

REFERENCE TITLE: gaming; event wagering; gaming commission

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

SB 1673

Introduced by
Senator Gonzales

AN ACT

AMENDING SECTION 5-605, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-606; AMENDING SECTIONS 5-1201, 5-1212 AND 5-1301, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 11, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-1301.01; REPEALING SECTION 5-1318, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 3; AMENDING SECTION 5-1318, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2021, CHAPTER 234, SECTION 4; AMENDING SECTION 13-3302, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3032.01; 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 5-605, Arizona Revised Statutes, is amended to
3 read:

4 5-605. Tribal-state compacts; 2021 compact trust fund; annual
5 report; definition

6 A. The 2021 compact trust fund is established for the exclusive
7 purposes of mitigating impacts to Indian tribes from gaming authorized by
8 the 2021 gaming compact amendment and providing economic benefits to
9 beneficiary tribes, including those ~~with~~ THAT HAVE an effective gaming
10 compact that includes the 2021 amendments and THAT do not engage in
11 gaming. The trust fund consists of contributions from Indian tribes
12 designated in the 2021 gaming compact amendments AND A MONTHLY TRANSFER OF
13 \$2,100,000 FROM THE EVENT WAGERING FUND ESTABLISHED BY SECTION 5-1318.
14 The trust fund shall not include tribal contributions made pursuant to
15 section 5-601.02, subsection H.

16 B. The department of gaming shall administer the 2021 compact trust
17 fund as trustee in accordance with the terms of section 12.1 of the 2021
18 gaming compact amendment. The state treasurer shall accept, separately
19 account for and hold in trust any monies deposited in the state treasury,
20 which are considered to be trust monies as defined by section 35-310 and
21 which shall not be commingled with any other monies in the state treasury
22 except for investment purposes. On notice from the director of the
23 department of gaming, the state treasurer shall invest and divest any
24 trust fund monies deposited in the state treasury as provided by sections
25 35-313 and 35-314.03, and monies earned from the investment shall be
26 credited to the trust fund.

27 C. The beneficiaries of the trust fund are federally recognized
28 Indian tribes with a 2021 gaming compact amendment that are eligible to
29 receive payments from the trust fund according to the terms of the 2021
30 gaming compact amendment.

31 D. THE MONIES TRANSFERRED FROM THE EVENT WAGERING FUND SHALL BE
32 DISBURSED EXCLUSIVELY TO TRIBAL BENEFICIARIES THAT ARE NOT LOCATED IN THE
33 PHOENIX METROPOLITAN AREA AND THAT DO NOT HOLD AN EVENT WAGERING LICENSE
34 PURSUANT TO SECTION 5-1304 FOR ANY USE AUTHORIZED PURSUANT TO THE INDIAN
35 GAMING REGULATORY ACT (P.L. 100-497; 102 STAT. 2467). THE REMAINING
36 monies in the trust fund shall be disbursed exclusively for the purposes
37 prescribed in this article and in accordance with the 2021 gaming compact
38 amendment. Surplus monies, including any unexpended and unencumbered
39 balance at the end of the fiscal year, shall be carried forward to the
40 following year and shall not revert or be transferred to any other fund,
41 including the state general fund. Monies in the trust fund are exempt
42 from the provisions of section 35-190 relating to lapsing of
43 appropriations.

E. On or before September 30 of each year, the department of gaming shall issue ~~a report~~ to the governor, the president of the senate, the speaker of the house of representatives and each tribe that has executed a 2021 gaming compact amendment **A REPORT** that discloses all monies deposited in and disbursed from the trust fund during the prior fiscal year.

F. For the purposes of this section, "2021 gaming compact amendment" means a tribal-state gaming compact amendment that becomes effective after January 1, 2021.

Sec. 2. Title 5, chapter 6, article 1, Arizona Revised Statutes, is amended by adding section 5-606, to read:

5-606. Gaming legislation; 2021 gaming compact amendment; conflict of interest; prohibition

NOTWITHSTANDING ANY OTHER LAW, A CURRENT OR FORMER GOVERNOR, GOVERNOR'S STAFF MEMBER, LOBBYIST, LAWYER OR LEGISLATOR WHO WAS INVOLVED IN ENACTING GAMING LEGISLATION RELATED TO A TRIBAL-STATE GAMING COMPACT AMENDMENT THAT BECAME EFFECTIVE AFTER JANUARY 1, 2021, OR WAS INVOLVED IN NEGOTIATING A TRIBAL-STATE GAMING COMPACT AMENDMENT THAT BECAME EFFECTIVE AFTER JANUARY 1, 2021 MAY NOT HAVE A FINANCIAL INTEREST IN OR WORK IN A GAMBLING OPERATION OR THE GAMBLING INDUSTRY FOR A PERIOD OF FIVE YEARS AFTER APRIL 15, 2021.

