

REFERENCE TITLE: event wagering; problem gambling fund

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1765

Introduced by
Senator Gonzales

AN ACT

AMENDING SECTION 5-572, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2024, CHAPTER 210, SECTION 2; AMENDING SECTION 5-572, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2024, CHAPTER 210, SECTION 3; AMENDING SECTION 5-1305, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 11, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-1318.01; 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 5-572, Arizona Revised Statutes, as amended by
3 Laws 2024, chapter 210, section 2, is amended to read:

4 5-572. Use of monies in state lottery fund; report

5 A. If there are any bonds or bond related obligations payable from
6 the state lottery revenue bond debt service fund, the state lottery
7 revenue bond debt service fund shall be secured by a first lien on the
8 monies in the state lottery fund after the payment of operating costs of
9 the lottery, as prescribed in section 5-555, subsection A, paragraph 1,
10 until the state lottery bond debt service fund contains sufficient monies
11 to meet all the requirements for the current period as required by the
12 bond documents. Debt service for revenue bonds issued pursuant to this
13 chapter shall be paid first from monies that would have otherwise been
14 deposited pursuant to this section in the state general fund. After the
15 requirements for the current period have been satisfied as required by the
16 bond documents, the monies in the state lottery fund shall be expended for
17 the expenses of the commission incurred in carrying out its powers and
18 duties and in the operation of the lottery.

19 B. Of the monies remaining in the state lottery fund each fiscal
20 year after appropriations and deposits authorized in subsection A of this
21 section, \$10,000,000 shall be deposited in the Arizona game and fish
22 commission heritage fund established by section 17-297.

23 C. Of the monies remaining in the state lottery fund each fiscal
24 year after appropriations and deposits authorized in subsections A and B
25 of this section, \$5,000,000 shall be allocated to the department of child
26 safety for the healthy families program established by section 8-481,
27 \$4,000,000 shall be allocated to the Arizona board of regents for the
28 Arizona area health education system established by section 15-1643,
29 \$3,000,000 shall be allocated to the department of health services to fund
30 the teenage pregnancy prevention programs established in Laws 1995,
31 chapter 190, sections 2 and 3 \$2,000,000 shall be allocated to the
32 department of health services for the health start program established by
33 section 36-697, \$2,000,000 shall be deposited in the disease control
34 research fund established by section 36-274, **\$1,300,000 SHALL BE DEPOSITED**
35 **IN THE PROBLEM GAMBLING FUND ESTABLISHED BY SECTION 5-1318.01, \$1,300,000**
36 **SHALL BE ALLOCATED TO THE DEPARTMENT OF GAMING DIVISION OF PROBLEM**
37 **GAMBLING FOR TREATMENT AND PREVENTION OF PROBLEM GAMBLING AND PROBLEM**
38 **GAMBLING EDUCATION PROGRAMS** and \$1,000,000 shall be allocated to the
39 department of health services for the federal women, infants and children
40 food program. The allocations in this subsection shall be adjusted
41 annually according to changes in the GDP price deflator as defined in
42 section 41-563, and the allocations are exempt from the provisions of
43 section 35-190 relating to lapsing of appropriations. If there are not
44 sufficient monies available pursuant to this subsection, the allocation of
45 monies for each program shall be reduced on a pro rata basis.

1 D. If the state lottery director determines that monies available
2 to the state general fund may not equal \$84,150,000 in a fiscal year, the
3 director shall not authorize deposits to the Arizona game and fish
4 commission heritage fund pursuant to subsection B of this section until
5 the deposits to the state general fund equal \$84,150,000 in a fiscal year.

6 E. Of the monies remaining in the state lottery fund each fiscal
7 year after appropriations and deposits authorized in subsections A through
8 D of this section, \$1,000,000 or the remaining balance in the fund,
9 whichever is less, is appropriated to the department of economic
10 security for grants to nonprofit organizations, including faith-based
11 organizations, for homeless emergency and transitional shelters and
12 related support services. The department of economic security shall
13 submit a report on the amounts, recipients, purposes and results of each
14 grant to the governor, the speaker of the house of representatives and the
15 president of the senate on or before December 31 of each year for the
16 prior fiscal year and shall provide a copy of this report to the secretary
17 of state.

