

Department of Gaming

| | FY 2023 ACTUAL | FY 2024 ESTIMATE | FY 2025 BASELINE |
|--|-------------------|---------------------|-----------------------------------|
| OPERATING BUDGET | | | |
| <i>Full Time Equivalent Positions</i> | 155.8 | 155.8 | 155.8 ^{1/} |
| Personal Services | 4,656,700 | 6,226,600 | 6,226,600 |
| Employee Related Expenditures | 1,803,400 | 2,598,700 | 2,598,700 |
| Professional and Outside Services | 389,600 | 1,499,600 | 1,499,600 |
| Travel – In State | 275,700 | 461,800 | 461,800 |
| Travel – Out of State | 49,300 | 73,200 | 73,200 |
| Other Operating Expenditures | 2,064,300 | 2,701,800 | 2,701,800 |
| Equipment | 146,200 | 178,400 | 178,400 |
| OPERATING SUBTOTAL | 9,385,200 | 13,740,100 | 13,740,100 |
| SPECIAL LINE ITEMS | | | |
| Arizona Breeders' Award | 250,000 | 250,000 | 250,000 |
| Casino Operations Certification | 1,329,500 | 2,299,400 | 2,299,400 |
| Contract Veterinarian | 25,300 | 175,000 | 175,000 ^{2/} |
| County Fairs Livestock and Agriculture Promotion | 6,029,500 | 6,029,500 | 6,029,500 ^{3/} |
| Division of Racing | 1,846,000 | 2,435,900 | 2,435,900 |
| Event Wagering Application Fee Refund | 0 | 600,000 | 0 |
| Horseracing Integrity and Safety Act Assessment | 355,100 | 355,100 | 355,100 ^{4/} |
| Problem Gambling | 2,318,400 | 3,320,000 | 3,320,000 |
| Racetrack Capital Projects and Maintenance and Operation Funding | 0 | 1,000,000 | 0 |
| Racetrack Purse and Maintenance and Operations Funding | 5,396,900 | 0 | 0 |
| Racing Purse Enhancement | 4,850,000 | 5,000,000 | 5,000,000 ^{5/} |
| AGENCY TOTAL | 31,785,900 | 35,205,000 | 33,605,000 ^{6/7/} |
| FUND SOURCES | | | |
| General Fund | 16,656,800 | 13,159,600 | 11,559,600 |
| <u>Other Appropriated Funds</u> | | | |
| Arizona Benefits Fund | 11,196,700 | 16,610,000 | 16,610,000 |
| Fantasy Sports Contest Fund | 206,900 | 150,100 | 150,100 |
| Racing Regulation Fund | 1,991,400 | 2,580,700 | 2,580,700 |
| Racing Regulation Fund - Unarmed Combat Subaccount | 104,600 | 105,200 | 105,200 |
| State Lottery Fund | 300,000 | 300,000 | 300,000 |
| Tribal-State Compact Fund | 1,329,500 | 2,299,400 | 2,299,400 |
| SUBTOTAL - Other Appropriated Funds | 15,129,100 | 22,045,400 | 22,045,400 |
| SUBTOTAL - Appropriated Funds | 31,785,900 | 35,205,000 | 33,605,000 |
| Other Non-Appropriated Funds | 3,913,100 | 3,715,000 | 3,715,000 |
| TOTAL - ALL SOURCES | 35,699,000 | 38,920,000 | 37,320,000 |

AGENCY DESCRIPTION — The Department of Gaming regulates tribal gaming activities as authorized by the Arizona Tribal-State Gaming Compacts. The agency is also responsible for certifying casino employees and vendors working with casinos. The department also regulates non-tribal gaming activities including the Division of Racing, fantasy sports contests, and event wagering.

