

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 FINAL EXEMPT RULEMAKING

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

CHAPTER 2. ARIZONA RACING COMMISSION

Editor's Note: The following Notice of Final Exempt Rulemaking was exempt from Executive Order 2012-03 as issued by Governor Brewer. (See the text of the executive order on page 2905.)

[R14-175]

PREAMBLE

<u>1. Articles, Parts, and Sections Affected (as applicable)</u>	<u>Rulemaking Action</u>
Article 4	Amend
R19-2-401	Amend
R19-2-402	Renumbered
R19-2-402	New Section
R19-2-403	Repealed
R19-2-403	New Section
R19-2-404	Renumbered
R19-2-404	New Section
R19-2-405	Repealed
R19-2-405	New Section
R19-2-406	Repealed
R19-2-406	New Section
R19-2-407	Repealed
R19-2-407	New Section
R19-2-408	Renumbered
R19-2-408	New Section
R19-2-409	Renumbered
R19-2-409	New Section
R19-2-410	Renumbered
R19-2-410	New Section
R19-2-411	New Section
R19-2-412	Renumbered
R19-2-412	Amend
R19-2-413	New Section
R19-2-414	Renumbered
R19-2-414	Amend
R19-2-415	New Section
R19-2-416	Renumbered
R19-2-416	Amend
R19-2-417	Renumbered
R19-2-417	Amend
R19-2-418	Renumbered
R19-2-418	Amend
R19-2-419	New Section
R19-2-420	New Section
R19-2-502	Amend
R19-2-504	Amend
R19-2-508	Amend

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R19-2-509	Amend
R19-2-510	Amend
R19-2-513	Amend
R19-2-515	Amend
R19-2-520	New Section
R19-2-521	Repealed
R19-2-522	Repealed

2. Citations to the agency's statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. § 5-104(A)(2) and (T)

Implementing statute: A.R.S. §§ 5-107(B), 5-111, and 5-112

Statute or session law authorizing the exemption: Laws 2014, Chapter 277, § 9 provides an exemption from A.R.S. Title 41, Chapter 6 for rules relating to pari-mutuel wagering including advance deposit wagering. A.R.S. § 41-1005(A)(17) provides an exemption from A.R.S. Title 41, Chapter 6 for rules made under A.R.S. § 5-111(A) relating to pari-mutuel wagering.

3. The effective date for the rules and the reason the agency selected the effective date:

October 10, 2014. These rules will be effective on the date they are filed with the Office of the Secretary of State. Horse racing begins for the 2014-2015 Arizona season on October 18, 2014. It is necessary that these rules go into effect in time for the Department to issue licenses to advance deposit wagering providers and their employees before the racing season begins. An immediate effective date is consistent with A.R.S. § 41-1032(A)(4) because the rules provide a benefit to the public and no member of the public is in position to violate a provision of these rules.

4. Citation to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the exempt rulemaking:

None

5. The agency's contact person who can answer questions about the rulemaking:

Name: William J. Walsh, Director
Address: Arizona Racing Commission
1110 W. Washington St., Suite 260
Phoenix, AZ 85007
Telephone: (602) 364-1700
Fax: (602) 364-1703
E-mail: bwalsh@azracing.gov
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6. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:

During the last legislative session, the legislature enacted SB 1282, which authorizes advance deposit wagering as a form of pari-mutuel wagering. This rulemaking makes necessary rules regarding advance deposit wagering and updates other rules regarding pari-mutuel wagering.

This rulemaking is exempt from the rulemaking moratorium contained in Executive Order 2012-03 under paragraph (2)(g) of the Order.

7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

The Commission did not review or rely on a study relevant to any rule in the rulemaking in its evaluation of or justification for any rule in the rulemaking.

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. A summary of the economic, small business, and consumer impact, if applicable:

Both Laws 2014, Chapter 277, § 9 and A.R.S. § 41-1005(A)(17) provide an exemption from compliance with A.R.S. Title 41, Chapter 6. This means an economic, small business, and consumer impact statement is not required with this rulemaking.

10. A description of any changes between the proposed rulemaking, including supplemental notices, and the final rulemaking (if applicable):

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Not applicable

11. An agency's summary of the public or stakeholder comments made about the rulemaking and the agency response to comments, if applicable:

No comments were made by the public. The stakeholders supported the plan.

12. Other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. When applicable, matters shall include, but not be limited to:

Laws 2014, Chapter 277, § 9 provided an exemption for this rulemaking but required the Department to hold a public hearing regarding the rules. This public hearing was held on October 9, 2014.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

The permits required under these rules are general permits.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

There are numerous federal laws regarding gambling but none is uniquely applicable to this rulemaking.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

No analysis was submitted.

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:

None

14. Whether the rule was previously made, amended, or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

The rules were not previously made, amended, or repealed as an emergency rule.

15. The full text of the rules follows:

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

CHAPTER 2. ARIZONA RACING COMMISSION

ARTICLE 4. ADVANCE DEPOSIT WAGERING, TELETRACKING, AND SIMULCASTING

Section

- R19-2-401. Definitions
- R19-2-402. Teletrack Wagering ADWP Licensing Requirements
- R19-2-403. General Provisions ADW Permit Applications
- R19-2-404. Application for Original Teletrack Wagering Permit; Plan of Operation; Renewals of Teletrack Wagering Permit Application for ADWP Permit; Plan of Operation
- R19-2-405. Application for Approval of Additional Wagering Facilities; Plan of Operation; Renewal or Approval of Additional Wagering Facilities Contracts and Agreements
- R19-2-406. Requisites for a Teletrack Wagering System Plan of Operation Approval and Amendments
- R19-2-407. Transmission ADWP Permit Renewal
- R19-2-408. Suspension of Teletrack Permit ADWP Licensing
- R19-2-409. Licensing of Employees at Teletrack Facilities ADW – Racetrack Permittee Contracts
- R19-2-410. Directives ADW Accounts
- R19-2-411. Advance Deposit Wagering
- ~~R19-2-402~~-R19-2-412. Teletrack Wagering
- R19-2-413. General Provisions Regarding Teletrack Facilities
- ~~R19-2-404~~-R19-2-414. Application for Original Teletrack Wagering Permit; Plan of Operation; Renewals of Teletrack Wagering Permit
- R19-2- 415. Approval of Additional Wagering Facilities; Plan of Operation; Renewal or Approval of Additional Wagering Facilities
- ~~R19-2-408~~-R19-2-416. Suspension of Teletrack Permit
- ~~R19-2-409~~-R19-2-417. Licensing of Employees at Teletrack Facilities
- ~~R19-2-410~~-R19-2-418. Directives
- R19-2-419. Simulcast Wagering
- R19-2-420. Interstate Common Pool Wagering

ARTICLE 5. PARI-MUTUEL WAGERING

Section

- R19-2-502. Records
- R19-2-504. Pari-mutuel Ticket Sales
- R19-2-508. Betting Explanation
- R19-2-509. Display of Betting Information
- R19-2-510. Cancelled Contests
- R19-2-513. Pools Dependent upon Betting Interests
- R19-2-515. Closing of Wagering in a Contest
- R19-2-520. Reserved Stored Value Instruments
- R19-2-521. Simulcast Wagering Repealed
- R19-2-522. Interstate Common Pool Wagering Repealed

ARTICLE 4. ADVANCE DEPOSIT WAGERING, TELETRACKING, AND SIMULCASTING

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, the following definitions apply in this Article:

1. ~~“Teletrack Wagering Permit” means a permit issued by the Commission authorizing an Arizona racetrack permittee 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 signals of live or simulcast horse, mule, or greyhound racing programs conducted at an authorized enclosure within Arizona to an authorized additional wagering facility within Arizona, by a racetrack permittee 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 one 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 its own wagering network that are then forwarded to the permittee’s calculating totalisator system.~~
14. ~~“Video Breakdown” means any failure in the receipt of a video signal at a teletrack or racetrack facility including any failure to initially acquire a signal.~~
15. ~~“Video Reception” means the display of wagering information and races as offered to the general public.~~
1. “Account holder” means “natural person” not otherwise precluded from wagering by any Arizona statute or rule.
2. “Advance deposit wagering (ADW)” means a mechanism for pari-mutuel wagering in which wagers are debited and payouts credited to an advance deposit account held by an association or ADWP on behalf of an account holder.
3. “Advance deposit wagering permit” means a permit issued by the Commission allowing an entity to conduct advance deposit wagering on behalf of a contracted Arizona racetrack permittee.
4. “Advance Deposit Wagering Vendor or Provider (ADWP)” means the Arizona licensed and racetrack permittee-contracted vendor providing advance deposit wagering services for Arizona resident account holders.