18 F. Of the monies remaining in the state lottery fund each fiscal
19 year after appropriations and deposits authorized in subsections A
20 through E of this section, and after a total of at least \$99,640,000 has
21 been deposited in the state general fund, \$1,750,000 shall be deposited in
22 the Arizona competes fund established by section 41-1545.01. The balance
23 in the state lottery fund remaining after deposits into the Arizona
24 competes fund shall be deposited in the university capital improvement
25 lease-to-own and bond fund established by section 15-1682.03, up to a
26 maximum of eighty percent of the total annual payments of lease-to-own and
27 bond agreements entered into by the Arizona board of regents.

28 G. All monies remaining in the state lottery fund after the
29 appropriations and deposits authorized in this section shall be deposited
30 in the state general fund.

31 H. Except for monies expended for debt service of revenue bonds as
32 provided in subsection A of this section, monies expended under subsection
33 A of this section are subject to legislative appropriation.

34 I. The commission shall transfer monies prescribed in this section
35 on a quarterly basis.

36 Sec. 2. Section 5-572, Arizona Revised Statutes, as amended by Laws
37 2024, chapter 210, section 3, is amended to read:

38 5-572. Use of monies in state lottery fund; report

39 A. If there are any bonds or bond related obligations payable from
40 the state lottery revenue bond debt service fund, the state lottery
41 revenue bond debt service fund shall be secured by a first lien on the
42 monies in the state lottery fund after the payment of operating costs of
43 the lottery, as prescribed in section 5-555, subsection A, paragraph 1,
44 until the state lottery bond debt service fund contains sufficient monies
45 to meet all the requirements for the current period as required by the

1 bond documents. Debt service for revenue bonds issued pursuant to this
2 chapter shall be paid first from monies that would have otherwise been
3 deposited pursuant to this section in the state general fund. After the
4 requirements for the current period have been satisfied as required by the
5 bond documents, the monies in the state lottery fund shall be expended for
6 the expenses of the commission incurred in carrying out its powers and
7 duties and in the operation of the lottery.

8 B. Of the monies remaining in the state lottery fund each fiscal
9 year after appropriations and deposits authorized in subsection A of this
10 section, \$10,000,000 shall be deposited in the Arizona game and fish
11 commission heritage fund established by section 17-297.

12 C. Of the monies remaining in the state lottery fund each fiscal
13 year after appropriations and deposits authorized in subsections A and B
14 of this section, \$5,000,000 shall be allocated to the department of child
15 safety for the healthy families program established by section 8-481,
16 \$4,000,000 shall be allocated to the Arizona board of regents for the
17 Arizona area health education system established by section 15-1643,
18 \$3,000,000 shall be allocated to the department of health services to fund
19 the teenage pregnancy prevention programs established in Laws 1995,
20 chapter 190, sections 2 and 3, \$2,000,000 shall be allocated to the
21 department of health services for the health start program established by
22 section 36-697, \$2,000,000 shall be deposited in the disease control
23 research fund established by section 36-274, \$1,300,000 SHALL BE DEPOSITED
24 IN THE PROBLEM GAMBLING FUND ESTABLISHED BY SECTION 5-1318.01, \$1,300,000
25 SHALL BE ALLOCATED TO THE DEPARTMENT OF GAMING DIVISION OF PROBLEM
26 GAMBLING FOR TREATMENT AND PREVENTION OF PROBLEM GAMBLING AND PROBLEM
27 GAMBLING EDUCATION PROGRAMS and \$1,000,000 shall be allocated to the
28 department of health services for the federal women, infants and children
29 food program. The allocations in this subsection shall be adjusted
30 annually according to changes in the GDP price deflator as defined in
31 section 41-563, and the allocations are exempt from the provisions of
32 section 35-190 relating to lapsing of appropriations. If there are not
33 sufficient monies available pursuant to this subsection, the allocation of
34 monies for each program shall be reduced on a pro rata basis.

35 D. If the state lottery director determines that monies available
36 to the state general fund may not equal \$84,150,000 in a fiscal year, the
37 director shall not authorize deposits to the Arizona game and fish
38 commission heritage fund pursuant to subsection B of this section until
39 the deposits to the state general fund equal \$84,150,000 in a fiscal year.