Sec. 3. Section 5-1201, Arizona Revised Statutes, is amended to read:

5-1201. Definitions

In this chapter, unless the context otherwise requires:

1. "Applicant" means any person that has applied for a license as a fantasy sports contest operator or that has been approved for any act related to fantasy sports contests.

2. "Application" means a request to issue a license as a fantasy sports contest operator or to approve any act related to fantasy sports contests.

3. "Athletic event":

(a) Means a real-world professional, collegiate or nationally recognized sports game, contest or competition that involves the physical exertion and skill of the participating individual athletes who are each physically present at the location in which the sports game, contest or competition occurs, and the outcome of the sports game, contest or competition is directly dependent on the performance of the participating athletes.

(b) Includes events involving motor vehicles.

~~4. "Department" means the department of gaming.~~

4. "COMMISSION" MEANS THE ARIZONA GAMING COMMISSION.

5. "DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE COMMISSION.

~~5.~~ **6. "Entry fee" means cash or A cash equivalent that is paid by a participant to a fantasy sports contest operator to participate in a fantasy sports contest.**

~~6.~~ 7. "Fantasy sports contest" means a simulated game or contest that is offered to the public with an entry fee and that meets all of the following conditions:

(a) No fantasy sports contest team is composed of the entire roster of a real-world sports team.

(b) No fantasy sports contest team is composed entirely of individual athletes who are members of the same real-world sports team.

(c) Each prize or award or the value of all prizes or awards offered to winning fantasy sports contest players is made known to the fantasy sports contest players in advance of the fantasy sports contest.

(d) Each winning outcome reflects the relative knowledge and skill of the fantasy sports contest players and is determined by the aggregated statistical results of the performance of multiple individual athletes or participants selected by the fantasy sports contest player to form the fantasy sports contest team, whose individual performances in the fantasy sports contest directly correspond with the actual performance of those athletes or participants in the athletic events in which those individual athletes or participants participated.

(e) A winning outcome is not based on randomized or historical events or on the score, point spread or performance in an athletic event of a single real-world sports team, a single athlete or any combination of real-world sports teams.

(f) The fantasy sports contest does not constitute or involve and is not based on any of the following:

(i) Racing that involves animals.

(ii) A game or contest ordinarily offered by a horse track or casino for money, credit or any representative of value, including any races, games or contests that involve horses or that are played with cards or dice.

(iii) A slot machine or other mechanical, electromechanical or electronic device, equipment or machine.

(iv) Poker, blackjack, faro, monte, keno, bingo, fan-tan, twenty-one, seven and a half, klondike, craps, chuck-a-luck, Chinese chuck-a-luck, wheel of fortune, chemin de fer, baccarat, pai gow, beat the banker, panguingue, roulette or other banking or percentage games.

(v) Any other game or device that is authorized or that is not authorized by this state.

(vi) A high school or youth sporting event or any event that is not an athletic event.

(vii) A contest that involves or results in betting on a race, a game, a contest or a sport that constitutes event wagering as defined in section 5-1301.

~~7.~~ 8. "Fantasy sports contest adjusted revenues" means the amount equal to the total of all entry fees that a fantasy sports contest operator collects from all fantasy sports contest players minus the total

of all sums paid out as prizes or awards to all fantasy sports contest players, multiplied by the in-state percentage.

~~8.~~ 9. "Fantasy sports contest operator" or "operator" means a person that is engaged in the business of professionally conducting paid fantasy sports contests for cash or other prizes or awards for members of the general public that requires cash or cash equivalent as an entry fee to be paid by a member of the general public who participates in a paid fantasy sports contest.

~~9.~~ 10. "Fantasy sports contest platform" means the hardware, software, firmware, communications technology or other equipment, including operator procedures implemented to allow player participation in digital or online fantasy sports contests, and if supported, the corresponding equipment related to the display of the outcomes, and other similar information necessary to facilitate player participation in which a player is provided with the means to establish a player account and the fantasy sports contest operator is provided with the means to review player accounts, suspend fantasy sports contests, generate various financial transaction and account reports, input outcomes for fantasy sports contests and set any configurable parameters.

~~10.~~ 11. "Fantasy sports contest player" or "player" means an individual who participates in a fantasy sports contest offered by a fantasy sports contest operator.

~~11.~~ 12. "Fantasy sports contest team" means the simulated team composed of multiple individual athletes, each of whom is a member of a real-world sports team that a fantasy sports contest player selects to compete in a fantasy sports contest.

~~12.~~ 13. "Highly experienced player" means a fantasy sports contest player who has done at least one of the following:

(a) Entered more than one thousand fantasy sports contests offered by a single fantasy sports contest operator.

(b) Won more than three prizes or awards valued at \$1,000 each or more from a single fantasy sports contest operator.

