

COMMITTEE ON APPROPRIATIONS  
SENATE AMENDMENTS TO S.B. 1146  
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 5-104, Arizona Revised Statutes, is amended to  
3 read:

4 5-104. Racing commission; director; department; powers and  
5 duties

6 A. The commission shall:

7 1. Issue racing dates.

8 2. Prepare and adopt ~~such~~ complete rules to govern the racing meetings  
9 as may be required to protect and promote the safety and welfare of the  
10 animals participating in ~~such~~ racing meetings, to protect and promote public  
11 health, safety and the proper conduct of racing and pari-mutuel wagering and  
12 any other matter pertaining to the proper conduct of racing within this  
13 state.

14 3. Conduct hearings on applications for permits and approve permits  
15 and shall conduct ~~such~~ rehearings on licensing and regulatory decisions made  
16 by the director as required pursuant to rules adopted by the commission.

17 4. Conduct all reviews of applications to construct capital  
18 improvements at racetracks as provided in this chapter.

19 5. Adopt rules governing the proper and humane methods for the  
20 disposition and transportation of dogs by breeders, kennels or others.

21 B. The director shall license personnel and shall regulate and  
22 supervise all racing meetings held and pari-mutuel wagering conducted in this  
23 state and cause the various places where racing meetings are held and  
24 wagering is conducted to be visited and inspected on a regular basis. The  
25 director may delegate to stewards ~~such~~ ANY of the director's powers and

1 duties as are necessary to fully carry out and effectuate the purposes of  
2 this chapter. The director shall exercise immediate supervision over the  
3 department of racing. The director is subject to ongoing supervision by the  
4 commission, and the commission may approve or reject decisions of the  
5 director in accordance with rules established by the commission.

6 C. The commission or the department is authorized to allow stewards,  
7 with the written approval of the director, to require a jockey, apprentice  
8 jockey, sulky driver, groom, horseshoer, outrider, trainer, assistant  
9 trainer, exercise rider, pony rider, starter, assistant starter, jockey's  
10 agent, veterinarian, assistant veterinarian, cool-out, lead-out, paddock  
11 employee, security or maintenance worker, official or individual licensed in  
12 an occupational category whose role requires direct hands-on contact with  
13 horses or greyhounds, while on the grounds of a permittee, to submit to a  
14 test if the stewards have reason to believe the licensee is under the  
15 influence of or unlawfully in possession of any prohibited substance  
16 regulated by title 13, chapter 34.

17 D. The department shall employ the services of the office of  
18 administrative hearings to conduct hearings on matters requested to be heard  
19 by the director or the commission for the department except for those  
20 rehearings that are required by the terms of this chapter to be conducted by  
21 the commission. Any person adversely affected by a decision of a steward or  
22 by any other decision of the department may request a hearing on ~~such~~ THE  
23 decision. The decision of the administrative law judge becomes the decision  
24 of the director unless rejected or modified by the director within thirty  
25 days. The commission may hear any appeal of a decision of the director in  
26 accordance with title 41, chapter 6, article 10.

27 E. The department may visit and investigate the offices, tracks or  
28 places of business of any permittee and place in those offices, tracks or  
29 places of business expert accountants and ~~such~~ other persons as it deems  
30 necessary for the purpose of ascertaining that the permittee or any licensee  
31 is in compliance with the rules adopted pursuant to this article.

1 F. The department shall establish and collect the following licensing  
2 fees and regulatory assessments, which shall not be reduced for hardship tax  
3 credits pursuant to section 5-111, subsection I or for capital improvements  
4 pursuant to section 5-111.02 or 5-111.03:

5 1. For each racing license issued, a LICENSE fee ~~established by the~~  
6 ~~department.~~

7 2. From the purse accounts provided for in section 5-111, a regulatory  
8 assessment to pay for racing animal medication testing, animal safety and  
9 welfare.

10 3. From each permittee, a regulatory assessment for each day of dark  
11 day simulcasting conducted in excess of the number of live racing days  
12 conducted by the permittee.

13 4. From each commercial racing permittee, a regulatory assessment  
14 payable from amounts deducted from pari-mutuel pools by the permittee, in  
15 addition to the amounts the permittee is authorized to deduct pursuant to  
16 section 5-111, subsection C from amounts wagered on live and simulcast races  
17 from in-state and out-of-state wagering handled by the permittee.

