

AMENDED IN SENATE AUGUST 22, 2002

AMENDED IN SENATE AUGUST 19, 2002

AMENDED IN SENATE JUNE 24, 2002

AMENDED IN ASSEMBLY APRIL 16, 2002

AMENDED IN ASSEMBLY APRIL 8, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2554**

---

---

**Introduced by Assembly Member Thomson**  
**(Coauthors: Assembly Members Briggs and Wiggins)**  
(Coauthor: Senator Chesbro)

February 21, 2002

---

---

An act to amend ~~Sections 19601, Section 19604, and 19605 of of,~~ and to add *Sections 19549.15 and 19605.55 to*, the Business and Professions Code, relating to horse racing, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2554, as amended, ~~Strickland Thomson~~. Horse racing.

~~Existing law provides that a licensed association or fair that is conducting a live meeting in any horse racing zone may accept wagers on any race conducted in this state, if specified requirements are met. One of those requirements is that wagering may be offered only within the association's or fair's racing enclosure, or within the satellite wagering facility, and only within 7 days of the commencement of the racing program with the transmitted race.~~

~~This bill would delete the 7-day limitation on offering wagering, thereby authorizing additional wagering.~~

*The California Horse Racing Law puts authority over the regulation of horse racing in the California Horse Racing Board. Existing law provides for the San Mateo County Fair to conduct races with board approval at any location if Bay Meadows closes.*

*This bill would authorize the board to permit the Solano County Fair to conduct live racing meetings at another site within or outside Solano County, if the site of its 2002 racing meeting is no longer available for horse racing in any subsequent year. This bill would permit that fair, subject to the approval of the board, to conduct its racing dates at a facility operated by a thoroughbred racing association or fair licensed to conduct a racing meeting in the northern zone, as specified.*

Existing law authorizes advance deposit wagering, as specified, and requires entities holding advance wagering accounts to provide a full accounting of deposits and wagers, as specified. After the payment of winning wagers and the deduction of contractual compensation and a host fee, where applicable, existing law requires payments to various racing entities in California. ~~Existing~~ Existing law refers to the balance returned to the host licensee in California from advance deposit wagering as the market access fee. From this, existing law provides that 0.0011 percent of the amount handled on advance deposit wagers that originate in California for each racing meeting to be dedicated to the Kenneth L. Maddy Fund for equine health, 0.0003 percent of that amount to pay for specified auditing and reimbursement costs, and 0.00165 of that amount to augment a specified welfare fund and pension plans benefiting backstretch personnel, with the remaining funds to be distributed as commissions, purses, and incentive awards, as specified.

This bill would instead specify that 0.0011 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be dedicated to the Kenneth L. Maddy Fund for equine health, 0.0003 multiplied by that amount shall be used for specified auditing and reimbursement costs, and 0.00165 multiplied by that amount shall augment the specified welfare fund and pension plans benefiting backstretch personnel.

~~Existing law provides that the California Horse Racing Board may authorize an association licensed to conduct a racing meeting also to operate a satellite wagering facility at its racetrack enclosure, under specified conditions that differ between the northern zone and the central and southern zones.~~



~~This bill would specify that the board may authorize a fair licensed to conduct a racing meeting to operate a satellite wagering facility at its fairgrounds, under the same conditions applicable to a racing association at its racing enclosure.~~

*Existing law provides for that if the total amount paid to the state by racing associations and fairs pursuant to the Horse Racing Law is less than \$40,000,000 in any calendar year, all associations and fairs that conducted live racing during the year of shortfall shall remit to the state, on a pro rata basis according to the amount handled in-state by each association or fair, the amount necessary to bring the total amount paid to the state to \$40,000,000.*

*This bill would specify that market access fees from advance deposit wagering are not to be considered for purposes of those calculations.*

*Existing law provides for and regulates satellite wagering by eligible county fairs subject to specified conditions, if approved by the Department of Food and Agriculture and the California Horse Racing Board. Fairs in certain counties have separate authorizations to operate satellite facilities.*

*This bill would authorize the board to approve the Solano County Fair to operate a satellite wagering facility on the fairgrounds or on leased premises in Solano County, if the Solano County Fair ceases to conduct live horse racing at the site of its 2002 racing meeting in any subsequent year, as specified.*

By authorizing additional wagering, this bill would increase the amount of continuously appropriated license fees collected as a percentage of wagering, thereby making an appropriation. The bill would also authorize the imposition of a state tax for the purposes of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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

