

NOTICES OF EXEMPT RULEMAKING

The Administrative Procedure Act requires the *Register* publication of the rules adopted by the state's agencies under an exemption from all or part of the Administrative Procedure Act. Some of these rules are exempted by A.R.S. §§ 41-1005 or 41-1057; other rules are exempted by other statutes; rules of the Corporation Commission are exempt from Attorney General review pursuant to a court decision as determined by the Corporation Commission.

NOTICE OF EXEMPT RULEMAKING

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING

CHAPTER 2. ARIZONA RACING COMMISSION

PREAMBLE

1. **Sections Affected**

R19-2-401	<u>Rulemaking Action</u>
R19-2-403	Amend
R19-2-521	Amend
2. **The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. §§ 41-1005(A)(18) and 5-111(A)
Implementing statute: A.R.S. § 5-111(A)
3. **The effective date of the rules:**

July 22, 1998
4. **A list of all previous notices appearing in the Register addressing the exempt rule:**

Notice of Rulemaking Docket Opening: 4 A.A.R. 1791, July 10, 1998.
5. **The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Paul Ryneveld
Address: Arizona Department of Racing
3877 North 7th Street, Suite 201
Phoenix, Arizona 85014
Telephone: (602) 277-1704
Fax: (602) 277-1165
6. **An explanation of the rule, including the agency's reasons for initiating the rule, including the statutory citation to the exemption from the regular rulemaking procedures:**

A.R.S. § 41-1005(A)(18) provides the Arizona Racing Commission the statutory exemption to the regular rulemaking process for rules adopted under A.R.S. § 5-111(A). The Commission is authorized to establish pari-mutuel and teletrack wagering rules under A.R.S. § 5-111(A). The amendments will provide new definitions for teletrack wagering systems and clarify the duties of the host permittee. The amendment will also clarify the procedures regarding separate pool loss of signal to correct a rule that is not possible due to technology.
7. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable.
8. **The summary of the economic, small business, and consumer impact:**

The rule amendments will have no economic effect on small businesses or consumers. The racetrack permittees in the state will be affected by the new policy clarification and regulatory changes.
9. **A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):**

None.
10. **A summary of the principal comments and the agency response to them:**

None.
11. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

None.

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12. **Incorporations by reference and their location in the rules:**
None.
13. **Was this rule previously adopted as an emergency rule?**
No.
14. **The full text of the rules follows:**

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING

CHAPTER 2. ARIZONA RACING COMMISSION

ARTICLE 4. TELETRACKING

Section

- R19-2-401. Definitions
R19-2-403. General Provisions

ARTICLE 5. PARI-MUTUEL WAGERING

- R19-2-521. Simulcast Wagering

ARTICLE 4. TELETRACKING

R19-2-401. Definitions

For purposes of this Article, in addition to the definitions set forth in R19-2-102 and R19-2-302, and unless the context otherwise requires:

1. "Teletrack Wagering Permit" means a permit issued by the Commission authorizing a sending track to telecast a racing program to single or multiple teletrack wagering facilities within the State of Arizona for the purpose of pari-mutuel wagering.
2. "Teletrack Facility" means an additional wagering facility owned or leased by an Arizona permittee which is used for handling legal wagers.
3. "Satellite" means the receiving and retransmission space station which is in orbit with the earth.
4. "Sending Track" means the enclosure where a racing program of authorized live racing is conducted from which teletracking originates.
5. "Teletracking" means the telecast of live audio and visual symbols of horse, mule or greyhound racing programs conducted at an authorized enclosure within Arizona to an authorized additional wagering facility within Arizona for the purpose of pari-mutuel wagering.
6. "Teletrack Wagering" means pari-mutuel wagering conducted at a teletrack facility within Arizona on a racing program which is conducted at an authorized track within Arizona.
7. "Transmission" means the point-to-point sending and receiving of an audio/visual signal by any method approved by the Arizona Department of Racing.
8. "Operating Hours" means the hours in which pari-mutuel windows are open at a teletrack facility.
9. "Sales Transaction Data" means the electronic signals transmitted between totalisator ticket-issuing machines and the totalisator central processing unit for the purpose of accepting wagers and generating, canceling and cashing pari-mutuel tickets; also, the financial information resulting from processing sales transaction data, such as handle and revenues.
10. "Pari-Mutuel Output Data" means any data provided by the totalisator system other than sales transaction data including, but not limited to, odds, will pays, race results and pay-off prices.
11. "Racing Program" means the live races conducted at an authorized track, approved dark-day simulcasts and any

simulcast races shown to the public in conjunction with live racing on which pari-mutuel wagering is allowed.

