

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

# 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.