FOOTNOTES

- ^{1/} Includes 73.5 OF FTE Positions funded from Special Line Items in FY 2025.
- ^{2/} On or before the final day of each quarter of fiscal year 2024-2025, the department of gaming shall report to the members of the joint legislative budget committee on the number of equine deaths and injuries that occurred as a result of a horse race and the commercial live racing facility where each incident occurred. The report shall include the number

of pre-race inspections performed by a veterinarian employed by or contracted with this state. (General Appropriation Act footnote)

- 3/ The amount appropriated to the county fairs livestock and agriculture promotion line item is for deposit in the county fairs livestock and agriculture promotion fund established by section 5-113, Arizona Revised Statutes, and to be administered by the office of the governor. (General Appropriation Act footnote)
- 4/ The amount appropriated to the horseracing integrity and safety act assessment line item shall be distributed to commercial live racing permittees during fiscal year 2024-2025 to pay the calendar year 2024 assessment levied by the horseracing integrity and safety authority. If the appropriated amount for the horseracing integrity act assessment line item is insufficient to fund all assessments levied by the horseracing integrity and safety authority, the department shall reduce the distribution amounts on a proportional basis in order to cap total statewide distributions at \$355,100. The distributions for fiscal year 2024-2025 are estimated to be \$309,300 to a commercial live racing permittee located in Maricopa County and \$45,800 to a commercial live racing permittee located in Yavapai county. (General Appropriation Act footnote)
- 5/ The amount appropriated to the racing purse enhancement line item shall be distributed to a recognized nonprofit horsemen's organization that has represented since 1988 the horsemen participating in racing meetings to be used to promote racing and enhance the general purse structure for eligible horse races held in this state. (General Appropriation Act footnote)
- 6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 7/ On or before August 1, 2024, the department of gaming shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on the expected amount and purpose of expenditures from the event wagering fund established by section 5-1318, Arizona Revised Statutes, for fiscal year 2024-2025. The report shall include the projected line item detail and the number of filled full-time equivalent positions. (General Appropriation Act footnote)

Administrative Expenses

The Baseline includes \$13,740,100 in FY 2025 for administrative expenses, which consists of \$13,590,000 from the Arizona Benefits Fund and \$150,100 from the Fantasy Sports Contest Fund. The appropriation from the Arizona Benefits Fund serves as a cap on the level of spending.

Pursuant to the Gaming ballot initiative (A.R.S. § 5-601.02) and the Tribal-State Gaming Compacts, the department's administrative expenses from the Arizona Benefits Fund, excluding Problem Gambling, are limited to the greater of \$8,000,000, or 9% of state tribal gaming revenues. The department can expend the actual 9% level or the expenditure authority level, whichever is lower.

In FY 2024, Gaming has the authority to spend \$13,740,100 for administrative expenses. This consists of \$13,590,000 from the FY 2024 Arizona Benefits Fund Operating appropriation in the enacted budget. The enacted budget amount was selected based on the department's spending patterns and is not derived from the 9% calculation. In addition, Gaming was appropriated \$150,100 from the Fantasy Sports Contest Fund.

In FY 2025, 9% of tribal gaming revenues are forecasted to be \$16,382,700, based on the department's projection of state tribal contribution revenue of \$182,030,000. However, the Baseline continues to appropriate \$13,590,100 from the Arizona Benefits Fund to cover the department's administrative expenses.

Problem Gambling

The Baseline includes \$3,320,000 in FY 2025 for Problem Gambling, which consists of \$3,020,000 from the Arizona Benefits Fund and \$300,000 from the State Lottery Fund.

Pursuant to the Gaming ballot initiative and the Tribal-State Gaming Compacts, the department's Problem Gambling expenses from the Arizona Benefits Fund are limited to 2% of revenues. The department can expend the actual 2% level or the expenditure authority level, whichever is lower.

In FY 2024, Gaming had the authority to spend \$3,020,000, based on the FY 2024 Arizona Benefits Fund Problem Gaming appropriation in the enacted budget. The enacted budget amount was selected based on the department's spending patterns and is not derived from the 2% calculation.

In FY 2025, 2% of tribal gaming revenues are forecasted to be \$3,640,600, due to a projected increase in tribal contributions. However, the Baseline continues to appropriate \$3,020,000 from the Arizona Benefits Fund to cover the department's problem gambling expenses. (See *Other Issues – Tribal Gaming Revenues section for additional details.*)

Event Wagering Administrative Costs

In addition to the administrative costs listed above that are subject to the legislative appropriation, the department may spend up to 10% of revenue from the non-appropriated Event Wagering Fund on the regulation of event wagering.

Given the Baseline revenue forecast for event wagering license and fee collections, Gaming is estimated to have the authority to spend \$3,998,900 in FY 2024 and \$4,278,600 in FY 2025 from the Event Wagering Fund. (See Other Issues – Event Wagering/Fantasy Sports Forecast section for additional details.)

