



Arizona Department of Gaming

TRIBAL GAMING • RACING • BOXING & MIXED MARTIAL ARTS

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Douglas A. Ducey
Governor

Daniel H. Bergin
Director

Rudy J. Casillas
Racing Division Director

September 2, 2015

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

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

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

Dear Governor Ducey, President Biggs, 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 2015. 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. Eight million or nine percent (9%), whichever is greater, shall be used by ADG for reimbursement of administrative and regulatory expenses.

¹ According to A.R.S. § 5-601.02(1)(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.”

The Honorable Douglas A. Ducey, Governor
The Honorable Andy Biggs
The Honorable David M. Gowan, Sr.
September 2, 2015
Page 2 of 3

- 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, 2014, to June 30, 2015:

- Aggregate Gross Gaming Revenue² - \$1,844,279,248
- Aggregate Revenues (Tribal contributions) deposited in the Arizona Benefits Fund, including interest thereon - \$88,424,854

Expenditures from the Arizona Benefits Fund are as follows:

Problem Gambling	\$ 1,768,497
Arizona Department of Gaming	\$ 8,000,000
Instructional Improvement Fund	\$ 44,047,559
Trauma and Emergency Services	\$ 22,023,780
Arizona Wildlife Conservation Fund	\$ 6,292,509
Tourism Fund Account	<u>\$ 6,292,509</u>
Total	\$ 88,424,854

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).

The Honorable Douglas A. Ducey, Governor
The Honorable Andy Biggs
The Honorable David M. Gowan, Sr.
September 2, 2015
Page 3 of 3

The aggregate amounts contributed by all Indian Tribes pursuant to A.R.S. § 5-601.02(H)(4) are \$11,073,942.

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

Sincerely,



Daniel H. Bergin
Director

cc: Michele Reagan, Secretary of State
Joan Clark, Director of Arizona State Library, Archives and Public Records
Bob Robson, Speaker Pro Tempore