18 G. The commission shall establish financial assistance procedures for  
19 promoting adoption of racing greyhounds as domestic pets and for promoting  
20 adoption of retired racehorses. The provision of financial assistance to  
21 nonprofit enterprises for the purpose of promoting adoption of racing  
22 greyhounds as domestic pets and for the purpose of promoting adoption of  
23 retired racehorses is contingent on a finding by the commission that the  
24 program presented by the enterprise is in the best interest of the racing  
25 industry and this state. ~~Upon~~ ON a finding by the commission, the commission  
26 is authorized to make grants to nonprofit enterprises whose programs promote  
27 adoption of racing greyhounds or adoption of retired racehorses. The  
28 commission shall develop an application process. The commission shall  
29 require an enterprise to report to the commission on the use of grants under  
30 this subsection. Financial assistance for nonprofit enterprises for the  
31 purpose of promoting adoption of racing greyhounds as domestic pets under  
32 this subsection shall not exceed the amount collected for license fees under

1 subsection F of this section for greyhound racing kennels, farms or other  
2 operations where greyhounds are raised for the purpose of dog  
3 racing. Financial assistance for nonprofit enterprises that promote adoption  
4 of retired racehorses under this subsection shall not exceed the amount of  
5 retired racehorse adoption surcharges collected pursuant to this  
6 subsection. The commission shall collect a retired racehorse adoption  
7 surcharge in addition to each civil penalty assessed in connection with horse  
8 or harness racing pursuant to this article. The amount of the retired  
9 racehorse adoption surcharge shall be five per cent of the amount collected  
10 for each applicable civil penalty.

11 H. A license is valid for the period established by the commission,  
12 but not to exceed three years, except for a temporary license issued pursuant  
13 to section 5-107.01, subsection F. The licensing period for horse racing  
14 shall begin July 1. The licensing period for greyhound racing shall begin  
15 February 1.

16 I. ~~Upon~~ ON application in writing by an objector to any decision of  
17 track stewards, made within three days after the official notification to the  
18 objector of the decision complained of, the department or administrative law  
19 judge shall review the objection. In the case of a suspension of a license  
20 by the track stewards, ~~such~~ THE suspension shall ~~commence at once and~~ run for  
21 a period of not more than ~~sixty days~~ SIX MONTHS. Before the end of this  
22 suspension period, filing an application for review is not cause for  
23 reinstatement. If at the end of this suspension period the department or  
24 administrative law judge has not held a hearing to review the decision of the  
25 stewards, the suspended license shall be reinstated until ~~such time as~~ the  
26 department or administrative law judge holds a hearing to review the  
27 objection. Except as provided in section 41-1092.08, subsection H, a final  
28 decision of the commission is subject to judicial review pursuant to title  
29 12, chapter 7, article 6.

30 J. The commission or the director may issue subpoenas for the  
31 attendance of witnesses and the production of books, records and documents  
32 relevant and material to a particular matter before the commission or

1 department. ~~Such~~ AND THE subpoenas shall be served and enforced in  
2 accordance with title 41, chapter 6, article 10.

3 K. Any member of the commission, the administrative law judge or the  
4 director or the director's designee may administer oaths, and ~~such~~ THE oaths  
5 shall be administered to any person who appears before the commission to give  
6 testimony or information pertaining to matters before the commission.

7 L. The commission shall adopt rules ~~which~~ THAT require permittees to  
8 retain for three months all official race photographs and videotapes. The  
9 department shall retain all ~~such~~ photographs and videotapes ~~which~~ THAT are  
10 used as evidence in an administrative proceeding until the conclusion of the  
11 proceeding and any subsequent judicial proceeding. All photographs and  
12 videotapes must be available to the public on request, including photographs  
13 and videotapes of races concerning which an objection is made, regardless of  
14 whether the objection is allowed or disallowed.

15 M. The director may establish a management review section for the  
16 development, implementation and operation of a system of management reports  
17 and controls in major areas of department operations, including licensing,  
18 work load management and staffing, and enforcement of the provisions of this  
19 article and the rules of the commission.

20 N. In cooperation with the department of public safety, the director  
21 shall establish a cooperative fingerprint registration system. Each  
22 applicant for a license or permit under this article or any other person who  
23 has a financial interest in the business or corporation making the  
24 application shall submit to fingerprint registration as part of the  
25 background investigation conducted pursuant to section 5-108. The  
26 cooperative fingerprint registration system shall be maintained in an updated  
27 form using information from available law enforcement sources and shall  
28 provide current information to the director upon request as to the fitness of  
29 each racing permittee and each racing licensee to engage in the racing  
30 industry in this state.

1           0. The director shall develop and require department staff to use  
2 uniform procedural manuals in the issuance of any license or permit under  
3 this article and in the enforcement of this article and the rules adopted  
4 under this article.

5           P. The director shall submit an annual report containing ~~such~~  
6 operational and economic performance information as is necessary to evaluate  
7 the department's budget request for the forthcoming fiscal year to the  
8 governor, the speaker of the house of representatives, the president of the  
9 senate and the Arizona state library, archives and public records no later  
10 than September 30 each year. The annual report shall be for the preceding  
11 fiscal year and SHALL contain ~~such~~ performance information as FOLLOWS:

12           1. The total state revenues for the previous fiscal year from the  
13 overall pari-mutuel handle with an itemization for each dog racing meeting,  
14 each horse racing meeting, each harness racing meeting and each additional  
15 wagering facility.

16           2. The total state revenues for the previous fiscal year from the  
17 regulation of racing, including licensing fees assessed pursuant to  
18 subsection F of this section and monetary penalties assessed pursuant to  
19 section 5-108.02.

20           3. The amount and use of capital improvement funds pursuant to  
21 sections 5-111.02 and 5-111.03 ~~which~~ THAT would otherwise be state revenues.