- 1 ~~SECTION 1.—Section 19601 of the Business and Professions~~
- 2 ~~Code is amended to read:~~



1 19601. (a) Notwithstanding any other provision of law, a  
2 licensed association or fair that is conducting a live meeting in any  
3 racing zone may accept wagers on any race conducted in this state,  
4 if all of the following requirements are met:

5 (1) The association or fair that conducts the racing meeting and  
6 the organization that is responsible for negotiating purse  
7 agreements on behalf of the horsemen participating in that racing  
8 meeting consent to the acceptance of the wagers. However, if  
9 consent is withheld, any party may appeal the withholding of  
10 consent to the board, which may determine that consent is not  
11 required.

12 (2) The association or fair conducts not less than eight races on  
13 days when the association or fair is licensed to conduct racing,  
14 except that fewer than eight live races per day may be conducted  
15 by the mutual agreement of the association or fair and the  
16 organization that is responsible for negotiating purse agreements  
17 on behalf of the horsemen participating in the racing meeting.

18 (3) Wagering is offered only within the association's or fair's  
19 racing enclosure or within the satellite wagering facility.

20 (4) All wagers are included in the appropriate parimutuel pool  
21 at the racetrack of the association or fair where the race is  
22 conducted, or, in the appropriate parimutuel pool of the racetrack  
23 of the association or fair that accepts the transmitted race.

24 (5) The association or fair accepting wagers on an out-of-zone  
25 transmitted race distributes the audiovisual signal of the race to,  
26 and accepts wagers from, all eligible satellite wagering facilities.

27 (b) Any association or fair accepting wagers under subdivision  
28 (a) shall deduct, from the total amount handled in each  
29 conventional and exotic parimutuel pool on the transmitted race,  
30 the same percentages deducted pursuant to Article 9.5  
31 (commencing with Section 19610) for races at its own meeting.  
32 However, if the wagers are from a quarter horse racing meeting,  
33 then the amounts deducted shall be the same as for a quarter horse  
34 racing meeting. Amounts deducted under this section, including  
35 amounts deducted from wagers on out-of-zone races within the  
36 enclosure of the association or fair, shall be distributed as provided  
37 under Sections 19605.7, 19605.72, and 19605.73 with respect to  
38 wagers made within the northern zone, or Sections 19605.71,  
39 19605.72, and 19605.73 with respect to wagers made within the  
40 central or southern zone, except that amounts distributed for



1 ~~purposes other than state license fees and fees payable to the~~  
2 ~~Center for Equine Health, School of Veterinary Medicine,~~  
3 ~~University of California at Davis, and the California Animal~~  
4 ~~Health and Food Safety Laboratory shall be proportionally~~  
5 ~~reduced by the amount of any fees paid to the Triple Crown or~~  
6 ~~Breeder's Cup day host association pursuant to subdivision (e).~~  
7 ~~The method used to calculate the reduction in proportionate share~~  
8 ~~shall be approved by the board. For wagers on out-of-state and~~  
9 ~~out-of-country races made within the association's or fair's~~  
10 ~~enclosure, 1 percent shall be distributed to the association or fair~~  
11 ~~as a satellite wagering facility commission.~~

12 ~~(e) Nothing in this section precludes an association or fair from~~  
13 ~~charging a fee as a condition of transmitting the Triple Crown or~~  
14 ~~Breeder's Cup day races, except that any fee shall be allocated~~  
15 ~~among all associations, fairs, and satellite wagering facilities~~  
16 ~~receiving the transmitted race in proportion to the amount wagered~~  
17 ~~at each location, and the fee shall equal that charged by the entity~~  
18 ~~conducting the race or races. Further, the only fee that can be~~  
19 ~~charged as a condition of transmitting the signal of an out-of-zone~~  
20 ~~race shall be a fee of 2.5 percent on Breeder's Cup day races.~~

21 ~~(d) All breakage and unclaimed tickets, including unclaimed~~  
22 ~~refunds, shall be distributed equally between the association or fair~~  
23 ~~that accepts wagers on the transmitted race, and the horsemen, in~~  
24 ~~the form of purses. The purse moneys generated by this~~  
25 ~~subdivision shall be made available for purses during the meeting~~  
26 ~~in which they are received by the association or fair, or, if the~~  
27 ~~association or fair is not then conducting a live racing meeting,~~  
28 ~~during the next succeeding meeting of the association or fair.~~

