

Arizona Legalizes Retail and Online Sports Betting, Daily Fantasy Sports Contests

By: Zachery B. Roth
Technology Industry Alert
4.20.21

On April 15, 2021, Governor Doug Ducey signed legislation authorizing both retail and online sports betting in Arizona. The new law also legalizes daily fantasy sports contests, which have been prohibited in the state since 1998, when the state's attorney general issued an opinion proclaiming that fantasy sports contests constitute illegal gambling.

Retail and Online Sports Betting

The new law authorizes the Arizona Department of Gaming (the Department) to issue up to ten Event Wagering Licenses, which give holders the right to conduct both in-person and online sports betting operations. Those ten licenses will only be made available to: (1) the owner(s)/operator(s) of a professional sports team or franchise; (2) the owner(s)/operator(s) of a facility that hosts an annual tournament on the PGA Tour; and (3) the promotor(s) of NASCAR touring races hosted in the state. The Department will issue ten additional Event Wagering Licenses to Arizona Indian Tribes that have signed the 2021 tribal-state gaming compact, which was announced on the very same day Gov. Ducey signed the new gaming bill into law.

Event wagering licensees will be permitted to partner with online betting platforms, referred to in the bill as "management service providers," who can conduct online betting operations on the licensee's behalf. Notably, the law does not appear to impose a cap on the number of online betting platforms with whom an event wagering licensee may contract. Each online platform operator must have a Management Service Provider License issued by the Department.

The law also permits event wagering licensees to partner with horse racing facilities and off-track betting sites to obtain Limited Event Wagering Licenses, which allow the horse racing and off-track betting facilities to offer in-person, on-premises sports betting.

Daily Fantasy Sports Contests

Arizona's new gaming law also authorizes paid daily fantasy sports contests. Pursuant to the legislation, anyone who wishes to offer paid daily fantasy sports contests to Arizona residents must obtain a Fantasy Sports Contest Operator License. The law exempts from this license requirement both: (1) Arizona Indian Tribes licensed to offer casino gaming pursuant to a tribal-state gaming compact; and (2) individuals offering limited contests (fifteen or fewer participants) who collect \$10,000 or less in total entry fees for all contests offered in a calendar year.

Timeline for Launch of Expanded Gaming

At this juncture, it is still too soon to tell when sports betting and paid daily fantasy sports contests will officially "launch" in Arizona. The timing of the official launch depends largely upon how long it takes the Commission to promulgate the corresponding regulations and initiate the licensing process. That said, state officials have indicated it is their goal to launch expanded gaming in time for the 2021-2022 NFL season.

If you have questions or would like more information, please contact Zachery B. Roth (rothz@whiteandwilliams.com; 215.864.6274) or Joshua G. Galante (galantej@whiteandwilliams.com; 212.868.4836).

This correspondence should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only and you are urged to consult a lawyer concerning your own situation and legal questions.