~~13.~~ 14. "Holding company" means a corporation, firm, partnership, limited partnership, limited liability company, trust or other form of business organization that is not an individual and that directly or indirectly does either of the following:

(a) Holds an ownership interest of ten percent or more, as determined by the holding company's board, in a fantasy sports contest operator.

(b) Holds voting rights with the power to vote ten percent or more of the outstanding voting rights of a fantasy sports contest operator.

~~14.~~ 15. "In-state percentage" means, for each fantasy sports contest, the percentage, rounded to the nearest tenth of a percent, equal to the total entry fees collected from all in-state participants divided

by the total entry fees collected from all participants in the fantasy sports contest, unless otherwise prescribed by the ~~department~~ COMMISSION.

~~15.~~ 16. "Key employee" means an employee of a fantasy sports contest operator who has the power to exercise significant influence over decisions concerning the fantasy sports contest operator.

~~16.~~ 17. "License" means an approval that is issued by the ~~department~~ COMMISSION to any person or entity to be involved in a fantasy sports operation.

~~17.~~ 18. "Management company" means a person retained by a fantasy sports contest operator to manage a fantasy sports contest platform and provide general administration and other operational services.

~~18.~~ 19. "Person" means an individual, partnership, corporation, association, limited liability company, federally recognized Indian tribe or other legal entity.

~~19.~~ 20. "Player account" means an account that is established by a patron for the purpose of participating in fantasy sports contests, including deposits, withdrawals, entry fees and payouts.

~~20.~~ 21. "Prize or award" means anything of value or any amount of cash or cash equivalents.

~~21.~~ 22. "Protected information" means information related to playing fantasy sports contests by a fantasy sports contest player that is not readily available to the general public and that is obtained as a result of a person's employment in relation to a fantasy sports contest.

~~22.~~ 23. "Script" means a list of commands that a fantasy ~~SPORTS~~ contest-related computer program can execute and that is created by a fantasy sports contest player or by a third party for a fantasy sports contest player to automate processes on a fantasy sports contest platform.

Sec. 4. Section 5-1212, Arizona Revised Statutes, is amended to read:

5-1212. Fantasy sports contest fund

A. The fantasy sports contest fund is established consisting of monies deposited pursuant to section 5-1211 or from any other source. The ~~department~~ COMMISSION shall administer the fund. Monies in the fund are subject to legislative appropriation.

B. On notice from the ~~department~~ COMMISSION, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

C. The ~~department~~ COMMISSION may spend not more than ten percent of monies on the ~~department's~~ COMMISSION'S annual costs of regulating and enforcing this chapter unless otherwise provided by the legislature. ~~THE COMMISSION MAY SPEND AN ADDITIONAL TWO PERCENT OF MONIES ANNUALLY ON SUPPORT AND ENFORCEMENT OF PROBLEM GAMBLING PROCEDURES ESTABLISHED PURSUANT TO SECTIONS 5-1206 AND 5-1320.~~ The ~~department~~ COMMISSION shall transfer any remaining monies in the fund to the state general fund.

Sec. 5. Section 5-1301, Arizona Revised Statutes, is amended to read:

5-1301. Definitions

In this chapter, unless the context otherwise requires:

1. "Adjusted gross event wagering receipts" means an event wagering operator's gross wagering receipts, excluding voided bets, minus winnings paid to authorized participants and any federal excise tax. A deduction from adjusted gross event wagering receipts equal to the value of free bets or promotional credits redeemed by authorized participants may be taken as provided in this paragraph. The deduction under this paragraph for free bets or promotional credits is limited to the first five years following ~~the effective date of this section~~ APRIL 15, 2021 as follows:

(a) For years one and two, a deduction not to exceed twenty percent of an event wagering operator's gross wagering receipts.

(b) For year three, a deduction not to exceed fifteen percent of an event wagering operator's gross wagering receipts.

(c) For years four and five, a deduction not to exceed ten percent of an event wagering operator's gross wagering receipts.

(d) For year six and each year thereafter, a deduction of free bets is not allowed. January 1 following the year in which the event wagering operator begins event wagering operations is considered the first year of event wagering for the purposes of this paragraph. An event wagering operator may deduct up to twenty percent of an event wagering operator's gross wagering receipts during any period that the operator conducts event wagering before January 1 of the first year of event wagering operations.

~~2. "Department" means the department of gaming.~~

2. "COMMISSION" MEANS THE ARIZONA GAMING COMMISSION.

3. "DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE COMMISSION.

~~3.~~ 4. "E-sport EVENT" means an organized, multiplayer video game competition, particularly between professional players, individually or as teams.

