

AMENDED IN SENATE MAY 18, 2010
AMENDED IN SENATE APRIL 21, 2010
AMENDED IN SENATE APRIL 14, 2010
AMENDED IN SENATE MARCH 8, 2010
AMENDED IN SENATE JULY 8, 2009
AMENDED IN ASSEMBLY MAY 18, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1152

**Introduced by Assembly Member Anderson
(Coauthor: Assembly Member Ma)**

February 27, 2009

An act to amend Sections 19510, 19520, and 19604 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1152, as amended, Anderson. Horse racing: outriders: advance deposit wagering: jockey retirement ~~plan~~. *plan: welfare fund*.

Existing law, effective January 1, 2011, requires an outrider to be licensed by the California Horse Racing Board pursuant to certain provisions of law relating to stewards and racing officials.

This bill would delete the requirement that outriders be licensed under those provisions.

Existing law requires certain persons who participate in, or have anything to do with, the racing of horses to be licensed by the board

pursuant to rules and regulations that the board may adopt, and upon the payment of a license fee fixed and determined by the board.

This bill would require the licensure of outriders pursuant to those provisions. By requiring outriders to be licensed, the violation of which would be a crime pursuant to other provisions of existing law, this bill would create new crimes and would thereby impose a state-mandated local program.

This bill would require the board to adopt regulations to require outrider license applicants to pass both a written and an oral examination and to authorize outriders to exercise certain duties and powers of the board as are delegated by the board.

Existing law authorizes advance deposit wagering to be conducted, with the approval of the board. Existing law requires amounts distributed under certain provisions of law relating to advance deposit wagering to be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on ~~advanced~~ advance deposit wagers originating in California for each racing meeting, not to exceed \$2,000,000.

This bill would exempt from that calculation amounts handled on ~~advanced~~ advance deposit wagers originating in California for harness racing meetings.

Existing law requires the amount deducted, as per the above calculation, to be distributed as specified, with 50% of the money to the board to establish and to administer jointly with a certain jockey organization, a defined contribution retirement plan for ~~California licensed~~ California-licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.

This bill would delete that requirement relating to a minimum number of races ridden.

This bill would require amounts distributed under certain provisions of law relating to advance deposit wagering to be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advance deposit wagers originating in California for each harness racing meeting, not to exceed \$500,000. The bill would require the amount deducted to be distributed to a certain welfare fund established for the benefit of horsemen and backstretch personnel, as provided, and the amount remaining, if any, for the benefit of the horsemen, as specified. By imposing new requirements on licensees under the Horse Racing Law, the violation of which would be a crime,

this bill would create new crimes and would thereby impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. Section 19510 of the Business and Professions
2 Code, as amended by Section 1 of Chapter 650 of the Statutes of
3 2009, is amended to read:

4 19510. (a) Every steward and racing official not required to
5 be licensed under Article 4 (commencing with Section 19480)
6 shall be licensed by the board pursuant to this article. Any license
7 issued pursuant to this article shall include a current photograph
8 of the licensed person.

9 (b) No person required to be licensed pursuant to this article
10 may participate in any capacity in any horse race meeting without
11 a valid and unrevoked license. The board shall determine the fixed
12 license fee which shall be paid in order to receive a license pursuant
13 to this article.

14 (c) As used in this section, "racing official" means the starter,
15 timer, paddock judge, horseshoe inspector, horse identifier, official
16 veterinarian, racing veterinarian, associate judge, placing judge,
17 patrol judge, clerk of scales, clerk of the course, and any other
18 person acting as an official at any horse racing meeting.

19 SEC. 2. Section 19520 of the Business and Professions Code
20 is amended to read:

21 19520. (a) Every person not required to be licensed under
22 Article 4 (commencing with Section 19480) who participates in,
23 or has anything to do with, the racing of horses, including a horse
24 owner, jockey, driver, apprentice, exercise rider, agent trainer,
25 stable foreman, groom, valet, horseshoer, stable watchman,
26 outrider, and every employee of a parimutuel department, shall be

1 licensed by the board pursuant to rules and regulations that the
2 board may adopt, and upon the payment of a license fee fixed and
3 determined by the board. Any license issued pursuant to this article
4 shall include a current photograph of the licensed person.

5 (b) No person required to be licensed by this article may
6 participate in any capacity in any horse race meeting without a
7 valid and unrevoked license authorizing the participation.

