

Arizona Department of Gaming
Division of Racing

Five-Year-Review Report



Title 19: Alcohol, Dog and Horse Racing, Lottery & Gaming
Chapter 2: Arizona Racing Commission

SEPTEMBER 2015

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Five-Year-Review Summary

Arizona Revised Statutes (A.R.S.) § 5-104 is the general authorizing statute that requires the Arizona Racing Commission to adopt rules to govern racing meetings in order to protect and promote the safety and welfare of animals participating in racing meetings and to protect and promote public health, safety and the proper conduct of racing and pari-mutuel wagering in the State. The Commission is responsible for issuing racing dates, adopting rules, and reviewing recommendations made by the Division concerning racing permits. The Divisions primary responsibilities are:

- regulating and supervising all commercial horse racing, commercial greyhound racing and county fair horse racing meetings including providing staff to operate race meetings; conducting investigations, issuing licenses, conducting human and equine drug testing, overseeing wagering, conducting hearings on investigation referrals and collecting revenues for the State;
- ensuring all participants and permittees involved in commercial horse racing, greyhound racing and county fair horse racing operate and perform in compliance with applicable Arizona statutes, rules and regulations;
- investigating all possible violations of racing laws and rules;
- performing background investigations for each license applicant;
- having stewards present on permittee grounds each day to represent Racing in all matters pertaining to enforcement and interpretation of rules;
- reviewing all rulings issued by Stewards and conducting Racing Director's hearings on appeals of Stewards' referrals;
- contracting with independent laboratories to conduct analysis on horse and dog urine and blood samples;
- regulating all off track betting including issuing licenses and monitoring compliance for both operational and technical requirements;
- collecting revenues for the State and distributing awards to program participants;
- providing grants to non-profit organizations to promote the adoption of retired racehorses and greyhounds in Arizona;

Arizona Administrative Code (A.A.C.) Title 19, Chapter 2, Articles 1-5 outline the conduct for all horse racing, greyhound racing and pari-mutuel wagering in the State.

The following statutes authorize the Department and the Commission to make rules for specific purposes:

- A.R.S § 5-104.01 requires an annual financial audit be conducted in accordance with auditing standards established by the auditor general of each permittee that the Department licenses.

A.A.C. R19-2-104(R) establishes rules for financial audits for horse racing permittees and R19-2-305(Q) & (R) for greyhound racing permittees.

- A.R.S § 5-107 outlines the requirements for applications for permits to conduct racing meetings. It stipulates requirements for the application and gives the responsibility to the Commission to make rules regarding the application procedure. Accordingly, R19-2-103 and R19-2-303 outline the statutory requirements and documentation needed to file a complete permit application to the Commission, including specific review timeframes for permit issuance for horse and greyhound racing.
- A.R.S § 5-111 outlines the requirements to conduct pari-mutuel wagering in the State. Further the Commission is required to adopt rules governing wagering on races under this system. As such, rules adopted through A.A.C. Title 19, Chapter 2, Article 5 establish standards, guidelines, and procedures for conducting pari-mutuel wagering in Arizona.
- A.R.S § 5-113 outlines the disposition of revenues to various funds including the Arizona Breeders' Award Fund. The Commission is charged with establishing rules to protect the integrity of the racing industry and promote, improve and advance the quality of race horse and greyhound breeding within the State. R19-2-116 was established to provide incentive to owners and breeders to breed their mares in Arizona to enhance the quality of racing Thoroughbreds and Quarterhorses. Cash bonuses are awarded to the breeder if the foals earn winnings in Arizona. R19-2-319 rule defines eligibility standards to receive financial incentives for breeding greyhounds in Arizona. The objective of the rule is to provide an incentive to owners/breeders to breed their dogs in Arizona to enhance the quality of racing Greyhounds in the state. However, as noted in our analysis below, funding for these awards is minimal for horses and non-existent for greyhounds and are therefore recommending revisions and repeals to these sections.

Lastly, the Department is responsible for the financial administration of the Arizona Boxing and Mixed Martial Arts Commission. A.R.S § 5-104.02 requires the Department to collect a four percent tax levy on boxing and mixed martial arts events conducted in the State. In order to ensure the State is receiving the correct taxes from each event the Department shall verify all gross receipts and may conduct financial audits. A.A.C. Title 19, Chapter 2, Article 6 outlines rules regarding the ticket manifest, collection, and accounting of revenues.

INFORMATION IDENTICAL FOR ALL RULES

1. **Authorization of rule by existing statute**

General authority: A.R.S. § 5-104

Article 6, Boxing Administration, general authority: A.R.S. § 5-104.02

5. **Status of enforcement of the rule**

The rules in A.A.C. Title 19, Chapter 2, Articles 1-6 are enforced consistently and fairly.

7. **Written criticisms of the rule received within the last 5 years**

The Department has not received any written criticism of the rules in the past 5 years.

8. **Analysis of estimated economic, small business, and consumer impact comparison**

The Department believes the economic impact of the rules is unchanged since the last rulemaking. As described in the enclosed Actual Economic, Small Business and Consumer Impact Summary Regarding Necessary Rule Changes, a general economic impact on the Department and the industry may be felt, but the majority of changes related to clarification and modernization of the rules and industry impact will be minimal. Costs related to these changes were borne by the Department as a general operational cost.

The economic impact of the rules without an EIS is to support the regulation of the Racing and Boxing industry. These rules provide a framework that has a minimal economic impact on the industry, but is necessary to maintain the integrity of the industries subject to the rules.

9. **Summary of business competitiveness analysis of the rule**

The Department did not receive a business competitiveness analysis of the rules during the past five years.

10. **Status of the completion of action indicated in the previous five-year-review report**

The Department and the Commission made necessary revisions to the rules in July of 2011 and November of 2013. The Department consistently reviews its rules to keep up with industry standards and advancements.

11. **A determination that the probable benefits for the rule outweigh within this state the probable costs of the rules, and the rule imposes the least burden and costs to persons regulated by the rule, including paperwork and other compliance costs, necessary to achieve the underlying regulatory objective**

The rules impose the least burden on stakeholders necessary to achieve the rules objectives.

12. **Analysis of stringency compared to federal laws**

15 U.S. Code, Chapter 57 indicates that the States should have the primary responsibility for determining what forms of gambling may take place within their borders and the Federal Government should prevent interference by one State with the gambling policies of another. Lastly, in the limited area of interstate off-track wagering on horse races, the only Federal action taken is to ensure States will continue to cooperate with one another in the acceptance of legal interstate wagers in order to further the horse racing and legal off-track betting industries in the United States.