22           4. The number of licenses and permits issued, renewed, pending and  
23 revoked during the previous fiscal year.

24           5. The investigations conducted during the previous fiscal year and  
25 any action taken as a result of the investigations.

26           6. The department budget for the immediately preceding three fiscal  
27 years, including the number of full-time, part-time, temporary and contract  
28 employees, a statement of budget needs for the forthcoming fiscal year and a  
29 statement of the minimum staff necessary to accomplish these objectives.

1           7. Revenues generated for this state for the preceding fiscal year by  
2 persons holding horse, harness and dog racing permits.

3           8. Recommendations for increasing state revenues from the regulation  
4 of the racing industry while maintaining the financial health of the industry  
5 and protecting the public interest.

6           Q. The commission may certify animals as Arizona bred or as Arizona  
7 stallions. The commission may delegate this authority to a breeders'  
8 association it contracts with for these purposes. The commission may  
9 authorize the association, racing organization or department to charge and  
10 collect a reasonable fee to cover the cost of breeding or ownership  
11 certification or transfer of ownership for racing purposes.

12           R. The department has responsibility for the collection and accounting  
13 of revenues for the state boxing and mixed martial arts commission including,  
14 but not limited to, licensing fees required by section 5-230, the levy of the  
15 tax on gross receipts imposed by section 5-104.02 and cash deposited pursuant  
16 to section 5-229. All revenues collected pursuant to this subsection, from  
17 whatever source, shall be reported and deposited pursuant to section  
18 5-104.02, subsection C, except that licensing fees required by section 5-230  
19 shall be deposited in the racing regulation fund established by section  
20 5-113.01. The director shall adopt rules as necessary to accomplish the  
21 purposes of this subsection and chapter 2, article 2 of this title.

22           S. The commission may obtain the services of the office of  
23 administrative hearings on any matter ~~which~~ THAT the commission is empowered  
24 to hear.

25           T. The department may adopt rules pursuant to title 41, chapter 6 to  
26 carry out the purposes of this article, ensure the safety and integrity of  
27 racing in this state and protect the public interest.

1           Sec. 2. Section 5-106, Arizona Revised Statutes, is amended to read:

2           5-106. Supervisor of mutuels; pari-mutuel auditors; other  
3                   employees; stewards

4           A. The director shall appoint a supervisor of mutuels, security  
5           personnel and as many other employees as may be necessary for the enforcement  
6           of the laws of this state and the rules relating to racing.

7           B. The director shall determine which employees shall give bond to the  
8           state for the faithful performance of their respective duties in ~~such~~ AN  
9           amount as the department shall prescribe. The cost of providing the bonds  
10          shall be a charge against the state.

11          C. The compensation of employees shall be as determined pursuant to  
12          section 38-611.

13          D. The director shall keep a record of all proceedings and preserve  
14          all books, documents and papers of the commission and department.

15          E. The supervisor of mutuels shall monitor the wagering and the  
16          pari-mutuel departments at all racing meetings and additional wagering  
17          facilities and shall enter into no other employment or contracts of  
18          employment involving racing or pari-mutuel wagering either within or without  
19          the state during days of racing in the state.

20          F. The security personnel appointed by the director shall assist in  
21          keeping the peace at all racing meetings and additional wagering facilities,  
22          shall enforce all laws of the state relating to racing and all rules of the  
23          commission and shall perform ~~such~~ other duties as the commission or director  
24          shall prescribe and in the discharge of their duties shall have the authority  
25          of peace officers.

26          G. The director shall establish a security section charged with the  
27          responsibility for investigative matters relating to the proper conduct of  
28          racing and greyhound breeding, inspections of off-track kenneling of  
29          greyhounds used, trained or bred for racing purposes and pari-mutuel wagering  
30          including barring undesirables from racing, undercover investigations,  
31          fingerprinting persons licensed by the department and reviewing license  
32          applications. The person in charge of the security section shall have at

1 least five years of experience in law enforcement or in conducting or  
2 supervising investigations in some aspect of racing law enforcement.

3 H. For purposes of inspecting off-track greyhound training or breeding  
4 facilities, the director may request and accept volunteer assistance from a  
5 member or representative of the national greyhound association in any  
6 instance in which the director believes specialized knowledge or advice may  
7 be useful or necessary in the enforcement of this chapter.

8 I. If ~~upon~~ ON investigation by the department there is substantial  
9 evidence indicating that the security at any track or additional wagering  
10 facility is not satisfactory, the director may order the permittee to remedy  
11 the deficiency. If after ten days following ~~such~~ THE order the permittee has  
12 not remedied the deficiency, the department may institute its own security  
13 personnel program until the deficiency in security is remedied and may charge  
14 the permittee the actual costs incurred therefor. The permittee may petition  
15 the department for a hearing at any time to review the necessity of the  
16 department further maintaining its own security personnel.

17 J. Persons employed by the department as investigators must have  
18 training in a general investigation course, including instruction in  
19 appropriate Arizona law, conducted or approved by the director.