12. "TIM-To-Tote Linkage" means the connection in which the Ticket Issuing Machines (TIM) are directly connected to the permittee's own calculating or compiling totalisator with no intermediate totalisator systems within that connection.
13. "Tote-To-Tote Linkage" means the connection between the totalisator systems in which 1 of the systems is not part of the permittee's calculating system and may or may not be used for the compilation of TIM-to-tote wagers within it's own wagering network that are then forwarded to the permittee's calculating totalisator system.

R19-2-403. General Provisions

The following rules shall apply to each teletrack facility:

1. At the Director's discretion, a Department representative may be present during all operating hours.
2. Suitable back-up or replacement tote equipment shall be available such that down time in the event of equipment failure shall be 60 minutes or less, during operating hours. At teletrack sites with multiple teller equipment installed, back-up equipment may consist of the remaining operating teller machines provided that the remaining machines are sufficient to handle the reasonably anticipated volume of sales transactions without unreasonable delays or inconvenience to patrons.
3. The permittee controlling the teletrack wagering permit is responsible during the racing program for reporting any problems or delays to the public.
4. Security requirements will be adequate to control disturbances.
5. Communications must allow the sending track and teletrack and teletrack facility to communicate without delay. In a Tote-to-Tote situation, if the data transmission link between the tote systems fail, the permittee holding the teletrack permit shall decide the policy for paying off or refunding pari-mutuel tickets and all other communication failures at the teletrack site.
6. Photo finish pictures of the previous day's live races will be available for viewing upon request within 48 hours.
7. A video monitor showing the following information must be in operation during all operating hours:
 - a. will pays or odds as shown at the sending track;
 - b. race results;
 - c. prices or payoff; and
 - d. minutes to post.
8. Notwithstanding subsection (7), should a breakdown occur in the video display of the race and in the will pay (odds), the permittee shall immediately contact the Director or his designee and the following guidelines shall be met:

- a. If the video display is not restored within 60 minutes, the manager or managers at the facility or facilities shall inform the public that wagering will cease on the affected signal the facility(ies) will close.
 - b. To accommodate its patrons, wagers for the current race or for later races on the card may be taken for an additional 30 minutes.
 - c. The permittee shall provide the Department a written report concerning the circumstances within 2 two days of any such breakdown.
9. Arizona pari-mutuel rules must be available in the wagering area.
 10. Notice of any race cancellation, scratches, and other changes shall be posted conspicuously as soon as possible in the wagering area. In addition, it shall be the responsibility of the mutuel manager at the host permittee to disseminate all changes in wagering information to all teletrack wagering locations.
 11. The results of each race, and the winnings therefrom, shall be posted as soon as possible at each teletrack facility and shall be available to the wagering public 24 hours on the race day following the day of the race.
 12. A permittee shall report to the Department any violation or suspected violation of law which occurs on or about the premises of the teletrack facility.
 13. The permittee shall make daily handle and attendance reports for each teletrack facility as prescribed by the Department.
 14. Betting Period:
 - a. wagering may only be conducted during periods approved by the Director or Commission in respect to any race, racing card, pool or feature pool.
 - b. the Director may prescribe the closing time for pari-mutuel equipment at each facility based on the level of sophistication of the pari-mutuel equipment and transmission equipment.
 15. The method used to transmit sales transaction and pari-mutuel output data shall be approved in writing by the Director, based upon the Director's determination that provisions to secure the system and transmissions are satisfactory.
 16. The permittee shall provide computer reports pertaining to pari-mutuel activity as required by the Director.