The Baseline includes a General Appropriation Act footnote requiring the department to report on administrative spending from the Event Wagering Fund by August 1, 2024.

Operating Budget

The Baseline includes \$13,740,100 and 82.3 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

| | FY 2025 |
|-----------------------------|----------------|
| Arizona Benefits Fund | \$13,590,000 |
| Fantasy Sports Contest Fund | 150,100 |

These amounts are unchanged from FY 2024.

Arizona Breeders’ Award

The Baseline includes \$250,000 from the Racing Regulation Fund in FY 2025 for the Arizona Breeders’ Award. This amount is unchanged from FY 2024.

This line item funds awards to the breeder of every winning horse foaled in the state. In FY 2025, this line item will fund awards equal to 25% of the purse won by the horse.

Casino Operations Certification

The Baseline includes \$2,299,400 and 28 FTE Positions from the Tribal-State Compact Fund in FY 2025 for Casino Operations Certification. These amounts are unchanged from FY 2024.

The department has the responsibility for investigating and certifying all vendors that provide over \$10,000 per month of goods and services to tribal gaming facilities and all tribal gaming employees, excluding food and beverage personnel who are certified by the relevant tribal gaming office. Certification application fees provide funding for the Casino Operations Certification Special Line Item.

Contract Veterinarian

The Baseline includes \$175,000 from the General Fund in FY 2025 for a Contract Veterinarian. This amount is unchanged from FY 2024.

Monies in the line item are to be used to contract a veterinarian and veterinarian's assistant to assist with pre-race inspections of horses in an effort to reduce the number of horse fatalities as a result of racing in the state. A General Appropriation Act footnote requires the department to report on a quarterly basis the number of equine deaths and injuries that occur as a result of a horse race and the commercial live racing facility where each incident occurred. The report must also include the number of pre-race inspections performed by a veterinarian employed by or contracting with the state.

County Fairs Livestock and Agriculture Promotion

The Baseline includes \$6,029,500 from the General Fund in FY 2025 for County Fairs Livestock and Agriculture Promotion. This amount is unchanged from FY 2024.

Monies in this line item are deposited in the County Fairs Livestock and Agriculture Promotion Fund in the Office of the Governor.

Division of Racing

The Baseline includes \$2,435,900 and 40.5 FTE Positions in FY 2024 for operating costs associated with the Division of Racing. These amounts consist of:

| | |
|--|-----------|
| Racing Regulation Fund | 2,330,700 |
| Racing Regulation Fund - Unarmed Combat Subaccount | 105,200 |

These amounts are unchanged from FY 2024.

The Division of Racing regulates the pari-mutuel horse racing industries through the supervision of race meetings, screening of license applicants, collection of taxes and fees, and assessment of fines or other penalties.

The Regulatory Wagering Assessment (RWA) is a regulatory assessment from each commercial racing permittee payable from amounts deducted from pari-mutuel pools by the permittee. The Arizona Administrative Code section R19-2-205B sets the RWA at 0.75% from May 1-Sep 30 and 0.85% from October 1-April 30 each year. However, ongoing session law overrides those rates and sets the RWA at 0.5% for FY 2025. All monies received from the RWA are deposited into the Racing Regulation Fund, which is the primary funding source for the Division of Racing.

The Division of Racing also oversees the Arizona Boxing and Mixed Martial Arts Commission, which is responsible for licensing, investigating, and regulating professional boxing and nontraditional fighting contests within Arizona. The Baseline includes \$105,200 from the Racing Regulation Fund - Unarmed Combat Subaccount in FY 2025 as part of the Division of Racing line item to provide funding for the Division of Boxing and Mixed Martial Arts.

Event Wagering Application Fee Refund

The Baseline includes no funding in FY 2025 for the Event Wagering Application Fee Refund line item. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(600,000) from the General Fund in FY 2025 to remove one-time funding for the department to issue refunds for event wagering application fees associated with the following Indian tribes:

- Cocopah Indian Tribe
- Colorado River Indian Tribe
- Pascua Yaqui Tribe
- Yavapai-Apache Nation
- White Mountain Apache Tribe
- Havasupai Tribe

The monies in this line item are to be used to reimburse these tribes that paid the required \$100,000 application fee for an event wagering operator license, but did not receive one because of the Tribal-State Gaming Compact's limit of 10 tribal licenses.

