

Senate Engrossed

racing; boxing; transfer; gaming commission

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SENATE BILL 1575

AN ACT

AMENDING SECTIONS 5-101, 5-221, 5-601, 5-602, 5-602.01 AND 5-603, ARIZONA REVISED STATUTES; REPEALING SECTION 5-604, ARIZONA REVISED STATUTES; AMENDING SECTION 5-605, ARIZONA REVISED STATUTES; AMENDING TITLE 5, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 6.1; AMENDING SECTIONS 5-1201 AND 5-1301, ARIZONA REVISED STATUTES; REPEALING SECTIONS 41-3024.28, 41-3026.04 AND 41-3026.22, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3034.01; APPROPRIATING MONIES; RELATING TO GAMING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-101, Arizona Revised Statutes, is amended to
3 read:

4 5-101. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Additional wagering facility" means a facility that is not the
7 enclosure in which authorized racing takes place but that meets the
8 requirements of section 5-111, subsection A and is used by a permittee for
9 handling pari-mutuel wagering.

10 2. "Advance deposit wagering" means a form of pari-mutuel wagering
11 that allows a person to deposit monies in advance in an account with an
12 advance deposit provider and use the monies to pay for pari-mutuel
13 wagering on live or simulcast racing that the advance deposit pari-mutuel
14 wagering permittee accepts or makes.

15 3. "Advance deposit wagering provider" means a betting system or
16 multijurisdictional wagering provider that is authorized to conduct
17 advance deposit wagering pursuant to this article.

18 4. "Applicant" means a person, partnership, association or
19 corporation placing before the department an application for a permit or
20 license.

21 5. "Association" means a body of persons, corporations,
22 partnerships or associations, united and acting together without a charter
23 from the state for the prosecution of some common enterprise.

24 6. "Commercial horse racing" means horse racing conducted other
25 than by a county fair association.

26 7. "Commission" means the Arizona ~~racing~~ GAMING commission.

27 8. "Concessionaire" means a person, partnership, association or
28 corporation that offers goods or services for sale to the public, a
29 permittee or a licensee at an enclosure in which authorized racing takes
30 place or an additional wagering facility.

31 9. "County fair facility" means any place, enclosure or track
32 constructed in accordance with a permit issued by the commission for the
33 purpose of running county fair horse racing dates as well as any
34 commercial dates for horse racing that may be awarded by the commission in
35 reference to the location.

36 10. "County fair racing association" means an association duly
37 authorized by the board of supervisors to conduct a county fair racing
38 meeting for the benefit of the county.

39 11. "Dark day simulcast" means a simulcast received on a day when
40 there are no posted races conducted at the enclosure in which authorized
41 racing takes place.

42 12. "Department" means the ~~department of gaming~~ ARIZONA GAMING
43 COMMISSION.

- 1 13. "Desensitized" means that a horse's legs on arrival at the
2 receiving barn or saddling paddock do not respond appropriately to tests
3 for feeling administered by an official veterinarian.
- 4 14. "Director" means the director of the ~~department of gaming~~
5 COMMISSION.
- 6 15. "Dog racing" means racing in which greyhound dogs chase a
7 mechanical lure.
- 8 16. "Entered" means that a horse or dog has been registered with an
9 authorized racing official as a participant in a specified race and has
10 not been withdrawn ~~prior to~~ BEFORE presentation of the horse or dog for
11 inspection and testing as provided in section 5-105.
- 12 17. "Financial interest" means any direct pecuniary interest.
- 13 18. "Firm" means a business unit or enterprise that transacts
14 business.
- 15 19. "Handle" means the total amount of money contributed to all
16 pari-mutuel pools by bettors.
- 17 20. "Harness racing" means horse racing in which the horses are
18 harnessed to a sulky, carriage or similar vehicle and driven by a driver.
- 19 21. "Horse racing" means racing in which horses are mounted and
20 ridden by jockeys. For purposes of county fair racing meetings, "horse
21 racing" means racing in which horses or mules are mounted and ridden by
22 jockeys.
- 23 22. "License" means the license issued by the department to each
24 employee or other person participating in any capacity in a racing
25 meeting, including officials and employees of the pari-mutuel department.
- 26 23. "Pari-mutuel wagering" means a system of betting that provides
27 for the distribution among the winning patrons of at least the total
28 amount wagered ~~less~~ MINUS the amount withheld under state law.
- 29 24. "Permit" means a permit for a racing meeting issued under this
30 article.
- 31 25. "Racing meeting" means a number of days of racing allotted by
32 the commission in one permit.
- 33 26. "Simulcast" means the telecast shown within this state of live
34 audio and visual signals of horse, harness or dog races conducted at an
35 out-of-state track or the telecast shown outside this state of live audio
36 and visual signals of horse or harness races originating within this state
37 for the purpose of pari-mutuel wagering.
- 38 27. "Source market fee" means the fee that an advance deposit
39 wagering provider pays to a commercial permittee in the state where the
40 advance deposit wagering customer resides.
- 41 28. "Telephone" means any device that a person uses for voice
42 communications in connection with the services of a telephone company.
- 43 29. "Unauthorized racing meeting" means any racing meeting
44 conducted outside the bounds of a permit.

