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**Jane Dee Hull
Secretary of State**

CHAPTER 353

HOUSE BILL 2151

AN ACT

AMENDING SECTIONS 5-111, 5-113, 42-1310.13, 44-322 AND 44-323, ARIZONA REVISED STATUTES; RELATING TO DISPOSITION OF REVENUES DERIVED FROM HORSE AND DOG RACING.

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

2 Section 1. Section 5-111, Arizona Revised Statutes, is amended to
3 read:

4 5-111. Wagering percentage to permittee and state; exemptions

5 A. The commission shall prescribe rules governing wagering on races
6 under the system known as pari-mutuel wagering. Wagering shall be conducted
7 by a permittee only by pari-mutuel wagering and only on the dates for which
8 racing or dark day simulcasting has been authorized by the commission.
9 Wagering for a licensed racing meeting shall be conducted by a permittee only
10 within an enclosure in which authorized racing takes place and, in counties
11 having a population of less than five hundred thousand persons or at least
12 one million five hundred thousand persons, as shown by the last United States
13 census, at those additional facilities which are owned or leased by a
14 permittee and which are used by a permittee for handling wagering, and as
15 part of the pari-mutuel system and pool of the permittee at the enclosure
16 where the authorized racing is conducted. In all other counties, wagering
17 may also be conducted at additional facilities which are owned or leased by
18 a permittee who is licensed to conduct live racing in those counties or who
19 has the consent of all commercial permittees currently licensed to conduct
20 live racing in those counties and which are used by a permittee for handling
21 wagering and as part of the pari-mutuel system and pool of the permittee at

1 the enclosure where the authorized racing is conducted. If the additional
2 facilities have not been used for authorized racing before their use for
3 handling wagering, a permittee shall not use the facilities for handling
4 wagering before receiving approval for such use by the governing body of the
5 city or town, if located within the corporate limits, or by the board of
6 supervisors, if located in an unincorporated area of the county. A permittee
7 may televise the races to the additional facilities at the times such races
8 are conducted. For the purpose of section 5-110, subsection C only, a race
9 upon which wagering is permitted under this subsection shall be deemed to
10 also occur at the additional facility in the county in which the additional
11 facility is located, and as such shall be limited in the same manner as
12 actual live racing in such county. For the purpose of subsections B and C
13 of this section, the wagering at the additional facility shall be deemed to
14 occur in the county in which the additional facility is located.

15 B. In fiscal year 1994-1995 during the period of any permit for dog
16 racing in counties having a population of one million five hundred thousand
17 persons or more, according to the most recent United States decennial census,
18 the state shall receive seven and one-half per cent of all monies handled in
19 the pari-mutuel pool operated by the permittee, to be paid daily during the
20 racing meeting. Beginning in fiscal year 1995-1996, during the period of any
21 permit for dog racing in counties having a population of one million five
22 hundred thousand persons or more, according to the most recent United States
23 decennial census, the state shall receive 6.84 per cent of all monies handled
24 in the pari-mutuel pool operated by the permittee, to be paid daily during
25 the racing meeting. Beginning in fiscal year 1996-1997, during the period
26 of any permit for dog racing in counties having a population of one million
27 five hundred thousand persons or more, according to the most recent United
28 States decennial census, the state shall receive 6.18 per cent of all monies
29 handled in the pari-mutuel pool operated by the permittee, to be paid daily
30 during the racing meeting. Beginning in fiscal year 1997-1998, during the
31 period of any permit for dog racing in counties having a population of one
32 million five hundred thousand persons or more, according to the most recent
33 United States decennial census, the state shall receive five and one-half per
34 cent of all monies handled in the pari-mutuel pool operated by the permittee,
35 to be paid daily during the racing meeting. During the period in fiscal year
36 1994-1995 of any permit for dog racing in all other counties, the state shall
37 receive five and one-half per cent of the gross amount of the first one
38 hundred thousand dollars handled in the pari-mutuel pool for each separate
39 racing program operated by the permittee and seven and one-half per cent of
40 all such monies handled exceeding one hundred thousand dollars, to be paid
41 daily during the racing meeting. Beginning in fiscal year 1995-1996, during
42 the period of any permit for dog racing in all other counties, the state
43 shall receive five and one-half per cent of the gross amount of the first one
44 hundred thousand dollars handled in the pari-mutuel pool for each separate

