



**Arizona Department of Gaming**



**Governor Katie Hobbs**

**CEO Jackie Johnson**

The purpose of this document is to inform the public of Arizona gambling laws and how the laws apply to various forms of gambling. This information is not intended to provide legal advice.

## Definition of Gambling

“Gambling” or a “gamble ... means one act of risking or giving something of value for the opportunity to obtain a benefit from a game or contest of chance or skill or a future contingent event...” Arizona Revised Statutes (A.R.S.) § 13-3301(6).

All gambling is prohibited in Arizona unless it falls into statutorily recognized exemptions.

## Statutory Exemptions

**“Amusement gambling”** – This is the video arcade, marathon prize, round of golf, Chuck-E-Cheese, and carnival prize exemption. This exemption covers gambling where the game or contest is played for entertainment, the players actively participate, the outcome is controlled by the players alone, prizes are not offered to obtain player money, and any of the following factors are present: (i) winnings are limited to replays of the game, (ii) distribution of winnings are made to the players only for athletic events, (iii) money paid to gamble for intellectual contests or events is included in the purchase price with no drawing or lottery held to determine winners, or (iv) skill the predominant factor and merchandise prizes are provided only to players. . A.R.S. § 13-3301(1). Intellectual contest gambling must be registered with the Attorney General’s Office.

**“Social gambling”** – This is the Friday night poker exemption. This exemption covers gambling that is not part of a business, where the players compete on equal terms, and where all of the following are true: (a) only the players can receive the winnings, (b) no other person receives a direct or indirect benefit from the gambling, (c) all players are over 21 years of age, and (d) no player enjoys an advantage over other players under the rules. A.R.S. § 13-3301(9). Examples of a direct benefit would include charging an entrance fee, taking a percentage of the winnings, or renting chairs or equipment to the players before they can participate. An indirect benefit could include gambling to attract customers to a bar or restaurant or increased food or beverage sales because of the gambling..

**“Regulated gambling”** – This is the Indian casino, dog track, event wagering or fantasy sports operator, bingo, and state lottery exemption. This exemption includes (a) gambling on Indian lands pursuant to an Arizona Tribal-State Gaming Compact; (b) gambling pursuant to statute, rule, or order under State or federal laws that is conducted by an organization that has paid all taxes associated with the gambling and that is either an A.R.S. § 43-1201 tax exempt organization whose records are open to the public or a non tax exempt organization conducting gambling pursuant to a specific enabling law, or (c) event wagering conducted pursuant to A.R.S. § 5-1301 et seq. A.R.S. § 13-3301(8)

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**“State fair gambling”** – This is gambling conducted at state, county, or district fairs pursuant to specific rules and A.R.S. § 13-3301(a)(d). A.R.S. § 13-3302(A)(4).

**“Tax exempt organization gambling”** – This includes raffles conducted by an organization which is tax exempt under specific paragraphs of A.R.S. § 43-1201 and the following area true: (1) the nonprofit maintains its tax exempt status and the nonprofit’s members/directors/officers/employees/agents receive no pecuniary benefit other than participating equally with all other participants in the raffle, (2) the nonprofit has been in continuous existence for at least 1 year in Arizona, and (3) the raffle is run by local members of the organization. A.R.S. § 13-3302(B).

**“Historical society gambling”** – This includes raffles conducted by a designated state, county, or local historical society which meets the following criteria: (1) the historical society’s members/directors/officers/employees/agents receive no pecuniary benefit other than participating equally with all other participants in the raffle, (2) the historical society has been in continuous existence for at least 5 years, and (3) the raffle is run by members of the society . A.R.S. § 13-3302(C).

**“Nonprofit organization gambling”** – This includes raffles conducted by a nonprofit booster club, civic club, political club, or political organization formally affiliated with and recognized by a political party if the following are true: (1) the club or organization members/directors/officers/employees/agents receive no pecuniary benefit other than participating equally with all other participants in the raffle, (2) the raffle is conducted by local members of the club or organization, (3) the maximum annual benefit to the club or organization is \$10,000.00, and (4) the club or organization’s purpose is pleasure or recreation and no part of the net earnings benefits any member/director/officer/employee/agent. A.R.S. § 13-3302(D).

*These definitions are generalities only and are not intended as legal advice. The examples provided are not exhaustive. For complete details you are strongly advised to obtain legal advice to ensure compliance with State laws.*

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# Top Gambling Violations

In Arizona, gambling outside one of the above statutory exemptions is illegal. Here are some common warning signs that characterize **illegal** gambling:

- The host of the game requires that players pay fees in order to participate (buy-ins or re-buys).
- The host requires a cover charge or “voluntary” donation from players who want to participate in the game.
- The host takes a percentage of the money the players wager or win.
- The host requires a minimum purchase to participate (food, drink, or any other item).
- The host provides equipment (chair, chips, tables, cards, or other items) and charges players rental fees, equipment fees, user fees or other fees in order to participate.

## Some Examples of Gambling Subject to Arizona Gaming Regulation

### 50/50 DRAWINGS OR RAFFLES

Participants are required to purchase tickets for a chance to win cash. Funds raised are split 50-50 between the fund-raisers and the winner. These raffles are only permitted if they are conducted by specific tax exempt organizations, historical societies and clubs under strict conditions set out by Arizona law.

### POKER TOURNAMENTS

Poker Tournaments are commonly held at local establishments, event centers, and, occasionally, private residences. These include games such as “Texas Hold ‘Em.” In order to be legal, the gaming host must carefully design the rules and procedures of play so that there is no additional premium other than the contribution to the player winnings pool, no cover charge, and no requirement that patrons purchase items from the establishment. No one may receive any benefit from the poker game except the players themselves.

### CHARITABLE GAMBLING

Charitable gambling is run for the benefit of nonprofit organizations. This type of gambling is only acceptable for certain specific tax exempt organizations, historical societies and clubs in order to conform to Arizona law.

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## SPORTS POOL CONTESTS

A specific chart is used for each sporting event and consists of a predetermined number of squares arranged in a grid format. Participants purchase one or more squares for a specified amount resulting in the chance to win all or a portion of the pooled money if their square is the winning square. This form of gambling becomes illegal if the pool operator receives a payment for operating the pool.

## FANTASY SPORTS TEAM LEAGUES

Participants act as “owners” to build a team that competes against other fantasy owners based on the statistics generated by the individual players or teams of an actual professional sport. Monies accumulated during the season are won by the owners. This type of gambling is legal as long as only the participants receive the winnings. A league operator may not take a cut.

## ORGANIZERS AND PLAYERS BEWARE!

Violating gaming laws can result in civil and/or criminal penalties. The prohibition against gambling takes into consideration the circumstances under which games of chance or skill are played. Even when the form of gambling is legal, participants may be required to be 21 years of age or older. **Groups that wish to participate in social, amusement or charitable gambling do so at their own risk and are strongly advised to obtain independent legal advice to ensure that their event complies with the law.**

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