1 30. "Undesirable" includes known bookmakers, touts, persons
2 convicted of a violation of this article or of any law prohibiting
3 bookmaking or any other illegal forms of wagering, or any other person
4 whose presence would, in the opinion of the director, be inimical to the
5 interests of the state.

6 31. "Week" means seven consecutive days beginning on Monday and
7 ending on Sunday, mountain standard time.

8 Sec. 2. Section 5-221, Arizona Revised Statutes, is amended to
9 read:

10 5-221. Definitions

11 In this article, unless the context otherwise requires:

12 1. "Boxing":

13 (a) Means the act of attack and defense with the fists, using
14 padded gloves, that is practiced as a sport. ~~Where applicable, boxing~~

15 (b) Includes kickboxing, ~~WHERE APPLICABLE.~~

16 2. "Commission" means the Arizona ~~state boxing and mixed martial~~
17 ~~arts~~ GAMING commission.

18 3. "Contest" means any boxing or mixed martial arts bout, event,
19 contest, match or exhibition between two persons.

20 4. "Department" means the ~~department of gaming~~ COMMISSION.

21 5. "Director" means the director of the ~~department of gaming~~
22 COMMISSION.

23 ~~6. "Executive director" means the executive director of the~~
24 ~~commission.~~

25 ~~7.~~ 6. "Kickboxing" means a form of boxing, including muay thai
26 pursuant to rules and regulations of the United States muay thai
27 association or another muay thai sanctioning body that is approved by the
28 commission, in which blows are delivered with any part of the arm below
29 the shoulder, including the hand, and any part of the leg below the hip,
30 including the foot.

31 ~~8.~~ 7. "Mixed martial arts" means any form of competition or
32 contest, other than boxing or kickboxing, in which blows are delivered and
33 in which the competitors use any combination of tactics, including boxing,
34 wrestling, striking, kicking, martial arts and submission techniques.

35 ~~9.~~ 8. "Professional" means any person who competes for any money
36 prize or a prize that exceeds the value of ~~thirty-five dollars~~ \$35 or
37 teaches or pursues or assists in the practice of boxing or mixed martial
38 arts as a means of obtaining a livelihood or pecuniary gain.

39 ~~10.~~ 9. "Tough man contest":

40 (a) Means any boxing match consisting of one minute rounds, between
41 two or more persons who use their hands, wearing padded gloves that weigh
42 at least twelve ounces, or their feet, or both, in any manner. ~~Tough man~~
43 ~~contest~~

44 (b) Does not include kickboxing or any recognized martial arts
45 competition.

1 Sec. 3. Section 5-601, Arizona Revised Statutes, is amended to
2 read:

3 5-601. Gambling on Indian reservations; tribal-state
4 compacts; tribal-state compact fund

5 A. Notwithstanding any other law, this state, through the governor,
6 may enter into negotiations and execute tribal-state compacts with Indian
7 tribes in this state pursuant to the Indian gaming regulatory act of 1988
8 (P.L. 100-497; 102 Stat. 2467; 25 United States Code sections 2701 through
9 2721 and 18 United States Code sections 1166 through 1168).
10 Notwithstanding the authority granted to the governor by this subsection,
11 this state specifically reserves all of its rights, as attributes of its
12 inherent sovereignty, recognized by the tenth and eleventh amendments to
13 the United States Constitution. The governor shall not execute a
14 tribal-state compact ~~which~~ THAT waives, abrogates or diminishes these
15 rights.

16 B. Tribal-state gaming compacts shall prohibit persons under
17 twenty-one years of age from wagering on gaming activities conducted
18 pursuant to the compact ~~as follows:~~

19 ~~1. Beginning on June 1, 2003, any tribal-state gaming compact that~~
20 ~~is executed, modified, extended or renewed pursuant to this section shall~~
21 ~~include a provision that prohibits persons who are under twenty-one years~~
22 ~~of age from wagering on gaming activities.~~

23 ~~2. Any tribal-state gaming compact that is executed, modified,~~
24 ~~extended or renewed pursuant to this section from and after July 18, 2000~~
25 ~~but before June 1, 2003 shall include a provision that prohibits persons~~
26 ~~who are under twenty-one years of age from wagering on gaming activities,~~
27 ~~except that the provision shall not take effect until June 1, 2003.~~

28 C. The governor shall not concur in any determination by the United
29 States secretary of the interior that would ~~permit~~ ALLOW gaming on lands
30 acquired after October 17, 1988 pursuant to 25 United States Code section
31 2719.

32 D. The ~~department of gaming~~ ARIZONA GAMING COMMISSION is authorized
33 to carry out the duties and responsibilities of the state gaming agency in
34 compacts executed by the state and Indian tribes of this state pursuant to
35 the Indian gaming regulatory act.