Horseracing Integrity and Safety Act Assessment

The Baseline includes \$355,100 from the General Fund in FY 2025 for the Horseracing Integrity and Safety Act Assessment line item. This amount is unchanged from FY 2024.

Beginning in 2022, the federal Horseracing Integrity and Safety Authority charges an annual regulatory fee based on the previous year's racing starts and purses. Monies in this line item are to be distributed to commercial live racing permittees to pay this fee. A General Appropriation Act footnote directs the department to distribute \$309,300 to a commercial live racing permittee located in Maricopa County and \$45,800 to a commercial live racing permittee located in Yavapai County.

Problem Gambling

The Baseline includes \$3,320,000 and 5 FTE Positions in FY 2025 for Problem Gambling. These amounts consist of:

| | |
|-----------------------|-----------|
| Arizona Benefits Fund | 3,020,000 |
| State Lottery Fund | 300,000 |

These amounts are unchanged from FY 2024.

Monies in this line item are for the department to provide problem gambling prevention, treatment, and education programs.

Racetrack Capital Projects and Maintenance and Operation Funding

The Baseline includes no funding in FY 2025 for the Racetrack Purse and Maintenance and Operation Funding line item. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(1,000,000) from the General Fund in FY 2025 to remove one-time funding for Racetrack Capital Projects and Maintenance and Operation funding.

Monies in this line item were distributed to a commercial live racing permittee located in Maricopa County for capital projects and track maintenance and operations, including compliance costs associated with the Horseracing Integrity and Safety Act of 2020, as required by a General Appropriation Act footnote.

Racetrack Purse and Maintenance and Operations Funding

The Baseline includes no funding in FY 2025 for the Racetrack Purse and Maintenance and Operations Fund line item. This amount is unchanged from FY 2024.

Monies in this line item were to enhance purse structure and for racetrack purse and maintenance and operations. A General Appropriation Act footnote directed the department to distribute the monies to commercial live racing permittees as follows:

- \$4,231,800 to a commercial live racing permittee located in Maricopa County.
- \$815,600 to a commercial live racing permittee located in Yavapai County.
- \$349,500 to a commercial live racing permittee located in Pima County.

Racing Purse Enhancement

The Baseline includes \$5,000,000 from the General Fund in FY 2025 for a Racing Purse Enhancement line item. This amount is unchanged from FY 2024.

Monies in this line item are to be used to enhance racing purses and promote the sport for eligible races held in Arizona. A General Appropriation Act footnote directs the monies to be distributed to a nonprofit horsemen's organization that has represented horsemen in racing meetings since 1988.

Other Issues

Statutory Changes

The Baseline would, as session law, continue to set the Regulatory Wagering Assessment at 0.5% in FY 2025 only.

Existing Tribal Compacts

The Arizona Tribal-State Gaming Compacts regulate tribal gaming activity of Class III (casino style) gaming on tribal lands in Arizona. The Compacts were initially passed in November 2002 as Proposition 202 and were renegotiated in 2021.

As of October 2023, there are 16 tribes operating a total of 25 Class III casinos in Arizona. There are also 6 additional tribes which do not have casinos but have slot machine rights that they may lease to tribes with casinos.

In 2002, Proposition 202 included provisions authorizing subsequent amendments to the compacts. Under that process, the Tribal-State Gaming Compacts were renegotiated in March 2021, with the required federal compact approval occurring in May 2021.

In addition, Laws 2021, Chapter 234 expanded non-tribal gaming in the state and authorized event wagering, fantasy sports contests, and certain Lottery games. (Please see the Department of Gaming and Lottery Commission sections of the FY 2022 Appropriations Report for more information).

Event Wagering/Fantasy Sports Revenue Forecast

The Baseline revenue forecast includes a projection of state General Fund gaming revenues (from both event wagering and fantasy sports) through FY 2027. For both activities, the estimates include the relevant license fees along with privilege fees that are assessed on operator "net win". The projections are as follows:

- FY 2023 (actual) – \$49.9 million
- FY 2024 – \$36.6 million
- FY 2025 – \$39.2 million
- FY 2026 – \$41.0 million
- FY 2027 – \$43.0 million

The short-term variation in gaming collections is due to technical timing issues: 1) The department did not deposit the initial round of event wagering operator license fees into the General Fund during FY 2022; and 2) The department only processed 61% of FY 2022 privilege fee revenue (event wagering and fantasy sports) for deposit in FY 2022, leaving the remainder to be deposited in FY 2023.