8 (c) The board may adopt regulations to require outrider license
9 applicants to pass both a written and an oral examination and to
10 authorize outriders to exercise the duties and powers of the board
11 set forth in Section 19440 as are delegated by the board.

12 SEC. 3. Section 19604 of the Business and Professions Code
13 is amended to read:

14 19604. The board may authorize any racing association, racing
15 fair, betting system, or multijurisdictional wagering hub to conduct
16 advance deposit wagering in accordance with this section. Racing
17 associations, racing fairs, and their respective horsemen's
18 organizations may form a partnership, joint venture, or any other
19 affiliation in order to further the purposes of this section.

20 (a) As used in this section, the following definitions apply:

21 (1) "Advance deposit wagering" (ADW) means a form of
22 parimutuel wagering in which a person residing within California
23 or outside of this state establishes an account with an ADW
24 provider, and subsequently issues wagering instructions concerning
25 the funds in this account, thereby authorizing the ADW provider
26 holding the account to place wagers on the account owner's behalf.

27 (2) "ADW provider" means a licensee, betting system, or
28 multijurisdictional wagering hub, located within California or
29 outside this state, that is authorized to conduct advance deposit
30 wagering pursuant to this section.

31 (3) "Betting system" means a business conducted exclusively
32 in this state that facilitates parimutuel wagering on races it
33 simulcasts and other races it offers in its wagering menu.

34 (4) "Breed of racing" means as follows:

35 (A) With respect to associations and fairs licensed by the board
36 to conduct thoroughbred, fair, or mixed breed race meetings, "breed
37 of racing" shall mean thoroughbred.

38 (B) With respect to associations licensed by the board to conduct
39 quarter horse race meetings, "breed of racing" shall mean quarter
40 horse.

1 (C) With respect to associations and fairs licensed by the board
2 to conduct standardbred race meetings, “breed of racing” shall
3 mean standardbred.

4 (5) “Contractual compensation” means the amount paid to an
5 ADW provider from advance deposit wagers originating in this
6 state. Contractual compensation includes, but is not limited to, hub
7 fee payments, and may include host fee payments, if any, for
8 out-of-state and out-of-country races. Contractual compensation
9 is subject to the following requirements:

10 (A) Excluding contractual compensation for host fee payments,
11 contractual compensation shall not exceed 6.5 percent of the
12 amount wagered.

13 (B) The host fee payments included within contractual
14 compensation shall not exceed 3.5 percent of the amount wagered.
15 Notwithstanding this provision, the host fee payment with respect
16 to wagers on the Kentucky Derby, Preakness Stakes, Belmont
17 Stakes, and selected Breeders’ Cup Championship races may be
18 negotiated by the ADW provider, the racing associations accepting
19 wagers on those races pursuant to Section 19596.2, and the
20 horsemen’s organization.

21 (C) In order to ensure fair and consistent market access fee
22 distributions to associations, fairs, horsemen, and breeders, for
23 each breed of racing, the percentage of wagers paid as contractual
24 compensation to an ADW provider pursuant to the terms of a hub
25 agreement with a racing association or fair when that racing
26 association or fair is conducting live racing shall be the same as
27 the percentage of wagers paid as contractual compensation to that
28 ADW provider when that racing association or fair is not
29 conducting live racing.

30 (6) “Horsemen’s organization” means, with respect to a
31 particular racing meeting, the organization recognized by the board
32 as responsible for negotiating purse agreements on behalf of
33 horsemen participating in that racing meeting.

34 (7) “Hub agreement” means a written agreement providing for
35 contractual compensation paid with respect to advance deposit
36 wagers placed by California residents on a particular breed of
37 racing conducted outside of California. In the event a hub
38 agreement exceeds a term of two years, then an ADW provider,
39 one or more racing associations or fairs that together conduct no
40 fewer than five weeks of live racing for the breed covered by the

1 hub agreement, and the horsemen's organization responsible for
2 negotiating purse agreements for the breed covered by the hub
3 agreement shall be signatories to the hub agreement. A hub
4 agreement is required for an ADW provider to receive contractual
5 compensation for races conducted outside of California.

6 (8) "Hub agreement arbitration" means an arbitration proceeding
7 pursuant to which the disputed provisions of the hub agreement
8 pertaining to the hub or host fees from wagers on races conducted
9 outside of California provided pursuant to paragraph (2) of
10 subdivision (b) are determined in accordance with the provisions
11 of this paragraph. If a hub agreement arbitration is requested, all
12 of the following shall apply:

13 (A) The ADW provider shall be permitted to accept advance
14 deposit wagers from California residents.