~~4.~~ 5. "Event wagering":

(a) Means accepting wagers on sports events or other events, portions of sports events or other events, the individual performance statistics of athletes in a sports event or combination of sports events or the individual performance of individuals in other events or a combination of other events by any system or method of wagering, including in person or over the Internet through websites and on mobile devices.

(b) Does not include a fantasy sports contest as defined in section 5-1201.

~~5.~~ 6. "Event wagering employee" means an employee of an event wagering operator, sports facility, management services provider or limited event wagering operator who is directly involved in the management or control of the conduct of event wagering under this chapter in this state.

~~6.~~ 7. "Event wagering facility" means a facility at which event wagering is conducted under this chapter.

~~7.~~ 8. "Event wagering operator" means either:

(a) An owner or operator of an Arizona professional sports team or franchise, an operator of a sports facility in this state that hosts an annual tournament on the PGA tour or a promoter of a national association for stock car auto racing national touring race in this state, or the designee of such an owner, operator or promoter, who is licensed to offer event wagering under this chapter. If an owner, operator or promoter that qualified for an event wagering operator license appoints a designee, the designee will be considered the event wagering operator and the licensee with respect to the applicable license for the purposes of this chapter.

(b) An Arizona Indian tribe or an entity fully owned by an Arizona Indian tribe, or its designee, licensed to operate only mobile event wagering outside the boundaries of its Indian lands and throughout this state if it has signed the most recent tribal-state gaming compact and any applicable appendices or amendments. If an Indian tribe that qualified for an event wagering operator license appoints a designee, the designee will be considered the event wagering operator and the licensee with respect to the applicable license for the purposes of this chapter.

~~10.~~ 9. "Licensee" means a person that holds an event wagering operator license, limited event wagering license, supplier license or management services provider license.

~~8.~~ 10. "Limited event wagering operator" means a racetrack enclosure or additional wagering facility that holds a permit issued by the division of racing to offer wagers on horseracing and that is licensed under this chapter.

11. "Management services provider" means a person that operates, manages or controls event wagering authorized by this chapter on behalf of an event wagering operator or limited event wagering operator, including developing or operating event wagering platforms and providing odds, lines and global risk management, and may provide services to more than one licensed event wagering operator or licensed limited event wagering operator.

~~9.~~ 12. "Official league data" means statistics, results, outcomes and other data related to a sports event or other event obtained pursuant to an agreement with the relevant sports governing body or an entity expressly authorized by the sports governing body to provide such information to licensees that authorizes the use of such data for determining the outcome of sports wagers on sports events or other events.

~~12.~~ 13. "Other event" means a competition of relative skill or an event authorized by the department under this chapter.

~~13.~~ 14. "Person" means an individual, partnership, committee, association, corporation, ~~OR~~ Indian tribe or an entity fully owned by an Indian tribe, or any other organization or group of persons.

~~14.~~ 15. "Professional sport" means a sport conducted at the highest level league or organizational play for its respective sport and includes baseball, basketball, football, golf, hockey, soccer and motorsports.

~~15.~~ 16. "Prohibited conduct" includes any statement, action or other communication intended to unlawfully influence, manipulate or control a betting outcome of a sports event or other event OR of any individual occurrence or performance in a sports event or other event in exchange for financial gain or to avoid financial or physical harm.

~~16.~~ 17. "Prohibited participant" means:

(a) Any individual whose participation may undermine the integrity of the wagering, the sports event or the other event.

(b) Any individual who is prohibited from placing a wager as an agent, proxy or because of self-exclusion.

(c) Any individual who is an athlete, coach, referee, player, trainer or personnel of a sports organization in any sports event or other event overseen by that individual's sports organization who, based on information that is not publicly available, has the ability to determine or to unlawfully influence the outcome of a wager.

(d) An individual who holds a position of authority or influence sufficient to exert influence over the participants in a sporting contest, including coaches, managers, handlers and athletic trainers, such that their actions can affect the outcome of a wager.

(e) An individual with access to exclusive information on any sports event or other event overseen by that individual's sports governing body that is not publicly available information or any individual identified by any lists provided by the sports governing body to the Department.

~~17.~~ 18. "Sports event" means a professional sport or athletic event, a collegiate sport or athletic event, a motor race event, an e-sport event or an olympic event.

~~18.~~ 19. "Sports facility" means a facility that is owned by a commercial, state or local government or quasi-governmental entity that hosts professional sports events and that holds a seating capacity of more than ten thousand persons at its primary facility, one location in this state that hosts an annual golf tournament on the PGA tour and one location that holds an outdoor motorsports facility that hosts a national association for stock car auto racing national touring race.

~~19.~~ 20. "Sports governing body" means an organization headquartered in the United States that prescribes final rules and enforces codes of conduct with respect to a sports event and participants in a sports event.

~~22.~~ 21. "Supplier" means a person that manufactures, distributes or supplies event wagering equipment or software, including event wagering systems.

