Conference Engrossed

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MICHELE REAGAN
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CHAPTER 246

HOUSE BILL 2127

AN ACT

AMENDING SECTIONS 5-101, 5-110, 5-111 AND 5-112, ARIZONA REVISED STATUTES; RELATING TO HORSE AND DOG RACING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 5-101, Arizona Revised Statutes, is amended to read:

5-101. Definitions

In this article, unless the context otherwise requires:

1. "Additional wagering facility" means a facility that is not the enclosure in which authorized racing takes place but that meets the requirements of section 5-111, subsection A and is used by a permittee for handling pari-mutuel wagering.

2. "Advance deposit wagering" means a form of pari-mutuel wagering that allows a person to deposit monies in advance in an account with an advance deposit provider and use the monies to pay for pari-mutuel wagering on live or simulcast racing that the advance deposit pari-mutuel wagering permittee accepts or makes.

3. "Advance deposit wagering provider" means a betting system or multijurisdictional wagering provider that is authorized to conduct advance deposit wagering pursuant to this article.

4. "Applicant" means a person, partnership, association or corporation placing before the department an application for a permit or license.

5. "Association" means a body of persons, corporations, partnerships or associations, united and acting together without a charter from the state for the prosecution of some common enterprise.

6. "Commercial horse racing" means horse racing conducted other than by a county fair association.

7. "Commission" means the Arizona racing commission.

8. "Concessionaire" means a person, partnership, association or corporation that offers goods or services for sale to the public, a permittee or a licensee at an enclosure in which authorized racing takes place or an additional wagering facility.

9. "County fair facility" means any place, enclosure or track constructed in accordance with a permit issued by the commission for the purpose of running county fair horse racing dates as well as any commercial dates for horse racing that may be awarded by the commission in reference to the location.

10. "County fair racing association" means an association duly authorized by the board of supervisors to conduct a county fair racing meeting for the benefit of the county.

11. "Dark day simulcast" means a simulcast received on a day when there are no posted races conducted at the enclosure in which authorized racing takes place.

12. "Department" means the department of gaming.

13. "Desensitized" means that a horse's or dog's legs on arrival at the receiving barn, saddling paddock or lockout kennel do not respond appropriately to tests for feeling administered by an official veterinarian.

14. "Director" means the director of the department of gaming.

15. "Dog racing" means racing in which greyhound dogs chase a mechanical lure.

16. "Entered" means that a horse or dog has been registered with an authorized racing official as a participant in a specified race and has not been withdrawn prior to presentation of the horse or dog for inspection and testing as provided in section 5-105.

17. "Financial interest" means any direct pecuniary interest.

18. "Firm" means a business unit or enterprise that transacts business.

19. "Handle" means the total amount of money contributed to all pari-mutuel pools by bettors.

20. "Harness racing" means horse racing in which the horses are harnessed to a sulky, carriage or similar vehicle and driven by a driver.

21. "Horse racing" means racing in which horses are mounted and ridden by jockeys. For purposes of county fair racing meetings, "horse racing" means racing in which horses or mules are mounted and ridden by jockeys.

22. "License" means the license issued by the department to each employee or other person participating in any capacity in a racing meeting, including officials and employees of the pari-mutuel department.

23. "Pari-mutuel wagering" means a system of betting that provides for the distribution among the winning patrons of at least the total amount wagered less the amount withheld under state law.

24. "Permit" means a permit for a racing meeting issued under the provisions of this article.

25. "Racing meeting" means a number of days of racing allotted by the commission in one permit.

26. "Simulcast" means the telecast shown within this state of live audio and visual signals of horse, harness or dog races conducted at an out-of-state track or the telecast shown outside this state of live audio and visual signals of horse~~,~~ OR harness ~~or dog~~ races originating within this state for the purpose of pari-mutuel wagering.

27. "Source market fee" means the fee that an advance deposit wagering provider pays to a commercial live-racing permittee in the state where the advance deposit wagering customer resides.

28. "Telephone" means any device that a person uses for voice communications in connection with the services of a telephone company.

29. "Undesirable" includes known bookmakers, touts, persons convicted of a violation of any provision of this article or of any law prohibiting bookmaking or any other illegal forms of wagering, or any other person whose presence would, in the opinion of the director, be inimical to the interests of the state.

30. "Week" means seven consecutive days beginning on Monday and ending on Sunday, mountain standard time.