20 K. For each horse, harness or dog racing meeting, the director ~~shall~~,  
21 with the approval of the commission, SHALL employ two persons qualified as  
22 stewards. For each horse, harness or dog racing meeting, the permittee  
23 ~~shall~~, with the approval of the commission, SHALL employ one person qualified  
24 and licensed by the department as a steward. An applicant who wishes to be  
25 licensed or employed as a steward by the department for a commercial horse or  
26 harness racing meeting must be certified as a steward by a national  
27 organization approved by the department. ~~Beginning on January 1, 2000, an~~  
28 ~~applicant who wishes to be licensed or employed as a steward by the~~  
29 ~~department for a commercial dog racing meeting must be certified as a steward~~  
30 ~~by a national organization approved by the department. An applicant as a~~  
31 ~~steward for a commercial horse or harness racing meeting exceeding forty-five~~  
32 ~~days shall have been employed as a steward, patrol judge, clerk of scales or~~

1 ~~other racing official at a horse or harness racing meeting for a period of~~  
2 ~~not less than forty five days during three of the past five years, or have at~~  
3 ~~least five years' experience as a licensed jockey who has also served not~~  
4 ~~less than one year as a licensed racing official at a horse or harness racing~~  
5 ~~meeting, or have ten years' experience as a licensed horse trainer who has~~  
6 ~~also served not less than one year as a licensed racing official at a horse~~  
7 ~~or harness racing meeting.~~ The director shall designate one of the two  
8 stewards employed by the department pursuant to this section as chief steward  
9 for each horse, harness or dog racing meeting. The director shall designate  
10 the remaining stewards as assistant stewards. ~~A person employed by the~~  
11 ~~department as a steward pursuant to this subsection is considered an exempt~~  
12 ~~state employee and not a state service employee subject to title 41, chapter~~  
13 ~~4, articles 5 and 6. Stewards employed by the department pursuant to this~~  
14 ~~section are eligible to receive compensation pursuant to section 38-611.~~ For  
15 each horse, harness or dog racing meeting conducted by a county fair racing  
16 association, the director ~~shall~~, with the approval of the commission, SHALL  
17 employ three persons qualified as stewards. The director shall designate one  
18 of the three stewards as chief steward for each horse, harness or dog racing  
19 meeting conducted by a county fair racing association, and shall designate  
20 the remaining stewards as assistant stewards.

21 Sec. 3. Section 5-108, Arizona Revised Statutes, is amended to read:

22 5-108. Issuance of permit or license; grounds for refusal to  
23 issue; nontransferable; renewal

24 A. The department shall conduct a thorough investigation concerning  
25 the application for a permit or a license and:

26 1. The department may refuse to issue or renew a license or the  
27 commission may refuse to approve or renew a permit for any applicant if there  
28 is substantial evidence to find that the applicant:

29 (a) Has been suspended or ruled off a recognized course in another  
30 jurisdiction by the racing board or commission thereof.

31 (b) Is not of good repute and moral character.

1 (c) Has, when previously licensed or granted a permit, violated the  
2 racing laws of this state or of any other state or the regulations of the  
3 commission.

4 (d) Is a corporation, firm or association not duly qualified and  
5 authorized to conduct business within this state.

6 (e) If an individual, has been convicted of a felony or any crime  
7 involving moral turpitude, or, if a corporation, firm or association, is  
8 controlled or operated directly or indirectly by a person or persons who have  
9 been convicted of a felony or any crime involving moral turpitude.

10 (f) If an individual, is engaged in or has been convicted of wagering  
11 by other than the mutuel method or in pool selling or bookmaking in any state  
12 of the United States or foreign country where such other method, pool selling  
13 or bookmaking is illegal or, if a corporation, firm or association, is  
14 controlled or operated directly or indirectly by a person who is engaged in  
15 or has been convicted of wagering by other than the mutuel method or in pool  
16 selling or bookmaking in any state of the United States or foreign country  
17 where such other method, pool selling or bookmaking is illegal.

18 (g) Has wilfully violated any provision of this chapter or any of the  
19 rules and regulations of the commission.

20 (h) Should not, in the best interest of the safety, welfare, economy,  
21 health and peace of the people of the state, be granted a license or permit.

22 (i) Has entered into any contract or contracts ~~which~~ THAT will not  
23 further the best interests of racing or be in the public interest or, in the  
24 case of permittees or applicants for permits to conduct racing meetings, has  
25 failed to file with the department a contract, as an addendum to an  
26 application for a permit to conduct a racing meeting, providing for food and  
27 beverage concession rights, if any, at ~~such~~ THAT racing meeting. A food and  
28 beverage concessionaire contract filed with the department pursuant to this  
29 section shall be available to the public ~~upon~~ ON request.

30 (j) Has failed to inform the department on or before May 15 of each  
31 year in writing of any material change, occurring during the immediately  
32 preceding year of the license or permit term, in the information supplied by

1 the applicant in the application, for a license or permit. ~~In the event that~~  
2 IF a licensee or permittee fails to file such information, the department  
3 shall notify the licensee or permittee of ~~such~~ THE failure to file and the  
4 licensee or permittee shall have an additional fifteen days, after the notice  
5 is mailed to the last known address of ~~such~~ THE licensee or permittee, to  
6 file ~~such~~ THE information.