1 racing program operated by the permittee and 6.84 per cent of all such monies
2 handled exceeding one hundred thousand dollars, to be paid daily during the
3 racing meeting. Beginning in fiscal year 1996-1997, during the period of any
4 permit for dog racing in all other counties, the state shall receive five and
5 one-half per cent of the gross amount of the first one hundred thousand
6 dollars handled in the pari-mutuel pool for each separate racing program
7 operated by the permittee and 6.18 per cent of all such monies handled
8 exceeding one hundred thousand dollars, to be paid daily during the racing
9 meeting. Beginning in fiscal year 1997-1998, during the period of any permit
10 for dog racing in all other counties, the state shall receive five and
11 one-half per cent of all monies handled in the pari-mutuel pool operated by
12 the permittee, to be paid daily during the racing meeting. In all counties
13 having a population of one million five hundred thousand persons or more,
14 according to the most recent United States decennial census, during fiscal
15 year 1994-1995 four per cent, during fiscal year 1995-1996 four and
16 one-quarter per cent, during fiscal year 1996-1997 four and one-half per cent
17 and beginning in fiscal year 1997-1998 four and three-quarters per cent of
18 the gross amount of monies handled in a pari-mutuel pool shall be deducted
19 from the pari-mutuel pool and shall be deposited daily into a trust account
20 for the payment of purse amounts. In counties having a population of less
21 than one million five hundred thousand persons according to the most recent
22 United States decennial census, four per cent of the gross amount of monies
23 handled in a pari-mutuel pool shall be deducted from the pari-mutuel pool and
24 shall be deposited daily in a trust account for the payment of purse amounts.
25 In addition, twenty-five per cent of any reduction in pari-mutuel taxes each
26 year resulting from the application of the hardship tax reduction credit
27 determined pursuant to subsection ~~J~~ I of this section shall be deposited in
28 the trust account for supplementing purse amounts in an equitable manner over
29 the racing meeting as determined by the commission. Notwithstanding any
30 other provision of this subsection, from and after June 30, 1995 the
31 percentage paid by a permittee to the state does not apply to monies handled
32 in a pari-mutuel pool for wagering on simulcasts of out-of-state races.
33 During a week in which a permittee conducts live racing at the permittee's
34 racetrack enclosure, the permittee shall deduct from monies handled in a
35 pari-mutuel pool for wagering on simulcasts of out-of-state races and deposit
36 daily in a trust account for the payment of purse amounts the same percentage
37 of the pari-mutuel pool as is deducted for purses for live races unless
38 otherwise agreed by written contract. Unless otherwise agreed by written
39 contract, if the commission reasonably determines that live racing will not
40 be conducted within one calendar year at a racetrack enclosure, the permittee
41 shall deduct from monies handled in a pari-mutuel pool for wagering on
42 simulcasts of out-of-state races and deposit daily in a trust account to
43 supplement purses of any dog track where live racing is conducted within a
44 one hundred mile radius. The supplementing provided by this subsection shall

1 be in the most equitable manner possible as determined by the commission.
2 The permittee shall allocate the funds in the trust account and pay purse
3 amounts at least biweekly. The permittee may, at the permittee's discretion,
4 pay additional amounts to augment purses from the amounts received by the
5 permittee under this subsection.

6 C. During the period of a permit for horse, harness or dog racing, the
7 permittee which conducts such meeting may deduct up to and including
8 twenty-five per cent of the total amount handled in the regular pari-mutuel
9 pools and may, at the permittee's option, deduct up to and including thirty
10 per cent of the total amount handled in the exacta, daily double, quinella
11 and other wagering pools involving two horses or dogs, and up to and
12 including thirty-five per cent of the total amount handled in the trifecta
13 or other wagering pools involving more than two horses or dogs in one or more
14 races. The amounts if deducted shall be distributed as prescribed in
15 subsection D of this section and section 5-111.02 for horse or harness racing
16 permittees. For dog racing permittees, unless otherwise agreed by written
17 contract, the permittee shall allocate to purses from amounts wagered on live
18 racing conducted in this state an amount equal to fifty per cent of any
19 amounts that are deducted pursuant to this subsection in excess of twenty per
20 cent of the total amount handled in the regular pari-mutuel pools, twenty-one
21 per cent of the total amount handled in the exacta, daily double, quinella
22 and other wagering pools involving two dogs or twenty-five per cent of the
23 total amount handled in the trifecta or other wagering pools involving more
24 than two dogs in one or more races. For dog racing permittees the
25 percentages prescribed in subsection B of this section shall be distributed
26 to the state and to the trust account for payment of purse amounts and the
27 permittee shall receive the balance. If the dog racing permittee has made
28 capital improvements, the distribution to the state shall be adjusted as
29 provided in section 5-111.03. Monies deposited in the trust account for
30 payment of purses pursuant to this subsection shall be in addition to amounts
31 deposited pursuant to subsection B of this section.

32 D. During the period of a permit for horse or harness racing, the
33 state shall receive two per cent of the gross amount of the first one million
34 dollars of the daily pari-mutuel pools and five per cent of the gross amount
35 exceeding one million dollars of the daily pari-mutuel pools.
36 Notwithstanding any other provision of this subsection, from and after June
37 30, 1995 the percentage paid by a permittee to the state does not apply to
38 monies handled in a pari-mutuel pool for wagering on simulcasts of
39 out-of-state races. The permittee shall retain the balance of the total
40 amounts deducted pursuant to subsection C of this section. Of the amount
41 retained by the permittee, less the amount payable to the permittee for
42 capital improvements pursuant to section 5-111.02, breakage distributed to
43 the permittee pursuant to section 5-111.01 and other applicable state, county
44 and city transaction privilege or other taxes, unless otherwise agreed by

1 written contract, fifty per cent shall be used for purses. Unless otherwise
2 agreed by written contract, fifty per cent of the revenues received by the
3 permittee from simulcasting races as provided in section 5-112, net of costs
4 of advertising, shall be utilized as a supplement to the general purse
5 structure. All amounts which are deducted from the pari-mutuel pool for
6 purses pursuant to this section and sections 5-111.01, 5-112 and 5-114 and
7 revenues which are received from simulcasting and which are to be used as a
8 supplement to the general purse structure pursuant to this subsection shall
9 be deposited daily into a trust account for the payment of purse amounts.

