

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

CHAPTER 210
HOUSE BILL 2898

AN ACT

AMENDING SECTIONS 3-1005 AND 5-572, ARIZONA REVISED STATUTES; AMENDING SECTION 5-572, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; RELATING TO AMUSEMENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 3-1005, Arizona Revised Statutes, is amended to
3 read:

4 3-1005. Arizona exposition and state fair fund

5 A. Monies received by the board, other than those referred to in
6 section 3-1003, subsection A, paragraph 9 and other than those received by
7 the board as ticket sales pursuant to a valid lease of the coliseum, shall
8 be deposited, pursuant to sections 35-146 and 35-147, in the Arizona
9 exposition and state fair fund and are subject to legislative
10 appropriation. Ticket sale monies received pursuant to a valid lease of
11 the coliseum may be deposited with a bank qualified to receive public
12 deposits under title 35, chapter 2, article 2.1, in which case the
13 signature of the executive director or an employee designated by the
14 executive director and the lessee shall be required on any instrument
15 withdrawing such a deposit. Vouchers for authorized expenditures shall be
16 signed by the executive director or by an employee who is designated by
17 the executive director. The receipt and expenditure of funds shall be as
18 prescribed by law and the rules of the director of the department of
19 administration. Balances remaining in the fund at the end of a fiscal
20 year shall not revert to the general fund.

21 B. On notice from the executive director, the state treasurer shall
22 invest and divest monies in the Arizona exposition and state fair fund in
23 obligations issued or guaranteed by the United States or any of the senior
24 debt of its agencies, sponsored agencies, corporations, sponsored
25 corporations or instrumentalities, and monies earned from investment shall
26 be credited to the Arizona exposition and state fair fund.

27 C. Disbursements from an account of ticket sales received pursuant
28 to a valid lease of the coliseum as described in subsection A of this
29 section shall be limited to payments of amounts due to the lessor or
30 lessee pursuant to the lease. No disbursements from this account shall be
31 made for state wages, salaries or expenses. ~~Upon~~ ON the completion or
32 termination of any lease pursuant to subsection A of this section, all
33 monies accruing to the board shall be deposited, pursuant to sections
34 35-146 and 35-147.

35 D. ~~There is established an~~ THE exposition and state fair board
36 permanent revolving fund IS ESTABLISHED for use in making change at fairs
37 and for purchases and activities requiring immediate cash outlay for
38 events sponsored by the Arizona exposition and state fair board that are
39 proper as ultimate claims for payment from the exposition and state fair
40 fund. The amount of the fund shall not exceed ~~sixty thousand dollars~~
41 \$60,000, except for a period beginning ~~October 1 and ending November 30~~
42 FIFTEEN DAYS BEFORE AND ENDING FIFTEEN DAYS AFTER THE ANNUAL ARIZONA STATE
43 FAIR each year when the amount of the fund shall not exceed ~~four hundred~~
44 ~~thousand dollars~~ \$400,000 for use during the annual state fair.
45 Expenditures from this fund and reimbursement to the fund shall be as

1 prescribed by rules of the director of the department of administration.
2 All monies deposited in the revolving fund are appropriated to the board
3 for the purposes provided in this subsection and are exempt from the
4 provisions of section 35-190 relating to lapsing of appropriations. The
5 exposition and state fair board permanent revolving fund shall be
6 established as a separate account on the books of the exposition and state
7 fair board and a full accounting of its use shall be made to the director
8 of the department of administration annually or as required by the
9 director of the department of administration.

10 Sec. 2. Section 5-572, Arizona Revised Statutes, is amended to
11 read:

12 5-572. Use of monies in state lottery fund; report

13 A. If there are any bonds or bond related obligations payable from
14 the state lottery revenue bond debt service fund, the state lottery
15 revenue bond debt service fund shall be secured by a first lien on the
16 monies in the state lottery fund after the payment of operating costs of
17 the lottery, as prescribed in section 5-555, subsection A, paragraph 1,
18 until the state lottery bond debt service fund contains sufficient monies
19 to meet all the requirements for the current period as required by the
20 bond documents. Debt service for revenue bonds issued pursuant to this
21 chapter shall be paid first from monies that would have otherwise been
22 deposited pursuant to this section in the state general fund. After the
23 requirements for the current period have been satisfied as required by the
24 bond documents, the monies in the state lottery fund shall be expended for
25 the expenses of the commission incurred in carrying out its powers and
26 duties and in the operation of the lottery.

27 B. Of the monies remaining in the state lottery fund each fiscal
28 year after appropriations and deposits authorized in subsection A of this
29 section, ~~ten million dollars~~ \$10,000,000 shall be deposited in the Arizona
30 game and fish commission heritage fund established by section 17-297.

