

REFERENCE TITLE: **gaming; event wagering; gaming commission**

State of Arizona  
Senate  
Fifty-sixth Legislature  
First Regular Session  
2023

# **SB 1617**

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; AMENDING SECTIONS 5-1318 AND 13-3302, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3033.01; 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.

1       E. On or before September 30 of each year, the department of gaming  
2 shall issue ~~a report~~ to the governor, the president of the senate, the  
3 speaker of the house of representatives and each tribe that has executed a  
4 2021 gaming compact amendment **A REPORT** that discloses all monies deposited  
5 in and disbursed from the trust fund during the prior fiscal year.

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

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

11       **5-606. Gaming legislation; 2021 gaming compact amendment;**  
12       conflict of interest; prohibition

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

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

23       **5-1201. Definitions**

24       In this chapter, unless the context otherwise requires:

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

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

31       3. "Athletic event":

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

39       (b) Includes events involving motor vehicles.

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

41       **4. "COMMISSION" MEANS THE ARIZONA GAMING COMMISSION.**

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

43       **5. 6. "Entry fee" means cash or **A** cash equivalent that is paid by**  
44 a participant to a fantasy sports contest operator to participate in a  
45 fantasy sports contest.

1        ~~6.~~ **7.** "Fantasy sports contest" means a simulated game or contest  
2 that is offered to the public with an entry fee and that meets all of the  
3 following conditions:

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

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

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

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

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

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

25              (i) Racing that involves animals.

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

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

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

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

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

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

43        ~~7.~~ **8.** "Fantasy sports contest adjusted revenues" means the amount  
44 equal to the total of all entry fees that a fantasy sports contest  
45 operator collects from all fantasy sports contest players minus the total

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

3 ~~8.~~ 9. "Fantasy sports contest operator" or "operator" means a  
4 person that is engaged in the business of professionally conducting paid  
5 fantasy sports contests for cash or other prizes or awards for members of  
6 the general public that requires cash or cash equivalent as an entry fee  
7 to be paid by a member of the general public who participates in a paid  
8 fantasy sports contest.

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

20 ~~10.~~ 11. "Fantasy sports contest player" or "player" means an  
21 individual who participates in a fantasy sports contest offered by a  
22 fantasy sports contest operator.

23 ~~11.~~ 12. "Fantasy sports contest team" means the simulated team  
24 composed of multiple individual athletes, each of whom is a member of a  
25 real-world sports team that a fantasy sports contest player selects to  
26 compete in a fantasy sports contest.

27 ~~12.~~ 13. "Highly experienced player" means a fantasy sports contest  
28 player who has done at least one of the following:

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

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

33 ~~13.~~ 14. "Holding company" means a corporation, firm, partnership,  
34 limited partnership, limited liability company, trust or other form of  
35 business organization that is not an individual and that directly or  
36 indirectly does either of the following:

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

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

42 ~~14.~~ 15. "In-state percentage" means, for each fantasy sports  
43 contest, the percentage, rounded to the nearest tenth of a percent, equal  
44 to the total entry fees collected from all in-state participants divided

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

3 ~~15.~~ 16. "Key employee" means an employee of a fantasy sports  
4 contest operator who has the power to exercise significant influence over  
5 decisions concerning the fantasy sports contest operator.

6 ~~16.~~ 17. "License" means an approval that is issued by the  
7 ~~department~~ COMMISSION to any person or entity to be involved in a fantasy  
8 sports operation.

9 ~~17.~~ 18. "Management company" means a person retained by a fantasy  
10 sports contest operator to manage a fantasy sports contest platform and  
11 provide general administration and other operational services.

12 ~~18.~~ 19. "Person" means an individual, partnership, corporation,  
13 association, limited liability company, federally recognized Indian tribe  
14 or other legal entity.

15 ~~19.~~ 20. "Player account" means an account that is established by a  
16 patron for the purpose of participating in fantasy sports contests,  
17 including deposits, withdrawals, entry fees and payouts.

18 ~~20.~~ 21. "Prize or award" means anything of value or any amount of  
19 cash or cash equivalents.

20 ~~21.~~ 22. "Protected information" means information related to  
21 playing fantasy sports contests by a fantasy sports contest player that is  
22 not readily available to the general public and that is obtained as a  
23 result of a person's employment in relation to a fantasy sports contest.

24 ~~22.~~ 23. "Script" means a list of commands that a fantasy SPORTS  
25 contest-related computer program can execute and that is created by a  
26 fantasy sports contest player or by a third party for a fantasy sports  
27 contest player to automate processes on a fantasy sports contest platform.