10 E. Any county fair racing association may apply to the commission for
11 one racing meeting each year, and the commission shall set the number of days
12 and the dates of such meetings. A racing meeting conducted under this
13 subsection shall be operated in such manner that all profits accrue to the
14 county fair racing association, and the county fair racing association may
15 deduct from the pari-mutuel pool the same amount as prescribed in subsection
16 C of this section. All racing meetings conducted by county fair racing
17 associations under the provisions of this subsection shall be exempt from the
18 payment to the state of the percentage of the pari-mutuel pool prescribed by
19 subsection D of this section and also exempt from the provisions of section
20 5-111.01.

21 F. Monies from charity racing days are exempt from the state
22 percentage of the pari-mutuel pool prescribed in this section.

23 ~~G. A county fair racing fund is established. The state treasurer~~
24 ~~shall administer the fund. The state treasurer shall deposit three and~~
25 ~~one half per cent of all monies received by this state pursuant to this~~
26 ~~section but not less than three hundred thousand dollars into the county fair~~
27 ~~racing fund. Subject to legislative appropriation, the department shall use~~
28 ~~fund monies for the administration of county fair racing. Any monies~~
29 ~~remaining unexpended in the fund at the end of the fiscal year in excess of~~
30 ~~seventy five thousand dollars shall revert to the state general fund.~~

31 H. G. Sums held by a permittee for payment of unclaimed pari-mutuel
32 tickets are exempt from the provisions of the uniform unclaimed property act,
33 title 44, chapter 3. Sums representing unclaimed pari-mutuel tickets
34 retained by permittees before August 13, 1986 are not subject to title 44,
35 chapter 3, or title 44, chapter 3.1, in effect before January 1, 1984.

36 I. H. During fiscal year 1995-1996, one-third of the amounts received
37 by a permittee from the gross amount of monies handled in a pari-mutuel pool,
38 during fiscal year 1996-1997, two-thirds of the amounts received by a
39 permittee from the gross amount of monies handled in a pari-mutuel pool, and
40 beginning in fiscal year 1997-1998, all of the amounts received by a
41 permittee from the gross amount of monies handled in a pari-mutuel pool and
42 all amounts held by a permittee for payment of purses pursuant to this
43 section and sections 5-111.01, 5-112 and 5-114 are exempt from the provisions
44 of title 42, chapter 8.

1 ~~J~~ I. Beginning in 1995, on August 1 a permittee is eligible for a
2 hardship tax credit pursuant to this subsection. For purposes of this
3 subsection, "permittee" shall include any person who has succeeded to the
4 interest of a permittee and who is authorized to conduct racing at the
5 facility for which the permit was issued. The department shall determine the
6 amount of any hardship tax credit as follows:

7 1. Determine the percentage decrease in pari-mutuel wagering by
8 determining the percentage decrease in pari-mutuel wagering between the base
9 period amount and the amount of pari-mutuel wagering in the previous fiscal
10 year at the racetrack and the additional wagering facilities operated by the
11 permittee. The base period amount is the highest total annual pari-mutuel
12 wagering at the racetrack and all additional wagering facilities as reported
13 to the department for fiscal year 1989-1990, 1990-1991, 1991-1992, 1992-1993
14 or 1993-1994.

15 2. Determine the permittee's hardship tax credit by multiplying the
16 total pari-mutuel tax due as a result of wagering at the racetrack and all
17 additional wagering facilities for the previous fiscal year before applying
18 any hardship tax credit amount by the percentage decrease in pari-mutuel
19 wagering determined pursuant to paragraph 1 of this subsection and
20 multiplying the result by three.

21 3. The permittee's pari-mutuel tax due as otherwise determined under
22 subsections B and D of this section shall be reduced for the current period
23 and any future periods by an amount equal to the amount of the hardship tax
24 credit determined pursuant to this subsection. The hardship tax credit is
25 in addition to any other tax exemptions, rebates and credits.

