

ARIZONA

In 2024, Arizona reported total sports betting revenue of \$707.7 million, up 27.0 percent compared to 2023.

KEY STATE INFORMATION

NUMBER OF COMMERCIAL CASINOS

0

CASINO FORMAT

N/A

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Arizona Department of Gaming

GROSS SPORTS BETTING REVENUE 2024

\$707.7M

SPORT BETTING TAX REVENUE 2024

\$42.7M



Market Overview

Arizona has no commercial casino venues but offers sports betting through commercial sportsbook operators subject to regulation by the Arizona Department of Gaming.

A state law passed in April 2021 authorized land-based sports betting at Arizona's major professional sports arenas and facilities, as well as at up to 10 affiliated racetrack or off-track betting locations. Online sports betting can also be offered by a maximum of 20 licensed platforms partnered with either a professional sports team or facility or with one of Arizona's federally recognized Indian tribes.

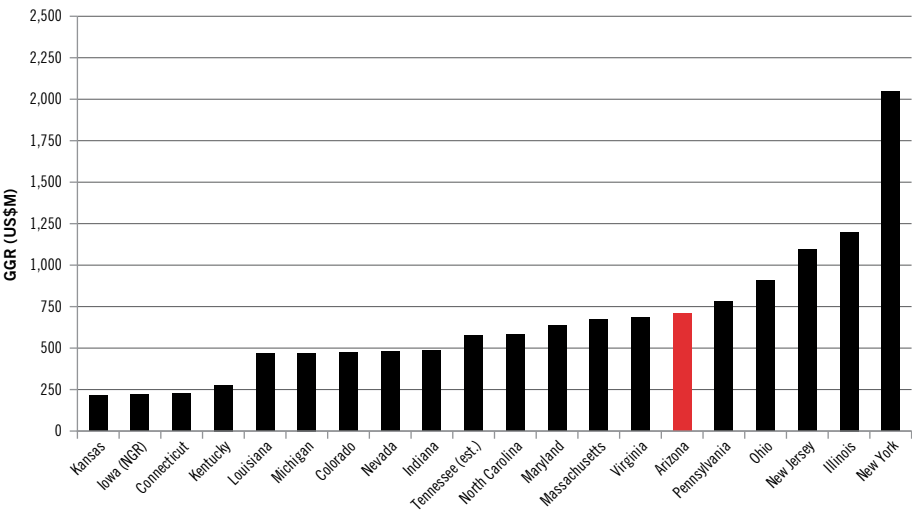
At the end of 2024, commercial sports betting was offered at four retail sportsbook locations and through 13 online betting platforms, down from 14 retail and 17 online sportsbooks at the start of the year.

Market Performance

In 2024, total gross commercial sports betting revenue in Arizona was \$707.7 million, up 27.0 percent compared to 2023.

The revenue total increase came entirely from online sports betting, with retail operators reporting an overall annual loss of approximately \$230,000. Online sports betting revenue totaled \$707.9 million in 2024, an increase of 28.2 percent versus the prior year.

SELECTED STATES: REGULATED SPORTSBOOK GGR (US\$M) 2024



SOURCE: State Gaming Regulatory Agencies

Gaming Tax Distribution

Revenue from land-based sports betting in Arizona is taxed at a rate of 8 percent, while revenue from online sports betting is taxed at 10 percent. The tax is applied after limited deductions of free bets and other bonuses and promotions, up to a maximum of 10 percent of total revenue by the end of 2024. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle. Federal excise payments are also deductible from revenue subject to the state's sports betting tax.

In 2024, sports betting generated total state tax revenue of approximately \$42.7 million, up 22.8 percent from 2023, when operators were permitted to deduct a slightly larger amount of free bets and promotions from their taxable revenue.

Under the state's 2021 legislation, all revenue generated through sports betting "privilege fees," or taxes, are deposited on a monthly basis into Arizona's General Fund and used for general state budgetary purposes as approved by the legislature.

Competitive Landscape

Arizona's commercial sports betting operations compete with retail sportsbook operations that can be offered in the state's 29 tribal casinos in accordance with amendments to tribal gaming compacts approved in 2021. However, competition in Arizona's land-based sports betting market was reduced considerably in 2024 after the operator of retail sportsbooks at Phoenix's Turf Paradise racetrack and eight affiliated off-track wagering locations ceased business in the state in June.

Aside from sports betting and tribal gaming, Arizona's broader gaming market includes a state lottery, charitable bingo locations, three horse racetracks and some 39 off-track betting facilities offering wagering on horse and dog races.

Policy & Regulatory Review

Sports Betting

The Arizona Department of Gaming awarded three additional commercial sports betting licenses in 2024 after opening two separate licensing processes during the course of the year.

The state's 2021 sports betting law allows for up to 10 licenses to be issued to operators partnered with a federally recognized Indian tribe and up to 10 to partners of Arizona professional sports teams. The additional licenses became available after three operators initially awarded licenses chose to withdraw from the Arizona market.

After accepting applications in February, the Department of Gaming announced in March that it had awarded a license to Fanatics Betting and Gaming as the designated partner of the Tonto Apache Tribe.

The regulator opened a second licensing window in July and announced in August that it had awarded licenses to two commercial sports betting operators partnered with the San Carlos Apache Tribe and with the Quechan Indian Tribe of the Fort Yuma Indian Reservation.

Greyhound Racing

In June, Gov. Katie Hobbs (D) signed a bill to prohibit wagering on greyhound races at off-track betting locations in Arizona.

The bill prohibited licensed OTB facilities from offering any bets on live dog races being simulcast from outside the United States as of August 2024. A full ban for all betting on any greyhound races is due to take effect in 2029.

Arizona banned live dog races in 2016 but had continued to allow wagering on out-of-state races. Similar legislation to prohibit or restrict wagering on greyhound races was also approved in 2024 in Connecticut and New Hampshire.