

REFERENCE TITLE: Indian tribes; gaming; event wagering

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SB 1681

Introduced by
Senator Gonzales

AN ACT

AMENDING SECTIONS 5-605, 5-1304 AND 5-1305, ARIZONA REVISED STATUTES;
RELATING TO AMUSEMENTS AND SPORTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-605, Arizona Revised Statutes, is amended to
3 read:

4 5-605. Tribal-state compacts; 2021 compact trust fund; annual
5 report; definition

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

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

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

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

38 E. ~~On or before September 30 of each year,~~ WITHIN NINETY DAYS AFTER
39 THE END OF THE FISCAL YEAR, the department of gaming shall issue ~~a~~ AN
40 ANNUAL report to the governor, the president of the senate, the speaker of
41 the house of representatives and each tribe that has executed a 2021
42 gaming compact amendment. ~~that discloses all monies deposited in and~~
43 ~~disbursed from the trust fund during the prior fiscal year~~ THIS REPORT
44 SHALL BE SEPARATE FROM ANY OTHER REPORT ISSUED BY THE DEPARTMENT OF
45 GAMING. THE REPORT SHALL BE SIGNED BY THE DIRECTOR OF THE DEPARTMENT OF

1 GAMING AND A COPY SHALL BE PROVIDED TO THE SECRETARY OF STATE. THE REPORT
2 SHALL INCLUDE ALL OF THE FOLLOWING:

- 3 1. THE BALANCE IN THE TRUST FUND AT THE TIME OF THE REPORT.
- 4 2. THE BALANCE OF THE TRUST FUND, BY QUARTER.
- 5 3. THE ACTUAL CALCULATIONS USED TO DETERMINE EACH TRIBE'S
6 ELIGIBILITY.
- 7 4. THE MONIES DEPOSITED IN EACH QUARTER IN THE TRUST FUND,
8 CATEGORIZED BY EACH CONTRIBUTING TRIBE, INCLUDING INTEREST.
- 9 5. LINE ITEM DETAILS OF ALL EXPENDITURES MADE FROM THE TRUST FUND.
- 10 6. INDIVIDUAL PAYMENTS DISBURSED FROM THE TRUST FUND IN THE PRIOR
11 FISCAL YEAR.
- 12 7. THE DATE AND AMOUNTS OF DISBURSEMENTS MADE TO EACH INDIVIDUAL
13 TRIBE.
- 14 8. THE AMOUNT OF MONIES DISBURSED TO THE DEPARTMENT OF GAMING FOR
15 ADMINISTRATION AND OTHER EXPENSES.

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

19 Sec. 2. Section 5-1304, Arizona Revised Statutes, is amended to
20 read:

21 5-1304. Licensure; application

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

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

41 2. An Indian tribe, or an entity fully owned by an Indian tribe, or
42 its designee contracted to operate ~~only mobile event wagering outside the~~
43 ~~boundaries of its Indian lands and throughout the state~~ EVENT WAGERING FOR
44 BOTH RETAIL EVENT WAGERING WITHIN A FIVE-BLOCK RADIUS OF A SPORTS FACILITY
45 OR A SPORTS COMPLEX AS PRESCRIBED IN SUBSECTION D OF THIS SECTION AND

1 MOBILE EVENT WAGERING THROUGHOUT THIS STATE, if it has signed the most
2 recent tribal-state gaming compact and any applicable appendices or
3 amendments. IF A DESIGNEE IS USED, THE DESIGNEE SHALL BE CONSIDERED THE
4 APPLICANT AND BE SUBJECT TO ANY REQUIREMENTS OF THE APPLICATION PROCESS
5 RATHER THAN THE OWNER, OPERATOR OR PROMOTER.

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

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

16 2. A full set of fingerprints for the purpose of obtaining a state
17 and federal criminal records check pursuant to section 41-1750 and Public
18 Law 92-544. The department of public safety may exchange this fingerprint
19 data with the federal bureau of investigation. The fingerprints shall be
20 furnished by the applicant's officers and directors, if a corporation,
21 members, if a limited liability company, and partners, if a partnership.
22 An applicant convicted of a disqualifying offense may not be licensed.

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

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

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

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

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

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

6. Information to establish by clear and convincing evidence that the applicant or its management services provider has sufficient business ability and gaming experience as to establish the likelihood of creating 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. 3. 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.

1 2. Has been convicted of a felony in the seven years before
2 submitting an application unless that felony has been set aside.

3 3. Has ever been convicted of a felony related to extortion,
4 burglary, larceny, bribery, embezzlement, robbery, racketeering, money
5 laundering, forgery, fraud, murder, voluntary manslaughter, a sexual
6 offense that requires the individual to register pursuant to section
7 13-3821 or kidnapping.

8 4. Knowingly and wilfully provides materially important false
9 statements or information or omits materially important information on the
10 person's employment application or background questionnaire.

11 5. Is a person whose prior activities, criminal record, if any, or
12 reputation, habits and associations pose a threat to the public interest
13 or to the effective regulation and control of gaming or create or enhance
14 the dangers of unsuitable, unfair or illegal practices, methods and
15 activities in the conduct of gaming or the carrying on of the business and
16 financial arrangements incidental thereto.

17 C. Not later than sixty days after the department receives a
18 complete application, the department shall issue a license to the
19 applicant unless the background investigation the department conducts
20 discloses that the applicant has a criminal history or unless other
21 grounds sufficient to disqualify the applicant are apparent on the face of
22 the application. If more than ten applications are received for
23 a particular license type, the department shall adopt a process for
24 ensuring an equal opportunity for all qualified applicants to obtain a
25 license. The department shall review and approve or deny an application
26 for a license as provided in title 41, chapter 6, article 10.

27 D. For each application for licensure or renewal of a license that
28 is approved under this section, the amount of the application fee must be
29 credited toward the licensee's license fee and the licensee shall remit
30 the balance of the initial license fee to the department on approval of a
31 license. The fees collected from licensees under this section shall be
32 deposited in the event wagering fund established by section 5-1318 and
33 used by the department to pay the actual operating and administrative
34 expenses incurred for event wagering.

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

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

44 G. Each licensee shall display its license conspicuously in the
45 licensee's place of business or have the license available for inspection

1 by an agent of the department or a law enforcement agency. Each licensee
2 that operates an event wagering platform shall conspicuously display a
3 notice of the license on its platform's landing page.

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

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