26 ~~K. An agricultural consulting and training fund is established in the
27 state treasury. The state treasurer shall administer the fund. The state
28 treasurer shall deposit one per cent of all monies received by this state
29 pursuant to this section into the fund. Subject to legislative
30 appropriation, the Arizona department of agriculture shall use monies in the
31 fund for the agricultural consulting and training program established
32 pursuant to section 3-109.01.~~

33 Sec. 2. Section 5-113, Arizona Revised Statutes, is amended to read:

34 5-113. Disposition of revenue and monies; Arizona county fairs
35 racing betterment fund; county fairs livestock and
36 agriculture promotion fund; Arizona breeders' award
37 fund; Arizona stallion award fund; county fair racing
38 fund; agricultural consulting and training fund;
39 Arizona coliseum and exposition center fund; greyhound
40 adoption fund; committee

41 ~~A. All revenues derived from permittees, permits and licenses, as
42 provided by this article, shall be paid to the state treasurer, who shall
43 credit eight and one half per cent of the revenue or at least eight hundred
44 thousand dollars, whichever is greater, to a fund known as the Arizona county~~

1 ~~fairs racing betterment fund, one half of one per cent of the revenue or at~~
2 ~~least forty thousand dollars, whichever is greater, to a fund known as the~~
3 ~~Arizona stallion award fund, nine and one half per cent of the revenue or at~~
4 ~~least eight hundred thousand dollars, whichever is greater, to a fund known~~
5 ~~as the Arizona breeders' award fund, four and one half per cent of the~~
6 ~~revenue or at least four hundred thousand dollars, whichever is greater, for~~
7 ~~capital outlay to the Arizona coliseum and exposition center fund established~~
8 ~~under section 3-1005, and twelve per cent of the revenue or at least one~~
9 ~~million two hundred thousand dollars, whichever is greater, to a fund known~~
10 ~~as the county fairs livestock and agriculture promotion fund. The state~~
11 ~~treasurer shall credit twenty five per cent of the revenues derived from~~
12 ~~license fees collected from dog breeders, racing kennels and other operations~~
13 ~~pursuant to section 5-104, subsection F, paragraphs 7, 8 and 9 to a fund~~
14 ~~known as the greyhound adoption fund. An additional one half of one per cent~~
15 ~~of the revenues or at least forty five thousand dollars, whichever is~~
16 ~~greater, shall be used by the department for administration of the Arizona~~
17 ~~county fairs racing betterment fund, the Arizona breeders' award fund, the~~
18 ~~Arizona stallion award fund and the greyhound adoption fund.~~

19 A. ALL REVENUES DERIVED FROM PERMITTEES, PERMITS AND LICENSES, AS
20 PROVIDED BY THIS ARTICLE AND ALL MONIES TRANSFERRED PURSUANT TO SECTION
21 44-323, SUBSECTION A, SHALL BE PAID TO THE STATE TREASURER, WHO SHALL
22 DISTRIBUTE THE REVENUES AND MONIES AS FOLLOWS:

23 1. EIGHT HUNDRED THOUSAND DOLLARS OR TWENTY-TWO PER CENT, WHICHEVER
24 IS LESS, SHALL BE CREDITED TO THE ARIZONA COUNTY FAIRS RACING BETTERMENT FUND
25 ESTABLISHED BY SUBSECTION B OF THIS SECTION.

26 2. ONE MILLION TWO HUNDRED THOUSAND DOLLARS OR THIRTY-THREE PER CENT,
27 WHICHEVER IS LESS, SHALL BE CREDITED TO THE COUNTY FAIRS LIVESTOCK AND
28 AGRICULTURE PROMOTION FUND ESTABLISHED BY SUBSECTION C OF THIS SECTION.

29 3. EIGHT HUNDRED THOUSAND DOLLARS OR TWENTY-TWO PER CENT, WHICHEVER
30 IS LESS, SHALL BE CREDITED TO THE ARIZONA BREEDERS' AWARD FUND ESTABLISHED
31 BY SUBSECTION F OF THIS SECTION.

32 4. FORTY THOUSAND DOLLARS OR ONE PER CENT, WHICHEVER IS LESS, SHALL
33 BE CREDITED TO THE ARIZONA STALLION AWARD FUND ESTABLISHED BY SUBSECTION G
34 OF THIS SECTION.

35 5. THREE HUNDRED THOUSAND DOLLARS OR NINE PER CENT, WHICHEVER IS LESS,
36 SHALL BE CREDITED TO THE COUNTY FAIR RACING FUND ESTABLISHED BY SUBSECTION
37 I OF THIS SECTION.

38 6. ONE PER CENT OF THE REVENUES AND MONIES SHALL BE CREDITED TO THE
39 AGRICULTURAL CONSULTING AND TRAINING FUND ESTABLISHED BY SUBSECTION J OF THIS
40 SECTION.

41 7. FORTY-FIVE THOUSAND DOLLARS OR ONE PER CENT, WHICHEVER IS LESS,
42 SHALL BE USED BY THE DEPARTMENT FOR ADMINISTRATION OF THE ARIZONA COUNTY
43 FAIRS RACING BETTERMENT FUND, THE ARIZONA BREEDERS' AWARD FUND, THE ARIZONA
44 STALLION AWARD FUND AND THE GREYHOUND ADOPTION FUND.

1 8. FOUR HUNDRED THOUSAND DOLLARS OR ELEVEN PER CENT, WHICHEVER IS
2 LESS, SHALL BE CREDITED FOR CAPITAL OUTLAY TO THE ARIZONA COLISEUM AND
3 EXPOSITION CENTER FUND ESTABLISHED BY SECTION 3-1005.