7 2. The commission may refuse to approve or renew a permit to conduct a  
8 racing meeting or a food and beverage concessionaire license for any ground  
9 set forth in paragraph 1 of this subsection or if there is substantial  
10 evidence to find that:

11 (a) The applicant is not possessed of or has not demonstrated  
12 financial responsibility sufficient to meet adequately the requirements of  
13 the enterprise proposed to be authorized.

14 (b) The applicant is not the true owner of the enterprise proposed to  
15 be granted a permit, that other persons have ownership in the enterprise  
16 which fact has not been disclosed or, if the applicant is a corporation, that  
17 ten per cent of the stock of ~~such~~ THE corporation is subject to a contract or  
18 option to purchase at any time during the period for which the permit is  
19 issued unless the contract or option was disclosed to the department and the  
20 department approved the sale or transfer during the period of the permit.

21 (c) The granting of a permit or license in the locality set out in the  
22 application is not in the public interest or convenience.

23 (d) The applicant, if a corporation or any holder of more than ten per  
24 cent of the outstanding stock of any class, transferred, pledged or in any  
25 other way collateralized any of its stock after an application for a permit  
26 or license was filed with the department, without prior department  
27 approval. The provisions of subdivision (b) OF THIS PARAGRAPH and this  
28 subdivision shall not apply to day-to-day transfers of stock of a publicly  
29 held corporation unless the transfer, or a combination of transfers, involves  
30 a controlling interest in or affects the operational control of the  
31 corporation, or involves ten per cent or more of any class of stock of the

1 corporation owned by the controlling shareholders or the manager of any  
2 racing meeting.

3 (e) The applicant has, or if the applicant is a corporation, its  
4 officers, managerial employees, directors or substantial stockholders have,  
5 committed acts of moral turpitude in this state or have ~~willfully~~ WILFULLY  
6 violated a material racing statute of this state or a material rule or  
7 regulation of the commission. If the commission makes such a finding, with  
8 respect to an officer, managerial employee, director or substantial  
9 stockholder, the applicant may be denied a permit only ~~upon~~ ON the failure to  
10 remove the officer, managerial employee or director or the failure of the  
11 substantial stockholder to sell its stock interest. For purposes of this  
12 subdivision a substantial stockholder is one who owns ten per cent of the  
13 issued and outstanding stock of the applicant.

14 3. The department may deny or refuse to renew a license or the  
15 commission may refuse to approve or renew a permit for any person who has  
16 made a knowingly false statement of a material fact to the department.

17 4. The department may deny or refuse to renew a license or the  
18 commission may refuse to approve or renew a permit to any applicant if ~~such~~  
19 THE applicant has failed to meet any monetary obligation in connection with  
20 any racing meeting held in this state.

21 5. The department shall refuse to issue or renew a license or the  
22 commission shall refuse to approve or renew a permit for any applicant if  
23 there is substantial evidence to find that the applicant, if an individual,  
24 has been convicted within the last five years of a felony or any crime  
25 involving moral turpitude or, if a corporation, firm or association, is  
26 controlled or operated directly or indirectly by a person or persons who have  
27 been convicted within the last five years of a felony or any crime involving  
28 moral turpitude.

29 B. The department in conducting the investigation referred to in this  
30 section shall have the full cooperation of all state agencies and  
31 departments, including the department of public safety, and ~~such~~ THE agencies

1 and departments shall make their personnel available to the department, ~~upon~~  
2 ~~ON~~ request.

3 C. If the commission determines that the applicant for a permit,  
4 whether such applicant is a lessee or an individual or corporate owner of the  
5 tracksite, meets the requirements prescribed by this article and the rules  
6 and regulations of the commission, it shall approve the permit. The permit  
7 shall be approved for a period of not to exceed three years, ~~except that the~~  
8 ~~commission may at its discretion approve a permit for a period of not to~~  
9 ~~exceed five years for an applicant who has not previously been granted a~~  
10 ~~permit pursuant to this section and who purchases an excess holding and~~  
11 ~~interest required to be sold pursuant to section 5-108.03.~~ Any renewal of a  
12 permit shall be pursuant to subsection D of this section.

13 D. Except as provided by subsection C of this section, permits shall  
14 be renewed for successive periods of not more than three years unless the  
15 commission revokes the permit or refuses to renew the permit for any of the  
16 grounds enumerated in this section or section 5-108.03. The renewal of a  
17 permit shall be denied only after a full hearing and a finding of good cause  
18 for refusing renewal has been made by the commission.

19 E. The director shall suspend or revoke a license or the commission  
20 shall deny or revoke a permit of a person who intentionally provides false  
21 information to the department or any other governmental agency concerning ~~his~~  
22 ~~THE PERSON'S~~ criminal history background. The director may suspend or revoke  
23 a license or the commission may deny or revoke a permit of a person who  
24 negligently or recklessly provides false information to the department or any  
25 other governmental agency concerning ~~his~~ ~~THE PERSON'S~~ criminal history  
26 background.