40 E. Of the monies remaining in the state lottery fund each fiscal
41 year after appropriations and deposits authorized in subsections A through
42 D of this section, \$1,000,000 or the remaining balance in the fund,
43 whichever is less, is appropriated to the department of economic
44 security for grants to nonprofit organizations, including faith-based
45 organizations, for homeless emergency and transitional shelters and

1 related support services. The department of economic security shall
2 submit a report on the amounts, recipients, purposes and results of each
3 grant to the governor, the speaker of the house of representatives and the
4 president of the senate on or before December 31 of each year for the
5 prior fiscal year and shall provide a copy of this report to the secretary
6 of state.

7 F. Of the monies remaining in the state lottery fund each fiscal
8 year after appropriations and deposits authorized in subsections A
9 through E of this section, and after a total of at least \$99,640,000 has
10 been deposited in the state general fund, \$3,500,000 shall be deposited in
11 the Arizona competes fund established by section 41-1545.01. The balance
12 in the state lottery fund remaining after deposits into the Arizona
13 competes fund shall be deposited in the university capital improvement
14 lease-to-own and bond fund established by section 15-1682.03, up to a
15 maximum of eighty percent of the total annual payments of lease-to-own and
16 bond agreements entered into by the Arizona board of regents.

17 G. All monies remaining in the state lottery fund after the
18 appropriations and deposits authorized in this section shall be deposited
19 in the state general fund.

20 H. Except for monies expended for debt service of revenue bonds as
21 provided in subsection A of this section, monies expended under subsection
22 A of this section are subject to legislative appropriation.

23 I. The commission shall transfer monies prescribed in this section
24 on a quarterly basis.

25 Sec. 3. Section 5-1305, Arizona Revised Statutes, is amended to
26 read:

27 5-1305. License review; approval; fees; material change;
28 exemption; display; transferability

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

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

44 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 a
23 particular license type, the department shall adopt a process for ensuring
24 an equal opportunity for all qualified applicants to obtain a license.
25 The department shall review and approve or deny an application for a
26 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).

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

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

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

Sec. 4. Title 5, chapter 11, article 1, Arizona Revised Statutes, is amended by adding section 5-1318.01, to read:

5-1318.01. Problem gambling fund; fees

A. THE PROBLEM GAMBLING FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTION 5-572 AND SUBSECTION B OF THIS SECTION AND FROM ANY OTHER SOURCE. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED

B. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, THE DEPARTMENT SHALL ESTABLISH A PROBLEM GAMBLING FEE AND REQUIRE EACH LICENSED EVENT WAGERING OPERATOR THAT IS LICENSED TO OPERATE BOTH MOBILE EVENT WAGERING AND RETAIL EVENT WAGERING PURSUANT TO SECTION 5-1304, SUBSECTION A, PARAGRAPH 1 TO QUARTERLY PAY TO THE DEPARTMENT THE FEE.

C. THE MONIES IN THE PROBLEM GAMBLING FUND SHALL FUND THE DIVISION OF PROBLEM GAMBLING ESTABLISHED WITHIN THE DEPARTMENT. THE DIVISION WILL USE MONIES IN THE FUND TO DO BOTH OF THE FOLLOWING:

1. ADDRESS PREVENTION AND TREATMENT OF PROBLEM GAMBLING AND GAMBLING ADDICTION.
2. ESTABLISH EDUCATION PROGRAMS RELATING TO PROBLEM GAMBLING.

Sec. 5. Effective date

Section 5-572, Arizona Revised Statutes, as amended by Laws 2024, chapter 210, section 3 and this act, is effective from and after June 30, 2027.

1 Sec. 6. Legislative intent: definition

2 A. The legislature intends that the department of gaming set the
3 problem gambling fee prescribed in section 5-1318.01, Arizona Revised
4 Statutes, as added by this act, at an amount of at least three percent of
5 the event wagering operator's adjusted gross annual event wagering
6 receipts.

7 B. For the purposes of this section, "adjusted gross annual event
8 wagering receipts" means the gross event wagering receipts that are
9 derived from wagers minus all winnings paid to players and before any
10 deductions are made, including free bet reductions.