15 (B) The contractual compensation received by the ADW
16 provider shall be the contractual compensation specified in the
17 hub agreement that is the subject of the hub agreement arbitration.

18 (C) The difference between the contractual compensation
19 specified in subparagraph (B) and the contractual compensation
20 determined to be payable at the conclusion of the hub agreement
21 arbitration shall be calculated and paid within 15 days following
22 the arbitrator's decision and order. The hub agreement arbitration
23 shall be held as promptly as possible, but in no event more than
24 60 days following the demand for that arbitration. The arbitrator
25 shall issue a decision no later than 15 days following the conclusion
26 of the arbitration. A single arbitrator jointly selected by the ADW
27 provider and the party requesting a hub agreement arbitration shall
28 conduct the hub agreement arbitration. However, if the parties
29 cannot agree on the arbitrator within seven days of issuance of the
30 written demand for arbitration, then the arbitrator shall be selected
31 pursuant to the Streamlined Arbitration Rules and Procedures of
32 the Judicial Arbitration and Mediation Services, or pursuant to the
33 applicable rules of its successor organization. In making the hub
34 agreement arbitration determination, the arbitrator shall be required
35 to choose between the contractual compensation of the hub
36 agreement agreed to by the ADW provider or whatever different
37 terms for the hub agreement were proposed by the party requesting
38 the hub agreement arbitration. The arbitrator shall not be permitted
39 to impose new, different, or compromised terms to the hub
40 agreement. The arbitrator's decision shall be final and binding on

1 the parties. If an arbitration is requested, either party may bring
2 an action in state court to compel a party to go into arbitration or
3 to enforce the decision of the arbitrator. The cost of the hub
4 agreement arbitration, including the cost of the arbitrator, shall be
5 borne in equal shares by the parties to the hub agreement and the
6 party or parties requesting a hub agreement arbitration. The hub
7 agreement arbitration shall be administered by the Judicial
8 Arbitration and Mediation Services pursuant to its Streamlined
9 Arbitration Rules and Procedures or its successor organization.

10 (9) "Incentive awards" means those payments provided for in
11 Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The
12 amount determined to be payable for incentive awards under this
13 section shall be payable to the applicable official registering agency
14 and thereafter distributed as provided in this chapter.

15 (10) "Licensee" means any racing association or fair licensed
16 to conduct a live racing meet in this state, or affiliation thereof,
17 authorized under this section.

18 (11) "Market access fee" means the amount of advance deposit
19 wagering handle remaining after the payment of winning wagers,
20 and after the payment of contractual compensation, if any, to an
21 ADW provider. Market access fees shall be distributed in
22 accordance with subdivision (f).

23 (12) "Multijurisdictional wagering hub" means a business
24 conducted in more than one jurisdiction that facilitates parimutuel
25 wagering on races it simulcasts and other races it offers in its
26 wagering menu.

27 (13) "Racing fair" means a fair authorized by the board to
28 conduct live racing.

29 (14) "Zone" means the zone of the state, as defined in Section
30 19530.5, except as modified by the provisions of subdivision (f)
31 of Section 19601. For these purposes, the central and southern
32 zones shall together be considered one zone.

33 (b) Wagers shall be accepted according to the procedures set
34 forth in this subdivision.

35 (1) No ADW provider shall accept wagers or wagering
36 instructions on races conducted in California from a resident of
37 California unless all of the following conditions are met:

38 (A) The ADW provider is licensed by the board.

1 (B) A written agreement allowing those wagers exists with the
2 racing association or fair conducting the races on which the wagers
3 are made.

4 (C) The agreement referenced in subparagraph (B) shall have
5 been approved in writing by the horsemen's organization
6 responsible for negotiating purse agreements for the breed on
7 which the wagers are made in accordance with the Interstate
8 Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the
9 location of the ADW provider, whether in California or otherwise,
10 including, without limitation, any and all requirements contained
11 therein with respect to written consents and required written
12 agreements of horsemen's groups to the terms and conditions of
13 the acceptance of those wagers and any arrangements as to the
14 exclusivity between the host racing association or fair and the
15 ADW provider. For purposes of this subdivision, the substantive
16 provisions of the Interstate Horseracing Act shall be taken into
17 account without regard to whether, by its own terms, that act is
18 applicable to advance deposit wagering on races conducted in
19 California accepted from residents of California.