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

30 5-1212. Fantasy sports contest fund

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

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

38 C. The ~~department~~ COMMISSION may spend not more than ten percent of  
39 monies on the ~~department's~~ COMMISSION'S annual costs of regulating and  
40 enforcing this chapter unless otherwise provided by the legislature. THE  
41 COMMISSION MAY SPEND AN ADDITIONAL TWO PERCENT OF MONIES ANNUALLY ON  
42 SUPPORT AND ENFORCEMENT OF PROBLEM GAMBLING PROCEDURES ESTABLISHED  
43 PURSUANT TO SECTIONS 5-1206 AND 5-1320. At the end of each fiscal year,  
44 any revenues collected in excess of the amount appropriated from the

1     FANTASY SPORTS CONTEST fund shall be transferred to the state general  
2     fund.

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

5        5-1301. Definitions

6        In this chapter, unless the context otherwise requires:

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

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

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

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

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

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

29       2. "COMMISSION" MEANS THE ARIZONA GAMING COMMISSION.

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

31       ~~3. 4. "E-sport EVENT" means an organized, multiplayer video game~~  
32    competition, particularly between professional players, individually or as  
33    teams.

34       ~~4. 5. "Event wagering":~~

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

41       (b) Does not include a fantasy sports contest as defined in section  
42    5-1201.

43       ~~5. 6. "Event wagering employee" means an employee of an event~~  
44    wagering operator, sports facility, management services provider or  
45    limited event wagering operator who is directly involved in the management

1 or control of the conduct of event wagering under this chapter in this  
2 state.

3 ~~6.~~ 7. "Event wagering facility" means a facility at which event  
4 wagering is conducted under this chapter.

5 ~~7.~~ 8. "Event wagering operator" means either:

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

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

23 ~~10.~~ 9. "Licensee" means a person that holds an event wagering  
24 operator license, limited event wagering license, supplier license or  
25 management services provider license.

26 ~~8.~~ 10. "Limited event wagering operator" means a racetrack  
27 enclosure or additional wagering facility that holds a permit issued by  
28 the division of racing to offer wagers on horseracing and that is licensed  
29 under this chapter.

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

37 ~~9.~~ 12. "Official league data" means statistics, results, outcomes  
38 and other data related to a sports event or other event obtained pursuant  
39 to an agreement with the relevant sports governing body or an entity  
40 expressly authorized by the sports governing body to provide such  
41 information to licensees that authorizes the use of such data for  
42 determining the outcome of sports wagers on sports events or other events.

43 ~~12.~~ 13. "Other event":

44 (a) Means a competition of relative skill or an event authorized by  
45 the department under this chapter.

1       (b) DOES NOT INCLUDE ANY ELECTRONIC GAME OFFERED TO PLAYERS OVER  
2 THE INTERNET THROUGH WEBSITES OR ON MOBILE DEVICES WITH A USER INTERFACE  
3 THAT DEPICTS SPINNING REELS OR THAT REPLICATES A SLOT MACHINE, BLACKJACK,  
4 POKER, ROULETTE, CRAPS OR ANY OTHER CASINO-STYLE GAME.

5       ~~13.~~ 14. "Person" means an individual, partnership, committee,  
6 association, corporation, ~~OR~~ Indian tribe or an entity fully owned by an  
7 Indian tribe, or any other organization or group of persons.

8       ~~14.~~ 15. "Professional sport" means a sport conducted at the  
9 highest level league or organizational play for its respective sport and  
10 includes baseball, basketball, football, golf, hockey, soccer and  
11 motorsports.

12       ~~15.~~ 16. "Prohibited conduct" includes any statement, action or  
13 other communication intended to unlawfully influence, manipulate or  
14 control a betting outcome of a sports event or other event ~~OR~~ of any  
15 individual occurrence or performance in a sports event or other event in  
16 exchange for financial gain or to avoid financial or physical harm.

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

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

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

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

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

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

36       ~~17.~~ 18. "Sports event" means a professional sport or athletic  
37 event, a collegiate sport or athletic event, a motor race event, an  
38 e-sport event or an olympic event.

39       ~~18.~~ 19. "Sports facility" means a facility that is owned by a  
40 commercial, state or local government or quasi-governmental entity that  
41 hosts professional sports events and that holds a seating capacity of more  
42 than ten thousand persons at its primary facility, one location in this  
43 state that hosts an annual golf tournament on the PGA tour and one  
44 location that holds an outdoor motorsports facility that hosts a national  
45 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.

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

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

23. 24. "Wager":

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

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

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

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

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

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

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

3. ONE MEMBER WITH AT LEAST FIVE YEARS' EXPERIENCE IN TRIBAL GAMING OPERATIONS AND WHO IS AN ENROLLED MEMBER IN A FEDERALLY RECOGNIZED INDIAN TRIBE.