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5. “Confidential Information” means advance deposit wagering account holders and their accounts; may include money transactions in to or out of accounts, specifics of monies wagered from any account on any race or series of races, the account number and security code of any account holder, the specifics of wagering interests wagered on, the specific identifying details of any account unless authorized by the account holder.
6. “Operating Hours” means the hours in which pari-mutuel windows are open at a teletrack facility.
7. “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.
8. “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.
9. “Sales transaction data” means the electronic signals transmitted between totalisator ticket-issuing machines or approved ADW wager-issuing equipment 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. “Sending track” means the enclosure where a racing program of authorized live racing is conducted and from which teletracking originates.
11. “Telephone” means Voice over Internet Protocol (VoIP), cellular voice services, Interactive Voice Response (IVR) computer systems, and native telephone functionality, but does not include Internet, web-based, or hybrid communication mechanisms.
12. “Teletrack facility” means an additional wagering facility owned or leased by an Arizona permittee that is used for handling legal wagers.
13. “Teletracking” means the telecast of live audio and visual signals of live or simulcast horse, mule, or greyhound racing programs conducted at an authorized enclosure within Arizona to an authorized additional wagering facility within Arizona, by a racetrack permittee for the purpose of pari-mutuel wagering, or the teletrack wagering conducted on the racing program.
14. “Teletrack wagering” means pari-mutuel wagering conducted at a teletrack facility within Arizona on a racing program conducted at an authorized track within Arizona regardless of whether the racing program is telecast to the teletrack location.
15. “Teletrack wagering permit” means a permit issued by the Commission authorizing an Arizona racetrack permittee to operate a single or multiple teletrack wagering facilities within the state for the purpose of pari-mutuel wagering.
16. “TIM-to-tote linkage” means the connection in which ticket issuing machines (TIM) are directly connected to the permittee’s own calculating or compiling totalisator with no intermediate totalisator systems within that connection.
17. “Tote-to-tote linkage” means the connection between totalisator systems in which one 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 its own wagering network that are then forwarded to the permittee’s calculating totalisator system.
18. “Transmission” means the point-to-point sending and receiving of an audio or visual signal by any method approved by the Arizona Department of Racing.

R19-2-402. Teletrack Wagering ADWP Licensing Requirements

- A.** An ADWP shall be licensed by the Department.
- B.** An ADWP shall comply with these and all other rules relating to entities permitted by the Commission as they apply to pari-mutuel wagering.
- C.** The Department may suspend or revoke an ADWP license, withdraw approval of a contract between an ADWP and a racetrack permittee, or impose fines if the ADWP, its officers, directors or employees violate these rules or applicable sections of A.R.S. Title 5 or fail to abide by orders of the Department.
- D.** An ADWP shall accept wagers only on the species for which the contracted Arizona racetrack permittee has a permit.

R19-2-403. General Provisions ADW Permit Applications

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 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~~

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- 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 display showing the following information must be in operation at each teletrack facility during all operating hours:
 - a. All wagering information including pool totals, will pays, or odds as offered to the general public at the permittee racetrack location;
 - b. Each race shown live, as it is run;
 - c. Race Results;
 - d. Pools or payoff;
 - e. Minutes to post;
 - f. The corresponding race number and track for which the above information is displayed.
 8. Notwithstanding subsection (7), should a video breakdown occur in the display of the race and wagering information, the permittee shall immediately contact the Director or his designee. Wagering may continue at the teletrack facility on the affected racing program for the remainder of that racing day provided the following conditions are met:
 - a. The racetrack permittee shall notify the wagering public at the affected teletrack facility of the nature of the breakdown;
 - b. The racetrack permittee shall make immediate and continuing efforts to repair the video breakdown;
 - c. The racetrack permittee shall provide the Director a written report concerning the circumstances within 48 hours of any such breakdown;
 - d. The racetrack permittee shall not accept wagers at the teletrack facility on the affected racing program for any performance on a subsequent racing day until the breakdown has been repaired. The Director may, upon written request, authorize the racetrack permittee to accept wagers at a teletrack facility despite an ongoing video breakdown;
 - e. If there is not a reasonable expectation of video reception, the racetrack permittee shall not accept wagers at the teletrack facility on the affected racing program. The Director may upon written request, authorize the racetrack permittee to accept wagers at a teletrack facility despite the lack of expectation of video reception.
 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 for 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.
- A.** A person, association, or corporation desiring to operate advance deposit wagering and open accounts for residents of Arizona shall file with the Department both a paper and electronic permit application that contains the information required in A.R.S. § 5-107. All electronic submissions shall be compatible with the Department's computer system and software. If any addendum to the permit application cannot be submitted electronically, the applicant shall submit the addendum in a paper copy.
- B.** An ADW permittee shall contract only with ADWPs licensed by the Department.
- C.** An ADWP shall pay daily the Regulatory Wagering Assessment (RWA) to the Department.
- D.** An ADWP shall provide daily wagering information to the Department and the contracted racetrack permittee for verification of RWA and source market fees at a time and in a manner specified by the Department.
- E.** A racetrack permittee shall verify that the total RWA paid each day for the both the racetrack's and the ADW's wagering activity is correct.
- F.** The following reports shall be available for inspection upon request by the Department in a form acceptable to the Department and at a place of the Department's choosing within a reasonable time:
1. ADW handle and related pari-mutuel data such as commission and breakage sorted by date, track or event, race and pool or by Source such as customer account; in total or detail;

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2. Reports for taxation purposes;
 3. Customer complaints;
 4. List of active accounts;
 5. List of excluded persons;
 6. List of account holders;
 7. Log of all system accesses; and
 8. List of all deposits, withdrawals, wagers and winning payouts, in summary or detail.
- G.** An ADWP shall certify that the ADWP will provide the Department unrestricted access to all records and financial information of the ADWP, including all account information. The ADWP shall make this information available to the Department upon notice from the Department to the extent that disclosure is not expressly prohibited by law. Department access to and use of information concerning wager transactions and ADWP customers shall be considered proprietary and shall not be disclosed publicly, except as may be required by law. This information may be shared for multi-jurisdiction investigative purposes. An ADWP shall report to the Department any known or suspected rule violations by any person involving ADWP and cooperate in any subsequent investigations.
- H.** An ADWP shall detail each method used for placing wagers through the ADW system and specify what information and place of recording constitutes proof of a wager placed through each wagering method.
- I.** An ADWP shall give access to the Department, or its designee, for review and audit of all records. The ADWP or applicant shall make the required information available at the ADWP's location during business hours. The Department may require an ADWP to submit an annual audited financial statement.
- J.** The Department may conduct investigations and inspections or request additional information from an ADWP or applicant if required to determine whether to approve an application.

R19-2-404. ~~Application for Original Teletrack Wagering Permit; Plan of Operation; Renewals of Teletrack Wagering Permit~~ Application for ADWP Permit; Plan of Operation

Before operating advance deposit wagering in Arizona, a person shall submit to the Department an application for an ADWP permit and a plan of operation. The Department shall issue an ADWP permit for no more than three years. An ADWP permit shall expire when the racing permit expires. If necessary, the Department may request additional information regarding any plan of operation.

