

AMENDED IN SENATE AUGUST 5, 2010

AMENDED IN SENATE JUNE 24, 2010

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 28, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2215**

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**Introduced by Assembly Member Fuentes**

February 18, 2010

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An act to amend Section 19604 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2215, as amended, Fuentes. Horse racing: advance deposit wagering: minisatellite wagering facilities.

Existing law authorizes advance deposit wagering to be conducted, with the approval of the California Horse Racing Board. Existing law requires the board to develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for advance deposit wagering providers operating in California. Existing law authorizes a racing association, a fair, or a satellite wagering facility to enter into an agreement with an advance deposit wagering provider to accept and facilitate the placement of any wager at its facility that a California resident could make through that advance deposit wagering provider.

~~This bill would specify that the board must develop and adopt rules to license and regulate advance deposit wagering activity that takes place in a minisatellite wagering facility. The bill would authorize the board to recover any costs associated with the licensing or regulation~~

of advance deposit wagering activity in a minisatellite wagering facility, as provided. The bill would authorize a minisatellite wagering facility to enter into an agreement with an advance deposit wagering provider to accept and facilitate the placement of any wager at its facility that a California resident could make through that advance deposit wagering provider. *The bill would specify that the board must develop and adopt rules to license and regulate advance deposit wagering activity that takes place in a minisatellite wagering facility. The bill would authorize the board to recover any costs associated with the licensing or regulation of advance deposit wagering activity in a minisatellite wagering facility, as provided.*

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

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

- 1     SECTION 1. Section 19604 of the Business and Professions
- 2     Code is amended to read:
- 3     19604. The board may authorize any racing association, racing
- 4     fair, betting system, or multijurisdictional wagering hub to conduct
- 5     advance deposit wagering in accordance with this section. Racing
- 6     associations, racing fairs, and their respective horsemen’s
- 7     organizations may form a partnership, joint venture, or any other
- 8     affiliation in order to further the purposes of this section.
- 9     (a) As used in this section, the following definitions apply:
- 10    (1) “Advance deposit wagering” (ADW) means a form of
- 11    parimutuel wagering in which a person residing within California
- 12    or outside of this state establishes an account with an ADW
- 13    provider, and subsequently issues wagering instructions concerning
- 14    the funds in this account, thereby authorizing the ADW provider
- 15    holding the account to place wagers on the account owner’s behalf.
- 16    (2) “ADW provider” means a licensee, betting system, or
- 17    multijurisdictional wagering hub, located within California or
- 18    outside this state, that is authorized to conduct advance deposit
- 19    wagering pursuant to this section.
- 20    (3) “Betting system” means a business conducted exclusively
- 21    in this state that facilitates parimutuel wagering on races it
- 22    simulcasts and other races it offers in its wagering menu.
- 23    (4) “Breed of racing” means as follows:

1 (A) With respect to associations and fairs licensed by the board  
2 to conduct thoroughbred, fair, or mixed breed race meetings, “breed  
3 of racing” shall mean thoroughbred.

4 (B) With respect to associations licensed by the board to conduct  
5 quarter horse race meetings, “breed of racing” shall mean quarter  
6 horse.

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

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

16 (A) Excluding contractual compensation for host fee payments,  
17 contractual compensation shall not exceed 6.5 percent of the  
18 amount wagered.

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

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

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

1 (7) “Hub agreement” means a written agreement providing for  
2 contractual compensation paid with respect to advance deposit  
3 wagers placed by California residents on a particular breed of  
4 racing conducted outside of California. In the event a hub  
5 agreement exceeds a term of two years, then an ADW provider,  
6 one or more racing associations or fairs that together conduct no  
7 fewer than five weeks of live racing for the breed covered by the  
8 hub agreement, and the horsemen’s organization responsible for  
9 negotiating purse agreements for the breed covered by the hub  
10 agreement shall be signatories to the hub agreement. A hub  
11 agreement is required for an ADW provider to receive contractual  
12 compensation for races conducted outside of California.

13 (8) “Hub agreement arbitration” means an arbitration proceeding  
14 pursuant to which the disputed provisions of the hub agreement  
15 pertaining to the hub or host fees from wagers on races conducted  
16 outside of California provided pursuant to paragraph (2) of  
17 subdivision (b) are determined in accordance with the provisions  
18 of this paragraph. If a hub agreement arbitration is requested, all  
19 of the following shall apply:

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

22 (B) The contractual compensation received by the ADW  
23 provider shall be the contractual compensation specified in the  
24 hub agreement that is the subject of the hub agreement arbitration.

