

REFERENCE TITLE: Indian tribes; gaming; event wagering

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

SB 1719

Introduced by
Senator Gonzales

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

5-1304. Licensure; application

A. The department may issue not more than ten event wagering operator licenses to applicants other than an Indian tribe. ~~ON APPLICATION the department may SHALL issue not more than ten~~ TWENTY-TWO event wagering operator licenses to ~~Indian tribes in this state if the Indian tribe receiving a license~~ EACH FEDERALLY RECOGNIZED INDIAN TRIBE LOCATED IN THIS STATE THAT has signed the most recent tribal-state gaming compact and any applicable appendices or amendments. The department shall issue event wagering operator licenses only to applicants that are either of the following in compliance with this chapter:

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

2. An Indian tribe, or an entity fully owned by an Indian tribe, or its designee contracted to operate ~~only mobile event wagering outside the boundaries of its Indian lands and throughout the state~~ EVENT WAGERING FOR BOTH RETAIL EVENT WAGERING WITHIN A FIVE-BLOCK RADIUS OF A SPORTS FACILITY OR A SPORTS COMPLEX AS PRESCRIBED IN SUBSECTION D OF THIS SECTION AND MOBILE EVENT WAGERING THROUGHOUT THIS STATE, if it has signed the most recent tribal-state gaming compact and any applicable appendices or amendments. IF A DESIGNEE IS USED, THE DESIGNEE SHALL BE CONSIDERED THE APPLICANT AND BE SUBJECT TO ANY REQUIREMENTS OF THE APPLICATION PROCESS RATHER THAN THE OWNER, OPERATOR OR PROMOTER.

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

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

2. A full set of fingerprints for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public

1 Law 92-544. The department of public safety may exchange this fingerprint
2 data with the federal bureau of investigation. The fingerprints shall be
3 furnished by the applicant's officers and directors, if a corporation,
4 members, if a limited liability company, and partners, if a partnership.
5 An applicant convicted of a disqualifying offense may not be licensed.

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

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

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

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

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

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

41 6. Information to establish by clear and convincing evidence that
42 the applicant or its management services provider has sufficient business
43 ability and gaming experience as to establish the likelihood of creating
44 and maintaining a successful and stable event wagering operation.

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

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

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

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

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

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

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

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

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

2. Event wagering through a mobile platform as specified by the department. A licensed event wagering operator or its designated management services provider may offer event wagering through an event wagering platform as specified by the department. ~~THE EVENT WAGERING FACILITY MAY BE LOCATED IN RETAIL OR COMMERCIAL SPACE ON LAND THAT IS NOT IDENTIFIED AS INDIAN LAND PURSUANT TO THE INDIAN GAMING REGULATORY ACT (P.L. 100-497; 102 STAT. 2467).~~

E. A license issued under this section is valid for five years if the licensee submits an annual license fee, maintains the qualifications to obtain a license under this section and substantially complies with this chapter and other laws and rules relating to event wagering. A licensee may renew its license by submitting an application in a form prescribed by department rule and the application fee. A license may not be renewed if it is determined by the department that the event wagering

operator has not substantially complied with this chapter or any other law regulating its event wagering operations or other operations licensed by the department. A licensee shall submit the nonrefundable annual license and application fees prescribed in section 5-1310 with its application for the renewal of its license.

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

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

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

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

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

1. Has been convicted of any gaming offense.
2. Has been convicted of a felony in the seven years before submitting an application unless that felony has been set aside.
3. Has ever been convicted of a felony related to extortion, burglary, larceny, bribery, embezzlement, robbery, racketeering, money laundering, forgery, fraud, murder, voluntary manslaughter, a sexual offense that requires the individual to register pursuant to section 13-3821 or kidnapping.
4. Knowingly and wilfully provides materially important false statements or information or omits materially important information on the person's employment application or background questionnaire.
5. Is a person whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the public interest or to the effective regulation and control of gaming or create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming or the carrying on of the business and financial arrangements incidental thereto.

1 C. Not later than sixty days after the department receives a
2 complete application, the department shall issue a license to the
3 applicant unless the background investigation the department conducts
4 discloses that the applicant has a criminal history or unless other
5 grounds sufficient to disqualify the applicant are apparent on the face of
6 the application. If more than ten applications are received for
7 a particular license type, the department shall adopt a process for
8 ensuring an equal opportunity for all qualified applicants to obtain a
9 license. The department shall review and approve or deny an application
10 for a license as provided in title 41, chapter 6, article 10.

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

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

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

28 G. Each licensee shall display its license conspicuously in the
29 licensee's place of business or have the license available for inspection
30 by an agent of the department or a law enforcement agency. Each licensee
31 that operates an event wagering platform shall conspicuously display a
32 notice of the license on its platform's landing page.

33 H. The department shall keep all information, records, interviews,
34 reports, statements, memoranda or other data supplied to or used by the
35 department in the course of its review or investigation of an application
36 for an event wagering operator license or renewal of a license
37 confidential. **THE DEPARTMENT SHALL IMMEDIATELY RELEASE ANY MATERIALS**
38 **DESCRIBED IN THIS SUBSECTION TO ANY MEMBER OF THE LEGISLATURE ON WRITTEN**
39 **REQUEST.** The materials described in this subsection are **NOT** exempt from
40 disclosure **IN COMPLIANCE WITH A COURT ORDER, SUBPOENA, STATUTORY AUDIT OR**
41 **pursuant to title 39, chapter 1, article 2.**

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