1 ~~20.~~ 22. "Tier one sports wager" means a sports wager that is
2 determined solely by the final score or final outcome of the sports event
3 and that is placed before the sports event has begun.

4 ~~21.~~ 23. "Tier two sports wager" means a sports wager that is not a
5 tier one sports wager.

6 ~~23.~~ 24. "Wager":

7 (a) Means a sum of money or thing of value risked on an uncertain
8 occurrence.

9 (b) Includes tier one and tier two sports wagers, single-game bets,
10 teaser bets, parlays, over-under bets, moneyline bets, pools, exchange
11 wagering, in-game wagering, in-play bets, proposition bets, straight bets
12 and other wagers approved by the department.

13 Sec. 6. Title 5, chapter 11, article 1, Arizona Revised Statutes,
14 is amended by adding section 5-1301.01, to read:

15 5-1301.01. Arizona gaming commission; membership;
16 appointment; terms; qualifications; executive
17 director; powers and duties; definitions

18 A. THE ARIZONA GAMING COMMISSION IS ESTABLISHED CONSISTING OF THE
19 FOLLOWING MEMBERS:

20 1. ONE MEMBER WITH AT LEAST FIVE YEARS' EXPERIENCE IN LAW
21 ENFORCEMENT.

22 2. ONE MEMBER WITH AT LEAST FIVE YEARS' EXPERIENCE AS A CERTIFIED
23 PUBLIC ACCOUNTANT.

24 3. ONE MEMBER WITH AT LEAST FIVE YEARS' EXPERIENCE IN TRIBAL GAMING
25 OPERATIONS.

26 4. ONE MEMBER WITH AT LEAST FIVE YEARS' EXPERIENCE AS A GAMING
27 REGULATOR.

28 5. ONE MEMBER WITH AT LEAST FIVE YEARS' EXPERIENCE IN MENTAL HEALTH
29 CARE AND THE TREATMENT OF GAMING ADDICTION ISSUES.

30 6. ONE MEMBER WHO IS AN ENROLLED MEMBER OF A FEDERALLY RECOGNIZED
31 TRIBE IN THIS STATE.

32 7. ONE MEMBER WHO IS A MEMBER OF THE PUBLIC AT LARGE.

33 B. FOUR MEMBERS SHALL BE APPOINTED FOR A TERM OF FIVE YEARS. THREE
34 MEMBERS SHALL BE APPOINTED FOR A TERM OF THREE YEARS. THE TERMS OF THE
35 MEMBERS EXPIRE ON THE THIRD MONDAY IN JANUARY IN THE APPROPRIATE YEAR.
36 THE MEMBERS SHALL BE APPOINTED AS FOLLOWS:

37 1. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT ONE
38 MEMBER TO A FIVE-YEAR TERM.

39 2. THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES SHALL
40 APPOINT ONE MEMBER TO A THREE-YEAR TERM.

41 3. THE PRESIDENT OF THE SENATE SHALL APPOINT ONE MEMBER TO A
42 FIVE-YEAR TERM AND ONE MEMBER TO A THREE-YEAR TERM.

43 4. THE MINORITY LEADER OF THE SENATE SHALL APPOINT ONE MEMBER TO A
44 FIVE-YEAR TERM AND ONE MEMBER TO A THREE-YEAR TERM.

1 5. THE MEMBERS OF THE COMMISSION, BY A SIMPLE MAJORITY VOTE, SHALL
2 APPOINT ONE MEMBER TO SERVE AS CHAIRPERSON OF THE COMMISSION. THE
3 CHAIRPERSON SHALL SERVE A ONE-YEAR TERM AND MAY NOT SERVE CONSECUTIVE
4 TERMS. THE CHAIRPERSON SHALL BE A MEMBER OF THE SAME POLITICAL PARTY FOR
5 AT LEAST FIVE YEARS BEFORE THE APPOINTMENT AS CHAIRPERSON.

6 C. NOT MORE THAN FOUR MEMBERS SHALL BE FROM THE SAME POLITICAL
7 PARTY. A MAJORITY OF THE COMMISSION MEMBERS CONSTITUTE A QUORUM.

8 D. A PERSON MAY NOT BE APPOINTED TO THE COMMISSION UNLESS THE
9 PERSON HAS BEEN A RESIDENT OF THIS STATE AND A QUALIFIED ELECTOR FOR AT
10 LEAST FIVE YEARS BEFORE THE PERSON'S APPOINTMENT.