31 C. Of the monies remaining in the state lottery fund each fiscal
32 year after appropriations and deposits authorized in subsections A and B
33 of this section, ~~five million dollars~~ \$5,000,000 shall be allocated to the
34 department of child safety for the healthy families program established by
35 section 8-481, ~~four million dollars~~ \$4,000,000 shall be allocated to the
36 Arizona board of regents for the Arizona area health education system
37 established by section 15-1643, ~~three million dollars~~ \$3,000,000 shall be
38 allocated to the department of health services to fund the teenage
39 pregnancy prevention programs established in Laws 1995, chapter 190,
40 sections 2 and 3, ~~two million dollars~~ \$2,000,000 shall be allocated to the
41 department of health services for the health start program established by
42 section 36-697, ~~two million dollars~~ \$2,000,000 shall be deposited in the
43 disease control research fund established by section 36-274 and ~~one~~
44 ~~million dollars~~ \$1,000,000 shall be allocated to the department of health
45 services for the federal women, infants and children food program. The

1 allocations in this subsection shall be adjusted annually according to
2 changes in the GDP price deflator as defined in section 41-563, and the
3 allocations are exempt from the provisions of section 35-190 relating to
4 lapsing of appropriations. If there are not sufficient monies available
5 pursuant to this subsection, the allocation of monies for each program
6 shall be reduced on a pro rata basis.

7 D. If the state lottery director determines that monies available
8 to the state general fund may not equal ~~eighty-four million one hundred~~
9 ~~fifty thousand dollars~~ \$84,150,000 in a fiscal year, the director shall
10 not authorize deposits to the Arizona game and fish commission heritage
11 fund pursuant to subsection B of this section until the deposits to the
12 state general fund equal ~~eighty-four million one hundred fifty thousand~~
13 ~~dollars~~ \$84,150,000 in a fiscal year.

14 E. Of the monies remaining in the state lottery fund each fiscal
15 year after appropriations and deposits authorized in subsections A through
16 D of this section, ~~one million dollars~~ \$1,000,000 or the remaining balance
17 in the fund, whichever is less, is appropriated to the department of
18 economic security for grants to nonprofit organizations, including ~~faith~~
19 ~~based~~ FAITH-BASED organizations, for homeless emergency and transitional
20 shelters and related support services. The department of economic
21 security shall submit a report on the amounts, recipients, purposes and
22 results of each grant to the governor, the speaker of the house of
23 representatives and the president of the senate on or before December 31
24 of each year for the prior fiscal year and shall provide a copy of this
25 report to the secretary of state.

26 F. Of the monies remaining in the state lottery fund each fiscal
27 year after appropriations and deposits authorized in subsections A
28 through E of this section, and after a total of at least ~~ninety-nine~~
29 ~~million six hundred forty thousand dollars~~ \$99,640,000 has been deposited
30 in the state general fund, ~~three million five hundred thousand dollars~~
31 \$1,750,000 shall be deposited in the Arizona competes fund established by
32 section 41-1545.01. The balance in the state lottery fund remaining after
33 deposits into the Arizona competes fund shall be deposited in the
34 university capital improvement lease-to-own and bond fund established by
35 section 15-1682.03, up to a maximum of eighty percent of the total annual
36 payments of lease-to-own and bond agreements entered into by the Arizona
37 board of regents.

38 G. All monies remaining in the state lottery fund after the
39 appropriations and deposits authorized in this section shall be deposited
40 in the state general fund.

41 H. Except for monies expended for debt service of revenue bonds as
42 provided in subsection A of this section, monies expended under subsection
43 A of this section are subject to legislative appropriation.

44 I. The commission shall transfer monies prescribed in this section
45 on a quarterly basis.

1 Sec. 3. Section 5-572, Arizona Revised Statutes, as amended by
2 section 2 of this act, is amended to read:

3 5-572. Use of monies in state lottery fund; report

4 A. If there are any bonds or bond related obligations payable from
5 the state lottery revenue bond debt service fund, the state lottery
6 revenue bond debt service fund shall be secured by a first lien on the
7 monies in the state lottery fund after the payment of operating costs of
8 the lottery, as prescribed in section 5-555, subsection A, paragraph 1,
9 until the state lottery bond debt service fund contains sufficient monies
10 to meet all the requirements for the current period as required by the
11 bond documents. Debt service for revenue bonds issued pursuant to this
12 chapter shall be paid first from monies that would have otherwise been
13 deposited pursuant to this section in the state general fund. After the
14 requirements for the current period have been satisfied as required by the
15 bond documents, the monies in the state lottery fund shall be expended for
16 the expenses of the commission incurred in carrying out its powers and
17 duties and in the operation of the lottery.