R19-2-405. ~~Application for Approval of Additional Wagering Facilities; Plan of Operation; Renewal or Approval of Additional Wagering Facilities~~ Contracts and Agreements

- A.** ~~A permittee who holds a permit for teletrack wagering shall submit an Application for Approval and a Plan of Operation for each additional teletrack wagering facility to the Racing Commission. The length of the permit for an additional wagering facility shall not exceed three years. The Plan of Operation shall include but not be limited to the following:~~
1. ~~Feasibility and accounts. A feasibility study denoting the estimated gross revenue from the teletrack facility and the estimated costs to operate the facility. The feasibility study shall include:~~
 - a. ~~The number of races to be displayed;~~
 - b. ~~The types of wagering to be offered and the hours during which pari-mutuel windows will be in operation;~~
 - e. ~~The estimated attendance at the teletrack facility;~~
 - d. ~~The level of anticipated wagering activity;~~
 - e. ~~The source and amount of estimated revenues from sources other than pari-mutuel wagering;~~
 - f. ~~The cost of operating the facility;~~
 - g. ~~The amount and source of revenues needed for financing the teletrack wagering operation;~~
 - h. ~~Proof of financial stability and assets sufficient to cover projected costs;~~
 - i. ~~An estimate of the total amount of anticipated revenues to be paid to the state of Arizona resulting from teletrack wagering.~~
 2. ~~Contracts and agreements. The following information must be submitted in relation to any groups, concessions, or contracts, whether within or outside of Arizona, which are connected with the operation of a teletrack facility, unless such information is already on record:~~
 - a. ~~Listing and background of the management groups responsible for the operation of the facility;~~
 - b. ~~The names of all individuals who own 10% or more of the facility;~~
 - e. ~~Other information which, in the Director's judgment, is or may be material, such as information pertaining to financial background and persons associated with the parties to the contract.~~
 3. ~~Security. The measures to be employed to protect the facility, the employees, the public, and the wagering dollars.~~
 4. ~~Location of the teletrack wagering facility.~~
 5. ~~Proof that approval for use of the facility to handle pari-mutuel wagering has been given by the governing body of the city or town or by the board of supervisors, if the facility is located in an unincorporated area.~~
 6. ~~Building plans and specifications. Adequate provision shall be made for areas appropriate for patrons to handicap the races and the facilities shall allow reasonable access by handicapped persons.~~
- B.** ~~Approval and amendments shall be the same as provided in R19-2-404(B).~~

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- ~~C. Renewal. A permittee shall apply to the Department for renewal of its additional wagering facility permits at the time it makes application to renew its Teletrack Wagering Permit. Upon receipt of a completed application, the Director may approve the:~~
- ~~1. Renewal of a teletrack wagering facility;~~
 - ~~2. A permittee's application to begin operation at a teletrack wagering facility previously approved by the Racing Commission and currently used by another permittee.~~
- ~~D. After receiving approval from the Racing Commission, a new facility may not open for business for a period of five working days or until all licensing requirements are satisfied. Should the necessary licensing requirements be completed in less than five working days, the remaining days may be waived by the Director.~~

An ADWP shall submit the following information regarding any group, concession, or contract related to the ADW operation whether within or outside of Arizona:

1. Copy of all contracts to provide services, including totalisator vendor services, within or on behalf of Arizona race-track permittees or residents;
2. Name and background of the individuals responsible for operating the ADW accounts system;
3. Other information that, in the Director's judgment, is or may be material, such as information pertaining to financial background and persons associated with the parties to the contract;
4. Security measures to be employed to protect the ADWP account maintenance and wagering facilities;
5. Security measures to be employed to protect transmission of sales transaction and pari-mutuel output data;
6. Type of data processing, communication, and transmission equipment to be used;
7. Description of all computer services and all other methods used to transmit any data or signal; and
8. Description of any alternate or backup system in case of principal system failure of communications or data-processing equipment used for forwarding wagers.

R19-2-406. ~~Requisites for a Teletrack Wagering System Plan of Operation Approval and Amendments~~

~~After a permit has been granted by the Commission but prior to beginning operation, if the applicant is required to utilize encoding and decoding systems, applicant will submit the following to the Director:~~

- ~~1. A description of the coding system used for any authorized encoding and decoding systems;~~
- ~~2. Number and manufacturer of any encoders and decoders;~~
- ~~3. Serial numbers of all encoders and decoders, updated monthly;~~
- ~~4. Number and location of decoders, updated monthly.~~

An ADWP shall conduct an ADW operation only according to the provisions of an approved plan of operation. The ADWP shall obtain the Director's written approval for any change to the plan of operation. The ADWP shall:

1. Notify the Department of any anticipated change in the plan of operation.
2. Report to the Department any change in ownership or management groups.
3. Provide the Department with a copy of all new contracts or amendments to existing ones, and
4. Request the approval of the Director for any change in technology used to transmit sales transaction data.

R19-2-407. ~~Transmission ADWP Permit Renewal~~

~~A. Only persons authorized in writing by the Director will have access to the encoder and decoder. An updated list of the location of all decoders, controlled by the sending track or its designee, capable of obtaining the race signal of Arizona racetracks, shall be provided to the Department every 30 days.~~

~~B. Decoder authorization codes shall be changed more often than every 30 days and changes may be required more often by the Director.~~

~~C. The sending track or its licensed designee (who must be approved by the Director) will be the sole controller of the codes. A permittee shall apply to the Department for renewal of its ADWP permit before the permit expires. The application for renewal shall provide the information required on a form available from the Department.~~

R19-2-408. ~~Suspension of Teletrack Permit ADWP Licensing~~

~~A. The following individuals shall be licensed as required by the Department:~~

- ~~1. An individual with at least 10 percent ownership interest in the ADW; and~~
- ~~2. All ADWP employees working in Arizona.~~

~~B. An ADWP shall ensure that all ADWP employees working in another jurisdiction are licensed as required by that jurisdiction.~~

R19-2-409. ~~Licensing of Employees at Teletrack Facilities ADW – Racetrack Permittee Contracts~~

~~A. An ADWP that accept accounts from Arizona residents shall obtain and maintain a contract with one or more Arizona racetrack permittees. The ADWP shall ensure that the contract includes:~~

- ~~1. Disclosure of Regulatory Wagering Assessments (RWA) assignment of responsibility for payment of:
 - ~~a. The assessment on wagers placed by Arizona account holders on races conducted in Arizona, which will be considered to be live, in-state, off-track wagers; and~~
 - ~~b. The assessment on wagers placed by Arizona account holders on races conducted outside of Arizona, which will~~~~

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be considered to be simulcast, in-state, off-track wagers:

2. Disclosure of all ADWs wagering on any races run in this jurisdiction, and all ADWs wagering on races run in other jurisdictions that would be available for wagering in this jurisdiction under the contract;
 3. Certification of ADW licensing, authorization, or approval by the recognized pari-mutuel authority in the other jurisdiction;
 4. Disclosure of all fees, market share revenue, and distribution details and other financial considerations relating to the contract and any other non-contracted Arizona racetrack permittees;
 5. Certification of prompt access for the Department, in print or electronic form acceptable to the Department, to:
 - a. Reports, logs, wagering transaction detail, and customer account detail;
 - b. Records relating to customer identify, age, and residency;
 - c. Records of customer account detail for individuals:
 - i. In any jurisdiction who place wagers on races conducted in this jurisdiction and races available for wagering by individuals in this jurisdiction;
 - ii. The Department has reason to investigate based on possible placing of wagers for individuals other than the account holder; and
 - iii. Determined by the Department to be relevant to an investigation by the Department;
 6. A detailed description and certification of systems and procedures used to validate the identity, age, and jurisdiction of legal residence of account holders and to validate the legality of wagers accepted;
 7. Certification of secure retention of and prompt Department access to all records related to wagering and customers' accounts, including deposits, withdrawals, wagers, and winning payouts for at least three years or a longer period specified by the Department; and
- B.** An ADWP shall attach the following to all contracts under this subsection:
1. A certified copy of rules governing the acceptance and management of accounts, and
 2. A certified copy of any change in the rules provided at least thirty days before the change takes effect.

R19-2-410. Directives ADW Accounts

- A.** An individual who wishes to establish an ADW account shall establish the account in person or by mail, telephone, or other electronic means before making any wager. The individual establishing an ADW account shall:
1. Establish the account in the individual's name,
 2. Be at least 21 years old, and
 3. Not be prohibited from wagering by Arizona rules or statutes.
- B.** An ADW account is not transferable.
- C.** An ADWP shall obtain the following regarding an individual who wishes to establish an ADW account:
1. Full legal name;
 2. Address of principal residence;
 3. Address to which communications are to be delivered if different from the principal residence address;
 4. Telephone number;
 5. Social Security number;
 6. Copy of evidence that the individual is at least 21 years old; and
 7. Whether the individual will make ADW deposits through the use of cash, personal check, credit or debit card, or electronic funds transfers.
- D.** An ADWP shall electronically verify an ADW-account applicant's name, principal residence address, date of birth, and Social Security number at the time application is made using a Department-approved national, independent, individual reference company or other independent technology approved by the Department.
- E.** An ADWP may refuse to establish an ADW account if it determines that any of the information supplied is untrue or incomplete and may at any other time, with reasonable cause, refuse to accept a wager or deposit.
- F.** An ADWP shall designate each ADW account with a unique account number. The ADWP may change an ADW account number if the ADWP provides notice to the account holder before the change is made.
- G.** An ADWP shall ensure that an ADW-account holder is able to access the account holder's account by means of personal identification or account password.
- H.** When an ADW account is established, the ADWP shall:
1. Inform the account holder of the assigned account number; and
 2. Provide the account holder a copy of the ADWP's advance deposit wagering procedures, terms and conditions and other information pertaining to the operation of the ADW account including any rules the ADWP has made concerning deposits, withdrawals, average daily balance, user fees (including for EFT deposits), interest payments, and any other aspect of the operation of the account.
- I.** An ADWP shall notify an account holder before making any change to the rules governing the account and provide an opportunity for the account holder to close or cash-in the account. The ADWP may deem an account holder to have accepted the rules of account operation when the account holder opens or does not close the account.
- J.** An ADWP shall comply with Internal Revenue Service (IRS) requirements for reporting and withholding proceeds from

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advance deposit wagers by account holders. The ADWP shall send an account holder subject to IRS reporting or withholding a form W2-G summarizing the information for tax purposes following a winning wager being deposited into the account holder's account. Upon written request, the ADWP shall provide an account holder with summarized tax information on advance deposit wagering activities.