36 E. In carrying out its duties under tribal-state gaming compacts,
37 the ~~department of gaming~~ ARIZONA GAMING COMMISSION is exempt from the ~~rule~~
38 ~~making~~ RULEMAKING requirements of title 41, chapter 6.

39 F. Indian tribes of this state that have executed compacts with ~~the~~
40 THIS state shall pay to the ~~department of gaming~~ ARIZONA GAMING COMMISSION
41 their share of the regulatory costs necessary to carry out the duties
42 required by any executed tribal-state compact authorized by the Indian
43 gaming regulatory act. The ~~department of gaming~~ ARIZONA GAMING COMMISSION
44 shall collect from each of the tribes that have executed a compact with
45 ~~the~~ THIS state their share of the costs incurred by the ~~department~~

1 COMMISSION pursuant to this chapter. The dates and methods of payment
2 shall be as specified in the tribal-state compacts.

3 G. A permanent tribal-state compact fund is established consisting
4 of monies received pursuant to subsection F of this section and other
5 monies received pursuant to this chapter. The ~~department of gaming~~
6 ARIZONA GAMING COMMISSION shall administer the fund. The director of the
7 ~~department of gaming~~ ARIZONA GAMING COMMISSION shall make an annual report
8 to the governor, the president of the senate, the speaker of the house of
9 representatives and each tribe ~~which~~ THAT has executed a compact with ~~the~~
10 THIS state disclosing in detail the activities of the ~~department of gaming~~
11 ARIZONA GAMING COMMISSION pursuant to this chapter, including a full and
12 complete statement of revenues deposited in and expenditures from the
13 permanent tribal-state compact fund. The director shall provide a copy of
14 this report to the secretary of state. Monies paid by the tribes shall
15 ~~only~~ be used ONLY for reimbursement of administrative and regulatory
16 expenses incurred by the ~~department~~ COMMISSION pursuant to this chapter.

17 H. Monies deposited in the permanent tribal-state compact fund are
18 subject to legislative appropriation. Monies in the fund are exempt from
19 the provisions of section 35-190 relating to lapsing of appropriations.

20 I. Any tribal-state gaming compact that is executed, modified,
21 extended or renewed pursuant to this section shall include provisions that
22 do all of the following:

23 1. Establish guidelines on automated teller machine use and on the
24 use of credit cards or other forms of credit in gaming facilities.

25 2. Require the Indian tribe to post at all public entrances and
26 exits to the gaming facilities signs that state that help is available if
27 a person has a problem with gambling and the statewide toll-free crisis
28 hotline telephone number, established by the Arizona state lottery
29 commission.

30 3. Prohibit gaming facility advertising and marketing that
31 specifically appeal to minors. The provisions shall include guidelines
32 for determining acceptable advertising and marketing.

33 4. Establish guidelines for the effective treatment and prevention
34 of problem and pathological gambling.

35 5. Establish guidelines for voluntary ban procedures from all
36 gaming facilities in ~~the~~ THIS state, including ~~but not limited to~~
37 prohibiting the use of check cashing services, automatic teller machines,
38 credit cards or other forms of credit offered at a gaming facility. A
39 third person may not request a ban on behalf of another person.

40 Sec. 4. Section 5-602, Arizona Revised Statutes, is amended to
41 read:

42 5-602. Gaming certification and enforcement; powers; duties;
43 deputy director

44 A. The ~~department of gaming~~ ARIZONA GAMING COMMISSION shall
45 certify, as provided in tribal-state compacts, prospective gaming

1 employees, facility support employees, tribal gaming office employees,
2 financiers, management contractors, providers of gaming services and
3 manufacturers and distributors of gaming devices to ensure that unsuitable
4 individuals or companies are not involved in Indian gaming ~~permitted~~
5 ~~ALLOWED~~ under the tribal-state compacts. In carrying out the duties
6 prescribed in this section, the ~~department~~ COMMISSION shall seek to
7 promote the public welfare and public safety and shall seek to prevent
8 corrupt influences from infiltrating Indian gaming.

9 B. Certification pursuant to this chapter is a privilege and not a
10 right.

11 C. The ~~department of gaming~~ ARIZONA GAMING COMMISSION shall execute
12 the duties of this state under the tribal-state compacts in a manner that
13 is consistent with this state's desire to have extensive, thorough and
14 fair regulation of Indian gaming ~~permitted~~ ~~ALLOWED~~ under the tribal-state
15 compacts.

16 D. The ~~department of gaming~~ ARIZONA GAMING COMMISSION shall
17 establish a certification and enforcement unit charged with the
18 investigative duties relevant to tribal-state compacts, including
19 applications for certification, investigations and enforcement, and such
20 other duties as the director of the ~~department of gaming~~ ARIZONA GAMING
21 COMMISSION prescribes.