4 9. ANY REVENUES AND MONIES REMAINING UNEXPENDED AT THE END OF THE
5 FISCAL YEAR AFTER THE DISTRIBUTIONS MADE IN PARAGRAPHS 1 THROUGH 8 OF THIS
6 SUBSECTION SHALL BE DEPOSITED IN THE STATE GENERAL FUND.

7 B. The Arizona county fairs racing betterment fund ~~shall be~~ IS
8 ESTABLISHED under the jurisdiction of the department. The department shall
9 distribute monies from the fund to the county fair association or county fair
10 racing association of each county conducting a county fair racing meeting in
11 such proportion as the department deems necessary for the promotion and
12 betterment of county fair racing meetings. All expenditures from the Arizona
13 county fairs racing betterment fund shall be made upon claims approved by the
14 department. In order to be eligible for distributions from the fund, a
15 county fair association must provide the department with an annual
16 certification in the form required by the department supporting expenditures
17 made from the Arizona county fairs racing betterment fund.

18 C. The county fairs livestock and agriculture promotion fund ~~shall~~
19 ~~be~~ IS ESTABLISHED under the control of the governor and shall be used for the
20 purpose of promoting the livestock and agricultural resources of the state
21 and for the purpose of conducting an annual ARIZONA NATIONAL livestock fair
22 by the Arizona coliseum and exposition center board to further promote
23 livestock resources. The direct expenses less receipts of the livestock fair
24 shall be paid from this fund, but such payment shall not exceed thirty per
25 cent of the receipts of the fund for the preceding fiscal year. All
26 expenditures from the county fairs livestock and agriculture promotion fund
27 shall be made upon claims approved by the governor, as recommended by the
28 livestock and agriculture committee, for the promotion and betterment of the
29 livestock and agricultural resources of this state. The livestock and
30 agriculture committee is established and shall be composed of the following
31 members appointed by the governor:

- 32 1. Three members representing county fairs.
 - 33 2. One member representing Arizona livestock fairs.
 - 34 3. One member representing the university of Arizona college of
35 agriculture.
 - 36 4. One member representing the livestock industry.
 - 37 5. One member representing the farming industry.
 - 38 6. One member representing the governor's office.
 - 39 7. One member representing the Arizona state fair conducted by the
40 Arizona coliseum and exposition center board.
 - 41 8. One member representing the general public.
- 42 Not less than three members shall be from counties of under five hundred
43 thousand population.

1 D. The governor shall appoint a chairman from the members. Terms of
2 members shall be four years.

3 E. Members of the committee are not eligible to receive compensation
4 but are eligible to receive reimbursement for expenses pursuant to title 38,
5 chapter 4, article 2.

6 F. The Arizona breeders' award fund is ESTABLISHED under the
7 jurisdiction of the department. The department shall distribute monies from
8 the fund to the breeder, or ~~his~~ THE BREEDER'S heirs, devisees or successors,
9 of every winning horse or greyhound foaled or whelped in this state, as
10 defined by section 5-114, in a manner and in an amount established by rules
11 of the commission to protect the integrity of the racing industry and
12 promote, improve and advance the quality of race horse and greyhound breeding
13 within this state. Persons who are not eligible to be licensed under section
14 5-107.01 or persons who have been refused licenses under section 5-108 are
15 not eligible to participate in the Arizona greyhound breeders' award fund.
16 For the purposes of this subsection, "breeder" means the owner or lessee of
17 the dam of the animal at the time the animal was foaled or whelped.

18 G. The Arizona stallion award fund is established under the
19 jurisdiction of the department to promote, improve and advance the quality
20 of stallions in this state. The department shall distribute monies from the
21 fund to the owner or lessee, or ~~his~~ THE OWNER'S OR LESSEE'S heirs, devisees
22 or successors, of every Arizona stallion whose certified Arizona bred
23 offspring, as prescribed in section 5-114, finishes first, second or third
24 in an eligible race in this state. The commission shall adopt rules pursuant
25 to title 41, chapter 6 to carry out the purposes of this subsection. The
26 rules shall prescribe at a minimum:

27 1. The manner and procedure for distribution from the fund, including
28 eligibility requirements for owners and lessees.

29 2. Subject to availability of monies in the fund, the amount to be
30 awarded.

31 3. The requirements for a stallion registered with the jockey club,
32 Lexington, Kentucky or with the American quarter horse association, Amarillo,
33 Texas to be certified as an Arizona stallion.

34 4. The types and requirements of races for which an award may be made.

35 H. The greyhound adoption fund is established in the state treasury.
36 The department shall administer the fund. THE STATE TREASURER SHALL CREDIT
37 TWENTY-FIVE PER CENT OF THE REVENUES DERIVED FROM LICENSE FEES COLLECTED FROM
38 DOG BREEDERS, RACING KENNELS AND OTHER OPERATIONS PURSUANT TO SECTION 5-104,
39 SUBSECTION F, PARAGRAPHS 7, 8 AND 9 TO THE FUND. The department shall
40 distribute monies from the fund to provide financial assistance to nonprofit
41 enterprises approved by the commission to promote the adoption of former
42 racing greyhounds as domestic pets pursuant to section 5-104, subsection G
43 in a manner and in an amount established by rules of the commission.