27 F. Except as provided by this subsection, the director may grant a  
28 license or the commission may approve a permit to engage in the racing  
29 industry in this state only after all necessary investigation of the  
30 background of the applicant required by this article has been completed. A  
31 temporary permit approved by the commission or a temporary license valid for  
32 a period of not to exceed ninety days may be issued by the director ~~prior to~~

1        ~~BEFORE~~ the time the investigation of the background of the applicant for the  
2        license or permit has been completed. After a temporary license or permit  
3        has been issued, the director may suspend or revoke a temporary license or  
4        the commission may revoke a temporary permit for any reason ~~which~~ THAT would  
5        be grounds to refuse to issue, approve or renew a license or permit under the  
6        provisions of subsection A of this section.

7                Sec. 4. Section 5-108.03, Arizona Revised Statutes, is amended to  
8        read:

9                5-108.03. Restrictions on ownership of licenses, permits and  
10                tracks; exemptions; sale for fair market value

11                A. From and after December 31, 1978, no person, firm, partnership,  
12        corporation or association or any affiliate thereof shall simultaneously hold  
13        or have an ownership interest, direct or indirect, in permits to conduct  
14        racing meetings at more than four racetracks within this state. For the  
15        purpose of this chapter a person, firm, partnership, corporation or  
16        association holding or having an ownership interest, direct or indirect, in a  
17        place, enclosure or track at which a racing meeting is conducted in this  
18        state shall be considered as holding an ownership interest in the permit or  
19        permits issued for a racing meeting at ~~such~~ THAT location. This subsection  
20        shall not apply with respect to a corporation unless the person, firm,  
21        partnership, corporation or association otherwise subject to the provisions  
22        of this subsection owns or controls ten per cent or more of any class of  
23        stock of ~~such~~ THE corporation.

24                B. From and after December 31, 1978, no person, firm, partnership,  
25        corporation or association or any affiliate thereof, which holds or has an  
26        ownership interest, direct or indirect, in a permit to conduct a racing  
27        meeting within a county having a population of ~~three~~ SEVEN hundred thousand  
28        persons, or more, as shown by the last United States decennial census, shall  
29        simultaneously hold or have any ownership interest, direct or indirect, in a  
30        permit to conduct the same kind of racing within any other county having a  
31        population of ~~three~~ SEVEN hundred thousand persons, or more, as shown by the  
32        last United States decennial census.

1           ~~C. Any person, firm, partnership, corporation or association which on~~  
2           ~~the effective date of this section holds or has an ownership interest in~~  
3           ~~permits in excess of the limits specified in subsections A and B shall use~~  
4           ~~diligent effort to dispose of such excess holdings and interests prior to~~  
5           ~~January 1, 1979. If such person, firm, partnership, corporation or~~  
6           ~~association has failed to receive a reasonable offer, containing adequate~~  
7           ~~security provisions, for the acquisition of such excess holdings or interest~~  
8           ~~at the fair market value thereof prior to January 1, 1979, the department~~  
9           ~~shall grant an extension of the affected permits for a one-year period. At~~  
10           ~~the expiration of such extension, the department shall grant additional~~  
11           ~~one year extensions but in no event shall the department grant more than~~  
12           ~~three extensions for an affected permittee. Upon the disposal of such excess~~  
13           ~~holdings and interest or expiration of the maximum number of extensions~~  
14           ~~authorized, the limitations set forth in subsections A and B shall apply.~~

15           D. C. For the purposes of subsections A, ~~OR B and C OF THIS SECTION,~~  
16           a person, firm, partnership, corporation or association shall be considered  
17           as itself holding or having any ownership interest held directly or  
18           indirectly by its affiliates. For the purposes of this chapter, one person,  
19           firm, partnership, corporation or association shall be considered the  
20           affiliate of another person, firm, partnership, corporation or association if  
21           any of the following applies:

22           1. They are either directly or indirectly under common control.

23           2. Any officer, director, manager, partner, supervisor, substantial  
24           stockholder, owner, trustee or administrator of one ~~such~~ person, firm,  
25           partnership, corporation or association is an officer, director, manager,  
26           partner, substantial stockholder, owner, trustee or administrator of the  
27           other person, firm, partnership, corporation or association. For the  
28           purposes of this paragraph, a substantial stockholder is one who owns at  
29           least ten per cent of the issued and outstanding stock of a corporation.

30           3. They, at any time, within an immediately preceding three-year  
31           period, have each had a substantial ownership interest in the same permittee  
32           authorized to conduct a racing meeting in this state. For the purposes of

1 this paragraph, the direct or indirect ownership of ten per cent or more of  
2 the equity of a permittee shall be considered a substantial ownership  
3 interest.

