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# **GAMBLING**

## **TIPS TO**

### **REMEMBER**

**DOUG DUCEY**  
GOVERNOR

**DAN BERGIN**  
DIRECTOR

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 “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....See, Arizona Revised Statutes (A.R.S.) §13-3301 (4.).

All gambling is prohibited in Arizona unless it falls into one of seven (7) 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 on certain games of chance, games of skill, intellectual contests, athletic events and gaming devices where the game or contest is played for entertainment; the players actively participate; and the outcome is controlled by the players alone. Winnings are limited to replays of the game, merchandise prizes or, in the case of athletic events, distribution of winnings to the players only. Intellectual contest gambling must be registered with the Attorney General’s Office. See, A.R.S. §13-3301 (1.) and A.R.S. §13-3301 (1.)(d.)(iii).

**“Social gambling”** – this is the Friday night poker exemption. This exemption covers gambling where the players compete on equal terms, only the players can receive the winnings and no other person receives a direct or indirect benefit from the gambling. Examples of a direct benefit would include charging an entrance fee, taking a percentage of the winnings, 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. See, A.R.S. §13-3301 (7.).

**“Regulated gambling”** – this is the Indian casino, dog track, bingo and state lottery exemption. This exemption includes 1) gambling on Indian lands pursuant to an Arizona Tribal-State Gaming Compact, and 2) gambling pursuant to a specific enabling law conducted by an A.R.S. §43-1201 tax exempt organization whose records are open to the public or gambling pursuant to a specific enabling law conducted by a non tax exempt organization that has paid all taxes associated with the gambling. See, A.R.S. §13-3301 (6.).

**“State fair gambling”** – gambling conducted at state, county or district fairs pursuant to specific rules. See, A.R.S. §13-3302 (4.) and A.R.S. §13-3301 (1.)(d).

**“Tax exempt organization gambling”** – raffles conducted by an organization which is tax exempt under specific paragraphs of A.R.S. §43-1201, has been in existence for at least 5 years in Arizona, maintains its tax exempt status and the gaming is run by local members of the organization. See, A.R.S. §13-3302 (B.).

**“Historical society gambling”** – raffles conducted by a designated state, county or local historical society which has been in existence for at least 5 years, the gaming is run by members of the society, and no member may receive any direct or indirect monetary benefit except by participating in the raffle. See, A.R.S. §13-3302 (C.).

**“Nonprofit organization gambling”** – raffles conducted by a nonprofit booster club, civic club, political club or political organization, having a maximum annual benefit to the club or organization of \$10,000.00, where the gaming is conducted by local members of the club or organization, and no member may receive any direct or indirect monetary benefit except by participating in the raffle. See, 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.*

## **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 certain, specific tax exempt organizations, historical societies and clubs under strict conditions set out by Arizona law.

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## **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 buy-in to play, 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.

## **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.**