

AMENDED IN SENATE AUGUST 28, 2006

AMENDED IN SENATE JUNE 19, 2006

AMENDED IN ASSEMBLY APRIL 17, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1949

Introduced by Assembly Member Jerome Horton

February 2, 2006

An act to amend ~~Section 19613.3~~ of Sections 19410, 19605.35, and 19613.3 of, and to add Sections 19605.25, 19605.46, 19605.47, and 19605.54 to, the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1949, as amended, Jerome Horton. Horse racing.

Existing law generally regulates horse racing, including defining the "inclosure" of a racing association or fair's grounds where specified wagering activities may occur. Existing law provides that "inclosure" does not include public parking lots.

This bill would delete the public parking lot exception to the definition of inclosure, and would further provide that a racing association or fair may conduct satellite wagering at commercial establishments situated within the inclosure.

Existing law provides that all revenues distributed to the state as license fees from horse racing are required to be deposited in the Fair and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for various regulatory and general governmental purposes.

This bill would authorize an additional 5 satellite wagering facilities to be situated in Los Angeles County, as specified. This bill would provide that no facility may be located in the City of Santa Clarita, or north of that city within the 50th Agricultural District, without the concurrence of the 50th Agricultural District, and would provide that the district would be given the opportunity to be an investor in the facility. The bill would also authorize the Alameda County Fair to operate 2 additional satellite wagering facilities, as specified. The bill would authorize the Los Angeles County Fair to conduct satellite wagering at an additional location, situated not more than 20 miles from its fairgrounds, with the approval of the board, and of other racetracks, if necessary, as specified. The bill would provide that satellite wagering may continue to be conducted at a racetrack that has closed, but which conducted horse racing for at least 20 years. The bill would further provide that if the racetrack in the central or southern zone site is no longer available for use as a satellite wagering facility, then the owner of the racetrack that last conducted racing may conduct satellite wagering at another location, as specified.

By expanding wagering on horse racing by authorizing additional satellite wagering facilities, this bill would increase the amount of continuously appropriated license fees, thereby making an appropriation.

~~Existing law provides for the recognition of horsemen's and horsewomen's organizations by the California Horse Racing Board. Each organization, except for the thoroughbred horsemen's and horsewomen's organizations, and except an organization that solely represents owners, or solely represents trainers, shall provide for the representation of owners and trainers on its board of directors. Each thoroughbred horsemen's and horsewomen's organization, except one that solely represents trainers, shall provide for the representation of owners and owner-trainers on its board. Existing law provides that the organization representing owners who are also licensed as trainers, and their spouses who are licensed as owners, shall comprise a class of owner-trainers, which may elect 3 of its members to the board of directors of the owner's organization, while all other directors shall be owners and not owner-trainers. The board of the thoroughbred owners' organization shall not exceed 15 members and all members shall have equal standing. Existing law further provides that the thoroughbred trainers' organization may appoint 3 persons who~~

qualify as owner-trainers, to the board of the thoroughbred owners' organization. This provision will be repealed as of January 1, 2007.

This bill would require the boards of directors for the thoroughbred trainers' organization and thoroughbred owners' organization to appoint 3 mutually agreed-upon persons who qualify as owner-trainers to the board of the thoroughbred owners' organization. This bill would maintain these provisions in effect until January 1, 2009.

Vote: majority ²/₃. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

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

1 SECTION 1. Section 19410 of the Business and Professions
2 Code is amended to read:

3 19410. "Inclosure" means all areas of the racing association's
4 or fair's grounds and locations, as designated by the racing
5 association or fair licensed to conduct a live racing meeting and
6 approved by the board, ~~excluding the public parking lot. The~~
7 *racing association or fair may conduct satellite wagering at*
8 *commercial establishments situated within the inclosure.*

9 SEC. 2. Section 19605.25 is added to the Business and
10 Professions Code, to read:

11 19605.25. (a) *In addition to any authorized satellite*
12 *wagering facility, the board, with the approval of the Department*
13 *of Food and Agriculture, may authorize any fair or racing*
14 *association in the central zone to operate a satellite wagering*
15 *facility pursuant to this section if it finds that it is in the best*
16 *interest of horse racing.*

