

REFERENCE TITLE: sports betting; tribes; liquor establishments

State of Arizona  
Senate  
Fifty-fourth Legislature  
Second Regular Session  
2020

## **SB 1525**

Introduced by  
Senator Borrelli: Representative Pierce

AN ACT

AMENDING TITLE 5, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 10; AMENDING SECTIONS 13-3301, 13-3302, 13-3305 AND 42-5073, ARIZONA REVISED STATUTES; RELATING TO AMUSEMENT AND SPORTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 5, Arizona Revised Statutes, is amended by adding  
3 chapter 10, to read:

4 CHAPTER 10

5 SPORTS BETTING

6 ARTICLE 1. GENERAL PROVISIONS

7 5-1201. Sports betting; authority to contract with licensed  
8 liquor establishments; requirements

9 A. EACH FEDERALLY RECOGNIZED INDIAN TRIBE THAT HAS A TRIBAL-STATE  
10 GAMING COMPACT ENTERED INTO PURSUANT TO CHAPTER 6 OF THIS TITLE AND THAT  
11 HAS TRIBAL HEADQUARTERS ON INDIAN LANDS LOCATED IN THIS STATE MAY OPERATE  
12 SPORTS BETTING AS DEFINED IN SECTION 13-3301. NO OTHER PERSON OR ENTITY  
13 MAY OPERATE SPORTS BETTING.

14 B. AN INDIAN TRIBE THAT IS AUTHORIZED TO OPERATE SPORTS BETTING  
15 PURSUANT TO THIS SECTION MAY OPERATE SPORTS BETTING THROUGH KIOSKS OR  
16 SIMILAR MACHINES THAT ARE LOCATED AT ONE OR MORE PREMISES THAT HAVE A BAR  
17 LICENSE, A BEER AND WINE BAR LICENSE OR A PRIVATE CLUB LICENSE THAT IS  
18 ISSUED PURSUANT TO TITLE 4 AND MAY ENTER INTO A LEASE OR A RENTAL  
19 AGREEMENT FOR THE PURPOSE OF OPERATING SPORTS BETTING WITH A PERSON THAT  
20 HOLDS A BAR LICENSE, A BEER AND WINE BAR LICENSE OR A PRIVATE CLUB  
21 LICENSE. THIS SUBSECTION DOES NOT ALLOW AN INDIAN TRIBE TO OPERATE MORE  
22 GAMING DEVICES THAN OTHERWISE ALLOCATED UNDER SECTION 5-601.02. THIS  
23 SUBSECTION SHALL BE CONSTRUED IN A MANNER THAT IS CONSISTENT WITH THE  
24 GAMING DEVICE OPERATING RIGHTS PRESCRIBED IN SECTION 5-601.02.

25 C. IF AN INDIAN TRIBE ENTERS INTO AN AGREEMENT FOR RENT, LEASE OR  
26 LICENSING OR FOR THE PROVISION OF MARKETING, TECHNICAL, ADMINISTRATIVE OR  
27 MANAGEMENT SERVICES, THESE AGREEMENTS SHALL AFFIRM THAT THE INDIAN TRIBE  
28 IS THE SOLE AND EXCLUSIVE OPERATOR OF ALL SPORTS BETTING ACTIVITY THAT IS  
29 AUTHORIZED UNDER THIS CHAPTER. ANY AGREEMENT THAT DOES NOT COMPLY WITH  
30 THIS SUBSECTION IS OF NO FORCE AND EFFECT.

31 D. THIS CHAPTER DOES NOT AMEND ANY TRIBAL-STATE GAMING COMPACT  
32 EXECUTED PURSUANT TO SECTION 5-601.02.

33 5-1202. Department of gaming; sports betting licensing; rules

34 A. TO ENSURE HONESTY AND INTEGRITY IN THE GAMBLING ACTIVITY, THE  
35 DEPARTMENT OF GAMING SHALL REGULATE SPORTS BETTING UNDER THIS CHAPTER IN A  
36 MANNER THAT IS CONSISTENT WITH THE REGULATION OF TRIBAL GAMING PURSUANT TO  
37 SECTION 5-602. AN INDIAN TRIBE MAY OPERATE SPORTS BETTING THROUGH A  
38 TRIBAL GAMING OPERATOR THAT IS WHOLLY OWNED BY THE INDIAN TRIBE. THE  
39 TRIBAL GAMING OPERATOR IS SUBJECT TO LICENSURE.

