

# ARIZONA CAPITOL TIMES

## Arizona lawmaker pushes to legalize sports betting

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In this Dec. 30, 2018, file photo, Arizona Cardinals' Larry Fitzgerald, left, snags a one-handed touchdown pass against the Seattle Seahawks during the first half of an NFL football game, in Seattle. Betting on the Cardinals or any other sporting event will become legal in Arizona under a Republican lawmaker's proposal. (AP Photo/John Froschauer)

A Republican lawmaker has a proposal to legalize sports betting in Arizona through legislation he says will avoid nullifying state gaming compacts with Native American tribes.

Sen. Sonny Borrelli, R-Lake Havasu City, wants to bring sports gambling to bars and private clubs throughout Arizona, but he wants the state's tribes to have exclusive rights in operating sports betting.

The Lake Havasu City Republican likened his [SB1158](#) to off-track betting for horse races. "This is basically like off-casino betting for sports," he said.

Borrelli said sports gambling would fall under Class 3 gaming per Arizona law, and therefore must be given exclusively to the tribes. And while tribes would immediately be eligible to allow sports gambling in brick-and-mortar casinos under Borrelli's bill, he's also trying to get sports gambling kiosks into bars and clubs throughout the state.

As for his choice of location, Borrelli said he only wants bars and clubs with a liquor license to ensure the clientele is the appropriate age.

"You gotta be 21 to go in a bar. You gotta be 21 to gamble," he said.

The United State Supreme Court in May cleared the way for states to legalize sports betting, inciting state lawmakers across the country to introduce legislation to bring sports gambling to the masses. In Arizona, the situation is more complicated.

The state has gaming compacts with some Native American tribes, which have the exclusive rights to operate casino games in Arizona. Those compacts – which specify what games tribes can and cannot operate, and what revenue from gambling tribes share with the state – also include a “poison pill” provision.

That stipulates compacts are null and void if either side violates the terms of the agreements. For example, something as simple as if a tribe operated more slot machines than allowed in the agreements, or if the state granted gaming rights to non-tribal entities, could jeopardize the compacts. Gaming attorney Steve Hart said Borrelli’s bill would not trigger the “poison pill” provision of the gaming compacts because the tribes would be the “sole and exclusive operator of all sports betting activity.” Hart, of Lewis Roca Rothgerber Christie LLP, consulted with Borrelli on the bill.

“If tribes are the operator of the game, then for the most part, you can conclude there won’t be a ‘poison pill’ issue,” Hart said.

After the U.S. Supreme Court’s ruling, Gov. Doug Ducey [expressed support for legalizing sports betting](#), which likely calls for renegotiating gaming compacts with Arizona tribes. At the time, Ducey called for a [“modernized”](#) gaming compact, which could include other gaming besides sports.

A spokesman for Ducey declined to comment on Borrelli’s bill, but confirmed the Governor’s Office is involved in “confidential” gaming negotiations with the tribes.

There is no timeline on when those talks will be complete.

Borrelli’s move may be independent of the Governor’s Office, but they seem to be working toward the same end goal.

The bill proposes tribes permitted to operate sports betting could be taxed up to 6.75 percent of gross gaming revenue from sports betting. It’s not clear how much revenue the state could gain from legalizing sports gaming.

Jaime Molera, who lobbies for the Indian Gaming Association, said the tribes are still sifting through Borrelli’s bill, but they appreciate his willingness to loop them in. Borrelli approached some of the tribes in an attempt to work on this issue in a collaborative way, and now they’re willing to work with him as a result, Molera said.

“We’re very appreciative of Sen. Borrelli in that we opposed some of his bills in the past, but what he did this time around, he reached out to a number of tribes and sought out how we can work together in furthering his ideas,” Molera said.

Borrelli’s bill would allow tribes to operate sports gambling at their casinos, but it would also allow tribes to contract with outside companies to operate sports gambling kiosks throughout the state.

Borrelli envisions those contractors negotiating with bars and clubs to rent space for those kiosks on their properties. The bars and clubs get paid for renting space; the tribe gets a cut from gambling revenues; so too does the contractor, who would also be responsible for paying state gaming taxes on profits from the machines.