SB 1674

Introduced by
Senator Gonzales

AN ACT

AMENDING SECTIONS 5-1304 AND 5-1305, ARIZONA REVISED STATUTES; RELATING TO AMUSEMENTS AND SPORTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 5-1304, Arizona Revised Statutes, is amended to read:

5-1304. Licensure; application

A. The department may issue not more than ten event wagering operator licenses to applicants other than an Indian tribe. The department may issue not more than twenty-three event wagering operator licenses to Indian tribes in this state, one to each federally recognized Indian tribe, if the Indian tribe receiving a license has signed the most recent tribal-state gaming compact and any applicable appendices or amendments. The department shall issue event wagering operator licenses only to applicants that are either of the following in compliance with this chapter:

1. An owner of an Arizona professional sports team or franchise, operator of a sports facility that hosts an annual tournament on the PGA tour, promoter of a national association for stock car auto racing national touring race conducted in this state or the owner's, operator's or promoter's designee, contracted to operate event wagering for both retail event wagering at a sports facility or its complex as prescribed in subsection D of this section and mobile event wagering throughout the state. If a designee is used, the designee shall be considered the applicant and be subject to any requirements of the application process rather than the owner, operator or promoter.

2. An Indian tribe, or an entity fully owned by an Indian tribe, or its designee contracted to operate only mobile event wagering outside the boundaries of its Indian lands and throughout the state event wagering for both retail event wagering within a five-block radius of a sports facility or a sports complex and mobile event wagering throughout the state as prescribed in subsection E of this section, if it has signed the most recent tribal-state gaming compact and any applicable appendices or amendments.

B. An applicant for an event wagering license shall submit an application in a form prescribed by the department, including all of the following:

1. The identification of the applicant's principal owners that own more than five percent of the company, the partners, the members of its board of directors and the officers, the identification of any holding company, including its principals, that is engaged by the applicant to assist in the management or operation of event wagering, if applicable, and information to verify that the applicant is qualified to hold a license under subsection A of this section.

2. A full set of fingerprints for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation. The fingerprints shall be
furnished by the applicant's officers and directors, if a corporation, members, if a limited liability company, and partners, if a partnership.

An applicant convicted of a disqualifying offense may not be licensed.

3. Information, documentation and assurances as may be reasonably required to establish by clear and convincing evidence the applicant's good character, honesty and integrity, including information that pertains to family connections, criminal and arrest records, business activities, financial affairs and business, professional and personal associates covering at least the ten-year period immediately preceding the filing of the application.

4. A notice and description of civil judgments obtained against the applicant pertaining to antitrust or security regulation laws of the federal government, of this state or of any other state, jurisdiction, province or country.

5. If the applicant has conducted gaming operations in a jurisdiction that allows such activity, letters of compliance from the regulatory body that regulates event wagering, sports wagering or any other gaming activity that the applicant is licensed for, conducts or operates under jurisdiction of the regulatory body.

6. Information, documentation and assurances concerning THE financial background and resources of the applicant or its management services provider as may be required to establish by clear and convincing evidence the financial stability, integrity and responsibility of the applicant or its management services provider, including bank references, business and personal income and disbursement schedules, tax returns and other reports filed with governmental agencies, and business and personal accounting and check records and ledgers. Each applicant or its management services provider, in writing, shall authorize the examination of all bank accounts and records as may be deemed necessary by the department. The department may consider any relevant evidence of financial stability. The applicant is presumed to be financially stable if the applicant or its management services provider establishes by clear and convincing evidence that it meets each of the following standards:

   (a) The ability to ensure the financial integrity of event wagering operations by maintaining a bankroll or equivalent provisions adequate to pay winning wagers to bettors when due. An applicant is presumed to have met this standard if the applicant or its management services provider maintains, on a daily basis, a bankroll or equivalent provisions in an amount that is at least equal to the average daily minimum bankroll or equivalent provisions, calculated on a monthly basis, for the corresponding month in the previous year.

   (b) The ability to meet ongoing operating expenses that are essential to maintaining continuous and stable event wagering operations.

   (c) The ability to pay, as and when due, all state and federal taxes.
7. Information to establish by clear and convincing evidence that
the applicant or its management services provider has sufficient business
ability and gaming experience as to establish the likelihood of creating
and maintaining a successful and stable event wagering operation.

8. Information regarding the financial standing of the applicant,
including each person or entity that has provided loans or financing to
the applicant or its management services provider.

9. Information on the amount of adjusted gross event wagering
receipts and associated adjusted gross receipts that the applicant expects
to generate.

10. A nonrefundable application fee or annual licensing fee as
prescribed by section 5-1310.

11. Any additional information required by the department to
determine the financial and operational ability to fulfill its obligations
as an event wagering operator.

C. Any applicant for licensure agrees to be subject to state
jurisdiction to the extent necessary to determine the applicant's
qualification to hold a license, including all necessary administrative
procedures, hearings and appeals as provided in title 41, chapter 6 and
department rules.

D. A license issued by the department pursuant to this section
authorizes an event wagering operator identified in subsection A,
paragraph 2 of this section to operate only mobile event wagering or an
event wagering operator identified in subsection A, paragraph 1 of this
section to offer both:

1. Event wagering in this state through an event wagering facility
within a five-block radius of the event wagering operator's sports
facility or, in the case of a designee, the sports facility or the
designating owner, operator or promoter of a professional sports team,
event or franchise. An event wagering facility within one mile of a
tribal gaming facility must be:
   (a) Within a sports complex that includes retail centers that are
   adjacent to the sports facility.
   (b) Not more than one-fourth of a mile from a sports facility
   within the sports complex.