40 B. THE DEPARTMENT OF GAMING MAY ADOPT RULES TO CARRY OUT THE  
41 PURPOSES OF THIS SECTION.

42 C. FOR THE PURPOSES OF LICENSURE, THE OWNER, PARTNER, SHAREHOLDERS  
43 OR BENEFICIARIES OF THE TRIBAL GAMING OPERATOR DO NOT INCLUDE THE MEMBERS  
44 OR GOVERNMENT OFFICIALS OF AN INDIAN TRIBE.

1           Sec. 2. Section 13-3301, Arizona Revised Statutes, is amended to  
2 read:

3           13-3301. Definitions

4           In this chapter, unless the context otherwise requires:

5           1. "Amusement gambling" means gambling involving a device, game or  
6 contest ~~which~~ THAT is played for entertainment if all of the following  
7 apply:

8           (a) The player or players actively participate in the game or  
9 contest or with the device.

10           (b) The outcome is not in the control to any material degree of any  
11 person other than the player or players.

12           (c) The prizes are not offered as a lure to separate the player or  
13 players from their money.

14           (d) Any of the following:

15           (i) No benefit is given to the player or players other than an  
16 immediate and unrecorded right to replay which is not exchangeable for  
17 value.

18           (ii) The gambling is an athletic event and no person other than the  
19 player or players derives a profit or chance of a profit from the money  
20 paid to gamble by the player or players.

21           (iii) The gambling is an intellectual contest or event, the money  
22 paid to gamble is part of an established purchase price for a product, no  
23 increment has been added to the price in connection with the gambling  
24 event and no drawing or lottery is held to determine the winner or  
25 winners.

26           (iv) Skill and not chance is clearly the predominant factor in the  
27 game and the odds of winning the game based ~~upon~~ ON chance cannot be  
28 altered, provided the game complies with any licensing or regulatory  
29 requirements by the jurisdiction in which it is operated, no benefit for a  
30 single win is given to the player or players other than a merchandise  
31 prize ~~which~~ THAT has a wholesale fair market value of less than ~~ten~~  
32 ~~dollars~~ \$10 or coupons ~~which~~ THAT are redeemable only at the place of play  
33 and only for a merchandise prize ~~which~~ THAT has a fair market value of  
34 less than ~~ten dollars~~ \$10 and, regardless of the number of wins, no  
35 aggregate of coupons may be redeemed for a merchandise prize with a  
36 wholesale fair market value of greater than ~~five hundred fifty dollars~~  
37 \$550.

38           2. "Conducted as a business" means gambling that is engaged in with  
39 the object of gain, benefit or advantage, either direct or indirect,  
40 realized or unrealized, but not ~~when~~ IF incidental to a bona fide social  
41 relationship.

42           3. "Crane game" means an amusement machine ~~which~~ THAT is operated  
43 by player controlled buttons, control sticks or other means, or a  
44 combination of the buttons or controls, which is activated by coin  
45 insertion into the machine and where the player attempts to successfully

1 retrieve prizes with a mechanical or electromechanical claw or device by  
2 positioning the claw or device over a prize.

3 4. "Gambling" or "gamble" means one act of risking or giving  
4 something of value for the opportunity to obtain a benefit from a game or  
5 contest of chance or skill or a future contingent event but does not  
6 include bona fide business transactions ~~which~~ THAT are valid under the law  
7 of contracts including contracts for the purchase or sale at a future date  
8 of securities or commodities, contracts of indemnity or guarantee and  
9 life, health or accident insurance.

10 5. "Player" means a natural person who participates in gambling.

11 6. "Regulated gambling" means either:

12 (a) Gambling conducted in accordance with a tribal-state gaming  
13 compact or otherwise in accordance with the requirements of the Indian  
14 gaming regulatory act of 1988 (P.L. 100-497; 102 Stat. 2467; 25 United  
15 States Code sections 2701 through 2721 and 18 United States Code sections  
16 1166 through 1168); or

17 (b) Gambling to which all of the following apply:

18 (i) It is operated and controlled in accordance with a statute,  
19 rule or order of this state or of the United States.