1 I. THE COUNTY FAIR RACING FUND IS ESTABLISHED IN THE STATE TREASURY.
2 THE DEPARTMENT SHALL ADMINISTER THE FUND. SUBJECT TO LEGISLATIVE
3 APPROPRIATION, THE DEPARTMENT SHALL USE FUND MONIES FOR THE ADMINISTRATION
4 OF COUNTY FAIR RACING. ANY MONIES REMAINING UNEXPENDED IN THE FUND AT THE
5 END OF THE FISCAL YEAR IN EXCESS OF SEVENTY-FIVE THOUSAND DOLLARS SHALL
6 REVERT TO THE STATE GENERAL FUND.

7 J. THE AGRICULTURAL CONSULTING AND TRAINING FUND IS ESTABLISHED IN THE
8 STATE TREASURY. THE ARIZONA DEPARTMENT OF AGRICULTURE SHALL ADMINISTER THE
9 FUND. SUBJECT TO LEGISLATIVE APPROPRIATION, THE ARIZONA DEPARTMENT OF
10 AGRICULTURE SHALL USE MONIES IN THE FUND FOR THE AGRICULTURAL CONSULTING AND
11 TRAINING PROGRAM ESTABLISHED BY SECTION 3-109.01.

12 Sec. 3. Section 42-1310.13, Arizona Revised Statutes, is amended to
13 read:

14 42-1310.13. Amusement classification

15 A. The amusement classification is comprised of the business of
16 operating or conducting theaters, movies, operas, shows of any type or
17 nature, exhibitions, concerts, carnivals, circuses, amusement parks,
18 menageries, fairs, races, contests, games, billiard or pool parlors, bowling
19 alleys, public dances, dance halls, boxing and wrestling matches, skating
20 rinks, tennis courts, except as provided in subsection B of this section,
21 video games, pinball machines, sports events or any other business charging
22 admission or user fees for exhibition, amusement or entertainment. For
23 purposes of this section, admission or user fees include, but are not limited
24 to, any revenues derived from any form of contractual agreement for rights
25 to or use of premium or special seating facilities or arrangements. The
26 amusement classification does not include:

27 1. Activities or projects of bona fide religious or educational
28 institutions.

29 2. Private or group instructional activities. For purposes of this
30 paragraph, "private or group instructional activities" includes, but is not
31 limited to, performing arts, martial arts, gymnastics and aerobic
32 instruction.

33 3. The operation or sponsorship of events by the Arizona coliseum and
34 exposition center board or county fair commissions.

35 4. A musical, dramatic or dance group or a botanical garden, museum
36 or zoo that is qualified as a nonprofit charitable organization under section
37 501(c)(3) of the United States internal revenue code and if no part of its
38 net income inures to the benefit of any private shareholder or individual.

39 5. Exhibition events in this state sponsored, conducted or operated
40 by a nonprofit organization that is exempt from taxation under section
41 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the
42 organization is associated with major league baseball teams or a national
43 touring professional golfing association and no part of the organization's
44 net earnings inures to the benefit of any private shareholder or individual.

1 6. Operating or sponsoring rodeos featuring primarily farm and ranch
2 animals in this state sponsored, conducted or operated by a nonprofit
3 organization that is exempt from taxation under section 501(c)(3), 501(c)(4),
4 501(c)(6), 501(c)(7) or 501(c)(8) of the internal revenue code and no part
5 of the organization's net earnings inures to the benefit of any private
6 shareholder or individual.

7 7. Sales of admissions to the 1996 national football league super
8 bowl, and to intercollegiate football contests if the contests are operated
9 by a nonprofit organization that is exempt from taxation under section
10 501(c)(3) of the internal revenue code and no part of the organization's net
11 earnings inures to the benefit of any private shareholder or individual.

12 B. The tax base for the amusement classification is the gross proceeds
13 of sales or gross income derived from the business, except that the following
14 shall be deducted from the tax base:

15 1. The gross proceeds of sale or gross income derived from
16 memberships, including initiation fees, which provide for the right to use
17 a health or fitness establishment or a private recreational establishment,
18 or any portion of an establishment, including tennis and other racquet courts
19 at that establishment, for participatory purposes for twenty-eight days or
20 more and fees charged for use of the health or fitness establishment or
21 private recreational establishment, by bona fide accompanied guests of
22 members, except that this paragraph does not include additional fees, other
23 than initiation fees, charged by a health or fitness establishment or a
24 private recreational establishment for purposes other than memberships which
25 provide for the right to use a health or fitness establishment or private
26 recreational establishment, or any portion of an establishment, for
27 participatory purposes for twenty-eight days or more and accompanied guest
28 use fees.

29 2. Amounts that are exempt under section 5-111, subsection I- H.

30 3. The gross proceeds of sale or gross income derived from membership
31 fees, including initiation fees, that provide for the right to use a
32 transient lodging recreational establishment, including golf, ~~COURSES AND~~
33 tennis and other racquet courts at that establishment, for participatory
34 purposes for twenty-eight days or more, except that this paragraph does not
35 include additional fees, other than initiation fees, that are charged by a
36 transient lodging recreational establishment for purposes other than
37 memberships and that provide for the right to use a transient lodging
38 recreational establishment or any portion of the establishment for
39 participatory purposes for twenty-eight days or more.