Sec. 2. Section 5-110, Arizona Revised Statutes, is amended to read:

5-110. Racing days, times and allocations; emergency transfer; county fairs; charity days

A. Permits for horse~~,~~ OR harness ~~or dog~~ racing meetings shall be approved and issued for substantially the same dates allotted to permittees for the same type of racing during the preceding year or for other dates that permittees request, provided that, in the event there is a conflict in dates requested between two or more permittees in the same county for the same kind of racing, the permittee whose application is for substantially the same dates as were allotted to the permittee in the preceding year shall be entitled to have preference over other permittees. In the event two or more permittees have agreed that the dates to be allotted to each of them each year shall be alternated from one year to the next, the commission shall recognize their agreement and those permittees may be accorded preference over any other permittee as to those dates to be allotted to those permittees on an alternating basis. Except as otherwise provided, the commission shall allot dates to the respective permittees after giving due consideration to all of the factors involved and the interests of permittees, the public and this state.

B. The commission may require by the terms of any permit that the permittee offer such number of races during any racing meeting as the commission shall determine, provided that the permittee shall be permitted to offer at least the same number of races each day as offered in the prior year. The commission shall require each horse racing permittee to conduct for a period of thirty days a number of races equal to an average of at least two races for each day of racing exclusively for quarter horses. If, in the opinion of the commission, the permittee is offering acceptable quarter horse races but an honest effort is not being put forth to fill these races by the horsemen, the commission may rescind the two race per day quarter horse requirement.

C. Live racing and wagering on simulcast races shall be permissible in either daytime or nighttime~~, but, unless otherwise agreed by written contract that is submitted to the department between all the permittees in the same county, there shall be no live daytime dog racing on the same day that there is live daytime horse or harness racing in any county in which commercial horse or harness racing has been conducted prior to February 1, 1971, and no live nighttime horse or harness racing on the same day that there is live nighttime dog racing in the same county~~. Unless otherwise agreed by written contract that is submitted to the department between all the permittees in the same county, there shall be no wagering on simulcast dog races before 4:15 p.m., mountain standard time, on the same day that there is live daytime horse or harness racing in any county in which commercial horse or harness racing has been conducted before February 1, 1971~~, and no wagering on simulcast horse or harness racing after 7:30 p.m., mountain standard time, on~~

~~the same day that there is live nighttime dog racing in the same county~~. The hours during which any other ~~dog,~~ harness or horse racing is to be conducted shall be determined by the commission. The application for a permit shall state the exact days on which racing will be held and the time of day during which racing will be conducted.

D. If the commission determines that an emergency has obligated or may obligate a permittee to discontinue racing at a location, the commission may authorize the permittee to transfer racing for the number of days lost to any other location.

E. A racing meeting, when operated by a county fair racing association or under lease during the county fair to any individual, corporation or association, shall not come under the limitation placed on days of racing in this section.

F. The department shall be the judge of whether a county fair racing meeting is being operated pursuant to this section. A county fair racing meeting conducted by an individual, corporation or association, other than the properly authorized county fair racing association, shall come under the general provisions of this article the same as a commercial meeting. Notwithstanding this subsection, a county fair racing meeting, whether conducted by a county fair racing association or by an individual, corporation or association other than a county fair racing association, is exempt from the requirement prescribed in section 5-111 to pay to the state a percentage of the pari-mutuel pool collected at the meeting.

G. The commission may allow a permittee, in addition to the days specified in this permit, to operate up to three racing days during any one meeting as charity days. From the amount deducted from the total handled in the pari-mutuel pool on charity days, the permittee shall deduct an amount equal to the purses and the cost of conducting racing on these days, and shall donate the balance to nonprofit organizations and corporations that benefit the general public, that are engaged in charitable, benevolent and other like work and that are selected by the permittee and approved by the department. In no event shall the amount given to charity from charity racing days be less than the amount that otherwise would have gone to this state as the state's share on a noncharity racing day.