20 (ii) All federal, state or local taxes, fees and charges in lieu of  
21 taxes have been paid by the authorized person or entity on any activity  
22 arising out of or in connection with the gambling.

23 (iii) If conducted by an organization which is exempt from taxation  
24 of income under section 501 of the internal revenue code, the  
25 organization's records are open to public inspection.

26 ~~(iv) Beginning on June 1, 2003,~~ None of the players is under  
27 twenty-one years of age.

28 7. "Social gambling" means gambling that is not conducted as a  
29 business and that involves players who compete on equal terms with each  
30 other in a gamble if all of the following apply:

31 (a) No player receives, or becomes entitled to receive, any  
32 benefit, directly or indirectly, other than the player's winnings from the  
33 gamble.

34 (b) No other person receives or becomes entitled to receive any  
35 benefit, directly or indirectly, from the gambling activity, including  
36 benefits of proprietorship, management or unequal advantage or odds in a  
37 series of gambles.

38 ~~(c) Until June 1, 2003, none of the players is below the age of~~  
39 ~~majority. Beginning on June 1, 2003,~~ None of the players is under  
40 twenty-one years of age.

41 (d) Players "compete on equal terms with each other in a gamble"  
42 when no player enjoys an advantage over any other player in the gamble  
43 under the conditions or rules of the game or contest.

44 8. "SPORTS BETTING":

1 (a) MEANS THE PLACEMENT OF A WAGER ON THE OUTCOME OF A SPORTING  
2 EVENT WHERE A WINNING OUTCOME IS BASED ON THE SCORE, POINT TOTAL, POINT  
3 SPREAD OR PERFORMANCE OF A TEAM IN A TEAM SPORT OR ON THE SCORE, POINT  
4 TOTAL, POINT SPREAD OR PERFORMANCE OF AN INDIVIDUAL ATHLETE IN A NON-TEAM  
5 SPORT.

6 (b) DOES NOT INCLUDE WAGERING ON SPORTING EVENTS THAT IS PROHIBITED  
7 BY THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION.

8 Sec. 3. Section 13-3302, Arizona Revised Statutes, is amended to  
9 read:

10 13-3302. Exclusions

11 A. The following conduct is not unlawful under this chapter:

- 12 1. Amusement gambling.
- 13 2. Social gambling.
- 14 3. Regulated gambling if the gambling is conducted in accordance  
15 with the statutes, rules or orders governing the gambling.
- 16 4. Gambling that is conducted at state, county or district fairs  
17 and that complies with section 13-3301, paragraph 1, subdivision (d).

18 5. SPORTS BETTING THAT IS CONDUCTED PURSUANT TO TITLE 5,  
19 CHAPTER 10.

20 B. An organization that has qualified for an exemption from  
21 taxation of income under section 501 of the internal revenue code may  
22 conduct a raffle that is subject to the following restrictions:

23 1. The nonprofit organization shall maintain this status and ~~no~~ A  
24 member, director, officer, employee or agent of the nonprofit organization  
25 may NOT receive any direct or indirect pecuniary benefit other than being  
26 able to participate in the raffle on a basis equal to all other  
27 participants.

28 2. The nonprofit organization has been in existence continuously in  
29 this state for a five-year period immediately before conducting the  
30 raffle.

31 3. ~~No~~ A person, except FOR a bona fide local member of the  
32 sponsoring organization, may NOT participate directly or indirectly in the  
33 management, sales or operation of the raffle.

34 4. Paragraph 1 or 3 of this subsection does not prohibit:

35 (a) A licensed general hospital, a licensed special hospital or a  
36 foundation established to support cardiovascular medical research that is  
37 exempt from taxation of income under section 501(c)(3) of the internal  
38 revenue code from contracting with an outside agent who participates in  
39 the management, sales or operation of the raffle if the proceeds of the  
40 raffle are used to fund medical research, graduate medical education or  
41 indigent care and the raffles are conducted ~~no~~ NOT more than three times  
42 per calendar year. The maximum fee for an outside agent shall not exceed  
43 fifteen percent of the net proceeds of the raffle.

