

COMMITTEE ON NATURAL RESOURCES AND RURAL AFFAIRS
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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