20 (2) No ADW provider shall accept wagers or wagering
21 instructions on races conducted outside of California from a
22 resident of California unless all of the following conditions are
23 met:

24 (A) The ADW provider is licensed by the board.

25 (B) There is a hub agreement between the ADW provider and
26 one or both of (i) one or more racing associations or fairs that
27 together conduct no fewer than five weeks of live racing on the
28 breed on which wagering is conducted during the calendar year
29 during which the wager is placed, and (ii) the horsemen's
30 organization responsible for negotiating purse agreements for the
31 breed on which wagering is conducted.

32 (C) If the parties referenced in clauses (i) and (ii) of
33 subparagraph (B) are both signatories to the hub agreement, then
34 no party shall have the right to request a hub agreement arbitration.

35 (D) If only the party or parties referenced in clause (i) of
36 subparagraph (B) is a signatory to the hub agreement, then the
37 signatories to the hub agreement shall, within five days of
38 execution of the hub agreement, provide a copy of the hub
39 agreement to the horsemen's organization responsible for
40 negotiating purse agreements for the breed on which wagering is

1 conducted for each race conducted outside of California on which
2 California residents may place advance deposit wagers. Prior to
3 receipt of the hub agreement, the horsemen's organization shall
4 sign a nondisclosure agreement with the ADW provider agreeing
5 to hold confidential all terms of the hub agreement. If the
6 horsemen's organization wants to request a hub agreement
7 arbitration, it shall send written notice of its election to the
8 signatories to the hub agreement within 10 days after receipt of
9 the copy of the hub agreement, and shall provide its alternate
10 proposal to the hub and host fees specified in the hub agreement
11 with that written notice. If the horsemen's organization does not
12 provide that written notice within the 10-day period, then no party
13 shall have the right to request a hub agreement arbitration. If the
14 horsemen's organization does provide that written notice within
15 the 10-day period, then the ADW provider shall have 10 days to
16 elect in writing to do one of the following:

- 17 (i) Abandon the hub agreement.
- 18 (ii) Accept the alternate proposal submitted by the horsemen's
19 organization.
- 20 (iii) Proceed with a hub agreement arbitration.

21 (E) If only the party referenced in clause (ii) of subparagraph
22 (B) is a signatory to the hub agreement, then the signatories to the
23 hub agreement shall, within five days of execution of the hub
24 agreement, provide written notice of the host and hub fees
25 applicable pursuant to the hub agreement for each race conducted
26 outside of California on which California residents may place
27 advance deposit wagers, which notice shall be provided to all
28 racing associations and fairs conducting live racing of the same
29 breed covered by the hub agreement. If any racing association or
30 fair wants to request a hub agreement arbitration, it shall send
31 written notice of its election to the signatories to the hub agreement
32 within 10 days after receipt of the notice of host and hub fees. It
33 shall also provide its alternate proposal to the hub and host fees
34 specified in the hub agreement with the notice of its election. If
35 more than one racing association or fair provides notice of their
36 request for hub agreement arbitration, those racing associations or
37 fairs, or both, shall have a period of five days to jointly agree upon
38 which of their alternate proposals shall be the official proposal for
39 purposes of the hub agreement arbitration. If one or more racing
40 associations or fairs that together conduct no fewer than five weeks

1 of live racing on the breed on which wagering is conducted during
2 the calendar year during which the wager is placed does not provide
3 written notice of their election to arbitrate within the 10-day period,
4 then no party shall have the right to request a hub agreement
5 arbitration. If a valid hub agreement arbitration request is made,
6 then the ADW provider shall have 10 days to elect in writing to
7 do one of the following:

8 (i) Abandon the hub agreement.

9 (ii) Accept the alternate proposal submitted by the racing
10 associations or fairs.

11 (iii) Proceed with a hub agreement arbitration.

12 The results of any hub agreement arbitration elected pursuant
13 to this subdivision shall be binding on all other associations and
14 fairs conducting live racing on that breed.

15 (F) The acceptance thereof is in compliance with the provisions
16 of the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.),
17 regardless of the location of the ADW provider, whether in
18 California or otherwise, including, without limitation, any and all
19 requirements contained therein with respect to written consents
20 and required written agreements of horsemen's groups to the terms
21 and conditions of the acceptance of such wagers and any
22 arrangements as to the exclusivity between the host racing
23 association or fair and the ADW provider.