29 ~~(e) All wagers made pursuant to this section shall be considered~~  
30 ~~to have been wagered at a satellite wagering facility and shall be~~  
31 ~~excluded from total handle for the purposes of Section 19611.~~

32 ~~(f) Notwithstanding Section 19530.5, satellite wagering~~  
33 ~~facilities operated by a fair, in the Counties of Fresno, Kern, or~~  
34 ~~Tulare shall be considered northern zone facilities and shall~~  
35 ~~receive their audiovisual signal from the association or fair~~  
36 ~~conducting a racing meeting in the northern zone that is authorized~~  
37 ~~to distribute the signal and accept wagers on central and southern~~  
38 ~~zone races. Satellite wagering facilities operated by a fair, in the~~  
39 ~~Counties of Santa Barbara or Ventura shall be considered~~  
40 ~~central-southern zone facilities and shall receive the audiovisual~~



1 ~~signal from the association or fair conducting a racing meeting in~~  
2 ~~the central or southern zone that is authorized to distribute the~~  
3 ~~signal and accept wagers on northern zone races.~~

4 ~~(g) All purse moneys derived from wagering on out-of-zone~~  
5 ~~races at fair racing meetings shall be distributed to all breeds of~~  
6 ~~horses participating in the fair meeting in direct proportion to the~~  
7 ~~purse money generated by breed on live races conducted during~~  
8 ~~the fair racing meeting.~~

9 ~~(h) During calendar periods when both a fair and a~~  
10 ~~thoroughbred association conduct live racing, the amounts~~  
11 ~~deducted under this section shall be distributed on any day of~~  
12 ~~overlap as provided in Section 19607.5, except that the applicable~~  
13 ~~state license fee shall be at the rate specified for nonfair meetings~~  
14 ~~in subdivision (b) of Section 19605.7.~~

15 ~~(i) During calendar periods when a thoroughbred association~~  
16 ~~and a fair, or a thoroughbred association and any other breed~~  
17 ~~association are conducting a racing meeting in the same zone, the~~  
18 ~~thoroughbred association shall be the association authorized to~~  
19 ~~distribute — out of zone, — out of state, — or — out of country~~  
20 ~~thoroughbred or fair races, except that the thoroughbred~~  
21 ~~association may waive this right and allow the other breed racing~~  
22 ~~association conducting a racing meeting to distribute the signal~~  
23 ~~and accept wagers on out of zone, out of state, or out of country~~  
24 ~~thoroughbred or fair races for any racing day or days. For the~~  
25 ~~purposes of this subdivision, the combined central and southern~~  
26 ~~zone shall be considered one zone.~~

27 ~~(j) In order to ensure, to the extent possible, that out-of-state~~  
28 ~~and out-of-country simulcasting, furthers the purposes of this~~  
29 ~~section, a committee made up of one representative from each of~~  
30 ~~the then operating thoroughbred associations or fairs that are~~  
31 ~~conducting a live racing meeting in the state and one representative~~  
32 ~~of the organization responsible for negotiating purse agreements~~  
33 ~~on behalf of the horsemen participating in the meeting shall do the~~  
34 ~~following:~~

35 ~~(1) Determine the out-of-state or out-of-country thoroughbred~~  
36 ~~races to be imported on a statewide basis pursuant to provisions of~~  
37 ~~this chapter.~~

38 ~~(2) Ensure, to the extent possible, that the fees charged by~~  
39 ~~out-of-state or out-of-country entities for these signals are at the~~  
40 ~~lowest obtainable rate and at the same rate statewide, in order to~~



1 maximize the revenue available to in-state associations and fairs  
2 and their horsemen.

3 (3) Ensure, to the extent possible, due to the reciprocal nature  
4 of the interstate simulcasting business, that the maximum  
5 obtainable revenue is generated by the sale to out-of-state entities  
6 of the audiovisual signal of races conducted in this state by  
7 thoroughbred associations and fairs.

8 (4) Ensure that program information requirements for in-state  
9 signals comply with the standards of the board, but provide that  
10 abbreviated program formats may be used for races imported from  
11 other jurisdictions.

12 (k) Notwithstanding any other provision of law, any  
13 thoroughbred association or fair, when operating a live racing  
14 meeting, shall distribute the signal of all races conducted by, or  
15 disseminated by, that association or fair to, and accept wagers on  
16 these races from, any association that is licensed to conduct a live  
17 quarter horse or harness racing meeting in Orange County and that  
18 conducted one of these meetings in 1998.