15 U.S. Code, Chapter 89, Professional Boxing Safety Act, was passed to improve and expand the system of safety precautions that protect the welfare of professional boxers and assist State boxing commissions in providing proper oversight for the professional boxing industry in the United States. Our State statutes are consistent with requirements of federal law

13. **For rules adopted after July 29, 2010 that require the issuance of a regulatory permit, license, or agency authorization, whether the rule complies with Section 41-1037**

The rules were adopted before July 29, 2010.

INFORMATION FOR INDIVIDUAL RULES

ARTICLE 1. HORSE RACING

R19-2-101. Power and Authority

2. **Objective**

The objective of this rule is to inform the public of the statutory authority of the Department and the Commission and define the levels of regulatory authority within the agency as they pertain to horse racing.

3. **Analysis of effectiveness in achieving the objective**

The rule is effective in achieving its objective.

4. **Analysis of consistency with state and federal statutes and rules**

R19-2-101(E) is not consistent with Arizona statute. Laws 2015, Chapter 19 became effective July 3, 2015 and merged the Department of Racing as a Division under the Department of Gaming. The bill specifically states that the Arizona Racing Commission has no authority over the duties and responsibilities of the Department of Gaming. This rule is in direct conflict with the bills provision.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

Repeal R19-2-101(E) and retain the other rules that comply with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council.

R19-2-102. Definitions

2. **Objective**

The objective of the rule is to define the terms used in Article 1, Horseracing. Definitions are designed to provide clarity to licensees and regulatory personnel.

3. **Analysis of effectiveness in achieving the objective**

The rule is effective in achieving the objective except for a couple specific definitions.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule requires changes to some definitions to keep up with the changes in the racing industry and provide clarity to industry participants.

14. **Proposed course of action**

The recommendation is to update specific definitions that are out of date and duplicative. Specifically, repeal R19-2-102(15) as it has the same meaning as "nominating fee" in R19-2-102(36). Further, repeal R19-2-102(28) as this definition is no longer used in the racing industry today.

R19-2-103. Permit Applications

2. Objective

The rule outlines statutory requirements and documentation needed to file a complete permit application to the Commission, including specific review timeframes for permit issuance.

3. Analysis of effectiveness in achieving the objective

The rule is consistent with meeting the objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule should be amended to provide industry applicants a more reasonable time frame to complete the application review process. Currently, the rule provides for 728 days for administrative completeness review, which is too long, and only 30 days for the substantive review, which is too short. The recommendation is to revise R19-2-103(F) from 728 days to 60 days and from 30 days to 60 days, bringing the overall time-frame to 120 days.

R19-2-104. Permittee Responsibilities

2. Objective

The rule lists the statutory and regulatory requirements a permittee is responsible to meet in order to maintain a permit to operate a race meet.

3. Analysis of effectiveness in achieving the objective

Parts of the rule are not effective in meeting their objective and require revisions.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The majority of the rule is clear, concise, and understandable, but revisions need to be made to provide clarity to specific sections.

14. Proposed course of action

R19-2-104(H)(10) requires a copy of tip sheets for sale be turned into stewards three hours before post time and R19-2-104(I) prohibits a person from selling tip sheets or other printed material purporting to predict the outcome of a race. These rules are obsolete and no longer needed to regulate the racing industry, as such we recommend repealing both. Further, R19-2-104(H)(3) requires the permittee to provide “an ambulance, available for morning works and racing hours,” but does not mention requirements for appropriate ambulance personnel. Therefore, the recommendation is to revise the rule to include the provision that the ambulance be “staffed with an EMT or physician” to avoid any confusion and provide clarity to the permittee on the requirements.

R19-2-105. Charity Races

2. Objective

The rule informs the permittee of specific information that must be provided for Commission approval of a charity race or charity race day.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-106. Licensing

2. Objective

The rule provides requirements for obtaining a racing license.

3. Analysis of effectiveness in achieving the objective

The rule requires revisions and repeals in order to provide clarity and remove non-essential regulations in order to meet the rules objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule requires revisions and repeals in order to provide clarity to industry participants and further promote business friendly regulation.

14. Proposed course of action

We recommend repeal of R19-2-106(B)(2) which stipulates that the Department may issue written instructions regarding the preparation and execution of a license application. This rule is outdated and non-essential to effective regulation. We also recommend making revisions to R19-2-106(A)(2) to clarify outdated language. Specifically replace "A person that owns less than 10 percent of outstanding shares of stock..." with "A person that owns less than 10 percent of a race track or horse." Further, R19-2-106(B)(5) sets a 90 day timeframe for when a trainer can re-take the trainer's test. We believe 90 days is too excessive and recommend the timeframe be reduced to 30 days to provide a less restrictive, business friendly atmosphere. Lastly, R19-2-106(E) states specific reasons for denial of a license. We recommend adding language in order to provide clarification that these are not the only reasons for denial and other reasons can be found in statute.

R19-2-107. Stable Names

2. Objective

The rule provides criteria for registration under a stable name rather than an owner's given name.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule requires revisions in order to reference correct citations to other rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

R19-2-107(A) refers to licensing fees listed in R19-2-106, however this citation is incorrect as licensing fees are listed in R19-2-202.

R19-2-108. Leases

2. Objective

The rule provides specific information to be contained within a lease agreement to ensure the registered owner is not held responsible for any financial obligation or receives any winnings during the term of the lease.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-109. Jockeys

2. Objective

The rule informs jockeys and apprentice jockeys of the responsibilities and requirements of holding a license.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-110. Jockey Agents

2. Objective

The rule lists the duties, responsibilities and restrictions of a jockey agent.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

R19-2-110(B) sets a 90 day timeframe for when a trainer can re-take the trainer's test. We believe 90 days is too excessive and recommend the timeframe be reduced to 30 days to provide a less restrictive, business friendly atmosphere.

R19-2-112. Prohibited Acts

2. Objective

The rule lists specific prohibitions while on the permittee premises or under authority of their license.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-113. Entries and Subscriptions

2. Objective

The objective of the rule is to provide an equal opportunity for each horse to run and to insure racing office personnel uphold the integrity of the system.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective, however outdated language should be removed.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

We recommend removal of the archaic verbiage “telegram” in R19-2-113(3). However, the remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor’s Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-114. Penalties and Allowances

2. **Objective**

The rule establishes guidelines for assigning weight penalties and weight allowances to horses as a means of equalizing the racing field.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor’s Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-115. Claiming Races-Eligibility for Claim

2. **Objective**

The rule defines who is eligible to claim horses at the race meet. The objective is to prevent people who are not associated with racing from claiming horses and removing claimed horses from the grounds, thus reducing the pool of horses available to race.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor’s Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-115.01. Claiming Races-Duration of Race Meet

Repealed effective November 30, 2013.