24 (c) An advance deposit wager may be made only by the ADW
25 provider holding the account pursuant to wagering instructions
26 issued by the owner of the funds communicated by telephone call
27 or through other electronic media. The ADW provider shall ensure
28 the identification of the account's owner by using methods and
29 technologies approved by the board. Any ADW provider that
30 accepts wagering instructions concerning races conducted in
31 California, or accepts wagering instructions originating in
32 California, shall provide a full accounting and verification of the
33 source of the wagers thereby made, including the postal ZIP Code
34 and breed of the source of the wagers, in the form of a daily
35 download of parimutuel data to a database designated by the board.
36 The daily download shall be delivered in a timely basis using file
37 formats specified by the database designated by the board, and
38 shall include any and all data necessary to calculate and distribute
39 moneys according to the rules and regulations governing California
40 parimutuel wagering. Any and all reasonable costs associated with

1 the creation, provision, and transfer of this data shall be borne by
2 the ADW provider.

3 (d) (1) (A) The board shall develop and adopt rules to license
4 and regulate all phases of operation of advance deposit wagering
5 for ADW providers operating in California.

6 (B) The board shall not approve an application for an original
7 or renewal license as an ADW provider unless the entity, if
8 requested in writing by a bona fide labor organization no later than
9 90 days prior to licensing, has entered into a contractual agreement
10 with that labor organization that provides all of the following:

11 (i) The labor organization has historically represented employees
12 who accept or process any form of wagering at the nearest horse
13 racing meeting located in California.

14 (ii) The agreement establishes the method by which the ADW
15 provider will agree to recognize and bargain in good faith with a
16 labor organization which has demonstrated majority status by
17 submitting authorization cards signed by those employees who
18 accept or process any form of wagering for which a California
19 ADW license is required.

20 (iii) The agreement requires the ADW provider to maintain its
21 neutrality concerning the choice of those employees who accept
22 or process any form of wagering for which a California ADW
23 license is required whether or not to authorize the labor
24 organization to represent them with regard to wages, hours, and
25 other terms and conditions of employment.

26 (iv) The agreement applies to those classifications of employees
27 who accept or process wagers for which a California ADW license
28 is required whether the facility is located within or outside of
29 California.

30 (C) (i) The agreement required by subparagraph (B) shall not
31 be conditioned by either party upon the other party agreeing to
32 matters outside the requirements of subparagraph (B).

33 (ii) The requirement in subparagraph (B) shall not apply to an
34 ADW provider which has entered into a collective bargaining
35 agreement with a bona fide labor organization that is the exclusive
36 bargaining representative of employees who accept or process
37 parimutuel wagers on races for which an ADW license is required
38 whether the facility is located within or outside of California.

39 (D) Permanent state or county employees and nonprofit
40 organizations that have historically performed certain services at

1 county, state, or district fairs may continue to provide those
2 services.

3 (E) Parimutuel clerks employed by racing associations or fairs
4 or employees of ADW providers who accept or process any form
5 of wagers who are laid off due to lack of work shall have
6 preferential hiring rights for new positions with their employer in
7 occupations whose duties include accepting or processing any
8 form of wagers, or the operation, repair, service, or maintenance
9 of equipment that accepts or processes any form of wagering at a
10 racetrack, satellite wagering facility, or ADW provider licensed
11 by the board. The preferential hiring rights established by this
12 subdivision shall be conditioned upon the employee meeting the
13 minimum qualification requirements of the new job.

14 (2) The board shall develop and adopt rules and regulations
15 requiring ADW providers to establish security access policies and
16 safeguards, including, but not limited to, the following:

17 (A) The ADW provider shall use board-approved methods to
18 perform location and age verification confirmation with respect
19 to persons establishing an advance deposit wagering account.

20 (B) The ADW provider shall use personal identification numbers
21 (PINs) or other technologies to assure that only the accountholder
22 has access to the advance deposit wagering account.

23 (C) The ADW provider shall provide for withdrawals from the
24 wagering account only by means of a check made payable to the
25 accountholder and sent to the address of the accountholder or by
26 means of an electronic transfer to an account held by the verified
27 accountholder or the accountholder may withdraw funds from the
28 wagering account at a facility approved by the board by presenting
29 verifiable account identification information.

