORIGINATE FROM A RACETRACK ENCLOSURE THAT CONDUCTS LIVE RACING IN THIS  
16 STATE SHALL BE OFFERED TO EACH COMMERCIAL LIVE-RACING PERMITTEE IN THIS  
17 STATE AND ADDITIONAL WAGERING FACILITY IN THIS STATE. EACH SIMULCAST  
18 AGREEMENT EXECUTED PURSUANT TO THIS SUBSECTION IS SUBJECT TO APPROVAL BY  
19 THE COMMISSION. THE COMMISSION SHALL APPROVE THE SIMULCAST AGREEMENT IF  
20 THE COMMISSION DETERMINES THAT THE AGREEMENT IS REASONABLE AND COMPLIES  
21 WITH THE REQUIREMENTS OF THIS SUBSECTION. A PERMITTEE MAY NOT ENGAGE IN  
22 ANY ANTICOMPETITIVE OR DECEPTIVE PRACTICE IN OFFERING TO SEND THE  
23 PERMITTEE'S SIMULCAST TO ANOTHER COMMERCIAL LIVE-RACING PERMITTEE OR  
24 ADDITIONAL WAGERING FACILITY IN THIS STATE. FOR THE PURPOSES OF THIS  
25 SUBSECTION, AN ANTICOMPETITIVE OR DECEPTIVE PRACTICE INCLUDES ANY OF THE  
26 FOLLOWING:

27 1. ANY AGREEMENT TO CHARGE EXCESSIVE OR UNREASONABLE FEES FOR THE  
28 RIGHT TO RECEIVE THE SIMULCASTS. IN DETERMINING WHETHER A FEE IS  
29 EXCESSIVE OR UNREASONABLE, THE COMMISSION SHALL CONSIDER PREVAILING RATES  
30 PAID FOR COMPARABLE SIMULCAST SIGNALS IN THE PAST, PREVAILING RATES PAID  
31 OUTSIDE THIS STATE AND WHETHER ANY COMMONALITY OF OWNERSHIP OR REVENUE  
32 SHARING EXISTS, PARTIALLY OR WHOLLY, BETWEEN THE PERMITTEE IN THIS STATE  
33 AND THE ENTITY THAT RECEIVES THE SIMULCAST FEE.

34 2. ANY AGREEMENT, COMBINATION, TRUST OR JOINT ENTERPRISE WITH ANY  
35 OTHER RACETRACK OR ENTITY IN WHICH MULTIPLE SIMULCAST SIGNALS ARE BUNDLED  
36 TOGETHER FOR THE PURPOSE OF SECURING AN EXCESSIVE OR UNREASONABLE FEE FOR  
37 ONE OR MORE SIMULCAST SIGNALS IN THE GROUP IN EXCHANGE FOR THE RIGHT TO  
38 RECEIVE ANY OF THE SIGNALS IN THAT GROUP.

39 3. ANY OTHER ACTIVITY WITH THE PURPOSE OR EFFECT OF ARTIFICIALLY  
40 INFLATING PRICES BEYOND REASONABLE MARKET RATES.

41 U. ANY SIMULCAST OF LIVE RACING INTO THIS STATE THAT ORIGINATES  
42 FROM OUTSIDE THIS STATE SHALL COMPLY WITH THIS SUBSECTION. THE SIMULCAST  
43 MUST BE OFFERED TO EACH COMMERCIAL LIVE-RACING PERMITTEE IN THIS STATE AND  
44 ADDITIONAL WAGERING FACILITY IN THIS STATE. EACH SIMULCAST AGREEMENT  
45 EXECUTED PURSUANT TO THIS SUBSECTION IS SUBJECT TO APPROVAL BY THE

1 COMMISSION. THE COMMISSION SHALL APPROVE THE SIMULCAST AGREEMENT IF THE  
2 COMMISSION DETERMINES THAT THE AGREEMENT IS REASONABLE AND COMPLIES WITH  
3 THE REQUIREMENTS OF THIS SUBSECTION. A PROVIDER OF SIMULCASTS ORIGINATING  
4 FROM OUTSIDE OF THIS STATE MAY NOT ENGAGE IN ANY ANTICOMPETITIVE OR  
5 DECEPTIVE PRACTICE IN OFFERING TO CONTRACT FOR THE PRIVILEGE TO SEND ANY  
6 INTERSTATE SIMULCAST TO A COMMERCIAL LIVE-RACING PERMITTEE OR ADDITIONAL  
7 WAGERING FACILITY IN THIS STATE. FOR THE PURPOSES OF THIS SUBSECTION, AN  
8 ANTICOMPETITIVE OR DECEPTIVE PRACTICE INCLUDES ANY OF THE FOLLOWING:

9 1. ANY AGREEMENT TO CHARGE EXCESSIVE OR UNREASONABLE FEES FOR THE  
10 RIGHT TO RECEIVE THE INTERSTATE SIMULCASTS. IN DETERMINING WHETHER A FEE  
11 IS EXCESSIVE OR UNREASONABLE, THE COMMISSION SHALL CONSIDER PREVAILING  
12 RATES PAID FOR COMPARABLE SIMULCAST SIGNALS IN THE PAST, PREVAILING RATES  
13 PAID OUTSIDE THIS STATE AND WHETHER ANY COMMONALITY OF OWNERSHIP OR  
14 REVENUE SHARING EXISTS, PARTIALLY OR WHOLLY, BETWEEN THE PERMITTEE IN THIS  
15 STATE AND THE ENTITY RECEIVING THE SIMULCAST FEE.

16 2. ANY AGREEMENT, COMBINATION, TRUST OR JOINT ENTERPRISE WITH ANY  
17 OTHER RACETRACK OR ENTITY IN WHICH MULTIPLE INTERSTATE SIGNALS ARE BUNDLED  
18 TOGETHER FOR THE PURPOSE OF SECURING AN EXCESSIVE OR UNREASONABLE FEE FOR  
19 ONE OR MORE SIMULCAST SIGNALS IN THE GROUP IN EXCHANGE FOR THE RIGHT TO  
20 RECEIVE ANY OF THE SIGNALS IN THAT GROUP.

21 3. ANY OTHER ACTIVITY WITH THE PURPOSE OR EFFECT OF ARTIFICIALLY  
22 INFLATING PRICES BEYOND REASONABLE MARKET RATES.

23 Sec. 2. Title 5, chapter 1, article 1, Arizona Revised Statutes, is  
24 amended by adding section 5-118, to read:

25 5-118. Authorization to own or lease not more than six new  
26 additional wagering facilities

27 A PERMITTEE THAT IS AUTHORIZED TO CONDUCT LIVE RACING IN A COUNTY  
28 WITH A POPULATION OF SEVEN HUNDRED THOUSAND PERSONS OR MORE BUT LESS THAN  
29 ONE MILLION FIVE HUNDRED THOUSAND PERSONS MAY OWN OR LEASE NOT MORE THAN  
30 SIX NEW ADDITIONAL WAGERING FACILITIES IN THAT COUNTY THAT BEGIN  
31 OPERATIONS BETWEEN THE EFFECTIVE DATE OF THIS SECTION AND JUNE 30, 2022.