22 E. To determine the suitability of prospective applicants for any
23 tribal gaming license or state certification, each applicant shall furnish
24 a full set of fingerprints and such fingerprints shall be submitted to the
25 department of public safety for a criminal records check. Each
26 applicant's fingerprints shall also be submitted by the department of
27 public safety to the federal bureau of investigation for a federal
28 criminal records check. The ~~department of gaming~~ ARIZONA GAMING
29 COMMISSION is authorized to receive criminal records information from the
30 department of public safety and from the federal bureau of investigation
31 for the purpose of evaluating the fitness of applicants for any tribal
32 gaming license, state certification or renewal.

33 F. Hearings shall be conducted pursuant to title 41, chapter 6,
34 article 10. Except as provided in section 41-1092.08, subsection H, any
35 party who is aggrieved by a final order or decision of the director of the
36 ~~department of gaming~~ ARIZONA GAMING COMMISSION may seek judicial review
37 pursuant to title 12, chapter 7, article 6.

38 G. The director of the ~~department of gaming~~ ARIZONA GAMING
39 COMMISSION may issue subpoenas for the attendance of witnesses and the
40 production of books, records and documents necessary for the enforcement
41 of this article and the tribal-state compacts. These subpoenas shall be
42 served and enforced in a manner consistent with title 41, chapter 6,
43 article 10.

44 H. The director of the ~~department of gaming~~ ARIZONA GAMING
45 COMMISSION may establish the position of deputy director of the ~~department~~

1 ~~of gaming~~ ARIZONA GAMING COMMISSION. The deputy director of the
2 ~~department of gaming~~ ARIZONA GAMING COMMISSION position is exempt from
3 title 41, chapter 4, articles 5 and 6. Persons holding the position of
4 deputy director of the ~~department of gaming~~ ARIZONA GAMING COMMISSION are
5 eligible to receive compensation pursuant to section 38-611.

6 I. The director of the ~~department of gaming~~ ARIZONA GAMING
7 COMMISSION may enter into a contract or agreement with any public agency
8 for any joint and cooperative action as provided in title 11, chapter 7,
9 article 3.

10 J. The ~~department of gaming~~ ARIZONA GAMING COMMISSION may
11 investigate violations of section 13-3306 that occur on non-Indian lands
12 in this state and may cooperate with appropriate law enforcement
13 authorities and prosecutorial agencies in the investigation and
14 prosecution of these violations.

15 Sec. 5. Section 5-602.01, Arizona Revised Statutes, is amended to
16 read:

17 5-602.01. Rules; civil penalties

18 A. The ~~department of gaming~~ ARIZONA GAMING COMMISSION may adopt
19 rules to carry out the purposes of this chapter. The rules shall be
20 consistent with the provisions contained in tribal-state compacts.

21 B. The ~~department~~ COMMISSION may impose a civil penalty not to
22 exceed ~~five thousand dollars~~ \$5,000 per day and not to exceed a total of
23 ~~twenty-five thousand dollars~~ \$25,000 against a certificate holder in lieu
24 of or in addition to revocation of the certificate. The ~~department~~
25 COMMISSION may impose a civil penalty against a certificate holder in an
26 amount not to exceed ~~five hundred dollars~~ \$500 for a violation of any rule
27 adopted pursuant to this section if the violation does not constitute
28 grounds for revocation of the certificate. In determining the amount of
29 the civil penalty, the ~~department~~ COMMISSION shall consider the
30 seriousness of the violation and the financial impact that the penalty
31 will have on the certificate holder. All civil penalties collected by the
32 ~~department~~ COMMISSION pursuant to this section shall be ~~transferred to the~~
33 ~~state treasurer for deposit~~ DEPOSITED, PURSUANT TO SECTIONS 35-146 AND
34 35-147, in the state general fund.

35 C. At the director's request, the attorney general shall file an
36 action in superior court to recover civil penalties imposed pursuant to
37 this section.

38 Sec. 6. Section 5-603, Arizona Revised Statutes, is amended to
39 read:

40 5-603. Arizona gaming commission investigators; peace officer
41 status

42 An investigator who is regularly employed and paid by the ~~department~~
43 ~~of gaming~~ ARIZONA GAMING COMMISSION and who is certified by the Arizona
44 peace officer standards and training board has the authority of a peace
45 officer.

1 Sec. 7. Repeal
2 Section 5-604, Arizona Revised Statutes, is repealed.

3 Sec. 8. Section 5-605, Arizona Revised Statutes, is amended to
4 read:

5 5-605. Tribal-state compacts; 2021 compact trust fund; annual
6 report; definition

7 A. The 2021 compact trust fund is established for the exclusive
8 purposes of mitigating impacts to Indian tribes from gaming authorized by
9 the 2021 gaming compact amendment and providing economic benefits to
10 beneficiary tribes, including those ~~with~~ THAT HAVE an effective gaming
11 compact that includes the 2021 amendments and THAT do not engage in
12 gaming. The trust fund consists of contributions from Indian tribes
13 designated in the 2021 gaming compact amendments. The trust fund shall
14 not include tribal contributions made pursuant to section 5-601.02,
15 subsection H.