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

1 agreement arbitration determination, the arbitrator shall be required  
2 to choose between the contractual compensation of the hub  
3 agreement agreed to by the ADW provider or whatever different  
4 terms for the hub agreement were proposed by the party requesting  
5 the hub agreement arbitration. The arbitrator shall not be permitted  
6 to impose new, different, or compromised terms to the hub  
7 agreement. The arbitrator's decision shall be final and binding on  
8 the parties. If an arbitration is requested, either party may bring  
9 an action in state court to compel a party to go into arbitration or  
10 to enforce the decision of the arbitrator. The cost of the hub  
11 agreement arbitration, including the cost of the arbitrator, shall be  
12 borne in equal shares by the parties to the hub agreement and the  
13 party or parties requesting a hub agreement arbitration. The hub  
14 agreement arbitration shall be administered by the Judicial  
15 Arbitration and Mediation Services pursuant to its Streamlined  
16 Arbitration Rules and Procedures or its successor organization.

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

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

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

30 (12) "Multijurisdictional wagering hub" means a business  
31 conducted in more than one jurisdiction that facilitates parimutuel  
32 wagering on races it simulcasts and other races it offers in its  
33 wagering menu.

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

36 (14) "Zone" means the zone of the state, as defined in Section  
37 19530.5, except as modified by the provisions of subdivision (f)  
38 of Section 19601. For these purposes, the central and southern  
39 zones shall together be considered one zone.

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

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

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

7 (B) A written agreement allowing those wagers exists with the  
8 racing association or fair conducting the races on which the wagers  
9 are made.

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

26 (2) No ADW provider shall accept wagers or wagering  
27 instructions on races conducted outside of California from a  
28 resident of California unless all of the following conditions are  
29 met:

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

31 (B) There is a hub agreement between the ADW provider and  
32 one or both of (i) one or more racing associations or fairs that  
33 together conduct no fewer than five weeks of live racing on the  
34 breed on which wagering is conducted during the calendar year  
35 during which the wager is placed, and (ii) the horsemen’s  
36 organization responsible for negotiating purse agreements for the  
37 breed on which wagering is conducted.

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

1 (D) If only the party or parties referenced in clause (i) of  
2 subparagraph (B) is a signatory to the hub agreement, then the  
3 signatories to the hub agreement shall, within five days of  
4 execution of the hub agreement, provide a copy of the hub  
5 agreement to the horsemen's organization responsible for  
6 negotiating purse agreements for the breed on which wagering is  
7 conducted for each race conducted outside of California on which  
8 California residents may place advance deposit wagers. Prior to  
9 receipt of the hub agreement, the horsemen's organization shall  
10 sign a nondisclosure agreement with the ADW provider agreeing  
11 to hold confidential all terms of the hub agreement. If the  
12 horsemen's organization wants to request a hub agreement  
13 arbitration, it shall send written notice of its election to the  
14 signatories to the hub agreement within 10 days after receipt of  
15 the copy of the hub agreement, and shall provide its alternate  
16 proposal to the hub and host fees specified in the hub agreement  
17 with that written notice. If the horsemen's organization does not  
18 provide that written notice within the 10-day period, then no party  
19 shall have the right to request a hub agreement arbitration. If the  
20 horsemen's organization does provide that written notice within  
21 the 10-day period, then the ADW provider shall have 10 days to  
22 elect in writing to do one of the following:

- 23 (i) Abandon the hub agreement.
- 24 (ii) Accept the alternate proposal submitted by the horsemen's  
25 organization.
- 26 (iii) Proceed with a hub agreement arbitration.

27 (E) If only the party referenced in clause (ii) of subparagraph  
28 (B) is a signatory to the hub agreement, then the signatories to the  
29 hub agreement shall, within five days of execution of the hub  
30 agreement, provide written notice of the host and hub fees  
31 applicable pursuant to the hub agreement for each race conducted  
32 outside of California on which California residents may place  
33 advance deposit wagers, which notice shall be provided to all  
34 racing associations and fairs conducting live racing of the same  
35 breed covered by the hub agreement. If any racing association or  
36 fair wants to request a hub agreement arbitration, it shall send  
37 written notice of its election to the signatories to the hub agreement  
38 within 10 days after receipt of the notice of host and hub fees. It  
39 shall also provide its alternate proposal to the hub and host fees  
40 specified in the hub agreement with the notice of its election. If

1 more than one racing association or fair provides notice of their  
2 request for hub agreement arbitration, those racing associations or  
3 fairs, or both, shall have a period of five days to jointly agree upon  
4 which of their alternate proposals shall be the official proposal for  
5 purposes of the hub agreement arbitration. If one or more racing  
6 associations or fairs that together conduct no fewer than five weeks  
7 of live racing on the breed on which wagering is conducted during  
8 the calendar year during which the wager is placed does not provide  
9 written notice of their election to arbitrate within the 10-day period,  
10 then no party shall have the right to request a hub agreement  
11 arbitration. If a valid hub agreement arbitration request is made,  
12 then the ADW provider shall have 10 days to elect in writing to  
13 do one of the following:

14 (i) Abandon the hub agreement.