Given these issues, the FY 2023 actual amount incorporates the deposit from the initial license revenue from event wagering entities (\$750,000 each), along with the first annual license renewal fee for event wagering entities (\$150,000 each). The FY 2023 total also incorporates the FY 2022 privilege fees that were delayed in being transferred to the General Fund until FY 2023.

The state will then return to a more normal pattern of gaming collections, with only the standard annual license renewal fee (\$150,000 each) being deposited in FY 2024 and the relevant privilege fees being deposited in a timely manner.

The Baseline revenue estimates are based on the following growth rates for total event wagering activity: 8.0% growth for FY 2024, 7.5% growth for FY 2025, and 5.0% growth for both FY 2026 and FY 2027.

Tribal Gaming Revenues

In FY 2023, state tribal gaming revenues were \$153,855,900. The Baseline projects that state tribal gaming revenues will increase to a level of \$163,360,700 in FY 2024 and increase to a level of \$182,030,000 in FY 2025. These revenue estimates are from the department's FY 2025 budget request. In the first quarter of FY 2024, tribal gaming contributions into the Arizona Benefits Fund were \$42.4 million. (See Table 1 for more info.)

| Recipient | Proposition 202 Formula | FY 2023 Actuals ^{1/} | FY 2024 Projected ^{1/} | FY 2025 Projected |
|---|--|--------------------------------------|--|--------------------------------|
| State Government Distribution | 88% of total | \$ 153,855,900 | \$163,360,700 ^{2/} | \$182,030,000 ^{2/} |
| Local Government Distribution ^{3/} | 12% of total | <u>18,963,300</u> | <u>22,276,500</u> | <u>24,822,300</u> |
| Total | 100% of total | \$172,819,200 | \$185,637,200 | \$206,852,300 |
| Allocation of State Government's Share | | | | |
| Department of Gaming | | | | |
| Department of Gaming Regulation | \$8 million, or 9%, whichever is greater | \$ 13,440,000 | \$ 13,590,000 ^{4/} | \$ 13,590,000 ^{4/} |
| Department of Gaming Problem Gambling | 2% | <u>3,020,000</u> | <u>3,020,000 ^{5/}</u> | <u>3,020,000 ^{5/}</u> |
| Subtotal-Department of Gaming | | \$16,460,000 | \$16,610,000 | \$16,610,000 |
| Other Distributions | | | | |
| Instructional Improvement Fund (Department of Education) | 56% of remainder | 77,146,000 | 82,180,400 | 92,635,200 |
| Trauma and Emergency Services Fund (Arizona Health Care Cost Containment System) | 28% of remainder | 38,340,900 | 41,090,300 | 46,317,600 |
| Arizona Wildlife Conservation Fund | 8% of remainder | 10,954,500 | 11,740,000 | 13,233,600 |
| Tourism Fund | 8% of remainder | <u>10,954,500</u> | <u>11,740,000</u> | <u>13,233,600</u> |
| Subtotal-Other Distributions | | \$137,395,900 | \$146,750,700 | \$165,420,000 |
| Total | | \$153,855,900 | \$163,360,700 | \$182,030,000 |
| ^{1/} The numbers displayed herein represent monies distributed to agencies and may not correspond directly with agencies' actual expenditures or appropriation amounts. ^{2/} Based on ADG projections, the Baseline projects a 6.2% increase in FY 2024 and 11.4% in FY 2025 for tribal contributions to the Arizona Benefits Fund. The Baseline forecast reflects the revenue projections included in the ADG budget request, which includes changes from the implementation of the new 2021 Tribal Compacts. ^{3/} Local distributions may not proportionally match state distributions due to timing issues associated with different fiscal years. ^{4/} A.R.S. § 5-601.02H3 requires 9% of state gaming revenues or \$8,000,000, whichever is greater, to be used for the department's operating budget. Given the department's spending patterns, the FY 2024 appropriation was \$13,590,000 (an amount not calculated based on the 9% limit) and the FY 2025 Baseline continues that amount. The department can only expend at the actual 9% level or the expenditure authority level, whichever is lower. ^{5/} A.R.S. § 5-601.02H3 requires 2% of state gaming revenues to be used for problem gambling prevention. Given the department's spending patterns, the FY 2024 appropriation was \$3,020,000 (an amount not calculated based on the 2% limit) and the FY 2025 Baseline continues that amount. The department can only expend at the actual 2% level or the expenditure authority level, whichever is lower. | | | | |