18 B. Of the monies remaining in the state lottery fund each fiscal
19 year after appropriations and deposits authorized in subsection A of this
20 section, \$10,000,000 shall be deposited in the Arizona game and fish
21 commission heritage fund established by section 17-297.

22 C. Of the monies remaining in the state lottery fund each fiscal
23 year after appropriations and deposits authorized in subsections A and B
24 of this section, \$5,000,000 shall be allocated to the department of child
25 safety for the healthy families program established by section 8-481,
26 \$4,000,000 shall be allocated to the Arizona board of regents for the
27 Arizona area health education system established by section 15-1643,
28 \$3,000,000 shall be allocated to the department of health services to fund
29 the teenage pregnancy prevention programs established in Laws 1995,
30 chapter 190, sections 2 and 3, \$2,000,000 shall be allocated to the
31 department of health services for the health start program established by
32 section 36-697, \$2,000,000 shall be deposited in the disease control
33 research fund established by section 36-274 and \$1,000,000 shall be
34 allocated to the department of health services for the federal women,
35 infants and children food program. The allocations in this subsection
36 shall be adjusted annually according to changes in the GDP price deflator
37 as defined in section 41-563, and the allocations are exempt from the
38 provisions of section 35-190 relating to lapsing of appropriations. If
39 there are not sufficient monies available pursuant to this subsection, the
40 allocation of monies for each program shall be reduced on a pro rata
41 basis.

42 D. If the state lottery director determines that monies available
43 to the state general fund may not equal \$84,150,000 in a fiscal year, the
44 director shall not authorize deposits to the Arizona game and fish

1 commission heritage fund pursuant to subsection B of this section until
2 the deposits to the state general fund equal \$84,150,000 in a fiscal year.

3 E. Of the monies remaining in the state lottery fund each fiscal
4 year after appropriations and deposits authorized in subsections A through
5 D of this section, \$1,000,000 or the remaining balance in the fund,
6 whichever is less, is appropriated to the department of economic security
7 for grants to nonprofit organizations, including faith-based
8 organizations, for homeless emergency and transitional shelters and
9 related support services. The department of economic security shall
10 submit a report on the amounts, recipients, purposes and results of each
11 grant to the governor, the speaker of the house of representatives and the
12 president of the senate on or before December 31 of each year for the
13 prior fiscal year and shall provide a copy of this report to the secretary
14 of state.

15 F. Of the monies remaining in the state lottery fund each fiscal
16 year after appropriations and deposits authorized in subsections A
17 through E of this section, and after a total of at least \$99,640,000 has
18 been deposited in the state general fund, ~~\$1,750,000~~ \$3,500,000 shall be
19 deposited in the Arizona competes fund established by section
20 41-1545.01. The balance in the state lottery fund remaining after
21 deposits into the Arizona competes fund shall be deposited in the
22 university capital improvement lease-to-own and bond fund established by
23 section 15-1682.03, up to a maximum of eighty percent of the total annual
24 payments of lease-to-own and bond agreements entered into by the Arizona
25 board of regents.

26 G. All monies remaining in the state lottery fund after the
27 appropriations and deposits authorized in this section shall be deposited
28 in the state general fund.

29 H. Except for monies expended for debt service of revenue bonds as
30 provided in subsection A of this section, monies expended under subsection
31 A of this section are subject to legislative appropriation.

32 I. The commission shall transfer monies prescribed in this section
33 on a quarterly basis.

34 Sec. 4. Department of gaming; regulatory assessment;
35 pari-mutuel pool

36 Notwithstanding any other law, in fiscal year 2024-2025, the
37 department of gaming shall establish and collect a regulatory assessment
38 from each commercial racing permittee, payable from amounts deducted from
39 pari-mutuel pools by the permittee, in addition to the amounts the
40 permittee is authorized to deduct pursuant to section 5-111, subsection B,
41 Arizona Revised Statutes, from amounts wagered on live and simulcast races
42 from in-state and out-of-state wagering handled by the permittee, in the
43 amount of 0.5 percent of the amounts wagered.

1 Sec. 5. Department of gaming; horse racing; gate approval;
2 timed workouts; delayed repeal

3 A. Notwithstanding any other law, for race meetings in the years
4 2024 and 2025, the department of gaming may allow a first-time starter
5 horse to race as long as the horse has gate approval and at least two
6 timed workouts. One of the timed workouts shall be an out-of-the-gate
7 workout that is conducted within sixty days of the race in which the horse
8 is entered.

9 B. This section is repealed from and after December 31, 2025.

10 Sec. 6. Effective date

11 Section 5-572, Arizona Revised Statutes, as amended by section 3 of
12 this act, is effective from and after June 30, 2027.

APPROVED BY THE GOVERNOR JUNE 18, 2024.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 18, 2024.