~~H. Notwithstanding any other provision of this chapter, any dog racing permittee to which a permit to conduct dog racing in this state has been issued may in any racing year modify the racing date allocations made to the permittee for conducting dog racing at a track by reallocating up to two-thirds of the racing dates allocated to that permittee for dog racing at a track to another track in this state at which the permittee or a corporation of common ownership to the permittee conducts dog racing. For the purpose of this section, a corporation of common ownership to the permittee is a corporation that is owned or controlled, directly or~~

~~indirectly, by the same corporation that owns or controls the permittee and that holds a permit to conduct dog racing in this state.~~

~~I.~~ H. NOTWITHSTANDING ANY OTHER LAW, LIVE DOG RACING SHALL NOT BE CONDUCTED IN THIS STATE AFTER DECEMBER 31, 2016. THIS SUBSECTION DOES NOT APPLY TO NONPROFIT ORGANIZATIONS THAT HOST LURE COURSING OR SIMILAR EVENTS THAT TEST A DOG'S ABILITY, STAMINA AND BREEDING OR TRAINING FOR SUCH EVENTS. Notwithstanding any other provision of this article, any dog racing permittee THAT OFFERED LIVE DOG RACING IN 2016 OR that has offered live dog racing in eight out of ten calendar years from 1980 to 1990 in counties that have a population of less than five hundred thousand persons shall be considered as operating a racetrack enclosure for all purposes under this article and shall not be AUTHORIZED OR required to conduct live racing as a condition of that permittee's racing permit. Any permittee qualified under this subsection may conduct ADVANCE DEPOSIT WAGERING, WAGERING AT ADDITIONAL WAGERING FACILITIES THAT ARE OWNED OR LEASED BY THAT PERMITTEE AND wagering on telecasts of races conducted at racetrack enclosures within this state or at racetrack enclosures outside this state without offering live racing at that permittee's racetrack enclosure.

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

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

A. The commission shall prescribe rules governing wagering on races under the system known as pari-mutuel wagering. Wagering shall be conducted by a permittee only by pari-mutuel wagering and only on the dates for which racing or dark day simulcasting has been authorized by the commission. Wagering for a licensed racing meeting shall be conducted by a commercial live-racing permittee only within an enclosure in which authorized racing takes place and, in counties having a population of less than five hundred thousand persons or at least one million five hundred thousand persons, at those additional facilities that are owned or leased by a permittee, that are approved by the commission and that are used by a permittee for handling wagering as part of the pari-mutuel system of the commercial live-racing permittee. In all other counties, wagering may also be conducted at additional facilities that are owned or leased by a commercial live-racing permittee who is licensed to conduct live racing in those counties or, UNTIL JANUARY 1, 2019, who has the consent of all commercial permittees currently licensed to conduct live racing in those counties, and that are used by a permittee for handling wagering and as part of the pari-mutuel system of the commercial live-racing permittee. BEGINNING JANUARY 1, 2019, CONSENT OF COMMERCIAL PERMITTEES LICENSED TO CONDUCT LIVE RACING IN THOSE COUNTIES IS NOT REQUIRED. FROM AND AFTER DECEMBER 31, 2016, ANY AGREEMENT CONCERNING SIMULCASTING THAT IS EXECUTED BETWEEN A PERMITTEE THAT CONDUCTED LIVE DOG RACING IN 2016 AND A HORSE RACING FACILITY THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN THREE MILLION PERSONS SHALL PROVIDE THAT TWENTY PERCENT OF THE COMMISSION FEE PAID TO A PERMITTEE THAT CONDUCTED LIVE DOG

RACING IN 2016 UNDER THAT AGREEMENT BE DISTRIBUTED TO THE RECOGNIZED HORSEMEN'S ASSOCIATION THAT REPRESENTS HORSEMEN PARTICIPATING IN RACE MEETS IN THIS STATE. If the additional facilities have not been used for authorized racing before their use for handling wagering, a permittee shall not use the facilities for handling wagering before receiving approval for use by the governing body of the city or town, if located within the corporate limits, or by the board of supervisors, if located in an unincorporated area of the county. A permittee may televise any live or simulcast races received at the permittee's racing enclosure to the additional facilities at the times the races are conducted or received at the permittee's enclosure. For the purpose of section 5-110, subsection C only, a race on which wagering is permitted under this subsection shall be deemed to also occur at the additional facility in the county in which the additional facility is located, and shall be limited in the same manner as actual live racing in that county. For the purpose of subsections B and C of this section, the wagering at the additional facility shall be deemed to occur in the county in which the additional facility is located.