| SUMMARY OF FUNDS | FY 2023 Actual | FY 2024 Estimate |
|---|-----------------------|-------------------------|
| 2021 Compact Trust Fund (GMA2021/A.R.S. § 5-605) | | Non-Appropriated |
| Source of Revenue: Contributions from certain Indian Tribes pursuant to the 2021 Tribal-State compact amendments. The department's FY 2025 budget request did not include revenue data for this fund. | | |
| Purpose of Fund: To mitigate impacts to Indian tribes from gaming authorized by the 2021 Tribal-State compact amendments and provide economic benefits to beneficiary Indian tribes. The department's FY 2025 budget request did not include expenditure data for this fund. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 0 | 0 |
| Arizona Benefits Fund (GMA2350/A.R.S. § 5-601.02) | | Appropriated |
| Source of Revenue: Tribal organizations, which have gaming compacts with the state, pay a portion of their gaming revenues to the state. | | |
| Purpose of Fund: Provide funding for the regulation of tribal gaming and prevention of problem gambling. In addition, the Arizona Benefits Fund distributes monies to the Arizona Department of Education, the Arizona Game and Fish Department, the Office of Tourism, and the Arizona Health Care Cost Containment System. (See individual agency pages for detailed information on each recipient.) | | |
| Funds Expended | 11,196,700 | 16,610,000 |
| Year-End Fund Balance | 13,471,100 | 14,171,100 |

| SUMMARY OF FUNDS | FY 2023 Actual | FY 2024 Estimate |
|---|-------------------|-------------------------|
| Arizona Breeders' Award Fund (GMA2206/A.R.S. § 5-113) | | Non-Appropriated |
| Source of Revenue: Legislative appropriations from the Racing Regulation Fund. Appropriated expenditures are not displayed to avoid double counting. The fund also receives revenue derived from the source market fees paid from advance deposit wagering on horse racing. | | |
| Purpose of Fund: To give awards to the breeder of every winning horse foaled or whelped in this state. Of the amount allocated for purses, 5% is deposited in the fund. | | |
| Funds Expended | 1,815,500 | 1,700,000 |
| Year-End Fund Balance | 309,100 | 309,100 |
| Coronavirus State and Local Fiscal Recovery Fund (GMA2985/U.S. P.L. 117-2) | | Federal Funds |
| Source of Revenue: Federal monies appropriated in the American Rescue Plan Act (P.L. 117-2). | | |
| Purpose of Fund: To provide emergency support to households, small businesses, nonprofits, workers performing essential work, and certain industries negatively impacted by the COVID-19 pandemic. To extend government services that received a reduction in revenue as a result of the COVID-19 pandemic. To make investments in water, sewer, and broadband infrastructure. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 921,000 | 921,000 |
| Event Wagering Fund (GMA2330/A.R.S. § 5-1318) | | Non-Appropriated |
| Source of Revenue: The fund has 2 primary sources of revenue. The first is license fees collected from operators and various other licensees. The second is the privilege fees applied to adjusted gross event wagering revenues, which is 8% for retail location wagers and 10% for mobile wagers. | | |
| Purpose of Fund: To fund the administrative costs associated with regulating event wagering in the state. By the 25th of each month, the Department of Gaming must transfer 90% of the previous month's revenue to the General Fund. The department may not spend more than 10% of fund revenues on regulatory and enforcement costs. | | |
| Funds Expended | 2,053,100 | 1,990,000 |
| Year-End Fund Balance | 1,789,500 | 4,014,100 |
| Fantasy Sports Contest Fund (GMA2320/A.R.S. § 5-1212) | | Appropriated |
| Source of Revenue: The fund has 2 primary sources of revenue. The first is license fees collected from operators and various other licensees. The second is the 5% privilege fee applied to fantasy sports contest adjusted revenues. | | |
| Purpose of Fund: To fund the administrative costs associated with regulating Fantasy Sports Contests in the state. The Department of Gaming may retain up to 10% of fantasy sports contest revenues for administrative costs after which the remainder is transferred to the General Fund. | | |
| Funds Expended | 206,900 | 150,100 |
| Year-End Fund Balance | 1,000 | 1,000 |
| IGA and ISA Fund (GMA2500/A.R.S. § 35-142) | | Non-Appropriated |
| Source of Revenue: Various intergovernmental and interagency service agreements. | | |
| Purpose of Fund: Clearing account for monies expended under Intergovernmental Agreements (IGA) and Intergovernmental Service Agreements (ISA). | | |
| Funds Expended | 16,600 | 0 |
| Year-End Fund Balance | 47,600 | 47,600 |
| Racing Commission Bond Deposit Fund (GMA3720/A.R.S. § 5-107) | | Non-Appropriated |
| Source of Revenue: There are no revenues in this fund. The fund holds bonds posted by commercial racing permit holders until the permittee withdraws their permit. | | |
| Purpose of Fund: To hold bonds posted by commercial racing permit holders until the permittee withdraws their permit. The Division of Racing requires racing permittees to post a bond with the Division of Racing each year, which is refunded when the permittee withdraws their permit. Forfeited bonds are deposited in the General Fund. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 55,600 | 55,600 |