30 (D) The ADW provider shall allow the board access to its
31 premises to visit, investigate, audit, and place expert accountants
32 and other persons it deems necessary for the purpose of ensuring
33 that its rules and regulations concerning credit authorization,
34 account access, and other security provisions are strictly complied
35 with. To ensure that the amounts retained from the parimutuel
36 handle are distributed under law, rules, or agreements, any ADW
37 provider that accepts wagering instructions concerning races
38 conducted in California or accepts wagering instructions originating
39 in California shall provide an independent “agreed-upon
40 procedures” audit for each California racing meeting, within 60

1 days of the conclusion of the race meeting. The auditing firm to
2 be used and the content and scope of the audit, including host fee
3 obligations, shall be set forth in the applicable agreement. The
4 ADW provider shall provide the board, horsemen's organizations,
5 and the host racing association with an annual parimutuel audit of
6 the financial transactions of the ADW provider with respect to
7 wagers authorized pursuant to this section, prepared in accordance
8 with generally accepted auditing standards and the requirements
9 of the board. Any and all reasonable costs associated with those
10 audits shall be borne by the ADW provider.

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

16 (e) In order for a licensee, betting system, or multijurisdictional
17 wagering hub to be approved by the board as an ADW provider,
18 it shall meet both of the following requirements:

19 (1) All wagers thereby made shall be included in the appropriate
20 parimutuel pool under a contractual agreement with the applicable
21 host track.

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

24 (f) After the payment of contractual compensation, the amounts
25 received as market access fees from advance deposit wagers, which
26 shall not be considered for purposes of Section 19616.51, shall be
27 distributed as follows:

28 (1) An amount equal to 0.0011 multiplied by the amount handled
29 on advance deposit wagers originating in California for each racing
30 meeting shall be distributed to the Center for Equine Health to
31 establish the Kenneth L. Maddy Fund for the benefit of the School
32 of Veterinary Medicine at the University of California at Davis.

33 (2) An amount equal to 0.0003 multiplied by the amount handled
34 on advance deposit wagers originating in California for each racing
35 meeting shall be distributed to the Department of Industrial
36 Relations to cover costs associated with audits conducted pursuant
37 to Section 19526 and for the purposes of reimbursing the State
38 Mediation and Conciliation Service for costs incurred pursuant to
39 this section. However, if that amount would exceed the costs of
40 the Department of Industrial Relations, the amount distributed to

1 the department shall be reduced, and that reduction shall be
2 forwarded to an organization designated by the racing association
3 or fair described in subdivision (a) for the purpose of augmenting
4 a compulsive gambling prevention program specifically addressing
5 that problem.

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

9 (A) One-half of the amount shall be distributed to supplement
10 the trainer-administered pension plans for backstretch personnel
11 established pursuant to Section 19613. Moneys distributed pursuant
12 to this subparagraph shall supplement, and not supplant, moneys
13 distributed to that fund pursuant to Section 19613 or any other
14 provision of law.

15 (B) One-half of the amount shall be distributed to the welfare
16 fund established for the benefit of horsemen and backstretch
17 personnel pursuant to subdivision (b) of Section 19641. Moneys
18 distributed pursuant to this subparagraph shall supplement, and
19 not supplant, moneys distributed to that fund pursuant to Section
20 19641 or any other provision of law.

21 (4) With respect to wagers on each breed of racing that originate
22 in California, an amount equal to 2 percent of the first two hundred
23 fifty million dollars (\$250,000,000) of handle from all advance
24 deposit wagers originating from within California annually, an
25 amount equal to 1.5 percent of the next two hundred fifty million
26 dollars (\$250,000,000) of handle from all advance deposit wagers
27 originating from within California annually, an amount equal to
28 1 percent of the next two hundred fifty million dollars
29 (\$250,000,000) of handle from all advance deposit wagers
30 originating from within California annually, and an amount equal
31 to 0.50 percent of handle from all advance deposit wagers
32 originating from within California in excess of seven hundred fifty
33 million dollars (\$750,000,000) annually, shall be distributed as
34 satellite wagering commissions. Satellite wagering facilities that
35 were not operational in 2001, other than one each in the Cities of
36 Inglewood and San Mateo, and two additional facilities each
37 operated by the Alameda County Fair and the Los Angeles County
38 Fair and their partners and other than existing facilities which are
39 relocated, are not eligible for satellite wagering commission
40 distributions under this section. The satellite wagering facility

