



Regulatory Oversight

TRIBAL GAMING

Governing Body: Gaming in Arizona is governed by the Arizona Tribal-State Gaming Compacts between the state and its 22 federally recognized tribes. Arizona has 16 tribes operating 25 Class III gaming casinos in the state. Another six tribes do not have casinos but can lease their Class III gaming devices to other tribes in the state under a “transfer agreement.” Under the compact, a maximum of 1,400 gaming machines are authorized at each current gaming facility and maintains the use of transfer agreements.

Responsibility for regulatory oversight of tribal gaming operations is divided between the tribes and the state. Section 6 of the tribal-state compact mandates tribal regulation of the compact provisions, while Section 7 describes the state monitoring of the compact provisions.

The tribes, through a tribal gaming agency, are generally responsible for the regulation of all gaming activities pursuant to the tribe's gaming ordinance and for the enforcement of the compact and its appendices on behalf of the tribe. The Arizona Department of Gaming has the authority to monitor the tribe's gaming operation to ensure that the operations are conducted in compliance with the provisions of the tribal- state gaming compact and its appendices.

The model compact took effect with the tribes in 2003 and was automatically extended 10 years in 2013. In 2021, Arizona's tribes and state renegotiated a newly amended compact agreement.



Licensing

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Gaming Manufacturers and Suppliers: The state certification fee for manufacturers and suppliers of gaming devices is \$5,000 and must be renewed every two years for \$1,000. Tribal licensing fees are set by each tribe and are not listed in the tribal-state gaming compacts or gaming ordinances.

Provider of Gaming Services: The providing of any goods or services, except for legal services, to the Tribe in connection with the operation of Class III Gaming in a Gaming Facility, including but not limited to equipment, transportation, food, linens, janitorial supplies, maintenance, or security services for the Gaming Facility, in an amount in excess of \$10,000 in any single month. The state certification fee for a provider of gaming services is \$1,500 and must be renewed every two years for \$500. Tribal licensing fees are set by each tribe and are not listed in the tribal-state gaming compacts or gaming ordinances.



Taxation & Tribal Revenue Sharing

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Revenue Share: In exchange for substantial exclusivity given to Arizona tribes, the tribes agreed to contribute a percentage of their Class III net win to the state. The percentages are distributed in the following manner:

Graduated Exclusivity Fee	
\$0 - \$25 million	1%
\$25 million - \$75 million	3%
\$75 million - \$100 million	6%
More than \$100 million	8%

State Use of Revenue: Arizona deposits 88 percent of the tribe's annual contribution to the Arizona Benefits Fund and 12 percent to cities, towns or counties for government services or deposits into the Commerce and Economic Development Commission Local Communities Fund.

Tribal Use of Revenue: As required under IGRA, tribes must use tribal gaming funds:

1. To fund tribal government operations or programs;
2. To provide for the general welfare of the tribe and its members;
3. To promote tribal economic development;
4. To donate to charitable organizations; or
5. To help fund operations of local government agencies.

Promotional Credits' Effect on Revenue Sharing: In calculating tribal contributions, which are based on Class III Net Win, no deduction can be taken for:

- (a) The value of any complimentary items given to players such as money, food, beverages, accommodations, travel, or other similar expenses;
- (b) Any awards or prizes, whether in the form of money, merchandise, services, or otherwise, as a result of the redemption of points or similar awards that a player receives as a result of playing any approved Class III game including, but not limited to, redemption of players club points or awards or as a result of player rated activities;
- (c) Uncollectible debt, or bad debt expense, related to the extension of credit; or
- (d) Any amounts reimbursed by a third party wide area progressive jackpot system provider.

For more information on the computation and auditing of Tribal contributions for each gaming type click [here](#).

Withholding on Winnings: Federal law may require tribal casinos to issue a W-2G form to persons and may withhold winnings if certain conditions are met. For more information click [here](#).



Responsible Gaming

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Statutory Funding Requirement: A portion of the money contributed to the Arizona Benefits Fund helps fund responsible gaming programs in the state.

