



ARIZONA DEPARTMENT OF GAMING
TRIBAL GAMING • RACING • BOXING & MIXED MARTIAL ARTS

Douglas A. Ducey
Governor

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Director

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August 22, 2016

The Honorable Douglas A. Ducey
Governor of Arizona
1700 W. Washington, 9th Floor
Phoenix, Arizona 85007

The Honorable Andy Biggs
President of the Senate
1700 West Washington
Phoenix, AZ 85007

The Honorable David M. Gowan, Sr.
Speaker of the House of Representatives
1700 West Washington
Phoenix, AZ 85007

Dear Governor Ducey, President Biggs and Speaker Gowan:

In accordance with A.R.S. § 5-601.02(H)(1), the Arizona Department of Gaming (“ADG”) submits this report on tribal contributions for Fiscal Year 2016. That statute requires this report to include “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.”

Background

With the passage of Proposition 202 in November 2002, and the subsequent new Tribal-State Gaming Compacts, the gaming tribes in Arizona are to make tribal contributions to the State on a quarterly basis. Those contributions are based on each tribe’s Class III Net Win¹. Eighty-eight percent (88%) of a 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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1. Eight million or nine percent (9%), whichever is greater, shall be used by ADG for reimbursement of administrative and regulatory expenses.
2. 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 this 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 promptly transfers these allocated monies to each of the foregoing funds on a quarterly basis.

In addition to the monies contributed into the Arizona Benefits Fund, the Indian 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 July 1, 2015, to June 30, 2016:

- Aggregate Gross Gaming Revenue² - \$1,874,454,542
- Aggregate Revenues (Tribal contributions) deposited in the Arizona Benefits Fund, including interest thereon - \$90,752,579

²Gross 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:

| | |
|------------------------------------|---------------------|
| Problem Gambling | \$ 1,815,051 |
| Arizona Department of Gaming | \$ 8,167,732 |
| Instructional Improvement Fund | \$45,231,085 |
| Trauma and Emergency Services | \$22,615,543 |
| Arizona Wildlife Conservation Fund | \$ 6,461,584 |
| Tourism Fund Account | <u>\$ 6,461,584</u> |
| Total | \$90,752,579 |

The aggregate amounts contributed by all Indian Tribes pursuant to A.R.S. § 5-601.02(H)(4) are \$12,252,168

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

Sincerely,

Daniel H. Bergin
Director



cc: Michele Reagan, Secretary of State
Dr. Ted Hale, Archives and Records Management and Capitol Museum
Holly Henley, State Librarian and Director of Library Services