19 *(l) Notwithstanding any other provision of law, all associations  
20 or fairs when operating as eligible satellite wagering facilities  
21 shall be in compliance with, and subject to the provisions of,  
22 Article 9.2 (commencing with Section 19605) of this chapter, and  
23 shall display the signal and accept wagers on all live races  
24 conducted in this state without regard to breed. Notwithstanding  
25 the foregoing provision, a thoroughbred racing association  
26 located in the city of Arcadia is exempt from these requirements for  
27 live harness and quarter horse races conducted at night unless the  
28 thoroughbred racing association facility is open for business at  
29 that time and is accepting wagers on other night signals pursuant  
30 to this chapter. Further, satellite wagering facilities located at fairs  
31 may, but are not required to, accept an audiovisual signal on  
32 out-of-state or out-of-country races unless the facility is open for  
33 business at the time and accepting wagers on other signals  
34 pursuant to this chapter.*

35 SECTION 1. Section 19549.15 is added to the Business and  
36 Professions Code, to read:

37 19549.15. (a) Notwithstanding Section 19489 or any other  
38 provision of this chapter, the board may permit the Solano County  
39 Fair to conduct live racing meetings at another site within or  
40 outside Solano County, if the site of its 2002 racing meeting is no



1 *longer available for horse racing in any subsequent year. Further,*  
2 *subject to the approval of the board, the Solano County Fair may*  
3 *conduct its racing dates at a facility operated by a thoroughbred*  
4 *racing association or fair licensed to conduct a racing meeting in*  
5 *the northern zone.*

6 *(b) Any racing meeting licensed to the fair pursuant to*  
7 *subdivision (a) may be operated by the fair or the fair may contract*  
8 *for the operation and management of the racing meeting with an*  
9 *individual thoroughbred racing association or fair, or a*  
10 *partnership, joint venture, or other affiliation of one or more*  
11 *thoroughbred racing associations or fairs.*

12 SEC. 2. Section 19604 of the Business and Professions Code  
13 is amended to read:

14 19604. Notwithstanding any other provision of law, in  
15 addition to parimutuel wagering otherwise authorized by this  
16 chapter, advance deposit wagering may be conducted upon  
17 approval of the board. The board may authorize any racing  
18 association or fair, during the calendar period it is licensed by the  
19 board to conduct a live racing meeting in accordance with the  
20 provisions of Article 4 (commencing with Section 19480), to  
21 accept advance deposit wagers or to allow these wagers through  
22 a betting system or a multijurisdictional wagering hub in  
23 accordance with the following:

24 (a) Racing associations and racing fairs may form a  
25 partnership, joint venture, or any other affiliation in order to  
26 further the purposes of this section.

27 (b) As used in this section, “advance deposit wagering” means  
28 a form of parimutuel wagering in which a person residing within  
29 California or outside of this state establishes an account with a  
30 licensee, a board-approved betting system, or a board-approved  
31 multijurisdictional wagering hub located within California or  
32 outside of this state, and subsequently issues wagering instructions  
33 concerning the funds in this account, thereby authorizing the entity  
34 holding the account to place wagers on the account owner’s behalf.  
35 An advance deposit wager may be made only by the entity holding  
36 the account pursuant to wagering instructions issued by the owner  
37 of the funds communicated by telephone call or through other  
38 electronic media. The licensee, a betting system, or a  
39 multijurisdictional wagering hub shall ensure the identification of  
40 the account’s owner by utilizing methods and technologies



1 approved by the board. Further, at the request of the board, any  
2 licensee, betting system, or multijurisdictional wagering hub  
3 located in California, and any betting system or multijurisdictional  
4 wagering hub located outside of this state that accepts wagering  
5 instructions concerning races conducted in California or accepts  
6 wagering instructions from California residents, shall provide a  
7 full accounting and verification of the source of the wagers thereby  
8 made, including the zone and breed, in the form of a daily  
9 download of parimutuel data to a database designated by the board.  
10 Additionally, when the board approves a licensee, a betting  
11 system, or a multijurisdictional wagering hub, whether located  
12 within California or outside of this state, to accept advance deposit  
13 wagering instructions on any race or races from California  
14 residents, the licensee, betting system, or multijurisdictional  
15 wagering hub may be compensated pursuant to a contractual  
16 agreement with a California licensee, in an amount not to exceed  
17 6.5 percent of the amount handled on a race or races conducted in  
18 California, and in the case of a race or races conducted in another  
19 jurisdiction, may be compensated in an amount not to exceed 6.5  
20 percent, plus a fee to be paid to the host racing association not to  
21 exceed 3.5 percent, of the amount handled on that race or races.  
22 The amount remaining after the payment of winning wagers and  
23 after payment of the contractual compensation and host fee, if any,  
24 shall be distributed as a market access fee in accordance with  
25 subdivision (g). As used in this section, “market access fee”  
26 means the contractual fee paid by a betting system or  
27 multijurisdictional wagering hub to the California licensee for  
28 access to the California market for wagering purposes. As used in  
29 this section, “licensee” means any racing association or fair, or  
30 affiliation thereof authorized in subdivision (a).