16 B. The ~~department of gaming~~ ARIZONA GAMING COMMISSION shall
17 administer the 2021 compact trust fund as trustee in accordance with the
18 terms of section 12.1 of the 2021 gaming compact amendment. The state
19 treasurer shall accept, separately account for and hold in trust any
20 monies deposited in the state treasury, which are considered to be trust
21 monies as defined by section 35-310 and which shall not be commingled with
22 any other monies in the state treasury except for investment purposes. On
23 notice from the director of the ~~department of gaming~~ ARIZONA GAMING
24 COMMISSION, the state treasurer shall invest and divest any trust fund
25 monies deposited in the state treasury as provided by sections 35-313 and
26 35-314.03, and monies earned from the investment shall be credited to the
27 trust fund.

28 C. The beneficiaries of the trust fund are federally recognized
29 Indian tribes with a 2021 gaming compact amendment that are eligible to
30 receive payments from the trust fund according to the terms of the 2021
31 gaming compact amendment.

32 D. Monies in the trust fund shall be disbursed exclusively for the
33 purposes prescribed in this article and in accordance with the 2021 gaming
34 compact amendment. Surplus monies, including any unexpended and
35 unencumbered balance at the end of the fiscal year, shall be carried
36 forward to the following year and shall not revert or be transferred to
37 any other fund, including the state general fund. Monies in the trust
38 fund are exempt from the provisions of section 35-190 relating to lapsing
39 of appropriations.

40 E. On or before September 30 of each year, the ~~department of gaming~~
41 ARIZONA GAMING COMMISSION shall issue a report to the governor, the
42 president of the senate, the speaker of the house of representatives and
43 each tribe that has executed a 2021 gaming compact amendment that
44 discloses all monies deposited in and disbursed from the trust fund during
45 the prior fiscal year.

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

4 Sec. 9. Title 5, Arizona Revised Statutes, is amended by adding
5 chapter 6.1, to read:

6 CHAPTER 6.1

7 ARIZONA GAMING COMMISSION

8 ARTICLE 1. GENERAL PROVISIONS

9 5-621. Arizona gaming commission; qualifications; membership;
10 appointment; terms; powers and duties; director;
11 definition

12 A. THE ARIZONA GAMING COMMISSION IS ESTABLISHED CONSISTING OF THE
13 FOLLOWING MEMBERS, WHO MUST BE CITIZENS OF THE UNITED STATES AND RESIDENTS
14 OF THIS STATE:

15 1. A CERTIFIED PUBLIC ACCOUNTANT WHO IS LICENSED BY THIS STATE OR
16 ANOTHER STATE AND WHO HAS AT LEAST FIVE YEARS OF EXPERIENCE IN GENERAL
17 ACCOUNTING, PRINCIPLES AND PRACTICE OF CORPORATE FINANCE, GENERAL FINANCE,
18 GAMING OR ECONOMICS, APPOINTED BY THE GOVERNOR.

19 2. ONE MEMBER WITH AT LEAST FIVE YEARS OF EXPERIENCE IN
20 INVESTIGATION, LAW ENFORCEMENT OR GAMING LAW, APPOINTED BY THE GOVERNOR.

21 3. THE DIRECTOR OF THE COMMISSION.

22 4. THREE PUBLIC MEMBERS, ONE APPOINTED BY THE GOVERNOR, ONE
23 APPOINTED BY THE PRESIDENT OF THE SENATE AND ONE APPOINTED BY THE SPEAKER
24 OF THE HOUSE OF REPRESENTATIVES.

25 B. THE GOVERNOR SHALL APPOINT THE DIRECTOR PURSUANT TO SECTION
26 38-211. THE GOVERNOR'S APPOINTMENT SHALL BE MADE FROM A CANDIDATE OR LIST
27 OF CANDIDATES SUBMITTED BY BOTH THE SPEAKER OF THE HOUSE OF
28 REPRESENTATIVES OR THE PRESIDENT OF THE SENATE. THE DIRECTOR SERVES AT
29 THE PLEASURE OF THE GOVERNOR AND IS ELIGIBLE TO RECEIVE COMPENSATION
30 PURSUANT TO SECTION 38-611. THE DIRECTOR AND ALL OTHER EMPLOYEES OF THE
31 ARIZONA GAMING COMMISSION ARE SUBJECT TO TITLE 41, CHAPTER 4, ARTICLE
32 4. THE DIRECTOR MUST HAVE AT LEAST FIVE YEARS OF EXPERIENCE IN PUBLIC OR
33 BUSINESS ADMINISTRATION.

34 C. EACH MEMBER SHALL BE APPOINTED FOR A FOUR-YEAR TERM.

35 D. THE GOVERNOR MAY REMOVE ANY MEMBER OF THE COMMISSION FOR CAUSE.

36 E. ANY MEMBER OF THE COMMISSION MAY BE REMOVED BY A VOTE OF A
37 MAJORITY OF THE MEMBERS OF THE COMMISSION WITHOUT CAUSE.