B. UNTIL JANUARY 1, 2017, during the period of any permit for dog racing in any county, the state shall receive five and one-half ~~per cent~~ PERCENT of all monies handled in the pari-mutuel pool operated by the permittee, to be paid daily during the racing meeting. In all counties having a population of one million five hundred thousand persons or more, four and three-quarters ~~per cent~~ PERCENT of the gross amount of monies handled in a pari-mutuel pool shall be deducted from the pari-mutuel pool and shall be deposited daily into a trust account for the payment of purse amounts. In counties having a population of less than one million five hundred thousand persons, four ~~per cent~~ PERCENT of the gross amount of monies handled in a pari-mutuel pool shall be deducted from the pari-mutuel pool and shall be deposited daily in a trust account for the payment of purse amounts. In addition, twenty-five ~~per cent~~ PERCENT of any reduction in pari-mutuel taxes each year resulting from the application of the hardship tax reduction credit determined pursuant to subsection I of this section shall be deposited in the trust account for supplementing purse amounts in an equitable manner over the racing meeting as determined by the commission. Notwithstanding any other provision of this subsection, the percentage paid by a permittee to the state does not apply to monies handled in a pari-mutuel pool for wagering on simulcasts of out-of-state races. During a week in which a permittee conducts live racing at the permittee's racetrack enclosure, the permittee shall deduct from monies handled in a pari-mutuel pool for wagering on simulcasts of out-of-state races and deposit daily in a trust account for the payment of purse amounts the same percentage of the pari-mutuel pool as is deducted for purses for live races unless otherwise agreed by written contract. Unless otherwise agreed by written contract, if the commission reasonably determines that live racing will not be conducted within one

calendar year at a racetrack enclosure, the permittee shall deduct from monies handled in a pari-mutuel pool for wagering on simulcasts of out-of-state races and deposit daily in a trust account to supplement purses of any dog track where live racing is conducted within a one hundred mile radius. The supplementing provided by this subsection shall be in the most equitable manner possible as determined by the commission. The permittee shall allocate the funds in the trust account and pay purse amounts at least biweekly. The permittee, at the permittee's discretion, may pay additional amounts to augment purses from the amounts received by the permittee under this subsection.

C. During the period of a permit for horse~~,~~ OR harness ~~or dog~~ racing, the permittee that conducts the meeting may deduct up to and including twenty-five ~~per cent~~ PERCENT of the total amount handled in the regular pari-mutuel pools and, at the permittee's option, may deduct up to and including thirty ~~per cent~~ PERCENT of the total amount handled in the exacta, daily double, quinella and other wagering pools involving two horses ~~or dogs~~, and up to and including thirty-five ~~per cent~~ PERCENT of the total amount handled in the trifecta or other wagering pools involving more than two horses ~~or dogs~~ in one or more races. The amounts if deducted shall be distributed as prescribed in subsection D of this section and section 5-111.02 for horse or harness racing permittees. UNTIL JANUARY 1, 2017, for dog racing permittees, unless otherwise agreed by written contract, the permittee shall allocate to purses from amounts wagered on live racing conducted in this state an amount equal to fifty ~~per cent~~ PERCENT of any amounts that are deducted pursuant to this subsection in excess of twenty ~~per cent~~ PERCENT of the total amount handled in the regular pari-mutuel pools, twenty-one ~~per cent~~ PERCENT of the total amount handled in the exacta, daily double, quinella and other wagering pools involving two dogs or twenty-five ~~per cent~~ PERCENT of the total amount handled in the trifecta or other wagering pools involving more than two dogs in one or more races. For dog racing permittees the percentages prescribed in subsection B of this section shall be distributed to the state and to the trust account for payment of purse amounts and the permittee shall receive the balance. If the dog racing permittee has made capital improvements, the distribution to the state shall be adjusted as provided in section 5-111.03. Monies deposited in the trust account for payment of purses pursuant to this subsection shall be in addition to amounts deposited pursuant to subsection B of this section.

D. During the period of a permit for horse or harness racing, the state shall receive two ~~per cent~~ PERCENT of the gross amount of the first one million dollars of the daily pari-mutuel pools and five ~~per cent~~ PERCENT of the gross amount exceeding one million dollars of the daily pari-mutuel pools. Notwithstanding any other provision of this subsection, the percentage paid by a permittee to the state does not apply to monies handled in a pari-mutuel pool for wagering on simulcasts of out-of-state races. The

permittee shall retain the balance of the total amounts deducted pursuant to subsection C of this section. Of the amount retained by the permittee, minus the amount payable to the permittee for capital improvements pursuant to section 5-111.02, breakage distributed to the permittee pursuant to section 5-111.01 and other applicable state, county and city transaction privilege or other taxes, unless otherwise agreed by written contract, fifty ~~per cent~~ PERCENT shall be used for purses. Unless otherwise agreed by written contract, fifty ~~per cent~~ PERCENT of the revenues received by the permittee from simulcasting races as provided in section 5-112, net of costs of advertising, shall be utilized as a supplement to the general purse structure. All amounts that are deducted from the pari-mutuel pool for purses pursuant to this section and sections 5-111.01, 5-112 and 5-114 and revenues that are received from simulcasting and that are to be used as a supplement to the general purse structure pursuant to this subsection shall be deposited daily into a trust account for the payment of purse amounts.