44 (b) An entity that is exempt from taxation of income under section  
45 501(c)(3) of the internal revenue code and that has at least a twenty-year

1 history of providing comprehensive services to prevent child abuse and to  
2 provide services and advocacy for victims of child abuse from contracting  
3 with an outside agent who participates in the management, sales or  
4 operation of the raffle if the proceeds of the raffle are used to provide  
5 comprehensive services to prevent child abuse and to provide services and  
6 advocacy for victims of child abuse and the raffles are conducted ~~no~~ NOT  
7 more than three times per calendar year. The maximum fee for an outside  
8 agent shall not exceed fifteen percent of the net proceeds of the raffle.

9 C. A state, county or local historical society designated by this  
10 state or a county, city or town to conduct a raffle may conduct the raffle  
11 subject to the following conditions:

12 1. A member, director, officer, employee or agent of the historical  
13 society may not receive any direct or indirect pecuniary benefit other  
14 than being able to participate in the raffle on a basis equal to all other  
15 participants.

16 2. The historical society must have been in existence continuously  
17 in this state for a five-year period immediately before conducting the  
18 raffle.

19 3. A person, except for a bona fide local member of the sponsoring  
20 historical society, may not participate directly or indirectly in the  
21 management, sales or operation of the raffle.

22 D. A nonprofit organization that is a booster club, a civic club or  
23 a political club or political organization that is formally affiliated  
24 with and recognized by a political party in this state may conduct a  
25 raffle that is subject to the following restrictions:

26 1. A member, director, officer, employee or agent of the club or  
27 organization may not receive any direct or indirect pecuniary benefit  
28 other than being able to participate in the raffle on a basis equal to all  
29 other participants.

30 2. A person, except for a bona fide local member of the sponsoring  
31 club or organization, may not participate directly or indirectly in the  
32 management, sales or operation of the raffle.

33 3. The maximum annual benefit that the club or organization  
34 receives for all raffles is ~~ten thousand dollars~~ \$10,000.

35 4. The club or organization is organized and operated exclusively  
36 for pleasure, recreation or other nonprofit purposes and no part of the  
37 club's or organization's net earnings inures to the personal benefit of  
38 any member, director, officer, employee or agent of the club or  
39 organization.

40 Sec. 4. Section 13-3305, Arizona Revised Statutes, is amended to  
41 read:

42 13-3305. Betting and wagering; classification

43 A. Subject to the exceptions contained in section 5-112 AND TITLE  
44 5, CHAPTER 10, no person may engage for a fee, property, salary or reward  
45 in the business of accepting, recording or registering any bet, purported

1 bet, wager or purported wager or engage for a fee, property, salary or  
2 reward in the business of selling wagering pools or purported wagering  
3 pools with respect to the result or purported result of any race, ~~sporting~~  
4 ~~event~~, contest or other game of skill or chance or any other unknown or  
5 contingent future event or occurrence whatsoever.

6 B. A person shall not directly or indirectly knowingly accept for a  
7 fee, property, salary or reward anything of value from another to be  
8 transmitted or delivered for wagering or betting on the results of a race,  
9 sporting event, contest or other game of skill or chance or any other  
10 unknown or contingent future event or occurrence whatsoever conducted  
11 within or without this state or anything of value as reimbursement for the  
12 prior making of such a wager or bet on behalf of another person.

13 C. A person who violates this section is guilty of a class 1  
14 misdemeanor.

15 Sec. 5. Section 42-5073, Arizona Revised Statutes, is amended to  
16 read:

17 42-5073. Amusement classification

18 A. The amusement classification is comprised of the business of  
19 operating or conducting theaters, movies, operas, shows of any type or  
20 nature, exhibitions, concerts, carnivals, circuses, amusement parks,  
21 menageries, fairs, races, contests, games, THE NET PROCEEDS FROM SPORTS  
22 BETTING THAT IS CONDUCTED OUTSIDE A TRIBAL CASINO, billiard or pool  
23 parlors, bowling alleys, public dances, dance halls, boxing and wrestling  
24 matches, skating rinks, tennis courts, except as provided in subsection B  
25 of this section, video games, pinball machines or sports events or any  
26 other business charging admission or user fees for exhibition, amusement  
27 or entertainment, including the operation or sponsorship of events by a  
28 tourism and sports authority under title 5, chapter 8. For the purposes  
29 of this section, admission or user fees include, ~~but are not limited to,~~  
30 any revenues derived from any form of contractual agreement for rights to  
31 or use of premium or special seating facilities or arrangements. The  
32 amusement classification does not include:

33 1. Activities or projects of bona fide religious or educational  
34 institutions.