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

40 G. MEMBERS OF THE COMMISSION ARE ELIGIBLE TO RECEIVE COMPENSATION
41 PURSUANT TO SECTION 38-611 FOR EACH DAY SPENT IN THE DISCHARGE OF THEIR
42 DUTIES AND REIMBURSEMENT FOR ALL EXPENSES NECESSARILY AND PROPERLY
43 INCURRED IN ATTENDING A MEETING OF OR FOR THE COMMISSION, INCLUDING
44 MILEAGE EXPENSES.

1 H. A PERSON WHO HAS A FINANCIAL INTEREST, EITHER DIRECTLY OR
2 INDIRECTLY, IN GAMING IS NOT QUALIFIED FOR MEMBERSHIP ON THE COMMISSION,
3 APPOINTMENT TO THE COMMISSION OR EMPLOYMENT BY THE COMMISSION.

4 I. A PERSON WHO HOLDS ELECTED OFFICE IN THIS STATE OR ANY OFFICER
5 OR OFFICIAL OF A POLITICAL PARTY OR POLITICAL CONVENTION ARE NOT QUALIFIED
6 FOR MEMBERSHIP ON THE COMMISSION, APPOINTMENT TO THE COMMISSION OR
7 EMPLOYMENT BY THE COMMISSION.

8 J. THE COMMISSION SHALL MEET AT THE DISCRETION OF THE DIRECTOR. A
9 MAJORITY OF THE COMMISSION MEMBERS CONSTITUTE A QUORUM.

10 K. THE COMMISSION SHALL HAVE AN OFFICE LOCATED IN PHOENIX AND MAY
11 MAINTAIN AN OFFICE IN TUCSON. ON REQUEST OF THE COMMISSION, AN AGENCY OF
12 THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE SHALL PROVIDE THE
13 COMMISSION WITH ITS SERVICES, EQUIPMENT, DOCUMENTS, PERSONNEL AND
14 FACILITIES TO THE EXTENT POSSIBLE WITHOUT COST TO THE COMMISSION.

15 L. THE COMMISSION SHALL:

16 1. ASSUME ALL THE POWERS AND DUTIES OF THE ARIZONA RACING
17 COMMISSION, THE ARIZONA STATE BOXING AND MIXED MARTIAL ARTS COMMISSION AND
18 THE DEPARTMENT OF GAMING.

19 2. ENFORCE ALL ADOPTED RULES RELATING TO GAMING.

20 3. ENSURE THE CONTINUED GROWTH AND SUCCESS OF GAMING IN THIS STATE
21 BY ESTABLISHING PUBLIC CONFIDENCE.

22 4. REGULATE THE LOCATION, PRACTICE, ASSOCIATION AND ACTIVITIES
23 RELATING TO THE OPERATION OF LICENSED GAMING ESTABLISHMENTS AND THE
24 MANUFACTURE, SALE OR DISTRIBUTION OF GAMING DEVICES AND ASSOCIATED
25 EQUIPMENT.

26 5. LICENSE ALL ESTABLISHMENTS WHERE GAMING IS CONDUCTED AND WHERE
27 GAMING DEVICES ARE OPERATED TO PROTECT THE PUBLIC HEALTH, SAFETY, ORDER
28 AND GENERAL WELFARE OF RESIDENTS OF THIS STATE.

29 M. THE EMPLOYMENT OR FINANCIAL INTEREST OF ANY RELATIVE TO THE
30 FIRST DEGREE OF CONSANGUINITY OR AFFINITY TO THE DIRECTOR OR ANY OTHER
31 EMPLOYEE OF THE ARIZONA GAMING COMMISSION IN THE GAMBLING INDUSTRY IN THIS
32 STATE IS GROUNDS FOR DISMISSAL.

33 N. FOR THE PURPOSES OF THIS SECTION, "GAMING" MEANS ALL RACING,
34 BOXING, KICKBOXING, MIXED MARTIAL ARTS, GAMBLING ON INDIAN RESERVATIONS,
35 FANTASY SPORTS CONTESTS AND EVENT WAGERING CONDUCTED IN THIS STATE.

36 Sec. 10. Section 5-1201, Arizona Revised Statutes, is amended to
37 read:

38 5-1201. Definitions

39 In this chapter, unless the context otherwise requires:

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

43 2. "Application" means a request to issue a license as a fantasy
44 sports contest operator or to approve any act related to fantasy sports
45 contests.

1 3. "Athletic event":

2 (a) Means a real-world professional, collegiate or nationally
3 recognized sports game, contest or competition that involves the physical
4 exertion and skill of the participating individual athletes who are each
5 physically present at the location in which the sports game, contest or
6 competition occurs, and the outcome of the sports game, contest or
7 competition is directly dependent on the performance of the participating
8 athletes.

9 (b) Includes events involving motor vehicles.

10 4. "Department" means the ~~department of gaming~~ ARIZONA GAMING
11 COMMISSION.