- K.** An account holder is deemed to be aware of the status of the account holder's account at all times. An ADWP shall not accept a wager that exceeds the available balance of an account. An account not updated when a transaction is completed shall be inoperable until the account balance is updated and the transaction is posted.
- L.** When an ADW account is entitled to a payout or refund, the ADWP shall credit the monies to the account. This will increase the balance in the account. The account holder shall verify that proper credits have been made and, if in doubt, notify the ADWP within the agreed upon time for consideration. The ADWP or the account holder may forward an unresolved dispute to the Department. The Department shall not consider a dispute unless it is submitted in writing and accompanied by supporting evidence.
- M.** Account Operation.
 - 1.** An ADWP shall maintain complete records of every deposit, withdrawal, wager, and winning payout for each ADW account. The ADWP shall make these records available to the Department promptly upon request and retain the records for the time required under R19-2-502(A).
 - 2.** An ADWP shall allow an ADW account holder to make wagers from the account only by telephone.
 - 3.** Placing or accepting wagers over the communications facility known as the Internet is not authorized with the exception of multi-jurisdictional totalisator wagering hubs. However, it is permissible to transmit handicapping data, race results, or other information relating to pari-mutuel racing over the Internet.
 - 4.** An ADWP shall ensure that the ADW system provides for the account holder to review and finalize a wager before the wager is accepted by the ADW system. Neither the account holder nor the ADWP shall change a wager after the account holder has reviewed and finalized the wager except as allowed under R19-2-504(C).
- N.** An ADWP may close an ADW account when the account holder attempts to operate with an insufficient balance or when the account is dormant for a period approved by the Department. When an ADWP closes an ADW account, the ADWP shall refund the remaining account balance to the account holder.

R19-2-411. Advance Deposit Wagering

- A.** All Department rules governing pari-mutuel wagering govern advance deposit wagering. Advance deposit monies wagered are part of the pool of the sending track.
- B.** An ADWP shall maintain sales transaction data from the ADWP to each host track as a separate account for audit purposes.
- C.** An ADWP shall make sales transactions using currently approved technology.
- D.** An ADWP shall pay to the Department an advance deposit wagering assessment of 0.6 percent from the gross revenues generated by advance deposit wagering.

~~R19-2-402~~R19-2-412. Teletrack Wagering

- A.** All applicable Department rules governing pari-mutuel wagering are incorporated by reference as also governing teletrack wagering. Teletrack monies wagered shall be made a part of the pool of the sending track.
- B.** Sales transaction data from a teletrack facility to the sending track must be maintained as a separate account for audit purposes.
- C.** Sales transaction data shall, by the use of currently approved technology, be transmitted separately from pari-mutuel data and the visual display of the races.
- D.** In case of interruption of transmission of sales transaction or pari-mutuel output data to or from the teletrack facility, the designated representative of the Department may require that the amount of wagers which have been accepted be deducted from the sending track pool, the odds recalculated, and those monies bet at the teletrack facility refunded, taking into consideration time, the extent of the breakdown, and the amount of monies wagered.
- A.** All Department rules governing pari-mutuel wagering govern teletrack wagering. Teletrack monies wagered are part of the pool of the sending track for reporting purposes.
- B.** An ADWP shall maintain sales transaction data from a teletrack facility to the sending track as a separate account for audit purposes.
- C.** An ADWP shall make sales transaction data using currently approved technology and transmit the data separately from pari-mutuel data and the visual display of races.
- D.** If there is an interruption of transmission of sales transaction or pari-mutuel output data to or from the teletrack facility, the designated representative of the Department may require that the amount of wagers that have been accepted be deducted from the sending track pool, the odds recalculated, and monies bet at the teletrack facility refunded, taking into consideration time, the extent of the breakdown, and the amount of monies wagered.

R19-2-413. General Provisions Regarding Teletrack Facilities

- A.** At the Director's discretion, a Department representative may be present during all operating hours at a teletrack facility.
- B.** A teletrack wagering permittee shall, during all operating hours, have back-up or replacement tote equipment available so

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the down time in the event of equipment failure does not exceed 60 minutes. At teletrack sites with multiple teller equipment installed, back-up equipment may consist of the remaining operating teller machines if the remaining teller machines are sufficient to handle the reasonably anticipated volume of sales transactions without unreasonable delays or inconvenience to patrons.

- C. During a racing program, the teletrack wagering permittee shall report any problems or delays to the public.
- D. A teletrack wagering permittee shall ensure that security measures are adequate to control disturbances.
- E. A teletrack wagering permittee shall ensure that communications between the sending track and teletrack facility occur without delay. In a tote-to-tote situation, if the data transmission link between the tote systems fails, the teletrack wagering permittee shall decide the policy for paying off or refunding pari-mutuel tickets and all other communication failures at the teletrack site.
- F. A teletrack wagering permittee shall make photo finish pictures of the previous day's live races available for viewing upon request within 48 hours.
- G. If a video display of any portion of a racing program is provided at a teletrack location, the video display shall include the following, if possible:
 - 1. All wagering information including pool totals, will pays, or odds as offered to the general public at the permittee racetrack location;
 - 2. Each race shown live, as it is run or received at the permittee premises;
 - 3. Race results;
 - 4. Prices or payoff;
 - 5. Minutes to post; and
 - 6. The race number and track for which the above information is displayed.
- H. A teletrack wagering permittee shall make Arizona pari-mutuel rules available in the wagering area. This requirement may be met by publishing the Department's rules-page web address in the racing program and on the permittee's web site.
- I. A teletrack wagering permittee shall make the results of each race, and the winnings from each race, available from tellers or results-posting terminals as soon as possible at each teletrack facility and shall make the results available to the wagering public for 24 hours on the race day following the day of the race.
- J. A teletrack wagering permittee shall report to the Department any violation or suspected violation of law that occurs on or about the premises of the teletrack facility.
- K. A teletrack wagering permittee shall make daily handle and attendance reports for each teletrack facility as prescribed by the Department.
- L. Betting period:
 - 1. A teletrack wagering permittee shall conduct wagering only during periods approved by the Director or Commission in respect to any race, racing card, pool, or feature pool.
 - 2. 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.
- M. A teletrack wagering permittee shall obtain the Director's written approval of the method used to transmit sales transaction and pari-mutuel output data. The Director shall base approval on determination that provisions to secure the system and transmissions are satisfactory.
- N. A teletrack wagering permittee shall provide computer reports pertaining to pari-mutuel activity as required by the Director.