E. Any county fair racing association may apply to the commission for one racing meeting each year and the commission shall set the number of days and the dates of the meetings. A racing meeting conducted under this subsection shall be operated in such manner so that all profits accrue to the county fair racing association, and the county fair racing association may deduct from the pari-mutuel pool the same amount as prescribed in subsection C of this section. All county fair racing meetings, whether conducted by county fair racing associations under this subsection or by an individual, corporation or association other than a county fair racing association, are exempt from the payment to the state of the percentage of the pari-mutuel pool prescribed by subsection D of this section and are also exempt from the provisions of section 5-111.01.

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

G. Sums held by a permittee for payment of unclaimed pari-mutuel tickets are exempt from the revised Arizona unclaimed property act, title 44, chapter 3.

H. All of the amounts received by a permittee from the gross amount of monies handled in a pari-mutuel pool and all amounts held by a permittee for payment of purses pursuant to this section and sections 5-111.01, 5-112 and 5-114 are exempt from the provisions of title 42, chapter 5.

I. On August 1 of each year, a permittee is eligible for a hardship tax credit pursuant to this subsection. For purposes of this subsection, "permittee" shall include any person who has succeeded to the interest of a permittee and who is authorized to conduct racing at the facility for which the permit was issued. The department shall determine the amount of any hardship tax credit as follows:

1. Determine the percentage decrease in pari-mutuel wagering by determining the percentage decrease in pari-mutuel wagering between the base

period amount and the amount of pari-mutuel wagering in the previous fiscal year at the racetrack and the additional wagering facilities operated by the permittee. The base period amount is the highest total annual pari-mutuel wagering at the racetrack and all additional wagering facilities as reported to the department for fiscal year 1989-1990, 1990-1991, 1991-1992, 1992-1993 or 1993-1994.

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

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

Sec. 4. Section 5-112, Arizona Revised Statutes, is amended to read:

5-112. Wagering legalized; simulcasting of races; unauthorized wagering prohibited; classification; report

A. Except as provided in subsection K of this section, section 5-101.01, subsection F and title 13, chapter 33, any person within the enclosure of a racing meeting held pursuant to this article may wager on the results of a race held at the meeting or televised to the racetrack enclosure by simulcasting pursuant to this section by contributing money to a pari-mutuel pool operated by the permittee as provided by this article.

B. The department, on request by a permittee, may grant permission for ~~electronically televised~~ ELECTRONICALLY TELEVISED simulcasts of horse, harness or dog races to be received by the permittee. In counties having a population of one million five hundred thousand persons or more, the simulcasts shall be received at the racetrack enclosure where a horse~~,~~ OR harness ~~or dog~~ racing meeting is being conducted, provided that the simulcast may only be received during, immediately before or immediately after a minimum of nine posted races for that racing day. In counties having a population of five hundred thousand persons or more but less than one million five hundred thousand persons, the simulcasts shall be received at the racetrack enclosure where a horse~~,~~ OR harness ~~or dog~~ racing meeting is being conducted provided that the simulcast may only be received during, immediately before or immediately after a minimum of four posted races for that racing day. In all other counties, the simulcasts shall be received at a racetrack enclosure at which authorized racing has been conducted, whether or not posted races have been offered for the day the simulcast is received. The simulcasts shall be limited to horse, harness or dog races. The simulcasts shall be limited to the same type of racing as authorized in the