R19-2-115.02. Claiming Races-Steward Claim Authorization

Repealed effective November 30, 2013.

R19-2-115.03. Claiming Races-Claiming Restrictions

Repealed effective November 30, 2013.

R19-2-115.04. Claiming Races-Delivery of a Claimed Horse

Repealed effective November 30, 2013.

R19-2-115.05. Claiming Races – Irrevocability of Claim

Repealed effective November 30, 2013.

R19-2-115.06. Claiming Races-Claimed Horse Racing and Ownership Restrictions

Repealed effective November 30, 2013.

R19-2-115.07. Claiming Races – Claiming Price and Determination of Winner of Claim

Repealed effective November 30, 2013.

R19-2-115.08. Claiming Races-Responsibility for Determining the Sex of a Horse

Repealed effective November 30, 2013

R19-2-115.09. Claiming Races-Claiming Procedures

Repealed effective November 30, 2013

R19-2-115.10. Claiming Races-Disciplinary Actions

Repealed effective November 30, 2013

R19-2-116. Arizona Bred Eligibility and Breeder’s Award Payments

2. Objective

The objective is to provide incentive to owners and breeders to breed their mares in Arizona to enhance the quality of racing Thoroughbreds and Quarterhorses. Cash bonuses are awarded to the breeder if the foals earn winnings in Arizona.

3. Analysis of effectiveness in achieving the objective

The rule is in need of significant revisions as the funding source for this section has minimal funds available.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule needs to be repealed or revised in order to provide clarity regarding the distribution process for the funds to the industry.

14. Proposed course of action

This entire rule needs to be repealed or significantly revised as there are minimal funds available for Arizona Breeder's Awards.

R19-2-117. Objections

2. Objective

The rule defines eligibility for lodging an objection, the procedure, and the time limit.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-118. Scale of Weights For Age

2. Objective

The rule provides the maximum amount of weight a horse can carry based on age to protect the horse by preventing assignment of excessive weight.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-119. Rules of the Race and Winnings

2. Objective

To inform the licensees and track personnel of rules of the race, address pre-race activity, running the race, official order of finish, post-race activity, and winnings.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-120. Veterinary Practices, Animal Medication, and Animal Testing

2. Objective

Outlines the accepted veterinary practices and prohibited practices including unacceptable drugs and medications and the process of animal drug testing.

3. Analysis of effectiveness in achieving the objective

The rule is in need of revision in order to meet the objective of accepted industry standards.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The Department currently tests for anti-inflammatory medication at a 5-micogram per milliliter threshold, however the Association of Racing Commissioners International (ARCI) recommends tests be performed at 2 micrograms per milliliter threshold. As such, we recommend revising this rule to align with national industry medical standards. Further, the rule states that the storing of test samples should be done in a freezer, however a refrigerator is an equally acceptable storage unit and therefore the rule should be revised to reflect that.

R19-2-121. Officials

2. Objective

The rule designates which race officials are state employees and which are track employees and to uphold the integrity of racing by setting standards of conduct and imposing restrictions on behavior.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-122. Transfers

2. **Objective**

The objective of the rule is to eliminate the opportunity to rapidly transfer ownership in order to gain advantage of the entry box, claim box, or both and protect the owner from having the horse sold without consent.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-123. Procedure Before the Department

2. **Objective**

The rule informs licensees of the procedures, financial requirements, and timeframes to file an appeal of a stewards' ruling to the Director.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-124. Procedure Before the Commission

2. Objective

The rule informs licensees of the procedures, financial requirements, and timeframes to file an appeal of a stewards' ruling to the Director and outlines the appeals process when a person is aggrieved by a Director's decision.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is not consistent with Arizona statute. Laws 2015, Chapter 19 became effective July 3, 2015 and merged the Department of Racing as a Division under the Department of Gaming. The bill specifically states that the Arizona Racing Commission has no authority over the duties and responsibilities of the Department of Gaming. This rule is in direct conflict with the bill's provision.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The recommendation is to repeal R19-2-124 as individuals aggrieved by decisions of agency Director's may appeal the decision through the Office of Administrative Hearings.

R19-2-125. Arizona Stallion Awards

2. Objective

The objective of the rule is to provide incentive to owners/breeders to stand their studs in Arizona to promote and enhance racing Thoroughbreds and Quarter Horses in the State. Cash bonuses are awarded to the breeder of the foal earns winnings in Arizona.

3. Analysis of effectiveness in achieving the objective

The rule is not essential as no monies are available to be awarded.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is not essential as no monies are available to be awarded.

14. Proposed course of action

Repeal the rule as it is no longer essential due to no funding available to be awarded for Arizona Stallions.

R19-2-126. Race Horse Adoption Grants

2. Objective

The rule provides financial incentive to non-profit organizations to adopt retired racehorses and to monitor the safety of the adopted horses.

3. **Analysis of effectiveness in achieving the objective**
The rule is not effective and is in need of revision.
4. **Analysis of consistency with state and federal statutes and rules**
The rule is consistent with applicable state and federal statutes and rules.
6. **Analysis of clarity, conciseness, and understandability**
The rule is not clear and concise due to the archaic language provided in the rule.
14. **Proposed course of action**
The rule needs to be revised to simplify the grant process and reduce some of the non-essential rule requirements that can be vetted during the grant application process.

ARTICLE 2. RACING REGULATION FUND

R19-2-201 Racing Regulation Fund

2. **Objective**
The rule outlines the sources of revenues for the Racing Regulation Fund to be administered by the Department.
3. **Analysis of effectiveness in achieving the objective**
The rule effectively meets the stated objective.
4. **Analysis of consistency with state and federal statutes and rules**
The rule is consistent with applicable state and federal statutes and rules.
6. **Analysis of clarity, conciseness, and understandability**
The rule is clear, concise, and understandable.
14. **Proposed course of action**
The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-202 Licensing Fees

2. **Objective**
The rule stipulates the annual licensing fees for all racing licenses and outlines expiration dates.
3. **Analysis of effectiveness in achieving the objective**
The rule effectively meets the stated objective.
4. **Analysis of consistency with state and federal statutes and rules**
The rule is consistent with applicable state and federal statutes and rules.
6. **Analysis of clarity, conciseness, and understandability**
The rule is clear, concise, and understandable except for a section of outdated language.