40 C. For purposes of subsection B of this section:

41 1. "Health or fitness establishment" means a facility whose primary
42 purpose is to provide facilities, equipment, instruction or education to
43 promote the health and fitness of its members and at least eighty per cent
44 of the monthly gross revenue of the facility is received through accounts of

1 memberships and accompanied guest use fees which provide for the right to use
2 the facility, or any portion of the facility, under the terms of the
3 membership agreement for participatory purposes for twenty-eight days or
4 more.

5 2. "Private recreational establishment" means a facility whose primary
6 purpose is to provide recreational facilities, such as tennis, golf and
7 swimming, for its members and where at least eighty per cent of the monthly
8 gross revenue of the facility is received through accounts of memberships and
9 accompanied guest use fees which provide for the right to use the facility,
10 or any portion of the facility, for participatory purposes for twenty-eight
11 days or more.

12 3. "Transient lodging recreational establishment" means a facility
13 whose primary purpose is to provide facilities for transient lodging, that
14 is subject to taxation under this chapter and that also provides recreational
15 facilities, such as tennis, golf and swimming, for members for a period of
16 twenty-eight days or more.

17 D. Until December 31, 1988, the revenues from hayrides and other
18 animal-drawn amusement rides, from horseback riding and riding instruction
19 and from recreational tours using motor vehicles designed to operate on and
20 off public highways are exempt from the tax imposed by this section.
21 Beginning January 1, 1989, the gross proceeds or gross income from hayrides
22 and other animal-drawn amusement rides, from horseback riding and from
23 recreational tours using motor vehicles designed to operate on and off public
24 highways are subject to taxation under this section. Tax liabilities,
25 penalties and interest paid for taxable periods before January 1, 1989 shall
26 not be refunded unless the taxpayer requesting the refund provides proof
27 satisfactory to the department that the taxes will be returned to the
28 customer.

29 E. If a person is engaged in the business of offering both exhibition,
30 amusement or entertainment and private or group instructional activities, the
31 person's books shall be kept to show separately the gross income from
32 exhibition, amusement or entertainment and the gross income from
33 instructional activities. If the books do not provide this separate
34 accounting, the tax is imposed on the person's total gross income from the
35 business.

36 Sec. 4. Section 44-322, Arizona Revised Statutes, is amended to read:
37 44-322. Public sale of abandoned property

38 A. Except as provided in subsections B and C of this section, the
39 department within three years after the receipt of abandoned property shall
40 sell it to the highest bidder at public sale in whatever city in this state
41 affords in the judgment of the department the most favorable market for the
42 property involved. The department may decline the highest bid and reoffer
43 the property for sale if in the judgment of the department the bid is
44 insufficient. If in the judgment of the department the probable cost of sale

1 exceeds the value of the property, it need not be offered for sale. Any sale
2 held under this section must be preceded by a single publication of notice,
3 at least three weeks in advance of sale, in a newspaper of general
4 circulation in the county in which the property is to be sold.

5 B. Securities listed on an established stock exchange shall be sold
6 at prices prevailing at the time of sale on the exchange. Other securities
7 may be sold over the counter at prices prevailing at the time of sale or by
8 any other method the department deems advisable.

9 C. Unless the department deems it to be in the best interest of this
10 state to do otherwise, all securities, other than those presumed abandoned
11 under section 44-310, delivered to the department shall be held for at least
12 one year before the securities may be sold.

13 D. Unless the department deems it to be in the best interest of this
14 state to do otherwise, all securities presumed abandoned under section 44-310
15 and delivered to the department must be held for at least three years before
16 the securities may be sold. If the department sells any securities delivered
17 pursuant to section 44-310 before the expiration of the three year period,
18 any person making a claim pursuant to this chapter before the end of the
19 three year period is entitled to either the proceeds of the sale of the
20 securities or the market value of the securities at the time the claim is
21 made, whichever amount is greater, less any deduction for fees pursuant to
22 section 44-323, subsection ~~E~~. A person making a claim under this chapter
23 after the expiration of this period is entitled to receive either the
24 securities delivered to the department by the holder, if they still remain
25 in the hands of the department, or the proceeds received from sale, less any
26 amounts deducted pursuant to section 44-323, subsection ~~E~~, but no person
27 has any claim under this chapter against this state, the holder, any transfer
28 agent, registrar or other person acting for or on behalf of a holder for any
29 appreciation in the value of the property occurring after delivery by the
30 holder to the department.

31 E. The purchaser of property at any sale conducted by the department
32 pursuant to this chapter takes the property free of all claims of the owner
33 or previous holder thereof and of all persons claiming through or under them.
34 The department shall execute all documents necessary to complete the transfer
35 of ownership.