17 (b) *The racing associations situated in the central zone and*
18 *southern zone may join together with the Los Angeles County*
19 *Fair, the 50th Agricultural District, or the 51st Agricultural*
20 *District to site an additional five satellite wagering facilities in*
21 *Los Angeles County. The location of each of these satellite*
22 *facilities shall be mutually agreed upon by all of the entities that*
23 *have a race track or satellite facility within 20 miles of the*
24 *proposed location of the new facility. No facility may be located*
25 *in the City of Santa Clarita, or north of that city within the 50th*
26 *Agricultural District, without the concurrence of the 50th*
27 *Agricultural District, and the district shall be given the*
28 *opportunity to be an investor in the facility. Any of these entities*

1 *that has a race track or satellite facility located within the*
 2 *central and southern zone shall have the opportunity to invest in*
 3 *the ownership and operation of that facility at the time of*
 4 *approval of that facility by the board. The organizations*
 5 *representing thoroughbred owners and thoroughbred trainers*
 6 *may also be a party to the ownership and operation of these*
 7 *proposed facilities. If the proposed satellite wagering facility is*
 8 *situated at an existing business, within 20 miles of a racetrack*
 9 *situated in the City of Inglewood, that business, with the*
 10 *approval of the board, may be licensed to conduct satellite*
 11 *wagering with the consent of the racing associations in the*
 12 *central and southern zones.*

13 *(c) The distribution of the handle may, with the consent of the*
 14 *affected horsemen's associations and racing associations, be*
 15 *based on an agreement among the parties described in*
 16 *subdivision (b), rather than the usual satellite distribution. Any*
 17 *change in the distribution shall only affect the portions that are*
 18 *intended for purses and commissions, and shall be agreed to by*
 19 *all the racing associations, fair racing associations, and*
 20 *horsemen's organizations in the central and southern zones.*

21 *SEC. 3. Section 19605.35 of the Business and Professions*
 22 *Code is amended to read:*

23 19605.35. (a) Notwithstanding paragraph (3) of subdivision
 24 (a) of Section 19605.3, no fee or charge authorized under that
 25 paragraph shall be paid by the operator of a satellite wagering
 26 facility ~~that was licensed in the northern zone at any time prior to~~
 27 ~~January 1, 2000~~ *for the receipt of a satellite signal for the*
 28 *purpose of wagering on thoroughbred races conducted at a*
 29 *racing association or fair racing association in the northern*
 30 *zone. Notwithstanding any other provision of law, total on-track*
 31 *license fees applicable to all wagers made within the inclosure of*
 32 *associations conducting thoroughbred racing meetings in the*
 33 *northern zone, including wagers on out-of-zone, out-of-state, and*
 34 *out-of-country races, shall be reduced by 0.3 percent. In addition,*
 35 *the total on-track license fees applicable to all wagers made*
 36 *within the inclosures of associations conducting thoroughbred*
 37 *racing meetings in the Counties of Alameda and San Mateo shall,*
 38 *beginning on January 1, 2001, and each year thereafter, be*
 39 *further reduced by an additional sum equal to the amount of*
 40 *impact fees respectively received by each association from the*

1 Santa Clara County Fair during the 2000 calendar year. The
2 reduction in license fees provided by this section shall be
3 distributed solely to the association in the form of commissions.
4 All other distributions from handle shall be as provided
5 elsewhere in this chapter.

6 (b) Notwithstanding paragraph (3) of subdivision (a) of
7 Section 19605.3, no fee or charge authorized under that
8 paragraph shall be paid by the operator of a satellite wagering
9 facility that was also licensed at any time during the prior year to
10 conduct a live thoroughbred or quarter horse racing meeting in
11 the central or southern zones or a live fair racing meeting in Los
12 Angeles County. Notwithstanding any other provision of law,
13 on-track license fees applicable to all wagers made within the
14 inclosure of an association conducting a thoroughbred meet in
15 the central or southern zones, including wagers on out-of-zone,
16 out-of-state, and out-of-country races, shall be reduced by 0.15
17 percent. The reduction in license fees provided by this section
18 shall be distributed solely to the association in the form of
19 commissions. All other distributions from handle shall be as
20 provided elsewhere in this chapter.