| SUMMARY OF FUNDS | FY 2023 Actual | FY 2024 Estimate |
|---|-------------------|-------------------------|
| Racing Investigation Fund (GMA2369/A.R.S. § 41-705) | | Non-Appropriated |
| Source of Revenue: Monies collected from persons, partnerships, associations or corporations that hold a permit for a racing meeting under Title 5. | | |
| Purpose of Fund: To cover the cost of racing investigations by the Arizona Division of Racing. The fund is administered by the Department of Administration and disbursements are made pursuant to instructions from the Director of the Department of Gaming. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 26,800 | 26,800 |
| Racing Regulation Fund (GMA2556/A.R.S. § 5-113.01) | | Appropriated |
| Source of Revenue: License fees and regulatory assessments established by the Arizona Division of Racing and the Boxing Commission, pari-mutuel taxes from wagering at horse racing facilities and donations or grants received by the department. | | |
| Purpose of Fund: To support the mission of the Division of Racing. The fund contains a subaccount that supports the Division of Boxing and Mixed Martial Arts, please see the Racing Regulation Fund - Unarmed Combat Subaccount for additional information. | | |
| Funds Expended | 1,991,400 | 2,580,700 |
| Year-End Fund Balance | 3,260,300 | 2,896,400 |
| Racing Regulation Fund - Unarmed Combat Subaccount (GMA2559/A.R.S. § 5-226) | | Appropriated |
| Source of Revenue: Fees established by the Boxing Commission for unarmed combat events. | | |
| Purpose of Fund: To pay for the administration and regulation of unarmed combat events hosted in Arizona. | | |
| Funds Expended | 104,600 | 105,200 |
| Year-End Fund Balance | 61,600 | 160,600 |
| Retired Racehorse Adoption Fund (GMA2015/A.R.S. § 5-113) | | Non-Appropriated |
| Source of Revenue: Monies are collected by the horse adoption surcharge that receives 5% of all horse racing related fines. | | |
| Purpose of Fund: To provide funding for grants to non-profit organizations for the promotion and adoption of retired racehorses. | | |
| Funds Expended | 27,900 | 25,000 |
| Year-End Fund Balance | 1,900 | 4,600 |
| State Lottery Fund (GMA2122/A.R.S. § 5-571) | | Appropriated |
| Source of Revenue: Funds transferred from the State Lottery Fund. | | |
| Purpose of Fund: Provide additional funding to the department's Problem Gambling program. These funds are expended to prevent, educate, and treat individuals suffering from problem gambling. | | |
| Funds Expended | 300,000 | 300,000 |
| Year-End Fund Balance | 400 | 400 |
| Tribal-State Compact Fund (GMA2340/A.R.S. § 5-601) | | Appropriated |
| Source of Revenue: The fund receives monies from gaming vendors and gaming employees to pay for their certification. | | |
| Purpose of Fund: Pay for the actual cost of performing background investigations on gaming employees and vendors to determine suitability for state certification. | | |
| Funds Expended | 1,329,500 | 2,299,400 |
| Year-End Fund Balance | 996,600 | 596,800 |