14. Proposed course of action

Revise R19-2-202(B)(2)&(3) to eliminate outdated language that reads “except that all multi-year licenses issued prior to July 1, 2011 will expire on January 31, 2013.” The remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor’s Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-203 Regulatory Assessment for Animal Medication Testing, Research, Safety, and Welfare

Repealed November 16, 2012.

R19-2-204 Regulatory Assessment for Dark Day Simulcasting

2. Objective

The rule establishes the fees and process for collecting a Dark Day Simulcasting assessment from each racetrack permittee.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor’s Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-205 Regulator Wagering Assessment of Pari-mutuel Pools

2. Objective

The rule outlines the Racing Wagering Assessment fee schedule and process for collecting. This assessment is the primary funding source for the Department to regulate the commercial racing and pari-mutuel wagering industries.

3. Analysis of effectiveness in achieving the objective

The rule needs revision to meet its objective of providing adequate funding to the Department for the regulation of the racing industry in order to protect the public and industry participants.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

Amend R19-2-205(B) to provide the Department discretion in modifying the Racing Wagering Assessment.

Currently, the rule outlines the timing of what percent fee is collected, however, at least once a year the Director of the Racing Division needs to raise or lower the percentage, therefore the rule should reflect this and not define a specific percentage.

ARTICLE 3. GREYHOUND RACING

R19-2-301. Power and Authority

2. Objective

The rule is to inform the public of the statutory authority of the Department and the Commission and define the levels of regulatory authority within the agency as they pertain to greyhound racing.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

5. Analysis of consistency with state and federal statutes and rules

R19-2-301(E) is not consistent with Arizona statute. Laws 2015, Chapter 19 became effective July 3, 2015 and merged the Department of Racing as a Division under the Department of Gaming. The bill specifically states that the Arizona Racing Commission has no authority over the duties and responsibilities of the Department of Gaming. This rule is in direct conflict with the bills provision.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

Repeal R19-2-301(E) and retain the other rules that comply with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council.

R19-2-302. Definitions

5. Objective

The objective of the rule is to define the terms used in Article 3, Greyhound Racing. Definitions are designed to provide clarity to licensees and regulatory personnel.

6. Analysis of effectiveness in achieving the objective

The rule is effective in achieving the objective except for a couple specific definitions.

7. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

7. Analysis of clarity, conciseness, and understandability

The rule requires changes to some definitions to keep up with the changes in the racing industry and provide clarity to industry participants.

15. Proposed course of action

The recommendation is to update specific definitions that are out of date and duplicative. Specifically, repeal R19-2-302(12) as it has the same meaning as "nominating fee" in R19-2-302(33).

R19-2-303. Permit Applications

2. Objective

The rule informs potential applicants of the statutory requirements and documentation needed to file a complete application for a permit to conduct greyhound racing for approval by the Racing Commission. The rule also outlines specific administrative and substantive review time-frames within which the Department must operate.

3. Analysis of effectiveness in achieving the objective

The rule is consistent with meeting the objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule should be amended to provide industry applicants a more reasonable time frame to complete the application review process. Currently, the rule provides for 728 days for administrative completeness review, which is too long, and only 30 days for the substantive review, which is too short. The recommendation is to revise R19-2-303(F) from 728 days to 60 days and from 30 days to 60 days, bringing the overall time-frame to 120 days.

R19-2-304. Permittee Responsibilities

2. Objective

The rule provides the statutory and regulatory requirements of the permittee in order to operate a race meet.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-305. Charity Races

2. Objective

The rule informs the permittee of specific information that must be provided for Commission approval of a charity race or charity race day.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-306. Licensing

2. **Objective**

The rule provides requirements for obtaining a racing license.

3. **Analysis of effectiveness in achieving the objective**

The rule requires revisions and repeals in order to provide clarity and remove non-essential regulations in order to meet the rules objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule requires revisions and repeals in order to provide clarity to industry participants and further promote business friendly regulation.

14. **Proposed course of action**

We recommend repeal of R19-2-306(B)(2) which stipulates that the Department may issue written instructions regarding the preparation and execution of a license application. This rule is outdated and non-essential to effective regulation. We also recommend making revisions to R19-2-306(A)(2) to clarify outdated language. Specifically replace "A person that owns less than 10 percent of outstanding shares of stock..." with "A person that owns less than 10 percent of a race track or horse." Further, R19-2-306(B)(5) sets a 90 day timeframe for when a trainer can re-take the trainer's test. We believe 90 days is too excessive and recommend the timeframe be reduced to 30 days to provide a less restrictive, business friendly atmosphere. Lastly, R19-2-306(E) states specific reasons for denial of a license. We recommend adding language in order to provide clarification that these are not the only reasons for denial and other reasons can be found in statute.

R19-2-307. Kennel Names

2. **Objective**

The rule provides criteria for registration under a kennel name rather than an owner's given name.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-308. Owners, Kennel Owners, and Trainers

2. Objective

The rule lists the duties, responsibilities, and requirements of greyhound owners, kennel owners, and trainers.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-309. Officials

2. Objective

The rule designates which officials are state employees and which are track employees. The objective is to uphold the integrity of racing by setting standards of conduct and imposing restrictions on behavior.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

Revisions are necessary to provide clarity to industry participants.

14. Proposed course of action

Revise R19-2-309(E)(6)(k) to insert a specific time frame required to pay civil penalties to the Department, rather than using the vague word, "promptly." Further, revise R19-2-309(L) in order to keep the wagering public and other industry participants accurately informed. Specifically, revise rule to state that all greyhounds that have name changes shall include both the new name and the old name published in race programs for a period of 30 days, rather than only the greyhound's next three starts.

R19-2-310. Lead-Outs

2. Objective

The rule informs lead-outs of the responsibilities, requirements, and restrictions of holding a license.

3. Analysis of effectiveness in achieving the objective

The rule requires revisions to effectively achieve the objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

Since the establishment of R19-2-310(B), technology has changed and the rule requires revisions to reflect this. Specifically, revise the provision that prohibits holding conversations with the public during lead-outs to include “all forms of electronic communication.”