1 commissions calculated in accordance with this subdivision shall
2 be distributed to each satellite wagering facility and racing
3 association or fair in the zone in which the wager originated in the
4 same relative proportions that the satellite wagering facility or the
5 racing association or fair generated satellite commissions during
6 the previous calendar year. If there is a reduction in the satellite
7 wagering commissions pursuant to this section, the benefits
8 therefrom shall be distributed equitably as purses and commissions
9 to all associations and racing fairs generating advance deposit
10 wagers in proportion to the handle generated by those associations
11 and racing fairs. If a satellite wagering facility is permanently
12 closed other than for renovation or remodeling, or if a satellite
13 wagering facility is unwilling or unable to accept all of the signals
14 that are available to that facility, the commissions otherwise
15 provided for in this subdivision that would be payable to that
16 facility shall be proportionately reduced to take into account the
17 time that satellite wagering is no longer conducted by that facility,
18 or the payment of those commissions shall be eliminated entirely
19 if the facility is permanently closed, and, in either case, the satellite
20 wagering commissions not paid shall be proportionately
21 redistributed to the other eligible satellite wagering facilities. For
22 purposes of this section, the purse funds distributed pursuant to
23 Section 19605.72 shall be considered to be satellite wagering
24 facility commissions attributable to thoroughbred races at the
25 locations described in that section.

26 (5) After the distribution of the amounts set forth in paragraphs
27 (1) to (4), inclusive, the remaining market access fees from advance
28 deposit wagers originating in California shall be as follows:

29 (A) With respect to wagers on each breed of racing, the amount
30 remaining shall be distributed to the racing association or fair that
31 is conducting live racing on that breed during the calendar period
32 in the zone in which the wager originated. That amount shall be
33 allocated to that racing association or fair as commissions, to
34 horsemen participating in that racing meeting in the form of purses,
35 and as incentive awards, in the same relative proportion as they
36 were generated or earned during the prior calendar year at that
37 racing association or fair on races conducted or imported by that
38 racing association or fair after making all deductions required by
39 applicable law. Notwithstanding any other provision of law, the
40 distributions with respect to each breed of racing set forth in this

1 subparagraph may be altered upon the approval of the board, in
2 accordance with an agreement signed by the respective
3 associations, fairs, horsemen's organizations, and breeders
4 organizations receiving those distributions.

5 (B) If the provisions of Section 19601.2 apply, then the amount
6 distributed to the applicable racing associations or fairs shall first
7 be divided between those racing associations or fairs in direct
8 proportion to the total amount wagered in the applicable zone on
9 the live races conducted by the respective association or fair.
10 Notwithstanding this requirement, when the provisions of
11 subdivision (b) of Section 19607.5 apply to the 2nd District
12 Agricultural Association in Stockton or the California Exposition
13 and State Fair in Sacramento, then the total amount distributed to
14 the applicable racing associations or fairs shall first be divided
15 equally, with 50 percent distributed to applicable fairs and 50
16 percent distributed to applicable associations.

17 (C) Notwithstanding any provisions of this section to the
18 contrary, with respect to wagers on out-of-state and out-of-country
19 thoroughbred races conducted after 6 p.m., Pacific time, 50 percent
20 of the amount remaining shall be distributed as commissions to
21 thoroughbred associations and racing fairs, as thoroughbred and
22 fair purses, and as incentive awards in accordance with
23 subparagraph (A), and the remaining 50 percent, together with the
24 total amount remaining from advance deposit wagering originating
25 from California out-of-state and out-of-country harness and quarter
26 horse races conducted after 6 p.m., Pacific time, shall be distributed
27 as commissions on a pro rata basis to the applicable licensed
28 quarter horse association and the applicable licensed harness
29 association, based upon the amount handled in state, both on- and
30 off-track, on each breed's own live races in the previous year by
31 that association, or its predecessor association. One-half of the
32 amount thereby received by each association shall be retained by
33 that association as a commission, and the other half of the money
34 received shall be distributed as purses to the horsemen participating
35 in its current or next scheduled licensed racing meeting.