R19-2-404, R19-2-414, Application for Original Teletrack Wagering Permit; Plan of Operation; Renewals of Teletrack Wagering Permit

- A. An applicant must submit an Application for a Teletrack Wagering permit and a Plan of Operation to the Commission before the Commission may grant a teletrack wagering permit. The length of the permit shall not exceed three years. The Plan of Operation shall include but not be limited to the following:
 - 1. Feasibility and accounts. A feasibility study denoting the estimated gross revenue from the teletrack wagering operation and the estimated costs to operate. The feasibility study shall include:
 - a. The number of races to be displayed;
 - b. The types of wagering to be offered and hours during which pari-mutuel windows will be in operation;
 - e. The estimated attendance at all additional wagering facilities;
 - d. The level of anticipated wagering activity;
 - e. The source and amount of estimated revenues other than pari-mutuel wagering;
 - f. The cost of operating the teletrack wagering system;
 - g. The amount and source of revenues needed for financing the teletrack wagering operation;
 - h. Proof of financial stability and assets sufficient to cover projected costs;
 - i. An estimate of the total amount of anticipated revenues to be paid to the state of Arizona resulting from teletrack wagering operations.
 - 2. Proof of compliance with applicable FCC regulations, and applicable FCC licensing requirements.
 - 3. Contracts and agreements. The following information must be submitted in relation to any groups, concessions, or

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~~contracts whether within or outside of Arizona which are related to the teletrack wagering operation unless such information is already on record with the Department as part of the permittee's original application to operate racing meet:~~

- ~~a. Copy of all contracts to provide service within Arizona;~~
- ~~b. Names and background of the individuals responsible for operating the teletrack wagering system;~~
- ~~c. Copies of proposed agreements for the transmission of audio-visual signals of racing events and transmission of sales transaction and pari-mutuel output data;~~
- ~~d. Other information which, in the Director's judgment, is or may be material, such as information pertaining to financial background and persons associated with the parties to the contract.~~

4. ~~Security-~~

- ~~a. The security measures to be employed to protect the teletrack wagering facilities;~~
- ~~b. The security measures to be employed to protect the public;~~
- ~~c. The security measures to be employed to prevent the interception of audio and video signal transmission of races;~~
- ~~d. The security measures to be employed to protect transmission of sales transaction and pari-mutuel output data.~~

5. ~~Equipment, communication, and transmission.~~

- ~~a. The type of data processing, communication, and transmission equipment to be utilized;~~
- ~~b. A description of all computer services and all other methods utilized for the transmission of any data or signal;~~
- ~~c. A description of any alternate or backup system in case of principal system failure of communications or data-processing equipment used for forwarding wagers;~~
- ~~d. Identification of satellite, if applicable;~~
- ~~e. Additional information which may be required, at the discretion of the Director, such as the names, addresses, and phone numbers of all individuals who will be involved in the delivery of the signal.~~

~~**B.** Approval and amendments. A permittee shall conduct a teletrack wagering operation only according to the provisions of an approved Plan of Operation. Any change to the Plan of Operation will be allowed only when approved in writing by the Director. A permittee shall:~~

- ~~1. Report to the Department any changes in ownership/management groups;~~
- ~~2. Provide to the Department new contracts or amendments to existing ones;~~
- ~~3. Request the approval of the Director for any change in technology used to transmit sales transaction data;~~
- ~~4. Notify the Department of any change in the Plan of Operation.~~

~~**C.** Renewal. A permittee shall apply to the Racing Commission for renewal of its teletrack wagering permit at the time it makes application for a permit to operate a racing meet. The application for renewal shall provide the information required in subsections (A)(1) through (5) above.~~

~~**A.** An applicant for a teletrack wagering permit shall submit an application and plan of operation to the Commission. The Commission shall issue a teletrack wagering permit for no more than three years.~~

~~**B.** An applicant shall include the following in the plan of operation:~~

- ~~1. A feasibility study that estimates both gross revenue from the teletrack wagering operation and costs to operate. The feasibility study shall include:
 - ~~a. Types of wagering to be offered and hours during which pari-mutuel windows will be in operation,~~
 - ~~b. Estimated attendance at all additional wagering facilities,~~
 - ~~c. Level of anticipated wagering activity,~~
 - ~~d. Source and amount of estimated revenues other than pari-mutuel wagering,~~
 - ~~e. Cost of operating the teletrack wagering system,~~
 - ~~f. Amount and source of revenues needed for financing the teletrack wagering operation,~~
 - ~~g. Proof of financial stability and assets sufficient to cover projected costs, and~~
 - ~~h. Estimate of the total amount of anticipated revenues to be paid to the state resulting from teletrack wagering operations;~~~~
- ~~2. The following information regarding any group, concession, or contract related to the teletrack wagering operation whether within or outside of Arizona unless the information is already on record with the Department as part of the applicant's original application to operate a racing meet:
 - ~~a. Copy of all contracts to provide service within Arizona;~~
 - ~~b. Name and background of the individuals responsible for operating the teletrack wagering system;~~
 - ~~c. Copies of proposed agreements for any transmission of audio-visual signals of racing events and the transmission of sales transaction and pari-mutuel output data; and~~
 - ~~d. Other information that, in the Director's judgment, is or may be material, such as information pertaining to financial background and persons associated with the parties to the contract;~~~~
- ~~3. The following information regarding security:
 - ~~a. Security measures to be employed to protect the teletrack wagering facilities,~~
 - ~~b. Security measures to be employed to protect the public, and~~
 - ~~c. Security measures to be employed to protect transmission of sales transaction and pari-mutuel output data; and~~~~

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4. The following information regarding equipment, communication, and transmission:
 - a. Type of data processing, communication, and transmission equipment to be used;
 - b. Description of all computer services and all other methods used to transmit any data or signal; and
 - c. Description of any alternate or backup system in case of principal system failure of communications or data-processing equipment used for forwarding wagers.
- C. Approval and amendments. A teletrack wagering permittee shall conduct a teletrack wagering operation only according to the provisions of an approved plan of operation. The teletrack wagering permittee shall obtain the Director's written approval for any change to the plan of operation. The teletrack wagering permittee shall:
 1. Notify the Department of any anticipated change in the plan of operation;
 2. Report to the Department any changes in ownership or management groups.
 3. Provide the Department with a copy of all new contracts or amendments to existing ones, and
 4. Request the approval of the Director for any change in technology used to transmit sales transaction data.
- D. Renewal. A teletrack wagering permittee shall apply to the Commission for renewal of its teletrack wagering permit at the time the permittee makes application for a permit to operate a racing meet. The teletrack wagering permittee shall include in the renewal application the information required in subsections (B)(1) through (4).

R19-2-415. Approval of Additional Wagering Facilities; Plan of Operation; Renewal or Approval of Additional Wagering Facilities

- A. A teletrack wagering permittee shall request approval from and submit a plan of operation to the Commission for each additional teletrack wagering facility. The Commission shall issue a permit for an additional wagering facility for no more than three years.
- B. The teletrack wagering permittee shall include the following in the plan of operation regarding the additional teletrack wagering facility:
 1. A feasibility study that estimates both gross revenue from the teletrack facility and estimated costs to operate the facility. The feasibility study shall include:
 - a. Types of wagering to be offered and the hours during which pari-mutuel windows will be in operation.
 - b. Level of anticipated wagering activity.
 - c. Source and amount of revenues needed for financing the teletrack wagering operation.
 - d. Proof of financial stability and assets sufficient to cover projected costs, and
 - e. Estimate of the total amount of anticipated revenues to be paid to the state resulting from teletrack wagering operations;
 2. The following information regarding any group, concession, or contract related to the teletrack wagering operation whether within or outside of Arizona unless the information is already on record with the Department:
 - a. Listing and background of the management groups responsible for operation of the facility;
 - b. Name of all individuals who own at least 10 percent of the facility; and
 - c. Other information that, in the Director's judgment, is or may be material, such as information pertaining to financial background and persons associated with the parties to the contract;
 3. Measures to be employed by the teletrack wagering permittee to protect the facility, employees, public, and wagering dollars;
 4. Location of the teletrack wagering facility;
 5. Proof that approval for use of the facility to handle pari-mutuel wagering has been given by the governing body of the city or town or by the board of supervisors, if the facility is located in an unincorporated area; and
 6. Building plans and specifications that demonstrate sufficient area for patrons to handicap the races and reasonable access by individuals with a disability.
- C. Approval and amendments. The requirements in R19-2-414(C) apply.
- D. Renewal. When a teletrack wagering permittee makes application to renew the teletrack wagering permit, the permittee shall provide the Department a list of its existing additional teletrack wagering facilities. When the Director approves renewal of the teletrack wagering permit, the Director may approve:
 1. Renewal of the existing additional teletrack wagering facilities, and
 2. The permittee's application to begin operation at a teletrack wagering facility previously approved by the Commission and currently used by another permittee.
- E. After the Commission approves an additional teletrack wagering facility, the permittee shall not open the additional facility for business for five working days or until all licensing requirements are satisfied. If the necessary licensing requirements are completed in less than five working days, the Director may waive the remaining days.

~~R19-2-408~~R19-2-416. Suspension of Teletrack Permit

- A. The Director or the Director's designee may suspend any permit authorizing the operation of teletrack wagering or may suspend any permit to operate an additional wagering facility granted to a permittee if such permittee fails to conduct operations in accordance with the provisions of the applicable Plan of Operation, the applicable rules, or directives, or statutes.