11 E. THE MEMBERS OF THE COMMISSION, BY A SIMPLE MAJORITY VOTE, SHALL
12 APPOINT AN EXECUTIVE DIRECTOR OF THE COMMISSION TO SERVE A TWO-YEAR TERM.
13 THE EXECUTIVE DIRECTOR MAY NOT SERVE AS A MEMBER OF THE COMMISSION. THE
14 EXECUTIVE DIRECTOR IS ELIGIBLE TO RECEIVE COMPENSATION AS DETERMINED
15 PURSUANT TO SECTION 38-611 AND MAY HIRE AND FIRE NECESSARY STAFF SUBJECT
16 TO TITLE 41, CHAPTER 4, ARTICLE 4 AND AS APPROVED BY THE LEGISLATURE IN
17 THE BUDGET. THE EXECUTIVE DIRECTOR SHALL:

18 1. ASSIST THE COMMISSION IN PROVIDING SUPERVISION OVER THE
19 COMMISSION, FANTASY SPORTS CONTESTS AND EVENT WAGERING PURSUANT TO THIS
20 CHAPTER AND CHAPTER 10 OF THIS TITLE.

21 2. BE QUALIFIED TO ADMINISTER FANTASY SPORTS CONTESTS AND EVENT
22 WAGERING.

23 3. SERVE IN A FULL-TIME CAPACITY AND MAY NOT ENGAGE IN ANY OUTSIDE
24 PROFESSION OR OCCUPATION.

25 F. BEFORE ENTERING ON THE DISCHARGE OF THE APPOINTEE'S DUTIES, EACH
26 MEMBER SHALL TAKE THE OFFICIAL OATH.

27 G. A PERSON WHO HAS A FINANCIAL INTEREST, EITHER DIRECTLY OR
28 INDIRECTLY, IN A SPORTS TEAM, A SPORTS FRANCHISE, A SPORTING INDUSTRY, AN
29 ATHLETIC EVENT, A MANAGEMENT COMPANY, A MANAGEMENT SERVICES PROVIDER, AN
30 E-SPORT EVENT, EVENT WAGERING OR A FANTASY SPORTS CONTEST OR OTHER EVENT
31 IS NOT QUALIFIED FOR MEMBERSHIP ON THE COMMISSION, APPOINTMENT TO THE
32 COMMISSION OR AS EXECUTIVE DIRECTOR OR EMPLOYMENT BY THE COMMISSION.
33 MEMBERS OF THE COMMISSION AND THE EXECUTIVE DIRECTOR MAY NOT:

34 1. HAVE A PECUNIARY INTEREST IN ANY CONTRACT OR AGREEMENT TO WHICH
35 THE COMMISSION IS A PARTY.

36 2. ENTER INTO ANY BUSINESS DEALING, VENTURE, CONTRACT OR ACCEPT
37 EMPLOYMENT WITH A PERSON, BUSINESS, APPLICANT, FANTASY SPORTS CONTEST
38 OPERATOR, LICENSEE, MANAGEMENT COMPANY, MANAGEMENT SERVICES PROVIDER,
39 EVENT WAGERING OPERATOR, LIMITED EVENT WAGERING OPERATOR, EVENT WAGERING
40 FACILITY OR SPORTS FACILITY THAT IS INVOLVED IN FANTASY SPORT CONTESTS OR
41 EVENT WAGERING.

42 H. A RELATIVE OF A MEMBER OF THE COMMISSION TO THE FIRST DEGREE OF
43 CONSANGUINITY MAY NOT HAVE A FINANCIAL INTEREST IN OR EMPLOYMENT WITH A
44 PERSON, BUSINESS, APPLICANT, FANTASY SPORTS CONTEST OPERATOR, LICENSEE,
45 MANAGEMENT COMPANY, MANAGEMENT SERVICES PROVIDER, EVENT WAGERING OPERATOR,

1 LIMITED EVENT WAGERING OPERATOR, EVENT WAGERING FACILITY OR SPORTS
2 FACILITY THAT IS INVOLVED IN FANTASY SPORT CONTESTS OR EVENT WAGERING.

3 I. ANY MEMBER OF THE COMMISSION MAY BE REMOVED FROM OFFICE BY A
4 VOTE OF A SIMPLE MAJORITY OF THE MEMBERS OF THE COMMISSION FOR CAUSE ON
5 NOTICE AND AN OPPORTUNITY TO BE HEARD AT A PUBLIC HEARING. A VACANCY IN
6 THE MEMBERSHIP OF THE COMMISSION SHALL BE FILLED IN THE SAME MANNER IN
7 WHICH THE ORIGINAL APPOINTMENT WAS MADE WITHIN THIRTY DAYS AFTER THE DATE
8 THE VACANCY OCCURS.

9 J. MEMBERS OF THE COMMISSION ARE ELIGIBLE TO RECEIVE COMPENSATION
10 PURSUANT TO SECTION 38-611 FOR EACH DAY SPENT IN THE DISCHARGE OF THEIR
11 DUTIES AND REIMBURSEMENT FOR ALL EXPENSES NECESSARILY AND PROPERLY
12 INCURRED IN ATTENDING A MEETING OF OR FOR THE COMMISSION, INCLUDING
13 MILEAGE EXPENSES.