21 *SEC. 4. Section 19605.46 is added to the Business and*
22 *Professions Code, to read:*

23 *19605.46. Notwithstanding subdivision (a) of Section 19605,*
24 *and Section 19605.1, the Alameda County Fair may, with the*
25 *approval of the Department of Food and Agriculture, the*
26 *authorization of the board, and subject to the conditions set forth*
27 *in Section 19605.3, operate two additional satellite wagering*
28 *facilities within the boundaries of the fair district. However, any*
29 *facility situated in the City of Oakland shall be sited only with the*
30 *concurrence of the racing association in Alameda County. The*
31 *racing association in Alameda County shall have the opportunity*
32 *to invest in the ownership and operation of any satellite*
33 *wagering facility situated in the City of Oakland or within 20*
34 *miles of the racing association's race track in Alameda County.*

35 *SEC. 5. Section 19605.47 is added to the Business and*
36 *Professions Code, to read:*

37 *19605.47. The Los Angeles County Fair may conduct satellite*
38 *wagering at an additional location, situated not more than 20*
39 *miles from its fairgrounds, with the approval of the board. If the*
40 *additional satellite facility is within 20 miles of another*

1 racetrack, then the consent of that racetrack, or those racetracks,
2 shall be a condition precedent to the approval by the board.

3 SEC. 6. Section 19605.54 is added to the Business and
4 Professions Code, to read:

5 19605.54. Satellite wagering may continue to be conducted at
6 a racetrack in the central or southern zone that has closed, but
7 which conducted horse racing for at least 20 years. If the
8 racetrack site in the central or southern zone is no longer
9 available for use as a satellite wagering facility, then the owner
10 of the racetrack that last conducted racing may conduct satellite
11 wagering at another location within the city where the racetrack
12 is located, subject to the approval of the board. The board, prior
13 to granting approval, shall conduct a hearing and afford all
14 parties an opportunity to be heard.

15 SEC. 7. It is the intent of the Legislature that the amendments
16 in Section 2 of this measure shall only apply to the receipt of a
17 satellite signal for purposes of wagering in the northern zone on
18 thoroughbred races conducted in the northern zone by either a
19 racing association or a fair racing association. It is further the
20 intent of the Legislature that the amendments in Section 3 of this
21 measure clarify but do not change the original intent of the
22 Legislature.

23 ~~SECTION 1. Section 19613.3 of the Business and~~
24 ~~Professions Code is amended to read:~~

25 ~~19613.3. (a) Except as provided in subdivision (b), (c), (d),~~
26 ~~and (e) relating to thoroughbred horsemen's organizations, each~~
27 ~~horsemen's organization, except an organization that solely~~
28 ~~represents owners, or an organization that solely represents~~
29 ~~trainers, shall provide for the representation of owners and~~
30 ~~trainers on its board of directors. The provisions setting forth the~~
31 ~~composition of the board of directors of each organization shall~~
32 ~~be in the bylaws of the organization and shall be submitted to the~~
33 ~~board. The bylaws and any changes thereto shall be approved by~~
34 ~~the board.~~

35 ~~(b) Each thoroughbred horsemen's organization, except an~~
36 ~~organization that solely represents trainers, shall provide for the~~
37 ~~representation of owners and owner-trainers, as defined in~~
38 ~~subdivision (c), on its board of directors. The provisions setting~~
39 ~~forth the composition of the board of directors of each~~
40 ~~organization shall be in the bylaws of the organization and shall~~

1 be submitted to the board. The bylaws and any changes thereto
2 shall be approved by the board.

3 (e) ~~The organization representing owners shall provide in its~~
4 ~~bylaws that owners who are also licensed as trainers, and their~~
5 ~~spouses who are licensed as owners shall comprise a class of~~
6 ~~owner-trainers, three members of which shall be appointed to the~~
7 ~~board of directors of the organization representing owners. All~~
8 ~~other directors shall be owners as defined in Section 19613, and~~
9 ~~shall not be members of the class of owner-trainers.~~

10 (d) ~~The board of directors of the thoroughbred owners'~~
11 ~~organization shall not exceed 15 persons, and all members of the~~
12 ~~board shall have equal standing. No person other than a duly~~
13 ~~elected or appointed member of the board of directors shall be~~
14 ~~entitled to vote on matters that are subject to the vote of the~~
15 ~~board.~~

16 (e) ~~The board of directors of the organization representing~~
17 ~~thoroughbred trainers and the organization representing~~
18 ~~thoroughbred owners shall, upon the effective date of this~~
19 ~~section, appoint three mutually agreed upon individuals who~~
20 ~~qualify as members of the class of owner-trainers as described in~~
21 ~~subdivision (c) to the board of directors of the organization~~
22 ~~representing thoroughbred owners. This section shall remain in~~
23 ~~effect only until January 1, 2009, and as of that date is repealed,~~
24 ~~unless a later enacted statute, that is enacted before January 1,~~
25 ~~2009, deletes or extends that date.~~

O