

Senate Bill No. 125

CHAPTER 72

An act to amend Sections 19601 and 19605.35 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 17, 2007. Filed with
Secretary of State July 17, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

SB 125, Harman. Horse racing.

Existing law requires a quarter horse racing association in the southern zone to show races of a harness racing association in the northern zone via satellite, and requires a harness racing association in the northern zone to show races of a quarter horse racing association in the southern zone via satellite, as specified. Existing law also requires each racing association to pay the other an additional 5% of the amount wagered on the satellite races at their respective facilities, as specified. Existing law requires that the additional 5% received by harness racing associations be distributed equally as commissions to the racing association and as purses to the horsemen participating in the meeting.

This bill would expand the distribution schedule described above for the additional 5% of the amount wagered on satellite races received to each racing association by deleting the reference to harness racing associations.

Existing law prohibits certain authorized fees or charges from being paid by the operator of a satellite wagering facility that was licensed in the northern zone prior to January 1, 2000.

This bill would state that it is, and always has been, the intent of the Legislature that this provision apply to impact fees charged by a thoroughbred racing association or a thoroughbred fair racing association in the northern zone, on satellite wagers accepted by satellite facilities operated by those associations.

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

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

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

19601. (a) Notwithstanding any other provision of law, a licensed association or fair that is conducting a live meeting in any racing zone may

accept wagers on any race conducted in this state, if all of the following requirements are met:

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

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

(3) Wagering is offered only within the association's or fair's racing inclosure or within the satellite wagering facility and only within seven days of the commencement of the racing program with the transmitted race.

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

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

(b) Any association or fair accepting wagers under subdivision (a) shall deduct, from the total amount handled in each conventional and exotic parimutuel pool on the transmitted race, the same percentages deducted pursuant to Article 9.5 (commencing with Section 19610) for races at its own meeting. However, if the wagers are from a quarter horse race meeting, then the amounts deducted shall be the same as for a quarter horse race meeting. Amounts deducted under this section, including amounts deducted from wagers on out-of-zone races within the inclosure of the association or fair, shall be distributed as provided under Sections 19605.7, 19605.72, and 19605.73 with respect to wagers made within the northern zone, or Sections 19605.71, 19605.72, and 19605.73 with respect to wagers made within the central or southern zone, except that amounts distributed for purposes other than state license fees and fees payable to the Center for Equine Health, School of Veterinary Medicine, University of California at Davis, and the California Animal Health and Food Safety Laboratory shall be proportionally reduced by the amount of any fees paid to the Triple Crown or Breeder's Cup day host association pursuant to subdivision (c). The method used to calculate the reduction in proportionate share shall be approved by the board. For wagers on out-of-state and out-of-country races made within the association's or fair's inclosure, 1 percent shall be distributed to the association or fair as a satellite wagering facility commission.

(c) Nothing in this section precludes an association or fair from charging a fee as a condition of transmitting the Triple Crown or Breeder's Cup day

races, except that any fee shall be allocated among all associations, fairs, and satellite wagering facilities receiving the transmitted race in proportion to the amount wagered at each location, and the fee shall equal that charged by the entity conducting the race or races. Further, the only fee that can be charged as a condition of transmitting the signal of an out-of-zone race shall be a fee of 2.5 percent on Breeder's Cup day races.

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

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

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

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

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

(i) During calendar periods when a thoroughbred association and a fair, or a thoroughbred association and any other breed association are conducting a racing meeting in the same zone, the thoroughbred association shall be the association authorized to distribute out-of-zone, out-of-state, or out-of-country thoroughbred or fair races, except that the thoroughbred association may waive this right and allow the other breed racing association conducting a race meeting to distribute the signal and accept wagers on out-of-zone, out-of-state, or out-of-country thoroughbred or fair races for any racing day or days. For the purposes of this subdivision, the combined central and southern zone shall be considered one zone.

(j) In order to ensure, to the extent possible, that out-of-state and out-of-country simulcasting, furthers the purposes of this section, a

committee made up of one representative from each of the then-operating thoroughbred associations or fairs that are conducting a live racing meeting in the state and one representative of the organization responsible for negotiating purse agreements on behalf of the horsemen participating in the meeting shall do the following:

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

(2) Ensure, to the extent possible, that the fees charged by out-of-state or out-of-country entities for these signals are at the lowest obtainable rate and at the same rate statewide, in order to maximize the revenue available to in-state associations and fairs and their horsemen.

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

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

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

(l) Notwithstanding any other provision of law, all associations or fairs when operating as eligible satellite wagering facilities shall be in compliance with, and subject to the provisions of, Article 9.2 (commencing with Section 19605) of this chapter, and shall display the signal and accept wagers on all live races conducted in this state without regard to breed. Notwithstanding the foregoing provision, a thoroughbred racing association located in the City of Arcadia is exempt from these requirements for live harness and quarter horse races conducted at night unless the thoroughbred racing association facility is open for business at that time and is accepting wagers on other night signals pursuant to this chapter.

A quarter horse racing association located in the southern zone shall display the signal and accept wagers on all races imported by, or conducted by, a harness racing association conducting racing in the northern zone. A harness racing association in the northern zone shall display the signal and accept wagers on all races imported by, or conducted by, a quarter horse racing association conducting racing in the southern zone. On those nights when both the harness racing association in the northern zone and the quarter horse racing association in the southern zone are conducting live racing, the audiovisual signal of both breeds shall be displayed and wagers shall be accepted on both breeds at each of the locations where the live racing is being conducted, and each association shall display the audiovisual signal and accept wagers on the other association's live or imported races throughout their respective facilities, as they do when they are conducting

satellite wagering during other periods of the same day. Each association shall pay the other an additional 5 percent of the amount wagered at their respective facilities on the races imported by, or conducted by, the other racing association. The additional 5 percent received by the racing association pursuant to this paragraph shall be distributed as 50 percent as commissions to the racing association and 50 percent as purses to the horsemen participating in the racing meeting. Further, satellite wagering facilities located at fairs may, but are not required to, accept an audiovisual signal on out-of-state or out-of-country races unless the facility is open for business at the time and accepting wagers on other signals pursuant to this chapter.

SEC. 2. Section 19605.35 of the Business and Professions Code is amended to read:

19605.35. (a) Notwithstanding paragraph (3) of subdivision (a) of Section 19605.3, no fee or charge authorized under that paragraph shall be paid by the operator of a satellite wagering facility that was licensed in the northern zone at any time prior to January 1, 2000. Notwithstanding any other provision of law, total on-track license fees applicable to all wagers made within the inclosure of associations conducting thoroughbred racing meetings in the northern zone, including wagers on out-of-zone, out-of-state, and out-of-country races, shall be reduced by 0.3 percent. In addition, the total on-track license fees applicable to all wagers made within the inclosures of associations conducting thoroughbred racing meetings in the Counties of Alameda and San Mateo shall, beginning on January 1, 2001, and each year thereafter, be further reduced by an additional sum equal to the amount of impact fees respectively received by each association from the Santa Clara County Fair during the 2000 calendar year. The reduction in license fees provided by this section shall be distributed solely to the association in the form of commissions. All other distributions from handle shall be as provided elsewhere in this chapter.

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

(c) It is, and always has been, the intent of the Legislature that this section apply to impact fees charged by a thoroughbred racing association or a thoroughbred fair racing association in the northern zone, on satellite wagers accepted by satellite facilities operated by those associations.

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

In order to implement needed changes to the Horse Racing Law as soon as possible, it is necessary that this act take effect immediately.