2. Event wagering through a mobile platform as specified by the
department. A licensed event wagering operator or its designated
management services provider may offer event wagering through an event
wagering platform as specified by the department.

E. A LICENSE ISSUED BY THE DEPARTMENT PURSUANT TO THIS SECTION
AUTHORIZES AN EVENT WAGERING OPERATOR IDENTIFIED IN SUBSECTION A,
PARAGRAPH 2 OF THIS SECTION TO OFFER BOTH:

1. EVENT WAGERING IN THIS STATE THROUGH AN EVENT WAGERING FACILITY
WITHIN A FIVE-BLOCK RADIUS OF A SPORTS FACILITY OR SPORTS COMPLEX. THE
EVENT WAGERING FACILITY MAY BE LOCATED IN RETAIL OR COMMERCIAL SPACE ON
LAND THAT IS NOT IDENTIFIED AS INDIAN LAND PURSUANT TO THE INDIAN GAMING REGULATORY ACT (P.L. 100-497; 102 STAT. 2467).

2. EVENT WAGERING THROUGH A MOBILE PLATFORM AS SPECIFIED BY THE DEPARTMENT. A LICENSED EVENT WAGERING OPERATOR OR ITS DESIGNATED MANAGEMENT SERVICES PROVIDER MAY OFFER EVENT WAGERING THROUGH AN EVENT WAGERING PLATFORM AS SPECIFIED BY THE DEPARTMENT.

E. F. A license issued under this section is valid for five years if the licensee submits an annual license fee, maintains the qualifications to obtain a license under this section and substantially complies with this chapter and other laws and rules relating to event wagering. A licensee may renew its license by submitting an application in a form prescribed by department rule and the application fee. A license may not be renewed if it is determined by the department that the event wagering operator has not substantially complied with this chapter or any other law regulating its event wagering operations or other operations licensed by the department. A licensee shall submit the nonrefundable annual license and application fees prescribed in section 5-1310 with its application for the renewal of its license.

F. G. A person may not apply for or obtain more than one event wagering operator license. A management services provider may offer services to more than one event wagering operator.

Sec. 2. Section 5-1305, Arizona Revised Statutes, is amended to read:

5-1305. License review; approval; fees; material change; exemption; display; transferability

A. On receipt of a completed application and the required fee, the department shall conduct the necessary background investigation to ensure the applicant is qualified for licensure. On completion of the necessary background investigation, the department shall either issue a license or deny the application. If the application is denied, the department shall forward a statement setting forth the grounds for denial to the applicant together with all other documents on which the department relied, to the extent allowed by law.

B. The department may conduct additional background investigations of any person required to be licensed at any time while the license remains valid. The issuance of a license does not create or imply a right of employment or continued employment. The event wagering operator or limited event wagering operator may not employ and, if already employed, shall terminate an event wagering employee if it is determined that the person meets any of the following criteria:

1. Has been convicted of any gaming offense.
2. Has been convicted of a felony in the seven years before submitting an application unless that felony has been set aside.
3. Has ever been convicted of a felony related to extortion, burglary, larceny, bribery, embezzlement, robbery, racketeering, money laundering, forgery, fraud, murder, voluntary manslaughter, a sexual offense that requires the individual to register pursuant to section 13-3821 or kidnapping.

4. Knowingly and wilfully provides materially important false statements or information or omits materially important information on the person's employment application or background questionnaire.

5. Is a person whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the public interest or to the effective regulation and control of gaming or create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming or the carrying on of the business and financial arrangements incidental thereto.

C. Not later than sixty days after the department receives a complete application, the department shall issue a license to the applicant unless the background investigation the department conducts discloses that the applicant has a criminal history or unless other grounds sufficient to disqualify the applicant are apparent on the face of the application. If more than ten applications are received for a particular license type AN EVENT WAGERING OPERATOR IDENTIFIED IN SECTION 5-1304, SUBSECTION A, PARAGRAPH 1 OR A LIMITED EVENT WAGERING OPERATOR PURSUANT TO SECTION 5-1307, the department shall adopt a process for ensuring an equal opportunity for all qualified applicants to obtain a license. The department shall review and approve or deny an application for a license as provided in title 41, chapter 6, article 10.

D. For each application for licensure or renewal of a license that is approved under this section, the amount of the application fee must be credited toward the licensee's license fee and the licensee shall remit the balance of the initial license fee to the department on approval of a license. The fees collected from licensees under this section shall be deposited in the event wagering fund established by section 5-1318 and used by the department to pay the actual operating and administrative expenses incurred for event wagering.

E. Each person licensed under this chapter shall give the department written notice within thirty days after a material change is made to information provided in the licensee's application for a license or renewal.

F. Indian tribes within this state THAT ARE operating event wagering exclusively on Indian lands are exempt from the licensure requirements of this section. Event wagering on Indian lands is governed by the tribal-state gaming compact, its appendices, any amendments and the Indian gaming regulatory act (P.L. 100-497; 102 stat. 2467).
G. Each licensee shall display its license conspicuously in the licensee's place of business or have the license available for inspection by an agent of the department or a law enforcement agency. Each licensee that operates an event wagering platform shall conspicuously display a notice of the license on its platform's landing page.

H. The department shall keep all information, records, interviews, reports, statements, memoranda or other data supplied to or used by the department in the course of its review or investigation of an application for an event wagering operator license or renewal of a license confidential. The materials described in this subsection are exempt from disclosure pursuant to title 39, chapter 1, article 2.

I. A license issued under this chapter may not be transferred to another person or entity without prior approval of the department. The department shall work with applicants and licensees to ensure there is no gap in the validity of the license.