1 permit for live racing conducted by the permittee. The department, on
2 request by a permittee, may grant permission for the permittee to transmit
3 the live race from the racetrack enclosure where a horse~~,~~ OR harness ~~or dog~~
4 racing meeting is being conducted to a facility or facilities in another
5 state. All simulcasts of horse or harness races shall comply with the
6 interstate horseracing act of 1978 (P.L. 95-515; 92 Stat. 1811; 15 United
7 States Code chapter 57). All forms of pari-mutuel wagering shall be allowed
8 on horse, harness or dog races, whether or not televised by simulcasting.
9 All monies wagered by patrons on these horse, harness or dog races shall be
10 computed in the amount of money wagered each racing day for purposes of
11 section 5-111.
12 C. Notwithstanding subsection B of this section, in counties having a
13 population of one million five hundred thousand persons or more,
14 simulcasts may be received at the racetrack enclosure, and the permittee may
15 offer pari-mutuel wagering on the simulcast racing at any additional wagering
16 facility used by a permittee for handling wagering as provided in section
17 5-111, subsection A during a permittee's racing meeting as approved by the
18 commission, whether or not the simulcasts are televised to the additional
19 wagering facilities and whether or not posted races have been conducted on
20 the day the simulcast is received, if:
21 1. For horse and harness racing, the permittee's racing permit
22 requires the permittee to conduct a minimum of one hundred fifty-six days of
23 live racing with an average of nine posted races on an average of five racing
24 days each week at the permittee's racetrack enclosure during the period
25 beginning on October 1 and ending on the first full week in May, unless
26 otherwise agreed in writing by the permittee and the recognized horsemen's
27 organization that represents the horsemen participating in the race meet at
28 the racetrack enclosure, subject to approval by the department.
29 2. For dog racing, the permittee is required to conduct a minimum of
30 ten posted races on each of four days each week for forty-one weeks during a
31 calendar year at the permittee's racetrack enclosure.
32 D. Notwithstanding subsection B of this section, in counties having a
33 population of seven hundred thousand persons or more but less than one
34 million five hundred thousand persons, simulcasts may be received at the
35 racetrack enclosure, and the permittee may offer pari-mutuel wagering on the
36 simulcast racing at any additional wagering facility used by a permittee for
37 handling wagering as provided in section 5-111, subsection A during a
38 permittee's racing meeting as approved by the commission, whether or not the
39 simulcasts are televised to the additional wagering facilities and whether or
40 not posted races have been conducted on the day the simulcast is received,
41 subject to the following conditions:
42 1. For horse and harness racing, the permittee may conduct wagering on
43 dark day simulcasts for twenty days, provided the permittee conducts a
44 minimum of seven posted races on each of the racing days mandated in the

permittee's commercial racing permit. In order to conduct wagering on dark day simulcasts for more than twenty days, the permittee is required to conduct a minimum of seven posted races on one hundred forty racing days at the permittee's racetrack enclosure.

2. For dog racing, the permittee is required to conduct a minimum of nine posted races on each of one hundred days during a calendar year at the permittee's racetrack enclosure, unless a lesser number is otherwise agreed to by written contract entered into by February 1 of each year by a permittee and a majority of licensed persons then participating in a greyhound racing meeting as greyhound racing kennel owners.

E. In an emergency and on a showing of good cause by a permittee, the commission may grant an exception to the minimum racing day requirements of subsections C and D of this section.

F. The minimum racing day requirements of subsections C and D of this section shall be computed by adding all racing days, including any county fair racing days operated in accordance with section 5-110, subsection F, allotted to the permittee's racetrack enclosure in one or more racing permits ~~and all racing days allotted to the permittee's racetrack enclosure pursuant to section 5-110, subsection H~~.

G. Simulcast signals or teletracking of simulcast signals does not prohibit live racing or teletracking of that live racing in any county at any time.

H. Except as provided in subsection K of this section, section 5-101.01, subsection F and title 13, chapter 33, any person within a racetrack enclosure or an additional facility authorized for wagering pursuant to section 5-111, subsection A may wager on the results of a race televised to the facility pursuant to section 5-111, subsection A by contributing to a pari-mutuel pool operated as provided by this article.

I. Notwithstanding subsection B of this section, the department, in counties having a population of one million five hundred thousand persons or more and on request by a permittee for one day each year, may grant permission for simulcasts to be received without compliance with the minimum of nine posted races requirement.

J. Except as provided in this article and in title 13, chapter 33, all forms of wagering or betting on the results of a race, including buying, selling, cashing, exchanging or acquiring a financial interest in pari-mutuel tickets, except by operation of law, whether the race is conducted in this state or elsewhere, are illegal.

K. A permittee shall not knowingly permit a person who is under twenty-one years of age to be a patron of the pari-mutuel system of wagering.

L. Except as provided in title 13, chapter 33, any person who violates this article with respect to any wagering or betting, whether the race is conducted in or outside this state, is guilty of a class 6 felony.