Self-exclusion: Tribes must establish procedures for advising people about the state's self-exclusion list. Tribes must add the self-excluded persons from the list to its own lists of self-excluded persons.

Complimentary Alcoholic Drinks: Tribes may not serve complimentary alcoholic beverages.

Advertising Restrictions: Tribes may not advertise to minors or target those on the self-exclusion list.

On-Premise Display Requirement: Tribal gaming operators must place signs at the entrance and exit stating help is available for problem gamblers and, at a minimum, provide the state-wide toll free crisis hotline telephone number established by the Arizona State Lottery Commission.

Prevention of Underage Gambling: A person must be at least 21 years old to gamble in a tribal casino.

Operation on Holidays: Tribes may operate casinos on holidays.



Other Regulations

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Testing Requirements: Gaming devices must be approved by an independent testing laboratory licensed by a tribal gaming office and certified by the state gaming agency.

AML requirements: Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism.

Shipping Requirements: Under federal U.S. law, all gambling devices and all packages containing gambling devices, when shipped or transported, must be plainly and clearly labeled and marked so that the name and address of the shipper and the consignee and the contents of the package may be readily ascertained on an inspection of the package.

Restrictions on Political Contributions: Under federal law, tribes are considered "persons" and are subject to regulation by the Federal Election Commission when making federal contributions.

Credit: A tribal gaming facility may extend credit directly, or through a gaming vendor, to qualified patrons in accordance with the respective Gaming Compact, Appendix N of the Gaming Compact, and applicable federal law.

Smoking Bans: Smoking ban restrictions are not outlined in state statutes or gaming regulations.



Cashless Gaming & Alternative Payments: Under Arizona's sports betting law, sports betting facilities can accept electronic funds transfers as a form of payment.

Additionally, Arizona does not accept cryptocurrency as a form of payment.



Sports Betting

Authorized Operators: Legislation enacted in April 2021 allows for 20 licenses to be awarded, with ten licenses available to the state's Class III gaming tribes and ten to professional sports franchises and facilities.

Mobile/Online: Mobile/online sports betting is permitted. Professional sports franchises/facilities and Indian tribes may partner with a sportsbook "designee" to operate state-wide mobile sports wagering on their behalf.

Taxes and Fees: Operators must pay a \$100,000 application fee and a \$750,000 fee for an event wagering operator license. Operator licensees must be annually renewed for a fee of \$150,000.

The legislation authorizes event wagering operators to partner with a designee to act on behalf of an event wagering operator and who is responsible for the management and control of event wagering operations. Designees are required to pay a \$100,000 application fee and a \$750,000 fee for a designee license.

Designee licenses must be annually renewed for a fee of \$150,000.

Sports-betting revenue is taxed at a rate of 8 percent for sports wagering conducted at a retail location. For revenue generated through mobile application or website, there is a 10 percent tax on sports wagering revenue. However, operators may deduct any voided bets, promotional credits, winnings paid to authorized participants, and any federal excise tax from the total taxable revenue, essentially reducing the taxation rate.

Amateur Restrictions: Licensees may not accept wagers on high-school sporting events or, only with respect to proposition bets, collegiate sporting events.

Tax on Promotional Credits: Operators are allowed to deduct free bets or promotional credit from adjusted gross event wagering receipts. The deduction is limited to the first 5 years following the effective date of the regulations, as follows:

- (a) For years one and two, a deduction not to exceed twenty percent of an event wagering operator's gross wagering receipts.
- (b) For year three, a deduction not to exceed fifteen percent of an event wagering operator's gross wagering receipts.
- (c) For years four and five, a deduction not to exceed ten percent of an event wagering operator's gross wagering receipts.
- (d) For year six and each year thereafter, a deduction of free bets is not allowed. January 1 following the year in which the event wagering operator begins event wagering operations is considered the first year of event wagering for the purposes of this paragraph. An event wagering operator may deduct up to twenty percent of an event wagering operator's gross wagering receipts during any period that the operator conducts event wagering before January 1 of the first year of event wagering operations.

Age Restrictions: A person must be at least 21 years old to participate in sports-betting.