



August 11, 2023

The Honorable Katie Hobbs
Governor of Arizona
1700 West Washington, 9th Floor
Phoenix, AZ 85007

The Honorable Warren Petersen
President of the Senate
1700 West Washington
Phoenix, AZ 85007

The Honorable Ben Toma
Speaker of the House of Representatives
1700 West Washington
Phoenix, AZ 85007

Dear Governor Hobbs, President Petersen, and Speaker Toma:

In accordance with A.R.S. § 5-601.02(H)(1), which requires an annual report that includes “a statement of aggregate gross gaming revenue for all Indian tribes, aggregate revenues deposited in the Arizona Benefits Fund, including interest thereon, expenditures made from the Arizona Benefits Fund, and aggregate amounts contributed by all Indian tribes to cities, towns, and counties,” the Arizona Department of Gaming (“ADG”) is pleased to submit the following report on tribal contributions for Fiscal Year 2023.

Background

With the passage of Proposition 202, in November 2002, and the subsequent signing of the 2021 Amended and Restated Tribal-State Gaming Compacts by Governor Doug Ducey and twenty-one (21) Arizona Tribes, the gaming tribes in Arizona are to make quarterly tribal contributions to the State. Contributions are based on each gaming tribe’s Class III Net Win¹. Eighty-eight percent (88%) of a gaming tribe’s total annual contribution is paid to the Arizona Benefits Fund, which is administered by ADG. Pursuant to A.R.S. § 5-601.02(H)(3), monies in the Arizona Benefits Fund, including all investment earnings, are to be allocated as follows:

¹ According to A.R.S. § 5-601.02(I)(6)(b)(ii)(qq), the term “Class III Net Win” means “gross gaming revenue, which is the difference between gaming wins and losses, before deducting costs and expenses.”

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- Eight million or nine percent (9%), whichever is greater, shall be used by ADG for reimbursement of administrative and regulatory expenses.
- Two percent (2%) of the contributions made to the Arizona Benefits Fund are to be used by ADG to fund state and local programs, for the prevention and treatment of, and education concerning, problem gambling.

In accordance with the same statute, all other monies in the Arizona Benefits Fund, including all investment earnings that are not allocated to ADG as set forth above, are to be allocated in the following manner:

- Fifty-six percent (56%) to be deposited in the Instructional Improvement Fund established by A.R.S. § 15-979;
- Twenty-eight percent (28%) to be deposited in the Trauma and Emergency Services Fund established by A.R.S. § 36-2903.07;
- Eight percent (8%) to be deposited in the Arizona Wildlife Conservation Fund established by A.R.S. § 17-299; and
- Eight percent (8%) to be deposited in the Tourism Fund Account established by A.R.S. § 41-2306.

ADG transfers these allocated monies to each of the aforementioned funds on a quarterly basis.

In addition to the monies contributed into the Arizona Benefits Fund, the gaming tribes contribute twelve percent (12%) of their total annual contributions to cities, towns, and counties, pursuant to A.R.S. § 5-601.02(H)(4).

Report

The Arizona Department of Gaming reports the following for the period from July 1, 2022, to June 30, 2023:

- Aggregate Gross Gaming Revenue²: \$2,876,198,661
- Aggregate Revenues (Tribal contributions) deposited in the Arizona Benefits Fund, including interest thereon: \$153,855,891

² Gross gaming revenue is the difference between gaming wins and losses, before deducting costs and expenses. A.R.S. § 5-601.02(I)(6)(b)(ii)(qq).

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Expenditures from the Arizona Benefits Fund are as follows:

Instructional Improvement Fund	\$77,146,025
Trauma and Emergency Services	\$38,340,888
Arizona Department of Gaming	\$13,439,900
Arizona Wildlife Conservation Fund	\$10,954,539
Tourism Fund Account	\$10,954,539
Problem Gambling	<u>\$ 3,020,000</u>
Total	\$153,855,891

The aggregate amounts contributed by all Indian Tribes to cities, towns, and counties are \$18,963,296.

Please let me know if you have any questions concerning this report.

Sincerely,



Jackie Johnson
Director

cc: Adrian Fontes, Secretary of State
Holly Henley, State Librarian and Director of Library, Archives and Public Records