R19-2-311. Prohibited Acts

2. Objective

The rule lists specific acts a licensee is prohibited from committing while on the racing enclosure or under the authority of their license.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor’s Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-312. Registration and Transfers

2. Objective

The objective is to eliminate the opportunity to rapidly transfer ownership of a dog in order to gain an advantage at the entry box and to protect the owner from having the dog sold without consent.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-3-313. Leases

2. Objective

The rule lists specific information that must be contained within a lease agreement to insure the registered owner is not held responsible for any financial obligation or receive any winnings during the term of the lease.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-314. Weights and Weighing

2. Objective

The rule establishes weight guidelines for dogs as a means to equalize the field. The rule also provides for publication of weighing guidelines to the general public.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-315. Schooling

2. Objective

The rule informs trainers and kennel personnel of the requirements for qualifying older dogs, training pups to race, and schooling racing dogs that violate the running rules.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-316. Entries and Subscriptions

2. Objective

The objective of the rule is to provide an equal opportunity for each dog to run and to insure race office personnel uphold the integrity of the system.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-317. Rules of the Race

2. Objective

The rule informs trainers, licensees, and track personnel of the rules of the race. The rule also addresses pre-race activity, running of the race, official order of finish, post-race activity, and winnings.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-318. Hurdle Races

Repealed effective June 1, 2006.

R19-2-319. Arizona Bred Eligibility and Breeders' Award Payments

2. Objective

The rule defines eligibility standards to receive financial incentives for breeding greyhounds in Arizona. The objective of the rule is to provide an incentive to owners/breeders to breed their dogs in Arizona to enhance the quality of racing Greyhounds in the state.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule is no longer necessary as there are not funds available to award to the Greyhound Breeder's Awards Fund. As such, we recommend repeal.

R19-2-320. Objections

2. Objective

The rule states who is eligible to lodge an objection concerning the running of the race, and the procedure and time limit for lodging an objection against an owner or trainer for fraudulently entering the race.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of

State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-321. Repealed.

Repealed effective March 20, 1990.

R19-2-322. Procedure Before the Department

2. Objective

The rule informs licensees of the procedures, financial requirements, and timeframes to file an appeal of a stewards' ruling to the Director.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-323. Procedure Before the Commission

2. Objective

The rule informs licensees of the procedures, financial requirements, and timeframes to file an appeal of a stewards' ruling to the Director and outlines the appeals process when a person is aggrieved by a Director's decision.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is not consistent with Arizona statute. Laws 2015, Chapter 19 became effective July 3, 2015 and merged the Department of Racing as a Division under the Department of Gaming. The bill specifically states that the Arizona Racing Commission has no authority over the duties and responsibilities of the Department of Gaming. This rule is in direct conflict with the bill's provision.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The recommendation is to revise R19-2-323 to become consistent with statute and possibly repeal entirely as individuals aggrieved by decisions of agency Director's may appeal the decision through the Office of

Administrative Hearings.

R19-2-324. Greyhound Housing

2. Objective

The rule informs greyhound owners, trainers, and kennel owners of specifications for greyhound housing to prevent abuse to the dogs by ensuring a large enough environment for the dogs to rest and sleep comfortably.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-325. Grounds of the Racing Kennel, Breeding Farm, or Other Operation

2. Objective

The rule informs greyhound owners, trainers, and kennel owners of specifications for the grounds on which greyhounds are housed to prevent abuse to the dogs by ensuring a an area free of dangerous or hazardous materials.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-326. General Care of Greyhounds in a Racing Kennel, on a Breeding Farm, or Other Operation

2. Objective

The rule states specifications for the care of greyhounds to prevent abuse and neglect.

3. **Analysis of effectiveness in achieving the objective**
Parts of the rule can be revised to more efficiently achieve the rules objective through advancements in vaccinations.
4. **Analysis of consistency with state and federal statutes and rules**
The rule is consistent with applicable state and federal statutes and rules.
6. **Analysis of clarity, conciseness, and understandability**
The rule is clear, concise, and understandable.

14. Proposed course of action

Revise R19-2-326(G) to allow for greyhounds to receive the 3-year rabies vaccination as opposed to annually. Further, move current vaccinations to a new rule (H) to continue to vaccinate for parvo, distemper, hepatitis, adenovirus type 2, parainfluenza, and leptospira annually. The remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-327. Personnel of the Racing Kennel, Breeding Farm, or Other Operation

2. **Objective**
The rule requires kennel personnel to be at the kennel at least once each 24 hours to prevent neglect from lack of food, water, medical care, and shelter.
3. **Analysis of effectiveness in achieving the objective**
The rule effectively meets the stated objective.
4. **Analysis of consistency with state and federal statutes and rules**
The rule is consistent with applicable state and federal statutes and rules.
6. **Analysis of clarity, conciseness, and understandability**
The rule is clear, concise, and understandable.
14. **Proposed course of action**
The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-328. Transportation of Greyhounds

2. **Objective**
The rule specifies the manner in which greyhounds are to be transported to protect the dogs from being subjected to extreme conditions while being transported.
3. **Analysis of effectiveness in achieving the objective**
The rule effectively meets the stated objective.
4. **Analysis of consistency with state and federal statutes and rules**
The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-329. Disposition of Greyhounds

2. Objective

The objective of the rule is to prevent owners and trainers from killing dogs or disposing of dogs in an inhumane manner once the dog has retired from racing.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-330. Inspection Procedure for a Racing Kennel, Breeding Farm, or Other Operation

2. Objective

The objective of the rule is to insure that all owners, trainers, and racing kennels maintain their facilities, care for the dogs properly, and adhere to the rules.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-331. Greyhound Adoption Grants

2. Objective

The rule makes provisions and provides incentives for the adoption of retired greyhounds to find a suitable home.

3. Analysis of effectiveness in achieving the objective

The rule is not effective and is in need of revision.

4. Analysis of consistency with state and federal statutes and rules

The rule is not consistent with statute as it makes reference to sections of statute that are not there.

6. Analysis of clarity, conciseness, and understandability

The rule is not clear and concise due to the archaic language provided in the rule.

14. Proposed course of action

The rule needs to be revised to simplify the grant process and reduce some of the non-essential rule requirements that can be vetted during the grant application process. Further, revisions need to be made to the references that are made to the Arizona Revised Statute codes that are not longer valid.

R19-2-332. Certifying a Greyhound Arizona Bred

2. Objective

The rule is intended to prevent owners and trainers from bringing pups in from out of state and fraudulently claiming Arizona-bred status to gain award money.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

ARTICLE 4. ADVANCED DEPOSIT WAGERING, TELETRACKING, AND SIMULCASTING

R19-2-401 Definitions

2. Objective

The rule defines the terms used in Article 4 as they pertain to advanced deposit wagering, teletracking and simulcasting.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable except for a few definitions that require changes to provide clarity to the industry.