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- ~~B. If the Director finds that the public health, safety, or welfare imperatively requires emergency action, the Director may order summary suspension of a teletrack wagering permit or may order summary suspension of any permit authorizing operation of an additional wagering facility, pending a hearing.~~
- A. The Director or the Director's designee may suspend a teletrack wagering permit or a permit to operate an additional teletrack wagering facility if the permittee fails to conduct operations in accordance with the provisions of the approved plan of operation, A.R.S. Title 5, Chapter 1, this Chapter, or directives from the Director.
- ~~B. If the Director finds that the public health, safety, or welfare imperatively requires emergency action, the Director shall order summary suspension of a teletrack wagering permit or any permit authorizing operation of an additional teletrack wagering facility, pending a hearing.~~

R19-2-409-R19-2-417, Licensing of Employees at Teletrack Facilities

- ~~A. A teletrack wagering facility shall not participate in teletrack wagering unless all individuals required to be licensed in subsection (B) have been licensed.~~
- ~~B. The following individuals shall be licensed by the Department prior to participating in teletrack wagering:
 1. All persons employed at any teletrack facility by any permittee;
 2. All persons who own 10% or more in a teletrack facility leased by a permittee;
 3. Any individual employed by the facility who has responsibility as manager of the facility during operating (racing) hours;
 4. Any other person designated by the Director.~~
- A. A teletrack wagering permittee shall ensure that no teletrack wagering occurs at a teletrack facility until all individuals required to be licensed under subsection (B) have been licensed.
- B. A teletrack wagering permittee shall ensure that the following individuals are licensed by the Department before participating in teletrack wagering and as circumstances or personnel change during the course of the teletrack permit period:
 1. All individuals employed by the permittee at any teletrack wagering facility;
 2. All persons who own at least 10 percent of a teletrack wagering facility leased by the permittee;
 3. Any individual employed by the teletrack wagering facility who has responsibility as manager of the facility during operating (racing) hours; and
 4. Any other person designated by the Director.

R19-2-410-R19-2-418, Directives

~~Notwithstanding anything contained in this Article, decisions on other matters which arise concerning teletrack facility operations may be made by the Director, within the scope of the Director's statutory authority. The decisions shall be effective immediately upon written notification.~~

Notwithstanding anything contained in this Article, decisions on matters concerning teletrack wagering facility operations may be made by the Director, within the scope of the Director's statutory authority. The Director's decisions shall be effective immediately upon written notification.

R19-2-419, Simulcast Wagering

- A. The Department may authorize a racetrack permittee to conduct simulcasting as defined in A.R.S. § 5-101 and authorized under A.R.S. § 5-112 and the Interstate Horse Racing Act of 1978.
- B. A racetrack permittee that wishes to conduct simulcasting shall submit a request for sending or receiving of simulcasts in writing to the Director of the Department.
- C. For initial approval of horse simulcasts, the Department requires the following:
 1. A completed simulcast agreement between a racetrack permittee and out-of-state entity;
 2. Written approval of the out-of-state horsemen's group, if applicable;
 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 that represents a majority of the horsemen racing at or contracted with the racetrack permittee.
- D. For initial 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 under subsections (C) and (D) constitutes grounds for the Department to rescind authorization for simulcasting.
- F. To renew approval for simulcasting, a racetrack permittee shall submit any changes to the previous contract or addendums and current signature pages. Alternatively, and at the Department's option, the Department may accept an updated list of simulcast import host signals to be received and export guest wagering locations to be hosted by the Arizona racetrack permittee.
- G. 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 if 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 wager-

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ing facilities operated or used by the out-of-state entity if all locations receiving the simulcast signal are included in the simulcast agreement.

H. Duties of Arizona sending racetrack permittee.

1. If video is to be transmitted, the sending racetrack permittee is responsible for the content of the simulcast video program and shall use all reasonable effort to present a simulcast that offers viewers an exemplary depiction of each performance.
2. Unless otherwise permitted by the Department, every sent simulcast video program shall contain in its video content a digital signal of actual time of day, the name of the host facility from which the signal emanates, the number of the contest being displayed, minutes to post, and any other relevant information available to patrons at the sending facility.

I. Duties of Arizona receiving racetrack permittee.

1. A receiving racetrack permittee conducting a commercial racing meet in this state may, with approval of the Department, conduct and operate a pari-mutuel wagering system on the results of contests being held or conducted and simulcast from the enclosures of one or more sending racetrack permittees outside this state.
2. A receiving racetrack permittee shall provide:
 - a. If video will be displayed, adequate receiving equipment of acceptable broadcast quality 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; and
 - c. In the case of separate pool simulcasting, a voice communication system between the receiving racetrack permittee and the sending racetrack permittee providing timely voice contact among Department designees, placing judges, and pari-mutuel departments.
3. A receiving racetrack permittee shall conduct pari-mutuel wagering in compliance with this Chapter.
4. The Department may appoint at least one designee to supervise all approved simulcast facilities and may require additional designees as is reasonably necessary to protect the public interest.

J. In accordance with R19-2-505, a racetrack permittee may make a written request to the Director for authorization to conduct advance performance wagering.

R19-2-420. Interstate Common Pool Wagering

A. General provisions.

1. All contracts governing participation by a racetrack permittee in interstate common pools shall be submitted to the Department. All parties to the contracts shall certify to the other parties that each will provide the others or their regulatory bodies full and prompt access to necessary requested records.
2. Individual wagering transactions are made at the point of sale in the state where placed. Pari-mutuel pools are combined solely for computing odds and calculating payoffs but will be held separate for auditing and all other purposes.
3. The content and format of the visual display of racing and wagering information at facilities in other jurisdictions where wagering is permitted in the interstate common pool need not be identical to the information permitted or required to be displayed under these rules.
4. A racetrack permittee may participate in common pool wagering only on the same type of racing as authorized by the permit for live racing conducted by the racetrack permittee.

B. Participation in interstate common pools by receiving racetrack permittee.

1. With prior approval of the Department, pari-mutuel wagering pools may be combined with corresponding wagering pools at the sending facility outside of this state.
2. The Department may permit adjustment of the takeout from the pari-mutuel pool so the takeout rate in this jurisdiction is identical to that at the sending track (within the limits permitted by state law).
3. Where takeout rates in the merged pool are not identical, the net price calculation shall be the method by which the differing takeout rates are applied.
4. Rules of racing established for the contest in the sending track apply to the merged pool.
5. If, for any reason, it becomes impossible to merge successfully the bets placed into the interstate common pool, the racetrack permittee shall declare the accepted bets void and make refunds in accordance with applicable rules except that, with permission of the Department, the racetrack permittee may determine to make payoffs in accordance with payoff prices that would have been in effect if prices for the pool of bets were calculated without regard to wagers placed elsewhere or pay winning tickets at the payoff prices at the sending track. The permittee shall publish the chosen policy under this subsection in the daily racing program and on the permittee's web site and post the policy in all wagering locations.

C. Participation in merged pools by sending racetrack permittee.

1. With prior approval of the Department, a racetrack permittee conducting a live race meet and pari-mutuel wagering may determine that all or part of the racing program be used for pari-mutuel wagering by sending all or part of the racing program to facilities outside this state and may also determine that pari-mutuel pools at the out-of-state facilities be combined with corresponding wagering pools established by the permittee as the sending track.

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2. This Chapter applies to interstate common pools unless the Department specifically determines otherwise.
 3. A racetrack permittee shall ensure that any contract for interstate common pools entered contains a provision providing that if, for any reason, it becomes impossible to merge successfully the bets placed in another state into the interstate common pool formed by the racetrack permittee or if, for any reason, the Department's or the racetrack permittee's representative determines that attempting to effect transfer of pool data from the receiving facility may endanger the racetrack permittee's wagering pool, the racetrack permittee has no liability for any measures taken that may result in the receiving facility's wagers not being accepted into the pool.
 4. Amounts wagered in an interstate common pool other than amounts wagered within this state are not considered part of the racetrack permittee's pari-mutuel wagering pool for purposes of A.R.S. § 5-111. A racetrack permittee may charge a fee to a receiving facility or location outside this state for the privilege of conducting pari-mutuel wagering on a race and participating in the interstate common pool and for payment of costs incurred to transmit the broadcast of the race.
- D.** Takeout rates in interstate common pools. With prior approval of the Department, a racetrack permittee wishing to participate in an interstate common pool may change its takeout rate (within the limits permitted by state law) to achieve a common pool takeout rate with all other participants in the interstate common pool.