35 2. Private or group instructional activities. For the purposes of  
36 this paragraph, "private or group instructional activities" includes, ~~but~~  
37 ~~is not limited to,~~ performing arts, martial arts, gymnastics and aerobic  
38 instruction.

39 3. The operation or sponsorship of events by the Arizona exposition  
40 and state fair board or county fair commissions.

41 4. A musical, dramatic or dance group or a botanical garden, museum  
42 or zoo that is qualified as a nonprofit charitable organization under  
43 section 501(c)(3) of the United States internal revenue code if no part of  
44 its net income inures to the benefit of any private shareholder or  
45 individual.

1           5. Exhibition events in this state sponsored, conducted or operated  
2 by a nonprofit organization that is exempt from taxation under section  
3 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the  
4 organization is associated with major league baseball teams or a national  
5 touring professional golfing association and no part of the organization's  
6 net earnings inures to the benefit of any private shareholder or  
7 individual. This paragraph does not apply to an organization that is  
8 owned, managed or controlled, in whole or in part, by a major league  
9 baseball team, or its owners, officers, employees or agents, or by a major  
10 league baseball association or professional golfing association, or its  
11 owners, officers, employees or agents, unless the organization conducted  
12 or operated exhibition events in this state before January 1, 2018 that  
13 were exempt from taxation under this section.

14           6. Operating or sponsoring rodeos that feature primarily farm and  
15 ranch animals in this state and that are sponsored, conducted or operated  
16 by a nonprofit organization that is exempt from taxation under section  
17 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal  
18 revenue code if no part of the organization's net earnings inures to the  
19 benefit of any private shareholder or individual.

20           7. Sales of admissions to intercollegiate football contests if the  
21 contests are both:

22           (a) Operated by a nonprofit organization that is exempt from  
23 taxation under section 501(c)(3) of the internal revenue code and no part  
24 of the organization's net earnings inures to the benefit of any private  
25 shareholder or individual.

26           (b) Not held in a multipurpose facility that is owned or operated  
27 by the tourism and sports authority pursuant to title 5, chapter 8.

28           8. Activities and events of, or fees and assessments received by, a  
29 homeowners organization from persons who are members of the organization  
30 or accompanied guests of members. For the purposes of this paragraph,  
31 "homeowners organization" means a mandatory membership organization  
32 comprised of owners of residential property within a specified residential  
33 real estate subdivision development or similar area and established to own  
34 property for the benefit of its members where both of the following apply:

35           (a) No part of the organization's net earnings inures to the  
36 benefit of any private shareholder or individual.

37           (b) The primary purpose of the organization is to provide for the  
38 acquisition, construction, management, maintenance or care of organization  
39 property.

40           9. Activities and events of, or fees received by, a nonprofit  
41 organization that is exempt from taxation under section 501(c)(6) of the  
42 internal revenue code if the organization produces, organizes or promotes  
43 cultural or civic related festivals or events and no part of the  
44 organization's net earnings inures to the benefit of any private  
45 shareholder or individual.



1           10. Arranging an amusement activity as a service to a person's  
2 customers if that person is not otherwise engaged in the business of  
3 operating or conducting an amusement personally or through others. This  
4 exception does not apply to businesses that operate or conduct amusements  
5 pursuant to customer orders and send the billings and receive the payments  
6 associated with that activity, including when the amusement is performed  
7 by third-party independent contractors. For the purposes of this  
8 paragraph, "arranging" includes billing for or collecting amusement  
9 charges from a person's customers on behalf of the persons providing the  
10 amusement.