36 (D) Notwithstanding any provisions of this section to the
37 contrary, with respect to wagers on out-of-state and out-of-country
38 nonthoroughbred races conducted before 6 p.m., Pacific time, 50
39 percent of the amount remaining shall be distributed as
40 commissions as provided in subparagraph (C) for licensed quarter

1 horse and harness associations, and the remaining 50 percent shall
2 be distributed as commissions to the applicable thoroughbred
3 associations or fairs, as thoroughbred and fair purses, and as
4 incentive awards in accordance with subparagraph (A).

5 (E) Notwithstanding any provision of this section to the contrary,
6 the distribution of market access fees pursuant to this subparagraph
7 may be altered upon the approval of the board, in accordance with
8 an agreement signed by all parties whose distributions would be
9 affected.

10 (g) A racing association, a fair, or a satellite wagering facility
11 may enter into an agreement with an ADW provider to accept and
12 facilitate the placement of any wager from a patron at its facility
13 that a California resident could make through that ADW provider.
14 Deductions from wagers made pursuant to such an agreement shall
15 be distributed in accordance with the provisions of this chapter
16 governing wagers placed at that facility, except that the board may
17 authorize alternative distributions as agreed to by the ADW
18 provider, the operator of the facility accepting the wager, the
19 association or fair conducting that breed of racing in the zone
20 where the wager is placed, and the respective horsemen's
21 organization.

22 (h) Any issues concerning the interpretation or application of
23 this section shall be resolved by the board.

24 (i) Amounts distributed under this section shall be proportionally
25 reduced by an amount equal to 0.00295 multiplied by the amount
26 handled on ~~advanced~~ *advance* deposit wagers originating in
27 California for each racing meeting, except for harness racing
28 meetings, ~~and provided that the amount of this reduction~~ shall not
29 exceed two million dollars (\$2,000,000). The method used to
30 calculate the reduction in proportionate share shall be approved
31 by the board. The amount deducted shall be distributed as follows:

32 (1) Fifty percent of the money to the board to establish and to
33 administer jointly with the organization certified as the majority
34 representative of California-licensed jockeys pursuant to Section
35 19612.9, a defined contribution retirement plan for
36 California-licensed jockeys who retired from racing on or after
37 January 1, 2009.

38 (2) The remaining 50 percent of the money shall be distributed
39 as follows:

1 (A) Seventy percent shall be distributed to supplement the
2 trainer-administered pension plans for backstretch personnel
3 established pursuant to Section 19613. Moneys distributed pursuant
4 to this subparagraph shall supplement, and not supplant, moneys
5 distributed to that fund pursuant to Section 19613 or any other
6 provision of law.

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

13 *(j) Amounts distributed under this section shall be proportionally*
14 *reduced by an amount equal to 0.00295 multiplied by the amount*
15 *handled on advance deposit wagers originating in California for*
16 *each harness racing meeting, provided that the amount of this*
17 *reduction shall not exceed five hundred thousand dollars*
18 *(\$500,000). The method used to calculate the reduction in*
19 *proportionate share shall be approved by the board. The amount*
20 *deducted shall be distributed as follows:*

21 *(1) First to the welfare fund established for the benefit of*
22 *horsemen and backstretch personnel, pursuant to subdivision (b)*
23 *of Section 19641, and administered by the organization*
24 *representing the horsemen participating in the race meeting, in*
25 *the amount requested by the welfare fund. Moneys distributed*
26 *pursuant to this paragraph shall supplement, and not supplant,*
27 *moneys distributed to that fund pursuant to Section 19641 or any*
28 *other provision of law.*

29 *(2) The amount remaining, if any, shall be utilized for the benefit*
30 *of the horsemen as specified in a written agreement between the*
31 *racing association that conducts the live harness race meeting and*
32 *the organization representing the horsemen participating in the*
33 *race meeting.*

34 SEC. 4. No reimbursement is required by this act pursuant to
35 Section 6 of Article XIII B of the California Constitution because
36 the only costs that may be incurred by a local agency or school
37 district will be incurred because this act creates a new crime or
38 infraction, eliminates a crime or infraction, or changes the penalty
39 for a crime or infraction, within the meaning of Section 17556 of
40 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

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

7 In order to ensure that the defined contribution retirement plan
8 for California-licensed horse jockeys is not inconsistent with
9 federal law, to clarify the original intent regarding the funding for
10 this retirement plan, and to enable outriders to assume enhanced
11 responsibility in the enforcement of horse racing regulations at the
12 earliest possible time, it is necessary that this act take effect
13 immediately.