36 Sec. 5. Section 44-323, Arizona Revised Statutes, is amended to read:
37 44-323. Deposit of money; availability of public records;
38 confidential information and disclosure; violation;
39 classification; definition

40 A. Except as otherwise provided by this section or section 44-323.01,
41 the department shall forthwith deposit in the general fund of this state all
42 funds received under this chapter, including the proceeds from the sale of
43 abandoned property under section 44-322, except that:

1 1. Thirty-five per cent of the monies shall be transferred to the
2 housing trust fund established by section 41-1512.

3 2. TWENTY PER CENT OF THE MONIES SHALL BE TRANSFERRED TO THE STATE
4 TREASURER TO BE DISTRIBUTED TO THE FUNDS AND IN THE AMOUNTS PROVIDED IN
5 SECTION 5-113, SUBSECTION A.

6 B. The department shall deposit monies from unclaimed shares and
7 dividends of any corporation incorporated under the laws of this state in the
8 permanent state school fund pursuant to article XI, section 8, Constitution
9 of Arizona.

10 C. The department shall retain in a separate trust fund an amount of
11 not less than one hundred thousand dollars from which prompt payment of
12 claims duly allowed shall be made by the department.

13 ~~B.~~ D. Before making the deposit, the department shall record the name
14 and last known address of each person appearing from the holders' reports to
15 be entitled to the property and the name and last known address of each
16 insured person or annuitant and beneficiary and with respect to each policy
17 or contract listed in the report of an insurance company its number, the name
18 of the company and the amount due. The record shall be available for public
19 inspection at all reasonable business hours.

20 ~~C.~~ E. Before making any deposit to the credit of the state general
21 fund, the department may deduct in the following order of priority:

22 1. Any costs in connection with the sale of abandoned property.
23 2. Costs of mailing and publication in connection with any abandoned
24 property.

25 3. Reasonable department service charges.

26 4. Costs incurred in examining records of holders of property and in
27 collecting the property from those holders.

28 5. Lawful holder charges.

29 ~~D.~~ F. Confidential information relating to a particular item of
30 property may be disclosed to the claimant, a successor in interest to the
31 claimant or a designee of the claimant who is authorized in writing by the
32 claimant. A claimant is a person or entity that claims to have a property
33 interest in the item of property presumed abandoned.

34 ~~E.~~ G. Confidential information may be disclosed to:

35 1. Any employee of the department whose official duties involve
36 unclaimed property.

37 2. The office of the attorney general for its use in providing counsel
38 relating to unclaimed property administration or in preparation for any
39 proceeding involving unclaimed property before the department or any other
40 agency or board of this state or before any grand jury or any state or
41 federal court.

1 3. State unclaimed property officials of other states, if the other
2 state grants substantially similar privileges to the department for the type
3 of information being sought, pursuant to statute and a written agreement
4 between the department and the other state.

5 4. The auditor general, in connection with any audit of the
6 department.

7 5. Any person to the extent necessary for effective unclaimed property
8 administration in connection with the processing, storage, transmission and
9 reproduction of the information and the programming, maintenance, repair,
10 testing and procurement of equipment for purposes of unclaimed property
11 administration.

12 ~~F~~ H. Confidential information may be disclosed in any state or
13 federal judicial or administrative proceeding pertaining to unclaimed
14 property administration if:

- 15 1. The claimant is a party to the proceeding.
16 2. The treatment of an item reflected in the information is directly
17 related to the resolution of an issue in such proceeding.
18 3. The information directly relates to a transactional relationship
19 between a person who is a party to the proceeding and the claimant which
20 directly affects the resolution of an issue in the proceeding.

21 ~~G~~ I. Identity information may be disclosed for purposes of notifying
22 persons appearing to be entitled to unclaimed property in the manner
23 described in section 44-318.

24 ~~H~~ J. The department may disclose statistical information gathered
25 from confidential information if it does not disclose confidential
26 information attributable to any one claimant.

27 ~~I~~ K. A court may order the department to disclose confidential
28 information pertaining to a party to an action. An order shall be made only
29 upon a showing of good cause and that the party seeking the information has
30 made demand upon the claimant for the information.

31 ~~J~~ L. If the department is required or permitted to disclose
32 confidential information, it may charge the person or agency requesting the
33 information for the reasonable cost of its services.

34 ~~K~~ M. A disclosure of confidential information in violation of this
35 section is a class 1 misdemeanor. A knowing disclosure of confidential
36 information is a class 6 felony.

37 ~~L~~ N. Monies received pursuant to section 35-187 shall be deposited
38 in the homeless trust fund as provided in section 41-2021 in an amount of not
39 more than one million dollars. Monies in excess of one million dollars shall
40 be deposited pursuant to ~~subsection~~ SUBSECTIONS A AND B of this section.
41 Before making any deposit in the homeless trust fund, the department shall
42 deduct any amounts related to owner claims and interest payments.

1 M- 0. In this section "confidential information" includes reports
2 filed by holders of property presumed abandoned under this chapter, a
3 claimant's application and documents submitted to support a claim and
4 information discovered by the department concerning claims and claimants.

5 Sec. 6. Delayed effective date

6 This act is effective from and after June 30, 1997.

APPROVED BY THE GOVERNOR MAY 1, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 1996