ARTICLE 5. PARI-MUTUEL WAGERING

R19-2-502. Records

- A. The permittee shall maintain records of all wagering for one year from the end of the racing meet or end of the racetrack's fiscal year, the same term for which outs tickets are valid, so the Department may review ~~such~~ the records for any contest. Wagering records maintained shall include including the opening line, subsequent odds fluctuation, the amount and at which window wagers were placed on any betting, interest, and ~~such~~ other information as may be required. ~~Such~~ The wagering records shall be retained by each permittee and safeguarded for ~~a~~ the period ~~of time~~ specified by the Department. The Department may require that certain ~~of these~~ records be made available to the wagering public at the completion of each contest.
- B. The permittee shall provide the Department with a list of the licensed individuals afforded access to pari-mutuel records and equipment at the wagering facility.

R19-2-504. Pari-mutuel Ticket Sales

- A. Pari-mutuel tickets shall ~~not~~ be sold only by ~~anyone other than~~ a permittee licensed to conduct pari-mutuel wagering or a racetrack permittee-contracted ADWP, and such All tickets shall be sold ~~within the enclosure in which authorized racing takes place and at all facilities pursuant to~~ as prescribed under A.R.S. §§ 5-111 and A.R.S. § 5-112.
- B. ~~No~~ A pari-mutuel ticket may not be sold on a contest for which wagering has ~~already~~ been closed and ~~no~~ a permittee shall not be responsible for ~~ticket~~ sales entered into but not completed by issuance of a ticket before the totalisator is closed for wagering on ~~such~~ the contest.
- C. Claims pertaining to a mistake on an issued or unissued ticket must be made by the bettor ~~prior to~~ before leaving the seller's window. Cancellation or exchange of tickets issued shall not be permitted after a patron has left a seller's window except in accordance with written policies established by the racetrack permittee and approved by the Department. An ADWP shall abide by the most restrictive policy established by any of the racetrack permittees with which the ADWP contracts.
- D. Payment on winning pari-mutuel wagers shall be made on the basis of the order of finish as purposely posted and declared "official." Any ~~subsequent~~ change in the order of finish or award of purse money ~~as may result~~ that results from a subsequent ruling by the stewards or Department shall in no way affect the pari-mutuel payoff. If an error in the posted order of finish or payoff figures is discovered, the official order of finish or payoff prices may be corrected and an announcement concerning the change shall be made to the public.
- E. ~~The~~ A racetrack permittee shall not satisfy claims on lost, mutilated, or altered pari-mutuel tickets without authorization of the Department.
- F. ~~The~~ A racetrack permittee ~~shall have~~ has no obligation to enter a wager into a betting pool if unable to do so due to equipment failure.
- G. Pari-mutuel tickets shall neither be sold to nor purchased by anyone ~~under 18~~ less than 21 years ~~of age~~ old.

R19-2-508. Betting Explanation

A racetrack permittee shall ensure that a summary explanation of pari-mutuel wagering and each type of betting pool offered shall be is published in the racing program for every wagering performance. The racetrack permittee shall make the rules of racing relative to each type of pari-mutuel pool offered must be prominently displayed on permittee grounds and available upon request through permittee representatives at all permittee wagering locations and shall post a link to the Department's rules page on all permittee web sites.

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R19-2-509. Display of Betting Information

- A. ~~Approximate~~ A racetrack permittee shall ensure that odds or will-pay amounts for Win win pool betting shall be are posted on display devices within view of the wagering public and updated at intervals of not more than 90 seconds.
- B. ~~The racetrack permittee shall ensure that probable payoff or amounts wagered; in total for the other pools and on each betting interest or wager combination, for other pools shall be are~~ displayed to the wagering public at intervals and in a manner approved by the Department.
- C. Official results and payoffs ~~must shall~~ be displayed ~~upon each when a contest being is~~ declared official.

R19-2-510. Cancelled Contests

- A. ~~If a contest is cancelled or declared "no contest," refunds shall be granted on valid wagers in accordance with these rules this Chapter.~~
- B. ~~Should less than three contestants in a greyhound race finish, the contest shall be declared "no contest," and refunds shall be granted on valid wagers in accordance with these rules.~~

R19-2-513. Pools Dependent upon Betting Interests

- A. Unless the Department otherwise provides, at the time the pools are opened for wagering, the racetrack permittee:
 - 1. ~~May offer win, place, and show wagering on all contests with six or more betting interests.~~
 - 2. ~~May be allowed to prohibit show wagering on any contest with five or fewer betting interests scheduled to start.~~
 - 3. ~~May be allowed to prohibit place wagering on any contest with four or fewer betting interests scheduled to start.~~
 - 4. ~~May be allowed to prohibit Quinella wagering on any contest with three or fewer betting interests scheduled to start.~~
 - 5. ~~May be allowed to prohibit Quinella Double wagering on any contests with three or fewer betting interests scheduled to start.~~
 - 6. ~~May be allowed to prohibit Exacta wagering on any contest with three or fewer betting interests scheduled to start.~~
 - 7. ~~Shall prohibit Trifecta wagering on any horse racing contest with five or fewer betting interests scheduled to start. The permittee shall prohibit Trifecta wagering on any greyhound contest with five or fewer betting interests scheduled to start.~~
 - 8. ~~Shall prohibit Superfecta wagering on any contest with six or fewer betting interests scheduled to start.~~
 - 9. ~~May be allowed to prohibit Twin Quinella wagering on any contests with three or fewer betting interests scheduled to start.~~
 - 10. ~~Shall prohibit Twin Trifecta wagering on any contests with six or fewer betting interests scheduled to start.~~
 - 11. ~~Shall prohibit Tri-Superfecta wagering on any contests with of seven or fewer betting interests scheduled to start.~~
 - 12. ~~Shall prohibit Twin Superfecta wagering on any contests with seven or fewer betting interests scheduled to start.~~
 - 13. ~~May prohibit wagering on any particular contestant or contestants in stakes races, if such exclusions are clearly indicated within the program.~~
 - 1. Shall offer Win wagering on all contests with three or more betting interests and may offer Win wagering on all contests with two or more betting interests.
 - 2. Shall offer Place wagering on all contests with four or more betting interests and may offer Place wagering on all contests with three or more wagering interests.
 - 3. Shall offer Show wagering on all contests with five or more betting interests and may offer Show wagering on all contests with four or more betting interests.
 - 4. May offer Quinella wagering on all contests with three or more betting interests.
 - 5. May offer Quinella Double wagering on all contests with three or more betting interests.
 - 6. May offer Exacta wagering on all contests with two or more betting interests.
 - 7. May offer Trifecta wagering on all contests with three or more betting interests.
 - 8. May offer Superfecta wagering on all contests with four or more betting interests.
 - 9. May offer Twin Quinella wagering on all contests with three or more betting interests.
 - 10. Shall not offer first- or second-leg Twin-Trifecta or Tri-Superfecta wagering on any contests with six or fewer betting interests in either leg of the wager.
 - 11. May offer Pick-N wagering on any consecutive contests that allow Win wagering.
 - 12. May offer Place Pick-N wagering on any consecutive contests that allow Place wagering.
 - 13. May prohibit wagering on any particular contestant in stakes races, if the exclusions are clearly indicated in the racing program.
- B. Before each racing meet, the racetrack permittee shall establish and submit to the Department the pools to be offered with each number of betting interests.

R19-2-515. Closing of Wagering in a Contest

- A. A Department representative shall close wagering for each contest, ~~after which time~~ After wagering is closed, no pari-mutuel tickets shall be sold for that contest.
- B. The racetrack permittee shall maintain, in good order, a system approved by the Department for closing wagering.
 - 1. ~~Should If~~ the totalisator fail fails mechanically and become unreliable as to the amounts wagered, ~~the payoff shall be computed on the sums then wagered in each pool as shown by the recapitulation of the sales registered by each ticket~~

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issuing device. If the pari-mutuel equipment renders such recapitulation impossible, all money wagered on the contest shall be refunded.

