

REFERENCE TITLE: event wagering; license; racing permittee

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

## **HB 2732**

Introduced by  
Representative Cook

AN ACT

AMENDING SECTIONS 5-1301, 5-1303 AND 5-1304, ARIZONA REVISED STATUTES;  
RELATING TO EVENT WAGERING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-1301, Arizona Revised Statutes, is amended to  
3 read:

4 5-1301. Definitions

5 In this chapter, unless the context otherwise requires:

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

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

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

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

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

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

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

31 4. "Event wagering":

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

38 (b) Does not include a fantasy sports contest as defined in section  
39 5-1201.

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

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

1           7. "Event wagering operator" means either:

2           (a) An owner or operator of an Arizona professional sports team or  
3 franchise, an operator of a sports facility in this state that hosts an  
4 annual tournament on the PGA tour, ~~or~~ a promoter of a national association  
5 for stock car auto racing national touring race in this state, ~~OR A HORSE~~  
6 ~~RACING PERMITTEE THAT IS LOCATED IN A COUNTY IN THIS STATE WITH A~~  
7 ~~POPULATION OF MORE THAN FOUR MILLION PERSONS AND THAT CONDUCTED RACING~~  
8 ~~MEETINGS IN 2023~~ or the designee of such an owner, operator, ~~PERMITTEE~~ or  
9 promoter, who is licensed to offer event wagering under this chapter. If  
10 an owner, operator, ~~PERMITTEE~~ or promoter that qualified for an event  
11 wagering operator license appoints a designee, the designee will be  
12 considered the event wagering operator and the licensee with respect to  
13 the applicable license for the purposes of this chapter.

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

22           ~~10.~~ 8. "Licensee" means a person that holds an event wagering  
23 operator license, limited event wagering license, supplier license or  
24 management services provider license.

25           ~~8.~~ 9. "Limited event wagering operator" means a racetrack  
26 enclosure or additional wagering facility that holds a permit issued by  
27 the division of racing to offer wagers on horseracing and that is licensed  
28 under this chapter.

29           ~~11.~~ 10. "Management services provider" means a person that  
30 operates, manages or controls event wagering authorized by this chapter on  
31 behalf of an event wagering operator or limited event wagering operator,  
32 including developing or operating event wagering platforms and providing  
33 odds, lines and global risk management, and may provide services to more  
34 than one licensed event wagering operator or licensed limited event  
35 wagering operator.

36           ~~9.~~ 11. "Official league data" means statistics, results, outcomes  
37 and other data related to a sports event or other event obtained pursuant  
38 to an agreement with the relevant sports governing body or an entity  
39 expressly authorized by the sports governing body to provide such  
40 information to licensees that authorizes the use of such data for  
41 determining the outcome of sports wagers on sports events or other events.

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

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

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

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

12           16. "Prohibited participant" means:

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

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

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

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

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

31           17. "Sports event" means a professional sport or athletic event, a  
32 collegiate sport or athletic event, a motor race event, an e-sport event,  
33 A RACING MEETING or an olympic event.

34           18. "Sports facility" means a facility that is owned by a  
35 commercial, state or local government or quasi-governmental entity that  
36 hosts professional sports events and that holds a seating capacity of more  
37 than ten thousand persons at its primary facility, one location in this  
38 state that hosts an annual golf tournament on the PGA tour, ~~and~~ one  
39 location that holds an outdoor motorsports facility that hosts a national  
40 association for stock car auto racing national touring race AND ONE  
41 LOCATION THAT HOSTED RACING MEETINGS IN 2023 IN A COUNTY WITH A POPULATION  
42 OF MORE THAN FOUR MILLION PERSONS.

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

~~22.~~ 20. "Supplier" means a person that manufactures, distributes or supplies event wagering equipment or software, including event wagering systems.

~~20.~~ 21. "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.~~ 22. "Tier two sports wager" means a sports wager that is not a tier one sports wager.

23. "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. 2. Section 5-1303, Arizona Revised Statutes, is amended to read:

5-1303. Event wagering; license required; exception

A. Event wagering may be conducted only to the extent that it is conducted in accordance with this chapter. A person may not offer any activity in connection with event wagering in this state unless all necessary licenses have been obtained in accordance with federal and state law and any applicable rules of the department.

B. A wager placed by a participant in this state and received by an event wagering operator or its management services provider in this state is considered to be gambling or gaming that is conducted in this state.