31 (c) (1) The board shall develop and adopt rules to license and  
32 regulate all phases of operation of advance deposit wagering for  
33 licensees, betting systems, and multijurisdictional wagering hubs  
34 located in California. Betting systems and multijurisdictional  
35 wagering hubs located and operating in California shall be  
36 approved by the board prior to establishing advance deposit  
37 wagering accounts or accepting wagering instructions concerning  
38 those accounts and shall enter into a written contractual agreement  
39 with the bona fide labor organization that has historically  
40 represented the same or similar classifications of employees at the



1 nearest horse racing meeting. Permanent state or county  
2 employees and nonprofit organizations that have historically  
3 performed certain services at county, state, or district fairs may  
4 continue to provide those services, notwithstanding this  
5 requirement.

6 (2) The board shall develop and adopt rules and regulations  
7 requiring betting systems and multijurisdictional wagering hubs to  
8 establish security access policies and safeguards, including, but  
9 not limited to, the following:

10 (A) The betting system or wagering hub shall utilize the  
11 services of a board-approved independent third party to perform  
12 identity, residence, and age verification services with respect to  
13 persons establishing an advance deposit wagering account.

14 (B) The betting system or wagering hub shall utilize personal  
15 identification numbers (PINs) and other technologies to assure  
16 that only the accountholder has access to the advance deposit  
17 wagering account.

18 (C) The betting system or wagering hub shall provide for  
19 withdrawals from the wagering account only by means of a check  
20 made payable to the accountholder and sent to the address of the  
21 accountholder or by means of an electronic transfer to an account  
22 held by the verified accountholder or the accountholder may  
23 withdraw funds from the wagering account at a facility approved  
24 by the board by presenting verifiable personal and account  
25 identification information.

26 (D) The betting system or wagering hub shall allow the board  
27 access to its premises to visit, investigate, and place expert  
28 accountants and other persons it deems necessary for the purpose  
29 of ensuring that its rules and regulations concerning credit  
30 authorization, account access, and other security provisions are  
31 strictly complied with.

32 (3) The board shall prohibit advance deposit wagering  
33 advertising that it determines to be deceptive to the public. The  
34 board shall also require, by regulation, that every form of  
35 advertising contain a statement that minors are not allowed to open  
36 or have access to advance deposit wagering accounts.

37 (d) As used in this section, a “multijurisdictional wagering  
38 hub” is a business conducted in more than one jurisdiction that  
39 facilitates parimutuel wagering on races it simulcasts and other  
40 races it offers in its wagering menu.



1 (e) As used in this section, a “betting system” is a business  
2 conducted exclusively in this state that facilitates parimutuel  
3 wagering on races it simulcasts and other races it offers in its  
4 wagering menu.

5 (f) In order for a licensee, betting system, or multijurisdictional  
6 wagering hub to be approved by the board to conduct advance  
7 deposit wagering, it shall meet both of the following requirements:

8 (1) All wagers thereby made shall be included in the  
9 appropriate parimutuel pool of the host racing association or fair  
10 under a contractual agreement with the applicable California  
11 licensee, in accordance with the provisions of this chapter.

12 (2) The amounts deducted from advance deposit wagers shall  
13 be in accordance with the provisions of this chapter.

14 (g) The amount received as a market access fee from advance  
15 deposit wagers, *which shall not be considered for purposes of*  
16 *Section 19616.51*, shall be distributed as follows:

17 (1) An amount equal to 0.0011 multiplied by the amount  
18 handled on advance deposit wagers originating in California for  
19 each racing meeting shall be distributed to the Center for Equine  
20 Health to establish the Kenneth L. Maddy Fund for the benefit of  
21 the School of Veterinary Medicine at the University of California  
22 at Davis.