14. Proposed course of action

R19-2-401(6) should be amended to change the definition of “operating hours.” Currently “operating hours” are the hours in which pari-mutuel windows are open at a teletrack facility, however, a teletrack facility location may be closed for wagering, but an advanced deposit wagering provider may still be taking wagers on races. Therefore, the definition should reflect this change by stipulating that “operating hours” are hours in which pari-mutuel wagers are being accepted.

Amend the definition of “sending track” in R19-2-401(10) to include where simulcasting originates in addition to teletracking.

Amend the definition of “teletrack facility” in R19-2-401(12) to clarify that the definition applies to wagering facilities located in Arizona.

Repeal definitions for “tim-tote linkage,” “tote-to-tote linkage,” and “transmission in sections R19-2-401(16-18) as they are non-essential to today's racing industry due to advancements in technology.

The remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor’s Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-402. ADWP Licensing Requirements

2. Objective

The rule stipulates the licensing requirements for advanced deposit wagering providers (ADWP).

3. Analysis of effectiveness in achieving the objective

The rule requires revisions to more effectively meet the rules objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

Amend R19-2-402(D) to allow ADWP’s to accept additional wagers for simulcast wagering only for races which the contracted Arizona racetrack permittee holds simulcast contracts. This revision opens up the opportunity for additional wagering for Arizona’s commercial racetrack permittees who have agreements in place. The remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor’s Regulatory Review Council. No substantive changes are

necessary and the Department does not intend to amend the rule.

R19-2-403. ADW Permit Applications

2. Objective

The rule outlines requirements and documentation needed to file a permit application to conduct Advance Deposit Wagering (ADW) with the Department and stipulates rules that ADW permittees must follow.

3. Analysis of effectiveness in achieving the objective

The rule needs revisions to effectively meet the rules objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

Repeal R19-2-403(E) which requires a racetrack permittee to verify that the total RWA paid each day for the racetrack and ADW wagering activity is correct, as the permittee does not have any knowledge of the ADW provider's simulcast handle and therefore would not be able to verify the total RWA. The remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-404. Application for ADWP Permit; Plan of Operations

2. Objective

The rule states the timeline an advanced deposit wagering provider's (ADWP) permit is valid for and requires the ADWP to submit an operation plan to the Department.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-405. Contracts and Agreements

2. Objective

The rule stipulates what contracts and agreements are required to be submitted to the Department related to the advanced deposit wagering operation.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-406. Plan of Operation Approval and Amendments

2. Objective

The rule requires an advanced deposit wagering provider to conduct operations according to provisions of an approved operating plan and outlines requirements for making changes to the plan of operation.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-407. ADWP Permit Renewal

2. Objective

The rule outlines requirements for advanced deposit wagering providers to renew their permit.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-408. ADWP Licensing

2. Objective

The rule stipulates the individuals that are required to be licensed by the Department to conduct advanced deposit wagering.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-409. ADW-Racetrack Permittee Contracts

2. Objective

The rule outlines the requirements for an advanced deposit wagering provider to contract with one or more Arizona racetrack permittee for the purpose of conducting advanced deposit wagering.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-410. ADW Accounts

2. Objective

The rule stipulates the requirements for advanced deposit wagering providers (ADWP) for individuals to open an account with them prior to accepting wagers from that individual. Requirements include verification of the individual to ensure the person is at least 21 years old. Further, the rule outlines information the ADWP is required to provide to individuals that open accounts with them.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-411. Advance Deposit Wagering

2. Objective

The rule states that all rules governing pari-mutuel wagering also govern advanced deposit wagering and stipulates the fee an advanced deposit wagering provided (ADWP) shall pay to the Department.

3. Analysis of effectiveness in achieving the objective

The rule needs revision to meet its objective of providing adequate funding to the Department for the regulation of the racing industry in order to protect the public and industry participants.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

Amend R19-2-411(D) to provide the Department discretion in modifying the Racing Wagering Assessment. Currently, the rule outlines the fee percentage to be collected, however, the Director of the Division of Racing needs to amend this percentage to adjust for regulatory needs. The remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-412. Teletrack Wagering

2. Objective

The rule outlines the requirements advanced deposit wagering providers must follow for the purposes of teletrack wagering.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-413. General Provisions Regarding Teletrack Facilities

2. Objective

The rule stipulates general requirements for teletrack facilities including back up plans, security measures, reporting delays to the public, publishing race results, and the period for teletrack permittees to conduct wagering. Further, teletrack wagering permittees are required to report to the Department any violation or suspected violation of law that occurs on or about the premises of the facility.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-414. Application for Original Teletrack Wagering Permit; Plan of Operation; Renewals of Teletrack Wagering Permit

2. Objective

The rule outlines the requirements to obtain and submit an application to the Department for a teletrack wagering permit including the submission of a plan of operation and a copy of all service contracts and other agreements. Additionally the rule stipulates the process for amending an operation plan and the application renewal process.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-415. Approval of Additional Wagering Facilities; Plan of Operation; Renewal or Approval of Additional Wagering Facilities

2. **Objective**

The rule outlines the requirements for teletrack wagering permittees for submitting an operation plan to the Commission for additional teletrack wagering facilities.

3. **Analysis of effectiveness in achieving the objective**

The rule needs to be revised to reduce inefficiencies and streamline the process for businesses when applying for additional teletrack wagering facilities.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

R19-2-415(B)(1) requires a feasibility study to be submitted by the teletrack facility as part of their operation plan to open an additional teletrack wagering facility. This section is irrelevant to the approval of additional teletrack wagering facilities. The permittee applying to open an additional facility has already been vetted for financial stability through the permit process and are responsible for the operation costs for the additional facility. Therefore, this duplicative, time consuming and additional expense to the permittee should be eliminated.

Revise R19-2-415(E) to remove the requirement for the permittee to wait 5 days to open the additional teletrack facility. The facility should be open when the licensing requirements are satisfied, therefore, there is no reason to delay the process for 5 days if the requirements have already been met.

The remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-416. Suspension of Teletrack Permit

2. Objective

The rule establishes the grounds for suspension of a teletrack wagering permit.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-417. Licensing of Employees at Teletrack Facilities

2. Objective

The rule requires that employees, managers and owners of a teletrack wagering facility be licensed by the Department prior to participating in teletrack wagering.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-418. Directives

2. Objective

The rule authorizes the Director to make decisions of matters concerning teletrack wagering facility operations within the scope of the Director's authority.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-419. Simulcast Wagering

2. **Objective**

The rule outlines the requirements for a racetrack permittee to conduct simulcasting and the process for the Department to approve simulcast requests. Further, the rule stipulates the duties of both the sending track permittee and the receiving track permittee in regards to simulcasting.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-420. Interstate Common Pool Wagering

2. **Objective**

The rule outlines the general provisions for conducting interstate common pool wagering and requires contracts of racetrack permittees participating in interstate common pools be submitted to the Department. Further, the rule establishes requirements for participation in common pools for both the sending track permittee and the receiving track permittee.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

ARTICLE 5. PARI-MUTUEL WAGERING

R19-2-501. General

2. **Objective**

The rule requires permittees to conduct pari-mutuel wagering in accordance with applicable laws and rules and do so on a system that is approved by the Department.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-502. Records

2. **Objective**

The rule requires the permittee to maintain all wagering records for the Departments review.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-503. Pari-mutuel Tickets

2. **Objective**

The rule states that pari-mutuel tickets are evidence of a contribution to the pari-mutuel pool and evidence of the obligation of the permittee to pay the ticketholder a portion of the pool as determined by the valid ticket. Outlines requirements of a ticket to be deemed valid.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-504. Pari-mutuel Ticket Sales

2. **Objective**

The rule requires pari-mutuel tickets to be sold only by a permittee during specific times and at an authorized location. It also outlines the payment process for winning pari-mutuel wagers.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-505. Advance Performance Wagering

2. **Objective**

The rule requires that no permittee shall allow wagering more than one day prior to the scheduled post time of the first contest unless authorization is obtained by the Department.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-506. Claims for Payment from Pari-mutuel Pool

2. Objective

The rule outlines requirements for permittees for cases where a permittee has withheld or refused to cash a pari-mutuel wager and stipulates claims be forwarded to the Department within 48 hours.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-507. Payment for Errors

2. Objective

The rule outlines the requirements, process and procedures if an error occurs in the payment amounts for pari-mutuel wagers, which are cashed or are entitled to be cashed as a result of such error.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-508. Betting Explanation

2. Objective

The rule requires an explanation summary of pari-mutuel wagering and each type of betting pool to be published in the program for every wagering performance.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-509. Display of Betting Information

2. **Objective**

The rule requires approximate odds for win pool betting to be posted on display devices within view of the wagering public and update at intervals of not more than 90 seconds and probable payoff for other pools to be displayed as determined by the Department.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-510. Cancelled Contests

2. **Objective**

The rule stipulates that cancelled contests or ones declared "no contest" shall be granted refunds on valid wagers.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of

State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-511. Refunds

2. Objective

The rule outlines pools where refunds of the entire pool shall be made upon presentation and surrender of the affected pari-mutuel ticket.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-512. Coupled Entries and Mutuel Fields

2. Objective

The rule outlines the process and procedures for contestants coupled in wagering as a coupled entry or a mutuel field and stipulates price calculations, refunds and distributions of pools.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-513. Pools Dependent upon Betting Interests

2. Objective

The rule authorizes that when pools are opened for wagering the types of bets that the permittee may allow or prohibit.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-514. Prior Approval Required for Betting Pools

2. **Objective**

The rule allows the permittee to apply to the Department to offer new forms of wagering or suspend any previously approved forms of wagering.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-515. Closing of Wagering in a Contest

2. **Objective**

The rule authorizes a Department representative to close wagering for each contest on a system maintained by the permittee and approved by the Department.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of

State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-516. Complaints Pertaining to Pari-mutuel Operations

2. Objective

The rule requires that the permittee issue complaint reports to the Department within 48 hours on all patron complaints regarding pari-mutuel wagering.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-517. Licensed Employees

2. Objective

The rule requires licensees to report any know irregularities or wrongdoings involving pari-mutuel wagering to the Department.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-518. State Mutuel Supervisor

2. Objective

The objective is to have State supervision to monitor all wagering at race meetings and wagering facilities and the rule requires the permittee to grant the Department unrestricted access to its facilities, equipment and records pertaining to pari-mutuel wagering.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-519. Mutuel Manager

2. **Objective**

The rule objective is for the permittee to provide a mutuel manager who is responsible for the accuracy of all payoff prices posted and in the event of an error or a problem make reports to the Department.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. **Proposed course of action**

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-520. Stored Value Instruments

2. **Objective**

Allows a racetrack permittee to offer pari-mutuel cash vouchers at wagering locations as incentives or promotional prizes. Further, a permittee shall not, without approval from the Department, use any form or stored value instrument other than pari-mutuel cash vouchers. The rule outlines requirements and procedures for stored value instruments.

3. **Analysis of effectiveness in achieving the objective**

The rule effectively meets the stated objective.

4. **Analysis of consistency with state and federal statutes and rules**

The rule is consistent with applicable state and federal statutes and rules.

6. **Analysis of clarity, conciseness, and understandability**

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-521. Simulcast Wagering

Repealed.

R19-522. Interstate Common Pool Wagering

Repealed.

R19-2-523. Calculation of Payoffs and Distribution of Pools

2. Objective

The objective of this rule is to outline in detail the price calculation procedure and distributions of pools for all pari-mutuel wagering pools and requires that pools shall be separately and independently calculated and distributed.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

ARTICLE 6. STATE BOXING ADMINISTRATION

R19-2-601. Definitions

2. Objective

The rule defines the terms used in Article 6 as they pertain to boxing events.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

Laws 2015, Chapter 19 became effective July 3, 2015 and merged the Department of Racing as a Division under the Department of Gaming. As such, the Division of Boxing and Mixed Martial Arts, which was under

the Department of Racing, is now a Division under the Department of Gaming. Therefore, changes are needed in rule to reflect this consolidation.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable, but is in a poor place for individuals to find.

14. Proposed course of action

The rule needs to be revised to be consistent with statute specifically removing references to the Department of Racing and changing them to the Department of Gaming. In addition, the Boxing and Mixed Martial Arts (MMA) Commission's rules are in A.A.C. Title 4, Chapter 3, however one part of the Boxing and MMA rules is under the Racing Commission in Title 19, Chapter 2, Article 6. For ease of public and stakeholder use we recommend re-codifying rules to Title 4, Chapter 3.

R19-2-602. Notice to the Department

2. Objective

The rule requires the Boxing Commission to provide notice of events approved to the Department of Racing.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

Laws 2015, Chapter 19 became effective July 3, 2015 and merged the Department of Racing as a Division under the Department of Gaming. As such, the Division of Boxing and Mixed Martial Arts, which was under the Department of Racing, is now a Division under the Department of Gaming. Therefore, changes are needed in rule to reflect this consolidation.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule should be repealed, as it is no longer necessary after the consolidation through Laws 2015, Chapter 19.