M. Simulcasting may only be authorized for the same type of racing authorized by a permittee's live racing permit.

N. In addition to pari-mutuel wagering otherwise authorized by this chapter, a commercial live-racing permittee OR A COMMERCIAL DOG RACING PERMITTEE THAT CONDUCTED LIVE DOG RACING IN 2016 may conduct advance deposit wagering as approved by the commission. The commission also may allow advance deposit wagering by an advance deposit wagering provider if a racing authority in the state where the advance deposit wagering provider is located approves the advance deposit wagering provider and, for horse racing, if the advance deposit wagering provider annually secures the approval of the commercial live horse racing permittees in a county where the advance deposit wagering provider or commercial live-racing permittee accepts advance deposit wagers for horse racing and of the organization that represents the majority of owners and trainers at each of the commercial live horse racing enclosures in each county ~~or, for dog racing, if the advance deposit wagering provider secures the approval of each commercial live dog racing permittee in this state~~. An advance deposit wagering provider that the commission approves shall pay source market fees on wagers placed on horse racing from this state to commercial live horse racing permittees in this state. The advance deposit wagering provider shall divide the source market fees on horse racing wagers on the basis of the proportion of the permittees' total live and simulcast handle during the previous year and the advance deposit wagering provider shall pay source market fees on wagers on dog racing from the county in which the live or simulcast racing is conducted to the commercial live racing permittee in that county. The advance deposit wagering provider shall divide the source market fees on dog racing from wagering in any other county as provided in a written agreement that is submitted to the department between ~~all commercial live dog racing permittees and~~ all commercial dog racing permittees.

O. The commission may issue a permit to authorize an advance deposit wagering provider to accept advance deposit wagering on racing from persons in this state. The procedures for the approval of the permit must be similar to the procedures for the approval of racing permits under this article, subject to the following requirements:

1. The commission shall issue an advance deposit wagering permit only if the state agency that regulates racing in the state where the advance deposit wagering provider is located approves the permittee or provider to conduct advance deposit wagering.

2. An advance deposit wagering provider may accept advance deposit pari-mutuel wagers from natural persons in this state on racing conducted by a commercial live-racing permittee in this state or on racing conducted outside this state if the commercial live-racing permittee in this state at a racetrack enclosure in a county where live horse or live dog racing has been conducted for a period of at least forty days per year for at least twelve

consecutive years beginning after 1992 or at a new racetrack enclosure in the same county that replaced the previously existing racetrack enclosure on which advance deposit wagering is accepted or that conducts a racing program with the same type of racing on which the advance deposit wagering is accepted~~,~~ enters into an agreement with the advance deposit wagering provider providing for the payment of a source market fee that is agreed to by the commercial live-racing permittee on all ~~advanced~~ ADVANCE deposit wagering.

3. An advance deposit wagering provider shall pay source market fees in an amount that is agreed to by the commercial live-racing permittee on all advance deposit wagering by persons in this state on the same type of racing the commercial live-racing permittee conducts OR ON THE SAME TYPE OF LIVE RACING THAT A COMMERCIAL DOG RACING PERMITTEE CONDUCTED IN 2016. Source market fees from wagers by persons in this state through an advance deposit wagering provider shall be allocated as provided in paragraph 7 of this subsection to a commercial live horse racing permittee at a racetrack enclosure in a county where live horse racing has been conducted for a period of at least forty days per year for at least twelve consecutive years beginning after 1992 or at a new racetrack enclosure in the same county that replaced the previously existing racetrack enclosure during the period of time that the commercial live-racing permittee conducts a racing program. Source market fees for dog racing from wagering through the advance deposit wagering provider from persons wagering in a county shall be allocated as provided in paragraph 7 of this subsection to a commercial ~~live~~ dog racing permittee at a racetrack enclosure in a county where live dog racing ~~has~~ HAD BEEN CONDUCTED IN 2016 OR HAD been conducted for a period of at least forty days per year for at least twelve consecutive years beginning after 1992 or at a new racetrack enclosure in the same county that replaced the previously existing racetrack enclosure. Source market fees from wagers by persons in this state in all other counties for pari-mutuel wagering on dog racing through an advance deposit wagering provider shall be ~~divided between the commercial dog racing permittees in proportion to each permittee's live dog racing handle in this state if the permittee has consented to allowing advance deposit wagering to occur in the county in which the permittee operates a racetrack enclosure and shall be~~ allocated as provided in paragraph 7 of this subsection.