12 5. "Entry fee" means cash or A cash equivalent that is paid by a
13 participant to a fantasy sports contest operator to participate in a
14 fantasy sports contest.

15 6. "Fantasy sports contest" means a simulated game or contest that
16 is offered to the public with an entry fee and that meets all of the
17 following conditions:

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

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

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

25 (d) Each winning outcome reflects the relative knowledge and skill
26 of the fantasy sports contest players and is determined by the aggregated
27 statistical results of the performance of multiple individual athletes or
28 participants selected by the fantasy sports contest player to form the
29 fantasy sports contest team, whose individual performances in the fantasy
30 sports contest directly correspond with the actual performance of those
31 athletes or participants in the athletic events in which those individual
32 athletes or participants participated.

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

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

39 (i) Racing that involves animals.

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

1 (iii) A slot machine or other mechanical, electromechanical or
2 electronic device, equipment or machine.

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

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

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

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

14 7. "Fantasy sports contest adjusted revenues" means the amount
15 equal to the total of all entry fees that a fantasy sports contest
16 operator collects from all fantasy sports contest players minus the total
17 of all sums paid out as prizes or awards to all fantasy sports contest
18 players, multiplied by the in-state percentage.

19 8. "Fantasy sports contest operator" or "operator" means a person
20 that is engaged in the business of professionally conducting paid fantasy
21 sports contests for cash or other prizes or awards for members of the
22 general public that requires cash or cash equivalent as an entry fee to be
23 paid by a member of the general public who participates in a paid fantasy
24 sports contest.

25 9. "Fantasy sports contest platform" means the hardware, software,
26 firmware, communications technology or other equipment, including operator
27 procedures implemented to allow player participation in digital or online
28 fantasy sports contests, and if supported, the corresponding equipment
29 related to the display of the outcomes, and other similar information
30 necessary to facilitate player participation in which a player is provided
31 with the means to establish a player account and the fantasy sports
32 contest operator is provided with the means to review player accounts,
33 suspend fantasy sports contests, generate various financial transaction
34 and account reports, input outcomes for fantasy sports contests and set
35 any configurable parameters.

36 10. "Fantasy sports contest player" or "player" means an individual
37 who participates in a fantasy sports contest offered by a fantasy sports
38 contest operator.

39 11. "Fantasy sports contest team" means the simulated team composed
40 of multiple individual athletes, each of whom is a member of a real-world
41 sports team that a fantasy sports contest player selects to compete in a
42 fantasy sports contest.

1 12. "Highly experienced player" means a fantasy sports contest
2 player who has done at least one of the following:

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

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

7 13. "Holding company" means a corporation, firm, partnership,
8 limited partnership, limited liability company, trust or other form of
9 business organization that is not an individual and that directly or
10 indirectly does either of the following:

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

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

16 14. "In-state percentage" means, for each fantasy sports contest,
17 the percentage, rounded to the nearest tenth of a percent, equal to the
18 total entry fees collected from all in-state participants divided by the
19 total entry fees collected from all participants in the fantasy sports
20 contest, unless otherwise prescribed by the department.

21 15. "Key employee" means an employee of a fantasy sports contest
22 operator who has the power to exercise significant influence over
23 decisions concerning the fantasy sports contest operator.

24 16. "License" means an approval that is issued by the department to
25 any person or entity to be involved in a fantasy sports operation.

26 17. "Management company" means a person retained by a fantasy
27 sports contest operator to manage a fantasy sports contest platform and
28 provide general administration and other operational services.

29 18. "Person" means an individual, partnership, corporation,
30 association, limited liability company, federally recognized Indian tribe
31 or other legal entity.

32 19. "Player account" means an account that is established by a
33 patron for the purpose of participating in fantasy sports contests,
34 including deposits, withdrawals, entry fees and payouts.

35 20. "Prize or award" means anything of value or any amount of cash
36 or cash equivalents.

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

41 22. "Script" means a list of commands that a fantasy **SPORTS**
42 contest-related computer program can execute and that is created by a
43 fantasy sports contest player or by a third party for a fantasy sports
44 contest player to automate processes on a fantasy sports contest platform.

1 Sec. 11. Section 5-1301, Arizona Revised Statutes, is amended to
2 read:

3 5-1301. Definitions

4 In this chapter, unless the context otherwise requires:

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

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

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

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

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

26 2. "Department" means the ~~department of gaming~~ ARIZONA GAMING
27 COMMISSION.

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 the
6 designee of such an owner, operator or promoter, who is licensed to offer
7 event wagering under this chapter. If an owner, operator or promoter that
8 qualified for an event wagering operator license appoints a designee, the
9 designee will be considered the event wagering operator and the licensee
10 with respect to the applicable license for the purposes of this chapter.

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

19 ~~10.~~ 8. "Licensee" means a person that holds an event wagering
20 operator license, limited event wagering license, supplier license or
21 management services provider license.