11           B. The tax base for the amusement classification is the gross  
12 proceeds of sales or gross income derived from the business, except that  
13 the following shall be deducted from the tax base:

14           1. The gross proceeds of sales or gross income derived from  
15 memberships, including initiation fees, that provide for the right to use  
16 a health or fitness establishment or a private recreational establishment,  
17 or any portion of an establishment, including tennis and other racquet  
18 courts at that establishment, for participatory purposes for twenty-eight  
19 days or more and fees charged for use of the health or fitness  
20 establishment or private recreational establishment by bona fide  
21 accompanied guests of members, except that this paragraph does not include  
22 additional fees, other than initiation fees, charged by a health or  
23 fitness establishment or a private recreational establishment for purposes  
24 other than memberships that provide for the right to use a health or  
25 fitness establishment or private recreational establishment, or any  
26 portion of an establishment, for participatory purposes for twenty-eight  
27 days or more and accompanied guest use fees.

28           2. Amounts that are exempt under section 5-111, subsection G.

29           3. The gross proceeds of sales or gross income derived from  
30 membership fees, including initiation fees, that provide for the right to  
31 use a transient lodging recreational establishment, including golf courses  
32 and tennis and other racquet courts at that establishment, for  
33 participatory purposes for twenty-eight days or more, except that this  
34 paragraph does not include additional fees, other than initiation fees,  
35 that are charged by a transient lodging recreational establishment for  
36 purposes other than memberships and that provide for the right to use a  
37 transient lodging recreational establishment or any portion of the  
38 establishment for participatory purposes for twenty-eight days or more.

39           4. The gross proceeds of sales or gross income derived from sales  
40 to persons engaged in the business of transient lodging classified under  
41 section 42-5070, if all of the following apply:

42           (a) The persons who are engaged in the transient lodging business  
43 sell the amusement to another person for consideration.

44           (b) The consideration received by the transient lodging business is  
45 equal to or greater than the amount to be deducted under this subsection.

1 (c) The transient lodging business has provided an exemption  
2 certificate to the person engaging in business under this section.

3 5. The gross proceeds of sales or gross income derived from:

4 (a) Business activity that is properly included in any other  
5 business classification under this article and that is taxable to the  
6 person engaged in that classification, but the gross proceeds of sales or  
7 gross income to be deducted shall not exceed the consideration paid to the  
8 person conducting the activity.

9 (b) Business activity that is arranged by the person who is subject  
10 to tax under this section and that is not taxable to the person conducting  
11 the activity due to an exclusion, exemption or deduction under this  
12 section or section 42-5062, but the gross proceeds of sales or gross  
13 income to be deducted shall not exceed the consideration paid to the  
14 person conducting the activity.

15 (c) Business activity that is arranged by a person who is subject  
16 to tax under this section and that is taxable to another person under this  
17 section who conducts the activity, but the gross proceeds of sales or  
18 gross income to be deducted shall not exceed the consideration paid to the  
19 person conducting the activity.

20 6. The gross proceeds of sales or gross income derived from entry  
21 fees paid by participants for events that either:

22 (a) Until March 1, 2017, consist of a run, walk, swim or bicycle  
23 ride or a similar event, or any combination of these events.

24 (b) Are operated or conducted by nonprofit organizations that are  
25 exempt from taxation under section 501(c)(3) of the internal revenue code  
26 and of which no part of the organization's net earnings inures to the  
27 benefit of any private shareholder or individual, if the event consists of  
28 a run, walk, swim or bicycle ride or a similar event, or any combination  
29 of these events.