14 K. THE COMMISSION SHALL HOLD AT LEAST ONE MEETING EACH MONTH FOR
15 THE FIRST YEAR AND AT LEAST ONE MEETING EACH QUARTER EACH YEAR THEREAFTER.

16 L. THE EXECUTIVE DIRECTOR SHALL MAKE A MONTHLY REPORT TO THE
17 COMMISSION, THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND
18 THE PRESIDENT OF THE SENATE AND SHALL PROVIDE A COPY TO THE SECRETARY OF
19 STATE. THE MONTHLY REPORT SHALL INCLUDE FANTASY SPORTS CONTEST AND EVENT
20 WAGERING REVENUE, DISBURSEMENTS AND OTHER EXPENSES FOR THE PRECEDING
21 MONTH. THE EXECUTIVE DIRECTOR SHALL MAKE AN ANNUAL REPORT TO THE
22 COMMISSION, THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND
23 THE PRESIDENT OF THE SENATE AND SHALL PROVIDE A COPY TO THE SECRETARY OF
24 STATE. THE ANNUAL REPORT SHALL INCLUDE A FULL AND COMPLETE STATEMENT OF
25 FANTASY SPORTS CONTEST AND EVENT WAGERING REVENUES, DISBURSEMENTS AND
26 OTHER EXPENSES FOR THE PRECEDING YEAR AND RECOMMENDATIONS THAT THE
27 COMMISSION DEEMS NECESSARY AND ADVISABLE. THE COMMISSION SHALL HIRE A
28 CERTIFIED PUBLIC ACCOUNTANT TO PERFORM AN ANNUAL AUDIT OF ALL ACCOUNTS AND
29 TRANSACTIONS OF THE COMMISSION.

30 M. ON REQUEST OF THE COMMISSION, AN AGENCY OF THIS STATE OR A
31 POLITICAL SUBDIVISION OF THIS STATE SHALL PROVIDE THE COMMISSION WITH ITS
32 SERVICES, EQUIPMENT, DOCUMENTS, PERSONNEL AND FACILITIES TO THE EXTENT
33 POSSIBLE WITHOUT COST TO THE COMMISSION.

34 N. THE COMMISSION SHALL:

35 1. SUPERVISE AND ADMINISTER THE OPERATION OF FANTASY SPORTS
36 CONTESTS AND EVENT WAGERING UNDER THIS CHAPTER AND CHAPTER 10 OF THIS
37 TITLE.

38 2. PREPARE AND ADOPT RULES REGARDING THE OPERATION OF FANTASY
39 SPORTS CONTESTS AND EVENT WAGERING UNDER THIS CHAPTER AND CHAPTER 10 OF
40 THIS TITLE.

41 3. ENFORCE THIS CHAPTER AND CHAPTER 10 OF THIS TITLE AND THE RULES
42 ADOPTED UNDER THOSE CHAPTERS.

43 4. EXERCISE SUPERVISION OVER THE DEPARTMENT OF GAMING AND THE
44 DIRECTOR OF THE DEPARTMENT OF GAMING. THE COMMISSION MAY APPROVE OR

1 REJECT DECISIONS OF THE DIRECTOR OF THE DEPARTMENT OF GAMING IN ACCORDANCE
2 WITH RULES ESTABLISHED BY THE COMMISSION.

3 5. EXERCISE SUPERVISION OVER ALL CLASS III GAMING.

4 0. FOR THE PURPOSES OF THIS SECTION, "ATHLETIC EVENT", "FANTASY
5 SPORTS CONTEST", "FANTASY SPORTS CONTEST OPERATOR" AND "MANAGEMENT
6 COMPANY" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 5-1201.

7 Sec. 7. Repeal

8 Section 5-1318, Arizona Revised Statutes, as amended by Laws 2021,
9 chapter 405, section 3, is repealed.

10 Sec. 8. Section 5-1318, Arizona Revised Statutes, as added by Laws
11 2021, chapter 234, section 4, is amended to read:

12 5-1318. Fees; event wagering fund

13 A. The ~~department~~ COMMISSION shall establish a fee for the
14 privilege of operating event wagering. In determining the fee, the
15 ~~department~~ COMMISSION shall consider the highest percentage of revenue
16 share that an Indian tribe pays to this state pursuant to the tribal-state
17 gaming compact. The event wagering operator or designee has the option to
18 choose either the cash accrual or modified accrual basis method of
19 accounting for purposes of calculating the amount of the fee owed by the
20 event wagering operator or designee. The fees required pursuant to this
21 section are due and payable to the ~~department~~ COMMISSION not later than
22 the twenty-fifth day of the month following the calendar month in which
23 the adjusted gross event wagering receipts were received and the
24 obligation was accrued.

