

ASSEMBLY BILL

No. 981

Introduced by Assembly Member Horton

February 23, 2001

An act to amend Section 19602 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 981, as introduced, Horton. Horse racing: betting systems.

Existing law provides that any racing association in this state may authorize betting systems located outside of this state to accept wagers on a race or races conducted or disseminated by that association and may transmit live audiovisual signals of the race or races and their results to those betting systems, except that any authorization is subject to the consent of the host association and applicable federal laws.

This bill would make a technical, nonsubstantive change to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19602 of the Business and Professions
2 Code is amended to read:
3 19602. (a) Notwithstanding any other provision of law, any
4 racing association *located* in this state may authorize betting
5 systems located outside of this state to accept wagers on a race or
6 races conducted or disseminated by that association and may
7 transmit live audiovisual signals of the race or races and their

1 results to those betting systems, except that any authorization is
2 subject to the consent of the host association and applicable federal
3 laws, including, but not limited to, Chapter 57 (commencing with
4 Section 3001) of Title 15 of the United States Code.

5 (b) (1) Except as provided in paragraph (2), any racing
6 association described in subdivision (a), when it authorizes betting
7 systems located outside of this state to accept wagers on a race,
8 shall pay a license fee to the state in an amount equal to 8 percent
9 of the total amount received by the association from the
10 out-of-state betting system. In addition, with respect to
11 thoroughbred racing only, 3 percent of the amount remaining after
12 the payment of the license fee shall be deposited with the official
13 registering agency pursuant to subdivision (a) of Section 19617.2,
14 and shall thereafter be distributed in accordance with subdivisions
15 (b), (c), and (d) of Section 19617.2. The remaining amount
16 received by the association shall be distributed to the association
17 that conducts the racing meeting and to horsemen participating in
18 that racing meeting as follows: 50 percent to the association as
19 commissions, and 50 percent to the horsemen as purses. All rents,
20 costs, and fees shall be deducted pursuant to a contract between the
21 association that conducts the racing meeting and the horsemen
22 participating in the racing meeting. Notwithstanding any other
23 provision of law, racing associations may form a partnership, joint
24 venture, or any other affiliation in order to negotiate terms and
25 conditions of agreements with out-of-state betting systems.

26 (2) A thoroughbred association that hosts the series of races
27 known as the “Breeder’s Cup” shall not be required to pay to the
28 state the license fees required pursuant to paragraph (1). Amounts
29 received by the association from out-of-state betting systems as
30 wagers on Breeder’s Cup races shall be distributed as follows: 50
31 percent as commissions to the association that conducts the racing
32 meeting, and 50 percent as purses to the horsemen participating in
33 the meeting.

34 (c) With the permission of the board, wagers accepted by
35 betting systems located outside of this state may be, but are not
36 required to be, included in the parimutuel pool of the association
37 that conducts the racing meeting in this state. If the wagers
38 accepted by betting systems located outside of this state are
39 included in the parimutuel pool of the association that conducts the
40 racing meeting in this state, the betting system located outside of



1 this state shall, if permissible under applicable law, deduct from
2 the total amount handled in each conventional and exotic
3 parimutuel pool the same total percentages deducted pursuant to
4 Article 9.5 (commencing with Section 19610) by the association
5 that conducts the racing meeting in this state. If the laws of the
6 jurisdiction in which the betting system is located do not permit the
7 betting system to deduct the same percentages as are deducted by
8 the association that conducts the racing, the board may,
9 nonetheless, permit the inclusion of those out-of-state wagers in
10 the association's parimutuel pool if the board determines it to be
11 in the public interest of this state to do so.

12 (d) If wagers accepted by an association conducting racing
13 within the state and wagers accepted by a betting system located
14 outside of the state are combined in one parimutuel pool and the
15 association and the betting system both deduct the same total
16 percentages as set forth in subdivision (c), the breakage shall be
17 allocated between the association and the betting system on the
18 basis of a calculation for distribution approved by the board.

19 (e) If wagers accepted by an association conducting racing
20 within the state are combined in one parimutuel pool with wagers
21 accepted by a betting system located outside the state and the
22 association and the betting system deduct different percentages
23 from the amount handled in the parimutuel pool, the precise
24 calculation and distribution of payments on winning tickets and
25 breakage between the association and the betting system shall be
26 on the basis of a calculation for distribution approved by the board.

27 (f) Breakage allocated pursuant to this section to an association
28 conducting racing within this state shall be distributed in the same
29 manner as would be breakage arising from wagers at the
30 association in the absence of a combined parimutuel pool. This
31 section does not apply to the disposition of breakage allocated to
32 the betting system located outside of the state.

33 (g) If wagers accepted by a betting system located outside of
34 this state are included in the parimutuel pool of an association
35 conducting racing in this state, funds in the parimutuel pool
36 attributable to unclaimed tickets relating to wagers accepted by the
37 association conducting racing within the state shall be distributed
38 in the same manner as unclaimed tickets relating to wagers
39 accepted by that association in the absence of a combined
40 parimutuel pool. Funds in the parimutuel pool attributable to



1 unclaimed tickets related to wagers accepted by the betting system
2 located outside of this state shall be allocated to that betting
3 system, and this section does not otherwise apply to the disposition
4 of those funds at that location outside of the state.

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