30 7. ALL OF THE AMOUNTS RECEIVED BY AN INDIAN TRIBE FROM THE GROSS  
31 AMOUNT OF MONIES RECEIVED FOR THE CONDUCT OF SPORTS BETTING, AND ALL  
32 AMOUNTS HELD BY AN INDIAN TRIBE FOR PAYMENT OF WINNINGS TO SPORTS BETTING  
33 PATRONS, WHICH ARE EXEMPT FROM THIS CHAPTER. AMOUNTS SUBJECT TO THIS  
34 CHAPTER OR AMOUNTS THAT ARE SUBJECT TO ANY MUNICIPAL TAX CODE, OR BOTH,  
35 SHALL NOT RESULT IN A COMBINED STATE, COUNTY AND CITY TAX LIABILITY THAT  
36 EXCEEDS SIX AND SEVENTY-FIVE ONE HUNDREDTHS PERCENT OF ADJUSTED GROSS  
37 RECEIPTS. THE TRIBAL GAMING OPERATOR SHALL PAY AND BE RESPONSIBLE FOR  
38 PAYMENTS OF THE TRIBAL GAMING OPERATOR'S TAX LIABILITY UNDER THIS  
39 SUBSECTION. FOR THE PURPOSES OF THIS PARAGRAPH, THE OWNER, PARTNER,  
40 SHAREHOLDERS OR BENEFICIARIES OF THE TRIBAL GAMING OPERATOR DO NOT INCLUDE  
41 THE MEMBERS OR GOVERNMENT OFFICIALS OF AN INDIAN TRIBE. FOR THE PURPOSES  
42 OF THIS SUBSECTION, FOR A BUSINESS THAT IS OPERATING SPORTS BETTING  
43 PURSUANT TO TITLE 5, CHAPTER 10, "GROSS INCOME" AND "GROSS PROCEEDS OF  
44 SALES" MEANS THE RECEIPTS REMAINING AFTER DEDUCTING THE MONIES PAID FOR  
45 WINNINGS FROM GROSS RECEIPTS.

1 C. For the purposes of subsection B of this section:

2 1. "Health or fitness establishment" means a facility whose primary  
3 purpose is to provide facilities, equipment, instruction or education to  
4 promote the health and fitness of its members and at least eighty percent  
5 of the monthly gross revenue of the facility is received through accounts  
6 of memberships and accompanied guest use fees that provide for the right  
7 to use the facility, or any portion of the facility, under the terms of  
8 the membership agreement for participatory purposes for twenty-eight days  
9 or more.

10 2. "Private recreational establishment" means a facility whose  
11 primary purpose is to provide recreational facilities, such as tennis,  
12 golf and swimming, for its members and where at least eighty percent of  
13 the monthly gross revenue of the facility is received through accounts of  
14 memberships and accompanied guest use fees that provide for the right to  
15 use the facility, or any portion of the facility, for participatory  
16 purposes for twenty-eight days or more.

17 3. "Transient lodging recreational establishment" means a facility  
18 whose primary purpose is to provide facilities for transient lodging, that  
19 is subject to taxation under this chapter and that also provides  
20 recreational facilities, such as tennis, golf and swimming, for members  
21 for a period of twenty-eight days or more.

22 D. Until December 31, 1988, the revenues from hayrides and other  
23 animal-drawn amusement rides, from horseback riding and riding instruction  
24 and from recreational tours using motor vehicles designed to operate on  
25 and off public highways are exempt from the tax imposed by this section.  
26 Beginning January 1, 1989, the gross proceeds or gross income from  
27 hayrides and other animal-drawn amusement rides, from horseback riding and  
28 from recreational tours using motor vehicles designed to operate on and  
29 off public highways are subject to taxation under this section. Tax  
30 liabilities, penalties and interest paid for taxable periods before  
31 January 1, 1989 shall not be refunded unless the taxpayer requesting the  
32 refund provides proof satisfactory to the department that the taxes will  
33 be returned to the customer.

34 E. If a person is engaged in the business of offering both  
35 exhibition, amusement or entertainment and private or group instructional  
36 activities, the person's books shall be kept to show separately the gross  
37 income from exhibition, amusement or entertainment and the gross income  
38 from instructional activities. If the books do not provide this separate  
39 accounting, the tax is imposed on the person's total gross income from the  
40 business.

41 F. The department shall separately account for revenues collected  
42 under the amusement classification for the purposes of section 42-5029,  
43 subsection D, paragraph 4, subdivision (b).

1           G. For the purposes of section 42-5032.01, the department shall  
2 separately account for revenues collected under the amusement  
3 classification from sales of admissions to:

4           1. Events that are held in a multipurpose facility that is owned or  
5 operated by the tourism and sports authority pursuant to title 5, chapter  
6 8, including intercollegiate football contests that are operated by a  
7 nonprofit organization that is exempt from taxation under section  
8 501(c)(3) of the internal revenue code.

9           2. Professional football contests that are held in a stadium  
10 located on the campus of an institution under the jurisdiction of the  
11 Arizona board of regents.

12           Sec. 6. Emergency

13           This act is an emergency measure that is necessary to preserve the  
14 public peace, health or safety and is operative immediately as provided by  
15 law.