25 B. The event wagering fund is established consisting of monies
26 deposited pursuant to this chapter or from any other source. The
27 ~~department~~ COMMISSION shall administer the fund. Except as otherwise
28 provided in this chapter, the ~~department~~ COMMISSION shall deposit,
29 pursuant to sections 35-146 and 35-147, all monies collected under this
30 chapter in the event wagering fund. THE COMMISSION SHALL TRANSFER
31 \$2,100,000 MONTHLY FROM THE EVENT WAGERING FUND TO THE 2021 COMPACT TRUST
32 FUND ESTABLISHED BY SECTION 5-605. On the twenty-fifth of each month, ~~any~~
33 NINETY PERCENT OF THE monies ~~remaining~~ DEPOSITED in the event wagering
34 fund, MINUS THE MONIES TRANSFERRED TO THE 2021 COMPACT TRUST FUND, shall
35 be transferred to the state general fund. On notice from the ~~department~~
36 COMMISSION, the state treasurer shall invest and divest monies in the fund
37 as provided by section 35-313, and monies earned from investment shall be
38 credited to the fund.

39 C. Unless otherwise determined by the legislature, the ~~department~~
40 COMMISSION may spend not more than ten percent of monies, MINUS THE MONIES
41 TRANSFERRED TO THE 2021 COMPACT TRUST FUND, on the ~~department's~~
42 COMMISSION'S annual costs of regulating and enforcing this chapter, and AN
43 ADDITIONAL TWO PERCENT OF MONIES ANNUALLY ON SUPPORT AND ENFORCEMENT OF
44 PROBLEM GAMBLING PROCEDURES ESTABLISHED PURSUANT TO SECTIONS 5-1206 AND
45 5-1320. Any remaining monies in the fund revert to the state general fund.

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

3 13-3302. Exclusions

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

5 1. Amusement gambling.

6 2. Social gambling.

7 3. Regulated gambling if the gambling is conducted in accordance
8 with the statutes, rules or orders governing the gambling.

9 4. Gambling that is conducted at state, county or district fairs
10 and that complies with section 13-3301, paragraph 1, subdivision (d).

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

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

19 2. The nonprofit organization has been in existence continuously in
20 this state for a five-year period immediately before conducting the
21 raffle.

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

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

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

35 (b) An entity that is exempt from taxation of income under section
36 501(c)(3) of the internal revenue code and that has at least a twenty-year
37 history of providing comprehensive services to prevent child abuse and to
38 provide services and advocacy for victims of child abuse from contracting
39 with an outside agent who participates in the management, sales or
40 operation of the raffle if the proceeds of the raffle are used to provide
41 comprehensive services to prevent child abuse and to provide services and
42 advocacy for victims of child abuse and the raffles are conducted ~~no~~ NOT
43 more than three times per calendar year. The maximum fee for an outside
44 agent shall not exceed fifteen percent of the net proceeds of the raffle.

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

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

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

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

D. A nonprofit organization that is a booster club, a civic club or a political club or political organization that is formally affiliated with and recognized by a political party in this state OR A CANDIDATE COMMITTEE OR POLITICAL ACTION COMMITTEE AS DEFINED IN SECTION 16-901 may conduct a raffle that is subject to the following restrictions:

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

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

3. The maximum annual benefit that the club, OR organization OR COMMITTEE receives for all raffles is ~~ten thousand dollars~~ \$20,000.

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

Sec. 10. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3032.01, to read:

41-3032.01. Arizona gaming commission; termination July 1, 2032

A. THE ARIZONA GAMING COMMISSION TERMINATES ON JULY 1, 2032.

B. TITLE 5, CHAPTERS 10 AND 11 AND THIS SECTION ARE REPEALED ON JANUARY 1, 2033.

Sec. 11. Purpose

Pursuant to section 41-2955, subsection E, Arizona Revised Statutes, the legislature establishes the Arizona gaming commission to regulate and promote gaming.

1 Sec. 12. Arizona gaming commission: executive director:
2 initial appointment

3 Notwithstanding section 5-1301.01, Arizona Revised Statutes, as
4 added by this act, the governor shall appoint the initial executive
5 director of the Arizona gaming commission established by section
6 5-1301.01, Arizona Revised Statutes, as added by this act. Thereafter the
7 commission shall appoint the executive director of the commission pursuant
8 to section 5-1301.01, subsection E, Arizona Revised Statutes, as added by
9 this act.

10 Sec. 13. Conforming legislation

11 The legislative council staff shall prepare proposed legislation
12 conforming the Arizona Revised Statutes to the provisions of this act for
13 consideration in the fifth-sixth legislature, first regular session.