2. ~~In the event that~~ If a breakdown of the totalisator cannot be repaired during wagering on a contest, the wagering for that contest shall be declared closed. The payoff for ~~such a race closed because of totalisator breakdown~~ shall be computed on the sums wagered in each pool ~~prior to before~~ the breakdown, ~~subject to the limitations of subsection (B)(1) of this Section~~

R19-2-520. ~~Reserved~~ Stored Value Instruments

A. ~~Pari-mutuel cash vouchers. A racetrack permittee may offer pari-mutuel cash vouchers at a wagering location that issues pari-mutuel tickets.~~

1. ~~Cash vouchers shall be dispensed through the totalisator system;~~
2. ~~The stored value on a cash voucher may be redeemed in the same manner as a value of a winning pari-mutuel ticket for wagers placed at a pari-mutuel window or a self-service terminal, and may be redeemed for the cash value at any time;~~
3. ~~The tote system transaction record for all pari-mutuel cash vouchers shall include the voucher identification number in subsequent pari-mutuel transactions; and~~
4. ~~Pari-mutuel wagers made from a voucher shall include the voucher by identification number.~~

B. ~~A racetrack permittee may, with prior approval of the Department, issue special pari-mutuel cash vouchers as incentives or promotional prizes, and may restrict the use of the special vouchers to the purchase of pari-mutuel wagers.~~

C. ~~Other stored value instruments and systems. A racetrack permittee shall not, without the prior approval of the Department, use any form of stored value instrument or system other than a pari-mutuel cash voucher for making or cashing pari-mutuel wagers. A request for approval of a stored value instrument or system other than a pari-mutuel cash voucher shall include a detailed description of the standards used to:~~

1. ~~Identify the specific stored value instrument or account in the pari-mutuel system wagering transaction record;~~
2. ~~Verify the identity and business address of the person obtaining, holding, and using the stored value instrument or system; and~~
3. ~~Record and maintain records of deposits, credits, debits, transaction numbers, and account balances involving the stored value instruments or accounts.~~

D. ~~A stored value instrument or system:~~

1. ~~Shall prevent a wagering transaction if the wagering transaction will create a negative balance in the account, and~~
2. ~~Shall not operate to automatically facilitate a transfer of funds into a stored value instrument or account without direct authorization of each deposit transfer by the person holding the instrument or account.~~

E. ~~A request for approval of a stored value instrument or system shall include:~~

1. ~~An affirmation that records and reports relating to all transactions, account records, and customer identification and verification will be made available on request to the Department in both paper or and electronic form approved by the Department; and~~
2. ~~Certification of secure retention of all records for the time specified in R19-2-502.~~

R19-2-521. ~~Simuleast Wagering Repealed~~

A. ~~The Department may authorize a racetrack permittee to conduct simuleasting 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 simuleasts in writing to the Director of the Department.~~

C. ~~For approval of horse simuleasts, the Department requires the following:~~

1. ~~A completed simuleast agreement between a racetrack permittee and out-of-state entity specifying which races will be simuleast to or from each specific track involved in the agreement.~~
2. ~~Written approval of the out-of-state horsemen's group, if applicable.~~
3. ~~Written approval of the out-of-state racing commission.~~
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 simuleasts, the Department requires the following:~~

1. ~~A completed simuleast agreement between a racetrack permittee and out-of-state entity.~~
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 simuleasting.~~

F. ~~Additional Wagering Facilities~~

1. ~~A racetrack permittee may conduct simuleasting 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 simuleast agreement.~~
2. ~~A racetrack permittee may send its simuleast signal to an out-of-state racetrack enclosure and any additional wager-~~

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~~ing 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 one 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 departments.~~
 - ~~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)(1), at all times the live video signal shall be shown to the wagering public.~~
- ~~5. The Department may appoint at least one 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

- ~~1. Should a video breakdown occur in the display of the race and wagering information, the permittee shall immediately contact the Director or the Director's designee. Wagering may continue at the permittee racetrack location on the affected racing program for the remainder of that racing day provided the following conditions are met:~~
 - ~~a. The racetrack permittee shall notify the wagering public of the nature of the breakdown;~~
 - ~~b. The racetrack permittee shall make immediate and continuing efforts to repair the video breakdown;~~
 - ~~c. The racetrack permittee shall provide the Director a written report concerning the circumstances within 48 hours of any such breakdown;~~
 - ~~d. The racetrack permittee shall not accept wagers at the racetrack enclosure on the affected racing program for any performance on a subsequent racing day until the breakdown has been repaired. The Director may, upon written request, authorize the racetrack permittee to accept wagers despite an ongoing video breakdown;~~
 - ~~e. If there is not a reasonable expectation of video reception, the racetrack permittee shall not accept wagers on the affected racing program. The Director may, upon written request, authorize the racetrack permittee to accept wagers despite an ongoing video breakdown;~~
 - ~~f. For separate pool simulcast wagering, the racetrack permittee shall ensure that the voice communication line between the Arizona Stewards and their out-of-state counterpart remains intact;~~
 - ~~g. For common pool simulcast wagering, the racetrack permittee shall ensure that the core-to-core link between the Arizona permittee's tote system and the out-of-state tote system remains intact.~~
- ~~2. In accordance with R19-2-505, the racetrack permittee may request in writing to the Director the authorization to conduct advance performance wagering.~~

R19-2-522. Interstate Common Pool Wagering Repealed

A. General

- ~~1. All contracts governing participation by a racetrack permittee in interstate common pools shall be submitted to the Department for approval.~~
- ~~2. Individual wagering transactions are made at the point of sale in the state where placed. Pari-mutuel pools are combined solely for computing odds and calculating payoffs but will be held separate for auditing and all other purposes.~~
- ~~3. Any surcharges or withholdings in addition to the takeout shall only be applied in the jurisdiction otherwise imposing such surcharges or withholdings.~~
- ~~4. The content and format of the visual display of racing and wagering information at facilities in other jurisdictions where wagering is permitted in the interstate common pool need not be identical to the similar information permitted or required to be displayed under these rules.~~

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5. A racetrack permittee may only participate in common pool wagering on the same type of racing as authorized by the permit for live racing conducted by the racetrack permittee.
- B. Participation in Interstate Common Pools by Receiving Racetrack Permittee**
1. With the prior approval of the Department, pari-mutuel wagering pools may be combined with corresponding wagering pools at the sending facility outside of this state.
 2. The Department may permit adjustment of the takeout from the pari-mutuel pool so that the takeout rate in this jurisdiction is identical to that at the sending track (within the limits permitted by state law).
 3. Where takeout rates in the merged pool are not identical, the net price calculation shall be the method by which the differing takeout rates are applied.
 4. Rules of racing as established for the contest in the sending track shall apply to the merged pool.
 5. The Department shall approve agreements made between the racetrack permittee and other participants in interstate common pools governing the distribution of breakage between the jurisdictions.
 6. If, for any reason, it becomes impossible to successfully merge the bets placed into the interstate common pool, the racetrack permittee shall make payoffs in accordance with payoff prices that would have been in effect if prices for the pool of bets were calculated without regard to wagers placed elsewhere; except that, with permission of the Department, the racetrack permittee may alternatively determine to either pay winning tickets at the payoff prices at the sending track or declare such accepted bets void and make refunds in accordance with the applicable rules.
- C. Participation in Merged Pools by Sending Racetrack Permittee**
1. With the prior approval of the Department, a racetrack permittee conducting a live racing meeting and conducting pari-mutuel wagering may determine that all or part of its racing program be utilized for pari-mutuel wagering by sending all or part of its racing program to facilities outside this state and may also determine that pari-mutuel pools at such facilities be combined with corresponding wagering pools established by it as the sending track.
 2. Rules of racing established for races held in this state shall also apply to interstate common pools unless the Department shall have specifically otherwise determined.
 3. The Department shall approve agreements made between the racetrack permittee and other participants in interstate common pools governing the distribution of breakage between the jurisdictions.
 4. Any contract for interstate common pools entered into by the racetrack permittee shall contain a provision to the effect that if, for any reason, it becomes impossible to successfully merge the bets placed in another state into the interstate common pool formed by the racetrack permittee, or if, for any reason, the Department's or the racetrack permittee's representative determines that attempting to effect transfer of pool data from the receiving facility may endanger the racetrack permittee's wagering pool, the racetrack permittee shall have no liability for any measures taken which may result in the receiving facility's wagers not being accepted into the pool.
 5. Amounts wagered in an interstate common pool other than amounts wagered within this state shall not be considered part of the racetrack permittee's pari-mutuel wagering pool for purposes of A.R.S. § 5-111. A racetrack permittee may charge a fee to a receiving facility or location outside this state for the privilege of conducting pari-mutuel wagering on the race and participating in the interstate common pool and for payment of costs incurred to transmit the broadcast of the race.
 6. Should a racetrack permittee experience a breakdown in the sending of the video signal while conducting interstate common pool wagering, the racetrack permittee:
 - a. Shall notify all receiving locations of the technical difficulties being experienced;
 - b. May continue to accept wagers from the receiving out-of-state locations provided there is compliance with the guest site's governing agency.
- D. Takeout Rates in Interstate Common Pools.** With prior approval of the Department, a racetrack permittee wishing to participate in an interstate common pool may change its takeout rate (within the limits permitted by state law) so as to achieve a common pool takeout rate with all other participants in the interstate common pool.