C. A law that is inconsistent with this chapter does not apply to event wagering as provided for by this chapter.

D. This chapter does not apply to event wagering conducted exclusively on Indian lands as that term is defined in the Indian gaming regulatory act (P.L. 100-497; 102 Stat. 2467) by an Indian tribe operated in accordance with a tribal-state gaming compact and any amendments. For purposes of this chapter, event wagering is conducted exclusively on Indian lands only if the individual who places the wager is physically present on Indian lands when the wager is initiated, received or otherwise made on equipment that is physically located on Indian lands, and the wager is initiated, received or otherwise made in conformity with the safe harbor requirements as provided in 31 United States Code section 5362(10)(c). An event wagering operator may not accept any wager if the individual who places the wager is physically present on Indian lands when the wager is initiated.

E. A person may not provide or make available event wagering devices in a place of public accommodation in this state, including a club or other association, to enable individuals to place wagers except as provided by this chapter. This subsection does not apply to an event

1 wagering operator aggregating, providing or making available event  
2 wagering devices within its own event wagering facility.

3 F. For purposes of this chapter, the intermediate routing of  
4 electronic data in connection with event wagering, including routing  
5 across state lines, does not determine the location or locations in which  
6 the wager is initiated, received or otherwise made.

7 G. An event wagering operator may use more than one event wagering  
8 platform to offer, conduct or operate event wagering. Only an event  
9 wagering operator or its management services provider may process, accept,  
10 offer or solicit wagers. The event wagering operator must clearly display  
11 its own brand or that of an affiliate on the event wagering platform that  
12 it uses. The event wagering operator, in its sole discretion, may also  
13 elect to have the brand of the management services provider that it uses  
14 be the name and logos of the event wagering platform provider if the event  
15 wagering platform also clearly displays the event wagering operator's own  
16 trademarks and logos or those of an affiliate.

17 H. An owner, operator, **PERMITTEE**, promoter or Indian tribe that  
18 qualifies for an event wagering operator license and appoints a designee  
19 to be licensed as an event wagering operator is not responsible for the  
20 conduct of its designee.

21 Sec. 3. Section 5-1304, Arizona Revised Statutes, is amended to  
22 read:

23 **5-1304. Licensure; application**

24 A. The department may issue not more than ten event wagering  
25 operator licenses to applicants other than an Indian tribe. The  
26 department may issue not more than ten event wagering operator licenses to  
27 Indian tribes in this state if the Indian tribe receiving a license has  
28 signed the most recent tribal-state gaming compact and any applicable  
29 appendices or amendments. The department shall issue event wagering  
30 operator licenses only to applicants that are either of the following in  
31 compliance with this chapter:

32 1. An owner of an Arizona professional sports team or franchise, **AN**  
33 operator of a sports facility that hosts an annual tournament on the PGA  
34 tour, **A** promoter of a national association for stock car auto racing  
35 national touring race conducted in this state, **A HORSE RACING PERMITTEE**  
36 **THAT IS LOCATED IN A COUNTY IN THIS STATE WITH A POPULATION OF MORE THAN**  
37 **FOUR MILLION PERSONS AND THAT CONDUCTED RACING MEETINGS IN 2023** or the  
38 owner's, operator's, **PERMITTEE'S** or promoter's designee, contracted to  
39 operate event wagering for both retail event wagering at a sports facility  
40 or its complex as prescribed in subsection D of this section and mobile  
41 event wagering throughout the state. If a designee is used, the designee  
42 shall be considered the applicant and be subject to any requirements of  
43 the application process rather than the owner, operator, **PERMITTEE** or  
44 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 if it has signed the most recent tribal-state gaming compact and any applicable appendices or amendments.

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

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

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

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

1 (a) The ability to ensure the financial integrity of event wagering  
2 operations by maintaining a bankroll or equivalent provisions adequate to  
3 pay winning wagers to bettors when due. An applicant is presumed to have  
4 met this standard if the applicant or its management services provider  
5 maintains, on a daily basis, a bankroll or equivalent provisions in an  
6 amount that is at least equal to the average daily minimum bankroll or  
7 equivalent provisions, calculated on a monthly basis, for the  
8 corresponding month in the previous year.

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

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

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

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

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

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

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

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

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

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

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

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

3 2. Event wagering through a mobile platform as specified by the  
4 department. A licensed event wagering operator or its designated  
5 management services provider may offer event wagering through an event  
6 wagering platform as specified by the department.

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

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