

REFERENCE TITLE: Indian tribes; gaming; event wagering

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

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)

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

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

4 5-1304. Licensure; application

5 A. The department may issue not more than ten event wagering
6 operator licenses to applicants other than an Indian tribe. The
7 department may issue ~~not more than ten~~ TWENTY-THREE event wagering
8 operator licenses to Indian tribes in this state, ONE TO EACH FEDERALLY
9 RECOGNIZED INDIAN TRIBE, if the Indian tribe receiving a license has
10 signed the most recent tribal-state gaming compact and any applicable
11 appendices or amendments. The department shall issue event wagering
12 operator licenses only to applicants that are either of the following in
13 compliance with this chapter:

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

24 2. An Indian tribe, or an entity fully owned by an Indian tribe, or
25 its designee contracted to operate ~~only mobile event wagering outside the~~
26 ~~boundaries of its Indian lands and throughout the state~~ EVENT WAGERING FOR
27 BOTH RETAIL EVENT WAGERING WITHIN A FIVE-BLOCK RADIUS OF A SPORTS FACILITY
28 OR A SPORTS COMPLEX AND MOBILE EVENT WAGERING THROUGHOUT THE STATE AS
29 PRESCRIBED IN SUBSECTION E OF THIS SECTION, if it has signed the most
30 recent tribal-state gaming compact and any applicable appendices or
31 amendments.

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

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

42 2. A full set of fingerprints for the purpose of obtaining a state
43 and federal criminal records check pursuant to section 41-1750 and Public
44 Law 92-544. The department of public safety may exchange this fingerprint
45 data with the federal bureau of investigation. The fingerprints shall be

1 furnished by the applicant's officers and directors, if a corporation,
2 members, if a limited liability company, and partners, if a partnership.
3 An applicant convicted of a disqualifying offense may not be licensed.

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

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

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

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

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

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

44 (c) The ability to pay, as and when due, all state and federal
45 taxes.

1 7. Information to establish by clear and convincing evidence that
2 the applicant or its management services provider has sufficient business
3 ability and gaming experience as to establish the likelihood of creating
4 and maintaining a successful and stable event wagering operation.

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

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

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

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

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

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

26 1. Event wagering in this state through an event wagering facility
27 within a five-block radius of the event wagering operator's sports
28 facility or, in the case of a designee, the sports facility or the
29 designating owner, operator or promoter of a professional sports team,
30 event or franchise. An event wagering facility within one mile of a
31 tribal gaming facility must be:

32 (a) Within a sports complex that includes retail centers that are
33 adjacent to the sports facility.

34 (b) Not more than one-fourth of a mile from a sports facility
35 within the sports complex.

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

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

43 1. EVENT WAGERING IN THIS STATE THROUGH AN EVENT WAGERING FACILITY
44 WITHIN A FIVE-BLOCK RADIUS OF A SPORTS FACILITY OR SPORTS COMPLEX. THE
45 EVENT WAGERING FACILITY MAY BE LOCATED IN RETAIL OR COMMERCIAL SPACE ON

1 LAND THAT IS NOT IDENTIFIED AS INDIAN LAND PURSUANT TO THE INDIAN GAMING
2 REGULATORY ACT (P.L. 100-497; 102 STAT. 2467).

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

7 ~~F.~~ F. A license issued under this section is valid for five years
8 if the licensee submits an annual license fee, maintains the
9 qualifications to obtain a license under this section and substantially
10 complies with this chapter and other laws and rules relating to event
11 wagering. A licensee may renew its license by submitting an application
12 in a form prescribed by department rule and the application fee. A
13 license may not be renewed if it is determined by the department that the
14 event wagering operator has not substantially complied with this chapter
15 or any other law regulating its event wagering operations or other
16 operations licensed by the department. A licensee shall submit the
17 nonrefundable annual license and application fees prescribed in section
18 5-1310 with its application for the renewal of its license.

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

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

24 5-1305. License review; approval; fees; material change;
25 exemption; display; transferability

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

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

41 1. Has been convicted of any gaming offense.

42 2. Has been convicted of a felony in the seven years before
43 submitting an application unless that felony has been set aside.

1 3. Has ever been convicted of a felony related to extortion,
2 burglary, larceny, bribery, embezzlement, robbery, racketeering, money
3 laundering, forgery, fraud, murder, voluntary manslaughter, a sexual
4 offense that requires the individual to register pursuant to section
5 13-3821 or kidnapping.

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

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

15 C. Not later than sixty days after the department receives a
16 complete application, the department shall issue a license to the
17 applicant unless the background investigation the department conducts
18 discloses that the applicant has a criminal history or unless other
19 grounds sufficient to disqualify the applicant are apparent on the face of
20 the application. If more than ten applications are received for ~~a~~
21 ~~particular license type~~ AN EVENT WAGERING OPERATOR IDENTIFIED IN SECTION
22 5-1304, SUBSECTION A, PARAGRAPH 1 OR A LIMITED EVENT WAGERING OPERATOR
23 PURSUANT TO SECTION 5-1307, the department shall adopt a process for
24 ensuring an equal opportunity for all qualified applicants to obtain a
25 license. The department shall review and approve or deny an application
26 for a license as provided in title 41, chapter 6, article 10.

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

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

39 F. Indian tribes within this state THAT ARE operating event
40 wagering exclusively on Indian lands are exempt from the licensure
41 requirements of this section. Event wagering on Indian lands is governed
42 by the tribal-state gaming compact, its appendices, any amendments and the
43 Indian gaming regulatory act (P.L. 100-497; 102 stat. 2467).

1 G. Each licensee shall display its license conspicuously in the
2 licensee's place of business or have the license available for inspection
3 by an agent of the department or a law enforcement agency. Each licensee
4 that operates an event wagering platform shall conspicuously display a
5 notice of the license on its platform's landing page.

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

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