4. Advance deposit wagering agreements that are executed between permittees in this state must contain the same or substantially equivalent terms and conditions, including provisions for revenue sharing, as the terms and conditions contained in simulcasting agreements that are executed between those same permittees in order to accept advance deposit wagering on horse racing from a county with a commercial ~~live~~ dog racing permittee.

5. The advance wagering provider shall transmit daily a percentage determined by the department of the gross revenues generated by advance

deposit wagers to the department for deposit in the racing regulation fund established by section 5-113.01.

6. The advance deposit wagering provider shall file the consent provided for in this subsection with the commission, and the consent is valid for a period of at least one year.

7. The source market fees are allocated, after deductions, as provided for in section 5-111, subsection B for dog racing or section 5-111, subsection D for horse racing for any fees or payments to the state, county and city for taxes or other fees, in the same manner as the proceeds of ~~live or~~ simulcast pari-mutuel wagering as provided in section 5-111, subsection B for dog racing and section 5-111, subsection D for horse racing. From the source market fees from advance deposit wagering on horse racing allocated for purses as provided in section 5-111, subsection D, five ~~per cent~~ PERCENT is paid to the department for deposit in the Arizona breeders' award fund account for distributions for Arizona bred horses as provided in section 5-114.

P. The owner of the advance deposit wagering account may make an advance deposit pari-mutuel wager only by telephone.

Q. Only the advance deposit wagering provider may make an advance deposit wager, pursuant to wagering instructions the owner of the monies issues by telephone. The advance deposit wagering provider shall ensure the identification of the owner of the account by using methods and technologies approved by the commission. Any advance deposit wagering provider that accepts wagering instructions on races that are conducted in this state, or accepts wagering instructions originating in this state, shall provide a daily report that contains a full accounting and verification of the source of the wagers made, including the postal zip code of the source of the wagers and all pari-mutuel data, in a form and manner that is approved by the commission. All reasonable costs associated with the creation, provision and transfer of the data is the responsibility of the advance deposit wagering provider.

R. Any person other than a permittee or any advance deposit wagering provider who is approved by the commission under this article and who accepts a wager or who bets on the results of a race, whether the race is conducted in or outside this state, including buying, selling, cashing, exchanging or acquiring a financial interest in a pari-mutuel ticket from a person in this state outside of a racing enclosure or an additional wagering facility that is approved by the commission and that is located in this state is guilty of a class 6 felony.

S. Pursuant to section 13-108, a pari-mutuel wager or a bet placed or made by a person in this state is deemed for all purposes to occur in this state.

T. The department and the attorney general shall enforce subsections R and S of this section and shall submit an annual report that summarizes these

enforcement activities to the governor, the speaker of the house of representatives and the president of the senate. The department and the attorney general shall provide a copy of this report to the secretary of state.

Sec. 5. Authorization to conduct live dog racing through December 31, 2016

Notwithstanding section 5-110, Arizona Revised Statutes, as amended by this act, a commercial dog racing permittee that is authorized to conduct live dog racing on the effective date of this act may continue to conduct live dog racing through December 31, 2016.

Sec. 6. Application of previously earned hardship tax credits

This act does not prevent a commercial dog racing permittee that lawfully conducted live dog racing in this state in 2016 from using hardship tax credits that were lawfully earned before January 1, 2017 to reduce pari-mutuel taxes after the effective date of this act.

Sec. 7. Conforming legislation

The legislative council staff shall prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of this act for consideration in the fifty-third legislature, first regular session.

APPROVED BY THE GOVERNOR MAY 13, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 13, 2016.

Passed the House February 4, 2016

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting

Speaker of the House

☐ Pro Tempore

Jim Drake

Chief Clerk of the House

Passed the Senate April 11, 2016

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

President of the Senate

Susan Acevez

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

_____

Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

_____

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____M.

_____

Secretary of State

H.B. 2127

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 6, 20 16

by the following vote: 54 Ayes,

0 Nays, 6 Not Voting

Speaker of the House

✓ Pro Tempore

Jim Drake
Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 7, 20 16

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

President of the Senate

Susan Adams
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

7 day of May, 20 16

at 3:33 o'clock A. M.

Secretary to the Governor

Approved this 13th day of

May

at 10:18 o'clock A. M.

Doug Ducey
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 13th day of May, 20 16

at 3:30 o'clock P M.

Michele Reagan
Secretary of State

H.B. 2127