ARTICLE 5. PARI-MUTUEL WAGERING

R19-2-521. Simulcast Wagering

- A. The Department may authorize a racetrack permittee to conduct simulcasting as defined in A.R.S. § 5-101 pursuant to A.R.S. § 5-112 and the Interstate Horse Racing Act of 1978.
- B. A racetrack permittee shall submit a request for sending or receiving of simulcasts in writing to the Director of the Department.
- C. For approval of horse simulcasts, the Department requires the following:
 1. A completed simulcast agreement between a racetrack permittee and out-of-state entity specifying which races will be simulcast to or from each specific track involved in the agreement;
 2. Written approval of the out-of-state horsemen's group;
 3. Written approval of the out-of-state racing commission; and
 4. Written approval of the local horsemen's group. For purposes of this Section, horsemen's group is the group

- which represents the majority of the horsemen racing at or contracted with the racetrack permittee.
- D. For approval of greyhound simulcasts, the Department requires the following:
 1. A completed simulcast agreement between a racetrack permittee and out-of-state entity, and
 2. Written approval of the out-of-state racing commission.
 - E. Withdrawal of any of the written approvals required in subsections (C) and (D) shall at any time constitute grounds for the Department to rescind authorization for simulcasting.
 - F. Additional Wagering Facilities.
 1. A racetrack permittee may conduct simulcasting at the racetrack enclosure and at any additional wagering facility operated by the racetrack permittee providing that the additional wagering facility is included in the simulcast agreement.
 2. A racetrack permittee may send its simulcast signal to an out-of-state racetrack enclosure and any additional wagering facilities operated or used by the out-of-state entity providing all locations receiving the simulcast signal are included in the simulcast agreement.
 - G. Duties of Sending Racetrack Permittee.
 1. The sending racetrack permittee is responsible for content of the simulcast and shall use all reasonable effort to present a simulcast which offers the viewers an exemplary depiction of each performance.
 2. Unless otherwise permitted by the Department, every simulcast will contain in its video content a digital signal of actual time of day, the name of the host facility from where it emanates, the number of the contest being displayed, and any other relevant information available to patrons at the sending facility.
 3. The sending racetrack permittee shall maintain such security controls including encryption over its uplink and communications systems as directed or approved by the Department.
 - H. Duties of Receiving Racetrack Permittee.
 1. A receiving racetrack permittee conducting a live commercial racing meeting in this state may conduct and operate a pari-mutuel wagering system on the results of contests being held or conducted and simulcast from the enclosures of 1 or more sending racetrack permittees outside this state and with approval of the Department.
 2. Receiving racetrack permittee shall provide:
 - a. Adequate transmitting and receiving equipment of acceptable broadcast quality, which shall not interfere with the closed-circuit TV system of the sending racetrack permittee for providing any sending facility patron information.
 - b. Pari-mutuel terminals, pari-mutuel odds displays, modems, and switching units enabling pari-mutuel data transmissions, and data communications between the sending and receiving racetrack permittees.
 - c. A voice communication system between receiving racetrack permittee and the sending racetrack permittee providing timely voice contact among the Department designees, placing judges, and pari-mutuel department.
 - d. A monthly copy of the simulcast schedule and any amendments to that schedule to the Department.
 3. A receiving racetrack permittee shall conduct pari-mutuel wagering pursuant to the applicable Department rules.

4. With the exception of the cases in subsection (I)(3) and (4), at all times the live video signal shall be shown to the wagering public.
 5. A racetrack permittee that rebroadcasts a simulcast signal to any additional wagering facility shall offer the wagering public at the additional facility the same simulcast presentation that is offered to the general public at the racetrack permittee location.
 6. The Department may appoint at least 1 designee to supervise all approved simulcast facilities and may require additional designees as is reasonably necessary for the protection of the public interest.
- I. Acquisition and Subsequent Loss of Simulcast Video Signal During Separate Pool Wagering.
1. A receiving racetrack permittee and each teletrack location shall acquire the simulcast video signal no later than 30 minutes prior to the scheduled post time for the imported race from that sending track. If the signal is never acquired by any location, all wagers shall be refunded for that race. Failure to acquire or late acquisition of any simulcast signal shall be reported to the Director or the Director's designee.
 2. In accordance with R19-2-505, the racetrack permittee may request in writing to the Director the authorization to conduct advance performance wagering.
 3. Should a breakdown in the reception of video signals occur at any teletrack wagering location after acquisition for a specific performance, the loss shall be reported immediately to the Director or the Director's designee and R19-2-403.8 shall apply for that signal at that location.
 4. In separate pool wagering, if the breakdown in the reception of video signals occurs at the racetrack permittee location at some point after acquisition of the signal, wagering may continue at the discretion of the Director's designee for 90 minutes providing voice communication remains intact between the stewards and placing judges at the out-of-state location.