23 (2) An amount equal to 0.0003 multiplied by the amount  
24 handled on advance deposit wagers originating in California for  
25 each racing meeting shall be distributed to the Department of  
26 Industrial Relations to cover costs associated with audits  
27 conducted pursuant to Section 19526 and for the purposes of  
28 reimbursing the State Mediation and Conciliation Service for costs  
29 incurred pursuant to this bill. However, if that amount would  
30 exceed the costs of the Department of Industrial Relations, the  
31 amount distributed to the department shall be reduced, and that  
32 reduction shall be forwarded to an organization designated by the  
33 racing association or fair described in subdivision (a) for the  
34 purpose of augmenting a compulsive gambling prevention  
35 program specifically addressing that problem.

36 (3) An amount equal to 0.00165 multiplied by the amount  
37 handled on advance deposit wagers that originate in California for  
38 each racing meeting shall be distributed as follows:

39 (A) One-half of the amount shall be distributed to supplement  
40 the trainer-administered pension plans for backstretch personnel



1 established pursuant to Section 19613. Moneys distributed  
2 pursuant to this subparagraph shall supplement, and not supplant,  
3 moneys distributed to that fund pursuant to Section 19613 or any  
4 other provision of law.

5 (B) One-half of the amount shall be distributed to the welfare  
6 fund established for the benefit of horsemen and backstretch  
7 personnel pursuant to subdivision (b) of Section 19641. Moneys  
8 distributed pursuant to this subparagraph shall supplement, and  
9 not supplant, moneys distributed to that fund pursuant to Section  
10 19641 or any other provision of law.

11 (4) With respect to wagers on each breed of racing that  
12 originate in California, an amount equal to 2 percent of the first  
13 two hundred fifty million dollars (\$250,000,000) of handle from  
14 all advance deposit wagers originating from within California  
15 annually, an amount equal to 1.5 percent of the next two hundred  
16 fifty million dollars (\$250,000,000) of handle from all advance  
17 deposit wagers originating from within California annually, and an  
18 amount equal to 1 percent of handle from all advance deposit  
19 wagers originating from within California in excess of five  
20 hundred million dollars (\$500,000,000) annually, shall be  
21 distributed as satellite wagering commissions. The satellite  
22 wagering facility commissions calculated in accordance with this  
23 subdivision shall be distributed to each satellite wagering facility  
24 and racing association or fair in the zone in which the wager  
25 originated in the same relative proportions that the satellite  
26 wagering facility or the racing association or fair generated  
27 satellite commissions during the previous calendar year. For  
28 purposes of this section, the purse funds distributed pursuant to  
29 Section 19605.72 shall be considered to be satellite wagering  
30 facility commissions attributable to thoroughbred races at the  
31 locations described in that section.

32 (5) With respect to wagers on each breed of racing that  
33 originate in California for each racing meeting, after the payment  
34 of contractual obligations to the licensee, the betting system, or the  
35 multijurisdictional wagering hub, and the distribution of the  
36 amounts set forth in paragraphs (1) through (4), inclusive, the  
37 amount remaining shall be distributed to the racing association or  
38 fair that is conducting live racing on that breed during the calendar  
39 period in the zone in which the wager originated, and this amount  
40 shall be allocated to that racing association or fair as commissions,



1 to horsemen participating in that racing meeting in the form of  
2 purses, and as incentive awards, in the same relative proportion as  
3 they were generated or earned during the prior calendar year at that  
4 racing association or fair on races conducted or imported by that  
5 racing association or fair after making all deductions required by  
6 applicable law. Purse funds generated pursuant to this section may  
7 be utilized to pay 50 percent of the total costs and fees incurred due  
8 to the implementation of advance deposit wagering. “Incentive  
9 awards” shall be those payments provided for in Sections 19617.2,  
10 19617.7, 19617.8, 19617.9, and 19619. The amount determined to  
11 be payable for incentive awards shall be payable to the applicable  
12 official registering agency and thereafter distributed as provided  
13 in this chapter. If the provisions of Section 19601.2 apply, then the  
14 amount distributed to the applicable racing associations or fairs  
15 from advance deposit wagering shall first be divided between  
16 those racing associations or fairs in direct proportion to the total  
17 amount wagered in the applicable zone on the live races conducted  
18 by the respective association or fair. Notwithstanding this  
19 requirement, when the provisions of subdivision (b) of Section  
20 19607.5 apply to the 2nd District Agricultural Association in  
21 Stockton or the California Exposition and State Fair in  
22 Sacramento, then the total amount distributed to the applicable  
23 racing associations or fairs shall first be divided equally, with 50  
24 percent distributed to applicable fairs and 50 percent distributed to  
25 applicable associations. For purposes of this subdivision, the zones  
26 of the state shall be as defined in Section 19530.5, except as  
27 modified by the provisions of subdivision (f) of Section 19601,  
28 and the combined central and southern zones shall be considered  
29 one zone.