4. ONE MEMBER WITH AT LEAST FIVE YEARS' EXPERIENCE AS A GAMING REGULATOR AND WHO IS AN ENROLLED MEMBER IN A FEDERALLY RECOGNIZED INDIAN TRIBE.

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

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

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

B. FOUR MEMBERS SHALL BE APPOINTED FOR A TERM OF FIVE YEARS. THREE MEMBERS SHALL BE APPOINTED FOR A TERM OF THREE YEARS. THE TERMS OF THE MEMBERS EXPIRE ON THE THIRD MONDAY IN JANUARY IN THE APPROPRIATE YEAR. THE MEMBERS SHALL BE APPOINTED SUBJECT TO SENATE CONFIRMATION AS FOLLOWS:

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

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

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

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

9       5. THE MEMBERS OF THE COMMISSION, BY A SIMPLE MAJORITY VOTE, SHALL  
10 APPOINT ONE MEMBER TO SERVE AS CHAIRPERSON OF THE COMMISSION.

11       C. NOT MORE THAN THREE MEMBERS SHALL BE FROM THE SAME POLITICAL  
12 PARTY. A MAJORITY OF THE COMMISSION MEMBERS CONSTITUTE A QUORUM.

13       D. A PERSON MAY NOT BE APPOINTED TO THE COMMISSION UNLESS THE  
14 PERSON HAS BEEN A RESIDENT OF THIS STATE AND A QUALIFIED ELECTOR FOR AT  
15 LEAST TWO YEARS BEFORE THE PERSON'S APPOINTMENT.

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

23       1. ASSIST THE COMMISSION IN PROVIDING SUPERVISION OVER THE  
24 COMMISSION, FANTASY SPORTS CONTESTS AND EVENT WAGERING PURSUANT TO THIS  
25 CHAPTER AND CHAPTER 10 OF THIS TITLE.

26       2. BE QUALIFIED TO ADMINISTER FANTASY SPORTS CONTESTS AND EVENT  
27 WAGERING.

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

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

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

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

41       2. ENTER INTO ANY BUSINESS DEALING, VENTURE, CONTRACT OR ACCEPT  
42 EMPLOYMENT WITH A PERSON, BUSINESS, APPLICANT, FANTASY SPORTS CONTEST  
43 OPERATOR, LICENSEE, MANAGEMENT COMPANY, MANAGEMENT SERVICES PROVIDER,  
44 EVENT WAGERING OPERATOR, LIMITED EVENT WAGERING OPERATOR, EVENT WAGERING

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

3 H. A RELATIVE OF A MEMBER OF THE COMMISSION TO THE FIRST DEGREE OF  
4 CONSANGUINITY MAY NOT HAVE A FINANCIAL INTEREST IN OR EMPLOYMENT WITH A  
5 PERSON, BUSINESS, APPLICANT, FANTASY SPORTS CONTEST OPERATOR, LICENSEE,  
6 MANAGEMENT COMPANY, MANAGEMENT SERVICES PROVIDER, EVENT WAGERING OPERATOR,  
7 LIMITED EVENT WAGERING OPERATOR, EVENT WAGERING FACILITY OR SPORTS  
8 FACILITY THAT IS INVOLVED IN FANTASY SPORT CONTESTS OR EVENT WAGERING.

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

15 J. MEMBERS OF THE COMMISSION ARE ELIGIBLE TO RECEIVE COMPENSATION  
16 PURSUANT TO SECTION 38-611 FOR EACH DAY SPENT IN THE DISCHARGE OF THEIR  
17 DUTIES AND REIMBURSEMENT FOR ALL EXPENSES NECESSARILY AND PROPERLY  
18 INCURRED IN ATTENDING A MEETING OF OR FOR THE COMMISSION, INCLUDING  
19 MILEAGE EXPENSES.

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

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

36 M. ON REQUEST OF THE COMMISSION, AN AGENCY OF THIS STATE OR A  
37 POLITICAL SUBDIVISION OF THIS STATE SHALL PROVIDE THE COMMISSION WITH ITS  
38 SERVICES, EQUIPMENT, DOCUMENTS, PERSONNEL AND FACILITIES TO THE EXTENT  
39 POSSIBLE WITHOUT COST TO THE COMMISSION.

40 N. THE COMMISSION SHALL:

41 1. SUPERVISE AND ADMINISTER THE OPERATION OF FANTASY SPORTS  
42 CONTESTS AND EVENT WAGERING UNDER THIS CHAPTER AND CHAPTER 10 OF THIS  
43 TITLE.

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

4       3. ENFORCE THIS CHAPTER AND CHAPTER 10 OF THIS TITLE AND THE RULES  
5 ADOPTED UNDER THOSE CHAPTERS.