22 ~~8.~~ 9. "Limited event wagering operator" means a racetrack
23 enclosure or additional wagering facility that holds a permit issued by
24 the division of racing to offer wagers on horseracing and that is licensed
25 under this chapter.

26 ~~11.~~ 10. "Management services provider" means a person that
27 operates, manages or controls event wagering authorized by this chapter on
28 behalf of an event wagering operator or limited event wagering operator,
29 including developing or operating event wagering platforms and providing
30 odds, lines and global risk management, and may provide services to more
31 than one licensed event wagering operator or licensed limited event
32 wagering operator.

33 ~~9.~~ 11. "Official league data" means statistics, results, outcomes
34 and other data related to a sports event or other event obtained pursuant
35 to an agreement with the relevant sports governing body or an entity
36 expressly authorized by the sports governing body to provide such
37 information to licensees that authorizes the use of such data for
38 determining the outcome of sports wagers on sports events or other events.

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

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

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

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

9 16. "Prohibited participant" means:

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

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

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

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

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

28 17. "Sports event" means a professional sport or athletic event, a
29 collegiate sport or athletic event, a motor race event, an e-sport event
30 or an olympic event.

31 18. "Sports facility" means a facility that is owned by a
32 commercial, state or local government or quasi-governmental entity that
33 hosts professional sports events and that holds a seating capacity of more
34 than ten thousand persons at its primary facility, one location in this
35 state that hosts an annual golf tournament on the PGA tour and one
36 location that holds an outdoor motorsports facility that hosts a national
37 association for stock car auto racing national touring race.

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

41 ~~22.~~ 20. "Supplier" means a person that manufactures, distributes
42 or supplies event wagering equipment or software, including event wagering
43 systems.

1 ~~20.~~ 21. "Tier one sports wager" means a sports wager that is
2 determined solely by the final score or final outcome of the sports event
3 and that is placed before the sports event has begun.

4 ~~21.~~ 22. "Tier two sports wager" means a sports wager that is not a
5 tier one sports wager.

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

9 23. "Wager":

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

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

16 Sec. 12. Repeal

17 Sections 41-3024.28, 41-3026.04 and 41-3026.22, Arizona Revised
18 Statutes, are repealed.

19 Sec. 13. Title 41, chapter 27, article 2, Arizona Revised Statutes,
20 is amended by adding section 41-3034.01, to read:

21 41-3034.01. Arizona gaming commission; termination July 1,
22 2034

23 A. THE ARIZONA GAMING COMMISSION TERMINATES ON JULY 1, 2034.

24 B. TITLE 5, CHAPTERS 1, 2, 6.1, 10 AND 11 AND THIS SECTION ARE
25 REPEALED ON JANUARY 1, 2034.

26 Sec. 14. Purpose

27 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
28 the legislature establishes the Arizona gaming commission to regulate and
29 promote gaming.

30 Sec. 15. Transferring powers; succession; initial terms

31 A. The Arizona gaming commission succeeds to the powers and duties
32 of the following:

- 33 1. The Arizona racing commission.
- 34 2. The Arizona state boxing and mixed martial arts commission.
- 35 3. The department of gaming.

36 B. All certificates, licenses, registrations, permits and other
37 indicia of qualification and authority that were issued by the Arizona
38 racing commission, the Arizona state boxing and mixed martial arts
39 commission and the department of gaming retain their validity as provided
40 by law.

41 C. All equipment, records, furnishings and other property and all
42 appropriated monies that remain unexpended and unencumbered on the
43 effective date of this act of the Arizona racing commission, the Arizona
44 state boxing and mixed martial arts commission and the department of
45 gaming are transferred to the Arizona gaming commission.

1 D. All personnel who are under the state personnel system, who are
2 employed by the Arizona racing commission, the Arizona state boxing and
3 mixed martial arts commission and the department of gaming are transferred
4 to comparable positions and pay classifications in the respective
5 administrative units of the Arizona gaming commission on the effective
6 date of this act.

7 E. Notwithstanding section 5-621, subsection C, Arizona Revised
8 Statutes, as added by this act, the initial terms of the Arizona gaming
9 commission are as follows:

10 1. The term of the member appointed pursuant to section 5-621,
11 subsection A, paragraph 1, Arizona Revised Statutes, as added by this act,
12 expires on the last Monday in January 2027.

13 2. The term of the member appointed pursuant to section 5-621,
14 subsection A, paragraph 2, Arizona Revised Statutes, as added by this act,
15 expires on the last Monday in January 2028.

16 3. The members appointed pursuant to section 5-621, subsection A,
17 paragraph 4, Arizona Revised Statutes, as added by this act, shall assign
18 themselves by lot to terms of two, three and four years in office. The
19 chairperson shall notify the governor, the speaker of the house of
20 representatives and the president of the senate of these terms.

21 Sec. 16. Conforming legislation

22 The legislative council staff shall prepare proposed legislation
23 conforming the Arizona Revised Statutes to the provisions of this act for
24 consideration in the fifty-seventh legislature, first regular session.