30 Notwithstanding any provision of this section to the contrary,  
31 the distribution of the market access fee, other than the  
32 distributions specified in paragraph (1) or (2), may be altered upon  
33 the approval of the board, in accordance with an agreement signed  
34 by all parties receiving a distribution under paragraphs (4) and (5).

35 (h) Notwithstanding any provisions of this section to the  
36 contrary, all funds derived from advance deposit wagering that  
37 originate from California for each racing meeting on out-of-state  
38 and out-of-country thoroughbred races conducted after 6 p.m.,  
39 Pacific time, shall be distributed in accordance with this  
40 subdivision. With respect to these wagers, 50 percent of the



1 amount remaining after the payment of contractual obligations to  
2 the multijurisdictional wagering hub, betting system, or licensee  
3 and the amounts set forth in paragraphs (1) through (5), inclusive,  
4 of subdivision (g) shall be distributed as commissions to  
5 thoroughbred associations and racing fairs, as thoroughbred and  
6 fair purses, and as incentive awards in accordance with subdivision  
7 (g), and the remaining 50 percent, together with all funds derived  
8 for each racing meeting from advance deposit wagering  
9 originating from California out-of-state and out-of-country  
10 harness and quarter horse races conducted after 6 p.m., Pacific  
11 time, shall be distributed as commissions on a pro rata basis to the  
12 applicable licensed quarter horse association and the applicable  
13 licensed harness association, based upon the amount handled  
14 in-state, both on- and off-track, on each breed's own live races in  
15 the previous year by that association, or its predecessor  
16 association. One-half of the amount thereby received by each  
17 association shall be retained by that association as a commission,  
18 and the other half of the money received shall be distributed as  
19 purses to the horsemen participating in its current or next  
20 scheduled licensed racing meeting.

21 (i) Notwithstanding any provisions of this section to the  
22 contrary, all funds derived from advance deposit wagering which  
23 originate from California for each racing meeting on out-of-state  
24 and out-of-country nonthoroughbred races conducted before 6  
25 p.m., Pacific time, shall be distributed in accordance with this  
26 subdivision. With respect to these wagers, 50 percent of the  
27 amount remaining after the payment of contractual obligations to  
28 the multijurisdictional wagering hub, betting system, or licensee  
29 and the amounts set forth in paragraphs (1) through (5), inclusive,  
30 of subdivision (g) shall be distributed as commissions as provided  
31 in subdivision (h) for licensed quarter horse and harness  
32 associations, and the remaining 50 percent shall be distributed as  
33 commissions to the applicable thoroughbred associations or fairs,  
34 as thoroughbred and fair purses, and as incentive awards in  
35 accordance with subdivision (g).

36 (j) A racing association, a fair, or a satellite wagering facility  
37 may accept and facilitate the placement of any wager from a patron  
38 at its facility that a California resident could make through a  
39 betting system or multijurisdictional wagering hub duly offering  
40 advance deposit wagering in this state, and the facility accepting



1 the wager shall receive a 2-percent commission on that wager in  
2 lieu of any distribution for satellite commissions pursuant to  
3 subdivision (g).

4 (k) Any disputes concerning the interpretation or application of  
5 this section shall be resolved by the board.

6 This section shall remain in effect only until January 1, 2008,  
7 and as of that date is repealed, unless a later enacted statute, that  
8 is enacted before January 1, 2008, deletes or extends that date.

9 ~~SEC. 3.—Section 19605 of the Business and Professions Code~~  
10 ~~is amended to read:~~

11 ~~19605.—(a) Notwithstanding any other provision of law, the~~  
12 ~~board may authorize an association or fair licensed to conduct a~~  
13 ~~racing meeting in the northern zone to operate a satellite wagering~~  
14 ~~facility for wagering on races conducted in the northern zone at its~~  
15 ~~racetrack enclosure or fairgrounds subject to all of the conditions~~  
16 ~~specified in Section 19605.3, and may authorize an association or~~  
17 ~~fair licensed to conduct a racing meeting in the central or southern~~  
18 ~~zone to operate a satellite wagering facility for wagering on races~~  
19 ~~conducted in the central or southern zone at its racetrack enclosure~~  
20 ~~or fairgrounds subject to the conditions specified in subdivisions~~  
21 ~~(a) to (e), inclusive, of Section 19605.3 and the conditions and~~  
22 ~~limitations set forth in Section 19605.6.~~