R19-2-603. Ticket Manifest, Collection, Accounting

2. Objective

The rule provides accounting procedures for funds received from boxing and mixed martial arts events.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective, but revisions are necessary to provide industry participants adequate time to fulfill their responsibilities.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

R19-2-603(A)(1) requires a promoter to provide a ticket manifest from each ticket agent to the Department no

later than weigh-ins. Revise the rule to allow for ticket manifests to be provided within 72 hours after the event. The remainder of the rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-604. Annual Bond, Event Bond, Claims

2. Objective

The rule makes provision for filing annual and event bonds by boxing promoters.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

The rule is consistent with applicable state and federal statutes and rules.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule complies with the rulemaking requirements of the Administrative Procedures Act, the Secretary of State, and the Governor's Regulatory Review Council. No substantive changes are necessary and the Department does not intend to amend the rule.

R19-2-605. License Fees

2. Objective

The rule provides that license fees and accompanying information received by the Boxing and Mixed Martial Arts Commission be forwarded to the Department of Racing.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

Laws 2015, Chapter 19 became effective July 3, 2015 and merged the Department of Racing as a Division under the Department of Gaming. As such, the Division of Boxing and Mixed Martial Arts, which was under the Department of Racing, is now a Division under the Department of Gaming. Therefore, changes are needed in rule to reflect this consolidation.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule should be repealed, as it is no longer necessary after the consolidation through Laws 2015, Chapter 19. Further, the Commission, through statute, can delegate its licensing authority to the Department.

R19-2-606. Fines

2. Objective

The rule provides that fines and accompanying information imposed and received by the Boxing and Mixed Martial Arts Commission be forwarded to the Department of Racing.

3. Analysis of effectiveness in achieving the objective

The rule effectively meets the stated objective.

4. Analysis of consistency with state and federal statutes and rules

Laws 2015, Chapter 19 became effective July 3, 2015 and merged the Department of Racing as a Division under the Department of Gaming. As such, the Division of Boxing and Mixed Martial Arts, which was under the Department of Racing, is now a Division under the Department of Gaming. Therefore, changes are needed in rule to reflect this consolidation.

6. Analysis of clarity, conciseness, and understandability

The rule is clear, concise, and understandable.

14. Proposed course of action

The rule should be repealed, as it is no longer necessary after the consolidation through Laws 2015, Chapter 19.

ATTACHMENT 3

Economic, Small Business and Consumer Impact Summary Regarding Necessary Rule Changes

The racing industry promotes the development of the economy by providing employment opportunities in an important sector. Regulation is important for a healthy development of the industry, for safeguarding the interests of the wagering public, and the health and safety of all animals and participants.

The Department of Racing regulates the Arizona pari-mutuel horse and greyhound racing industry, and provides oversight to the Arizona State Boxing and Mixed Martial Arts Commission. This oversight includes all commercial horse, greyhound and county fair racing meets, promotion of breeding of horses and greyhounds in Arizona, and adoption of retired racehorses and greyhounds. Boxing events including all boxing, kickboxing, tough man, and mixed martial arts events are also regulated and supervised.

There are currently two commercial horse racing facilities in Arizona. One county traditionally operates County Fair racing on their own fairgrounds, with an additional seven counties operating County Fair racing at commercial facilities.

Currently only one greyhound racing facility, Tucson Greyhound Park, operates 364 days a year. A second facility operates as a simulcasting and teletracking site where patrons can place wagers and watch greyhound racing from other facilities throughout the country.

Commercial horseracing and greyhound meets require issuance of permits and intensive background investigation of the corporations and individuals responsible for the operation of the meet. All individuals participating in any manner in the operation of the meet must be licensed. That licensure includes a criminal background check and applies to all county fair meets as well.

The Department has the authority to require licensees to submit to a test if there is reason to believe that the individual is under the influence of or unlawfully in possession of prohibited substances. As a result of disciplinary actions against licensees, the Department imposed nearly \$30,000 in civil penalties and fines coming from a total of 201 investigations where 70% of the violations resulted in fines and penalties.

Persons Who Are Affected, Bear Costs Or Directly Benefit

The Department has taken a proactive approach to regulation of drug offenses involving both humans and animals. Revisions to the Department Licensing and Enforcement Division procedures and addition of key personnel have resulted in increased vigilance in these areas. Department Rules gives Stewards the authority to impose fines up to a maximum of \$1,000. This authority is intended to act as a deterrent to these types of offenses. Unintended results may be increased civil penalty deposits to the General

Fund. Benefits will include additional monies to supplement programs for the adoption of retired greyhounds and racehorses. A statutorily authorized surcharge of 5% of each penalty is contributed to these adoption funds. The proceeds are distributed, on a quarterly basis, to adoption groups meeting the criteria that regulate and foster the adoptions.

Licensees will be affected by additions to rules that conform to current industry standards. They are required to know the Department rules and attest to that knowledge upon signing a license application form. Clarification of existing rules will result in less confusion for licensees.

Cost Benefit Summary

The majority of the proposed changes to the existing rules are needed as a matter of style and clarity and will have no economic impact on the State or the industry. However, overall clarity of the rules will lead to less confusion among participants.

Since FY 2013 the Department's regulatory responsibilities has been funded 100% by the industry with funds no longer coming from the General Fund.

Certain costs regarding increased regulatory enforcement and rule-making costs will be borne by the Department. It is hoped that the changes will result in increased pari-mutuel activity and reductions in loss of income for racing licensees.

Boxing and Mixed Martial Arts

Currently, the economic impact of laws and rules for the regulation of boxing and mixed martial arts include: license fees borne by contestants, promoters, trainers, seconds, matchmakers and various officials; regulatory fees pursuant to intergovernmental agreements with Native American communities; the cost of annual physicals, eye exams and blood tests paid by contestants; the costs of medical and accidental death insurance and annual surety bonds paid by promoters; the officials' fees paid by promoters; and a 4% gross receipts sales tax on ticket sales for events held on non-Tribal lands. The provisions of Article 6 in this five-year review report apply only to the 4% gross receipts sales tax provisions.

Private and Public Employment Impact

Increased racing and boxing events, and an improving economy, will ultimately result in additional employment opportunities. Improvements and increased efficiency in the permit and license application processes will delay the necessity of raising licensing fees.