4 ~~4. Notwithstanding the provisions of paragraph 3 of this subsection,~~  
5 ~~any persons, firms, corporations, partnerships or affiliates thereof having a~~  
6 ~~substantial ownership interest in the same permittee authorized to conduct a~~  
7 ~~racing meeting in this state during 1976 shall be considered to be affiliates~~  
8 ~~for purposes of subsections A and B until January 2, 1979, or until the~~  
9 ~~termination of any extension granted by the department pursuant to subsection~~  
10 ~~C, whichever period is longer. For the purposes of this paragraph, the~~  
11 ~~direct or indirect owner of ten per cent or more of the equity of a permittee~~  
12 ~~shall be considered a substantial ownership interest.~~

13 ~~E.~~ D. For purposes of determining interest in a permit or permittee,  
14 insofar as ~~such~~ THE determination is based on stock ownership:

15 1. Stock owned, directly or indirectly, by or for a corporation,  
16 partnership, estate or trust shall be considered as being owned  
17 proportionately by its shareholders, partners or beneficiaries.

18 2. An individual shall be considered as owning the stock owned,  
19 directly or indirectly, by or for his family or by or for his partner. For  
20 purposes of this section, the family of an individual includes only his  
21 brothers and sisters, whether by the whole or half blood, spouse, ancestors  
22 and lineal descendants.

23 3. Stock constructively owned by a person by reason of the application  
24 of paragraph 1 of this subsection shall, for purposes of applying paragraph 1  
25 or 2 of this subsection, be treated as actually owned by ~~such~~ THE  
26 person. Stock constructively owned by ~~such~~ THE person by reason of the  
27 application of paragraph 2 of this subsection shall not be treated as owned  
28 by ~~him~~ THE PERSON for purposes of again applying paragraph 2 of this  
29 subsection in order to make another the constructive owner of ~~such~~ THE stock.

1           Sec. 5. Section 5-108.04, Arizona Revised Statutes, is amended to  
2 read:

3           5-108.04. Restrictions on loans; exemptions

4           ~~From and after December 31, 1978, or from and after the termination of~~  
5 ~~any extension period granted by the department pursuant to section 5-108.03,~~  
6 ~~whichever time is later, no~~ A permittee or AN affiliate ~~thereof~~ OF A  
7 PERMITTEE shall NOT borrow from or accept loans or guarantees of loans from  
8 any licensed food and beverage concessionaire or any affiliate ~~thereof~~ OF A  
9 CONCESSIONAIRE, or make payments pursuant to any such loans, except that a  
10 permittee may accept loans or guarantees of loans, and may make payments  
11 pursuant to such loans, from a food and beverage concessionaire ~~which~~ THAT is  
12 an affiliate of such permittee.

13           Sec. 6. Section 5-115, Arizona Revised Statutes, is amended to read:

14           5-115. Violation; classification; civil penalties

15           A. At any racing meeting conducted under ~~the provisions of~~ this  
16 article, a person is guilty of a class 4 felony, if ~~he~~ THE PERSON:

17           1. Knowingly influences or has any understanding or connivance with  
18 any official, owner, jockey, trainer, groom, starter, assistant starter or  
19 other person associated with a stable, kennel or race in which any horse or  
20 dog participates to predetermine the result ~~thereof~~ OF A RACE.

21           2. Knowingly gives or offers a bribe in any form to any official,  
22 owner, trainer, jockey, driver or groom, starter or assistant starter or any  
23 other person licensed by the department or accepts or solicits a bribe in any  
24 form.

25           3. Knowingly has in ~~his~~ THE PERSON'S possession or in use, while  
26 riding or driving in any horse race, any mechanical or electric device  
27 capable of affecting a horse's performance other than an ordinary whip.

28           4. Knowingly commits any other corrupt or fraudulent practice in  
29 relation to racing ~~which~~ THAT affects or may affect the result of a race.

30           5. For the purpose of selling or offering to sell predictions on horse  
31 races, harness races or dog races, advertises that he has predicted the  
32 outcome of any race ~~which~~ THAT has been run in this state, unless ~~such~~ THE

1 person has notified in writing the department or a representative of the  
2 department of his predictions at least three hours ~~prior to~~ BEFORE the race  
3 involved on forms prescribed by the department. ~~No~~ A person shall NOT  
4 advertise the fact that he has notified the department or use the name of the  
5 department in any way whatsoever to promote the activities described in this  
6 section. For the purposes of this paragraph, "advertise" means the use of  
7 any newspaper, magazine or other publication, book, notice, circular,  
8 pamphlet, letter, handbill, tip sheet, poster, bill, sign, placard, card,  
9 label, tag window display, store sign, radio or television announcement, or  
10 other means or methods now or hereafter employed to bring to the attention of  
11 the public information concerning the outcome of horse or dog races. Nothing  
12 contained in this paragraph ~~shall apply~~ APPLIES to any daily newspaper of  
13 general circulation ~~which~~ THAT is regularly entered in the United States  
14 mail, or any other daily publication carrying complete past performances of  
15 horses or dogs entered in races, or to any regularly published magazine or  
16 periodical devoted to racing news, ~~which magazine or periodical~~ THAT has been  
17 published for at least two years.