6       4. EXERCISE SUPERVISION OVER THE DEPARTMENT OF GAMING AND THE  
7 DIRECTOR OF THE DEPARTMENT OF GAMING. THE COMMISSION MAY APPROVE OR  
8 REJECT DECISIONS OF THE DIRECTOR OF THE DEPARTMENT OF GAMING IN ACCORDANCE  
9 WITH RULES ESTABLISHED BY THE COMMISSION.

10      5. EXERCISE SUPERVISION OVER ALL CLASS III GAMING ALLOWED UNDER  
11 ARIZONA'S TRIBAL-STATE GAMING COMPACT AND ANY APPLICABLE APPENDICES OR  
12 AMENDMENTS THERETO.

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

16      Sec. 7. Section 5-1318, Arizona Revised Statutes, is amended to  
17 read:

18      5-1318. Fees; event wagering fund

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

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

1       C. Unless otherwise determined by the legislature, the ~~department~~  
2 COMMISSION may spend not more than ten percent of monies, ~~MINUS THE MONIES~~  
3 TRANSFERRED TO THE 2021 COMPACT TRUST FUND, on the ~~department's~~  
4 COMMISSION'S annual costs of regulating and enforcing this chapter, ~~AND AN~~  
5 ADDITIONAL TWO PERCENT OF MONIES ANNUALLY ON SUPPORT AND ENFORCEMENT OF  
6 PROBLEM GAMBLING PROCEDURES ESTABLISHED PURSUANT TO SECTIONS 5-1206 AND  
7 5-1320. ANY REMAINING MONIES IN THE FUND REVERT TO THE STATE GENERAL  
8 FUND.

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

11       13-3302. Exclusions

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

1. Amusement gambling.
2. Social gambling.

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

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

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

20       1. The nonprofit organization shall maintain this status and no  
21 member, director, officer, employee or agent of the nonprofit organization  
22 may receive any direct or indirect pecuniary benefit other than being able  
23 to participate in the raffle on a basis equal to all other participants.

24       2. The nonprofit organization has been in existence continuously in  
25 this state for a one-year period immediately before conducting the raffle.

26       3. ~~NOT~~ A person except a bona fide local member of the sponsoring  
27 organization may ~~NOT~~ participate directly or indirectly in the management,  
28 sales or operation of the raffle.

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

30       (a) A licensed general hospital, a licensed special hospital or a  
31 foundation established to support cardiovascular medical research that is  
32 exempt from taxation of income under section 501(c)(3) of the internal  
33 revenue code from contracting with an outside agent who participates in  
34 the management, sales or operation of the raffle if the proceeds of the  
35 raffle are used to fund medical research, graduate medical education or  
36 indigent care and the raffles are conducted not more than three times per  
37 calendar year. The maximum fee for an outside agent shall not exceed  
38 fifteen percent of the net proceeds of the raffle.

39       (b) An entity that is exempt from taxation of income under section  
40 501(c)(3) of the internal revenue code and that has at least a twenty-year  
41 history of providing comprehensive services to prevent child abuse and to  
42 provide services and advocacy for victims of child abuse from contracting  
43 with an outside agent who participates in the management, sales or

1 operation of the raffle if the proceeds of the raffle are used to provide  
2 comprehensive services to prevent child abuse and to provide services and  
3 advocacy for victims of child abuse and the raffles are conducted not more  
4 than three times per calendar year. The maximum fee for an outside agent  
5 shall not exceed fifteen percent of the net proceeds of the raffle.

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

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

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

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

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

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

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

31 3. The maximum annual benefit that the club or organization  
32 receives for all raffles is ~~\$10,000~~ **\$20,000**.

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

38 Sec. 9. Title 41, chapter 27, article 2, Arizona Revised Statutes,  
39 is amended by adding section 41-3033.01, to read:

40 41-3033.01. **Arizona gaming commission; termination July 1,**  
**2033**

42 A. THE ARIZONA GAMING COMMISSION TERMINATES ON JULY 1, 2033.  
43 B. TITLE 5, CHAPTERS 10 AND 11 AND THIS SECTION ARE REPEALED ON  
44 JANUARY 1, 2034.

1           Sec. 10. Purpose

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

5           Sec. 11. Arizona gaming commission; executive director;  
6           initial appointment

7           Notwithstanding section 5-1301.01, Arizona Revised Statutes, as  
8 added by this act, the governor shall appoint the initial executive  
9 director of the Arizona gaming commission established by section  
10 5-1301.01, Arizona Revised Statutes, as added by this act. Thereafter the  
11 commission shall appoint the executive director of the commission pursuant  
12 to section 5-1301.01, subsection E, Arizona Revised Statutes, as added by  
13 this act.

14           Sec. 12. Conforming legislation

15           The legislative council staff shall prepare proposed legislation  
16 conforming the Arizona Revised Statutes to the provisions of this act for  
17 consideration in the fifth-sixth legislature, second regular session.