23 ~~(b) Notwithstanding any other provision of law, no satellite~~  
24 ~~wagering facility, except a facility that is located at a track where~~  
25 ~~live racing is conducted, shall be located within 20 miles of any~~  
26 ~~existing satellite wagering facility or of any track where a racing~~  
27 ~~association conducts a live racing meeting. However, in the~~  
28 ~~northern zone, a racing association or any existing satellite~~  
29 ~~wagering facility may waive the prohibition contained in this~~  
30 ~~subdivision and may consent to the location of another satellite~~  
31 ~~wagering facility within 20 miles of the facility or track.~~

32 ~~(c) Notwithstanding subdivision (b), the Department of Food~~  
33 ~~and Agriculture may approve not more than three satellite~~  
34 ~~wagering facilities that are licensed jointly to the 1a District~~  
35 ~~Agricultural Association and the 5th District Agricultural~~  
36 ~~Association and that are located on the fairgrounds of the 1a~~  
37 ~~District Agricultural Association or within the boundaries of the~~  
38 ~~City and County of San Francisco. Before a satellite wagering~~  
39 ~~facility may be licensed for the 1997 and subsequent calendar~~  
40 ~~years under this subdivision, the department shall conduct a~~



1 ~~one-year test at the proposed site in order to determine the impact~~  
2 ~~of the proposed facility on total state parimutuel revenues and on~~  
3 ~~attendance and wagering at existing racetracks and fair satellite~~  
4 ~~wagering facilities in the Counties of Alameda, San Mateo, Santa~~  
5 ~~Clara, and Solano. Notwithstanding Section 19605.1, a satellite~~  
6 ~~wagering facility may be located on property leased to one or both~~  
7 ~~fairs. Notwithstanding any other provision of law, the fairs may~~  
8 ~~contract for the operation and management of a satellite wagering~~  
9 ~~facility with an individual racing association or a partnership, joint~~  
10 ~~venture, or other affiliation of two or more racing associations that~~  
11 ~~are licensed to conduct thoroughbred meetings within the northern~~  
12 ~~zone.~~

13 ~~(d) Subdivision (b) shall not be construed to prohibit the~~  
14 ~~location of satellite wagering facilities within 20 miles of any~~  
15 ~~existing or proposed satellite facility established pursuant to~~  
16 ~~subdivision (e).~~

17 *SEC. 3. Section 19605.55 is added to the Business and*  
18 *Professions Code, to read:*

19 *19605.55. (a) Notwithstanding Section 19605, 19605.1,*  
20 *19605.35, or any other provision of this chapter, if the Solano*  
21 *County Fair ceases to conduct live horse racing at the site of its*  
22 *2002 racing meeting in any subsequent year, the board may*  
23 *authorize satellite wagering in Solano County as provided in this*  
24 *section:*

25 *(1) The board may authorize a satellite wagering facility to*  
26 *replace its existing facility to be located on the fairgrounds of the*  
27 *Solano County Fair or on leased premises within the county, at the*  
28 *option of the fair. The facility may be operated by the fair or the fair*  
29 *may contract for the operation and management of the satellite*  
30 *wagering facility with an individual thoroughbred racing*  
31 *association or fair, or a partnership, joint venture, or other*  
32 *affiliation of one or more thoroughbred racing associations or*  
33 *fairs. The board may license a facility to the Solano County Fair*  
34 *pursuant to this section notwithstanding the mileage restrictions*  
35 *contained in Section 19605 or any other provision of this chapter*  
36 *to the contrary.*

37 *(2) A satellite wagering facility licensed to the fair pursuant to*  
38 *this section is subject to the provisions of subdivisions (a) to (e),*  
39 *inclusive, of Section 19605.3, except that such a facility shall not*



1 *be subject to the provisions of paragraph (3) of subdivision (a) of*  
2 *Section 19605.3 or any other impact fee or charge.*

3 SEC. 4. This act is an urgency statute necessary for the  
4 immediate preservation of the public peace, health, or safety  
5 within the meaning of Article IV of the Constitution and shall go  
6 into immediate effect. The facts constituting the necessity are:

7 In order for this act to apply to the 2002 racing season, it is  
8 necessary that this act take effect immediately.

O