18 B. It is a class 4 felony for:

19 1. A trainer or owner to enter a horse or dog in a race if the trainer  
20 or owner knows that the horse or dog is drugged or desensitized and that the  
21 racing performance of the animal is affected.

22 2. A person to perform the drugging or desensitizing of a horse or dog  
23 if ~~such a~~ THE person knows that the horse or dog will compete in a race while  
24 so drugged or desensitized and knows that the racing performance of the  
25 animal is affected.

26 3. A person to intentionally fail to notify a steward as soon as  
27 reasonably possible that a horse or dog entered in a race is drugged or  
28 desensitized or that a horse or dog was not properly made available for the  
29 required tests or inspections and knows that the racing performance of the  
30 animal may be affected.

31 4. A person to intentionally impair or alter the normal performance of  
32 a pari-mutuel wagering system with the intent to defraud or injure the state

1 or a permittee. Alteration of the normal performance of a pari-mutuel system  
2 includes:

3 (a) Altering, changing or interfering with any equipment or device  
4 used in connection with pari-mutuel wagering.

5 (b) Causing any false, inaccurate, delayed or unauthorized data,  
6 impulse or signal to be fed into, transmitted over, registered in or  
7 displayed on any equipment or device used in connection with pari-mutuel  
8 wagering.

9 5. A person to impair or alter the normal operation of simulcast  
10 broadcasts by intentionally doing any of the following with the intent to  
11 defraud or injure the state or a permittee:

12 (a) Intercepting or decoding a transmission of a simulcast signal,  
13 either in whole or in part, ~~which~~ THAT the director has not provided written  
14 of pari-mutuel wagering and ~~which~~ THAT the director has not provided written  
15 authorization for the person to receive or decode.

16 (b) Without written authorization from the director, manufacturing,  
17 distributing or selling a device, a plan or a kit for a device capable of  
18 intercepting or decoding a transmission of a simulcast signal with the intent  
19 that the device, plan or kit be used for interception or decoding.

20 (c) Without written authorization from the director, possessing a  
21 device, a plan or a kit for a device capable of intercepting or decoding a  
22 transmission of a simulcast signal with the intent that the device, plan or  
23 kit be used for the interception or decoding.

24 C. The department, in addition to any criminal penalties provided in  
25 this chapter and in addition to suspension or revocation of a credential or a  
26 license, may levy a civil penalty as to a licensee or a holder of a  
27 credential as follows:

28 1. In an amount of not ~~to exceed~~ MORE THAN five thousand dollars for  
29 each violation of any provision of subsection A OF THIS SECTION.

30 2. In an amount of not ~~to exceed one~~ MORE THAN TWO thousand FIVE  
31 HUNDRED dollars for each violation of any provision of this chapter ~~which~~  
32 THAT constitutes grounds for suspension or revocation of a credential or

1 license, except for violation of those provisions contained in subsection A  
2 **OF THIS SECTION**. All sums paid to the department pursuant to this subsection  
3 shall be deposited, pursuant to sections 35-146 and 35-147, in the state  
4 general fund.

5 D. Any person who holds or conducts any racing meeting or operates an  
6 additional wagering facility without first complying with the provisions of  
7 this article, or any person who fails to submit to a drug test as directed by  
8 stewards or who violates any other provision of this article for which no  
9 other penalty is prescribed, is guilty of a class 2 misdemeanor.

10 E. A member of the commission or an employee of the department who at  
11 any time, directly or indirectly, knowingly receives any money, bribe, tip or  
12 other thing of value or service from any person connected with racing given  
13 with an intent to influence ~~his~~ **THE MEMBER'S OR EMPLOYEE'S** official action,  
14 or any person connected with racing who, directly or indirectly, knowingly  
15 gives ~~such~~ money, **A** bribe, **A** tip or **ANY** other thing of value or service to a  
16 member of the commission or an employee of the department with intent to  
17 influence ~~his~~ **THE MEMBER'S OR EMPLOYEE'S** official action, is guilty of a  
18 class 4 felony.

19 F. A person who knowingly removes or alters, either directly or  
20 indirectly, any tattoo, other marking, device, coloration or special  
21 characteristic that is required by the department for the purpose of  
22 identifying a greyhound used or bred for racing purposes or a person who  
23 knowingly subjects a greyhound used or bred for racing purposes regulated  
24 under this chapter to grossly inhumane conditions or severe mistreatment is  
25 guilty of a class 6 felony. For **THE** purposes of this subsection:

26 1. "Grossly inhumane conditions" means conditions arising from a  
27 person's reckless indifference to the consequences of an act or omission if  
28 the person, without any actual intent to injure, is aware from ~~his~~ **THE**  
29 **PERSON'S** knowledge of existing circumstances and conditions that ~~his~~ **THE**  
30 **PERSON'S** conduct will inevitably or probably result in injury to a greyhound  
31 used or bred for racing purposes.

1           2. "Severe mistreatment" means the infliction of physical pain,  
2           suffering or death on a greyhound used or bred for racing purposes in a  
3           manner that is either wanton or with reckless indifference to pain or  
4           suffering."  
5 Amend title to conform

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