15 (ii) Accept the alternate proposal submitted by the racing  
16 associations or fairs.

17 (iii) Proceed with a hub agreement arbitration.

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

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

30 (c) An advance deposit wager may be made only by the ADW  
31 provider holding the account pursuant to wagering instructions  
32 issued by the owner of the funds communicated by telephone call  
33 or through other electronic media. The ADW provider shall ensure  
34 the identification of the account's owner by using methods and  
35 technologies approved by the board. Any ADW provider that  
36 accepts wagering instructions concerning races conducted in  
37 California, or accepts wagering instructions originating in  
38 California, shall provide a full accounting and verification of the  
39 source of the wagers thereby made, including the postal ZIP Code  
40 and breed of the source of the wagers, in the form of a daily



1 download of parimutuel data to a database designated by the board.  
2 The daily download shall be delivered in a timely basis using file  
3 formats specified by the database designated by the board, and  
4 shall include any and all data necessary to calculate and distribute  
5 moneys according to the rules and regulations governing California  
6 parimutuel wagering. Any and all reasonable costs associated with  
7 the creation, provision, and transfer of this data shall be borne by  
8 the ADW provider.

9 (d) (1) (A) The board shall develop and adopt rules to license  
10 and regulate all phases of operation of advance deposit wagering  
11 for ADW providers operating in California, *including advance*  
12 *deposit wagering activity that takes place within a minisatellite*  
13 *wagering facility. The board may recover any costs associated*  
14 *with the licensing or regulation of advance deposit wagering*  
15 *activities in a minisatellite wagering facility either directly from*  
16 *the ADW provider or through an appropriate increase in the*  
17 *funding formula devised by the board pursuant to paragraph (1)*  
18 *of subdivision (a) of Section 19616.51.*

19 (B) The board shall not approve an application for an original  
20 or renewal license as an ADW provider unless the entity, if  
21 requested in writing by a bona fide labor organization no later than  
22 90 days prior to licensing, has entered into a contractual agreement  
23 with that labor organization that provides all of the following:

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

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

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

39 (iv) The agreement applies to those classifications of employees  
40 who accept or process wagers for which a California ADW license

1 is required whether the facility is located within or outside of  
 2 California.

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

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

12 (D) Permanent state or county employees and nonprofit  
 13 organizations that have historically performed certain services at  
 14 county, state, or district fairs may continue to provide those  
 15 services.

16 (E) Parimutuel clerks employed by racing associations or fairs  
 17 or employees of ADW providers who accept or process any form  
 18 of wagers who are laid off due to lack of work shall have  
 19 preferential hiring rights for new positions with their employer in  
 20 occupations whose duties include accepting or processing any  
 21 form of wagers, or the operation, repair, service, or maintenance  
 22 of equipment that accepts or processes any form of wagering at a  
 23 racetrack, satellite wagering facility, or ADW provider licensed  
 24 by the board. The preferential hiring rights established by this  
 25 subdivision shall be conditioned upon the employee meeting the  
 26 minimum qualification requirements of the new job.

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

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

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

36 (C) The ADW provider shall provide for withdrawals from the  
 37 wagering account only by means of a check made payable to the  
 38 accountholder and sent to the address of the accountholder or by  
 39 means of an electronic transfer to an account held by the verified  
 40 accountholder or the accountholder may withdraw funds from the

1 wagering account at a facility approved by the board by presenting  
2 verifiable account identification information.

3 (D) The ADW provider shall allow the board access to its  
4 premises to visit, investigate, audit, and place expert accountants  
5 and other persons it deems necessary for the purpose of ensuring  
6 that its rules and regulations concerning credit authorization,  
7 account access, and other security provisions are strictly complied  
8 with. To ensure that the amounts retained from the parimutuel  
9 handle are distributed under law, rules, or agreements, any ADW  
10 provider that accepts wagering instructions concerning races  
11 conducted in California or accepts wagering instructions originating  
12 in California shall provide an independent “agreed-upon  
13 procedures” audit for each California racing meeting, within 60  
14 days of the conclusion of the race meeting. The auditing firm to  
15 be used and the content and scope of the audit, including host fee  
16 obligations, shall be set forth in the applicable agreement. The  
17 ADW provider shall provide the board, horsemen’s organizations,  
18 and the host racing association with an annual parimutuel audit of  
19 the financial transactions of the ADW provider with respect to  
20 wagers authorized pursuant to this section, prepared in accordance  
21 with generally accepted auditing standards and the requirements  
22 of the board. Any and all reasonable costs associated with those  
23 audits shall be borne by the ADW provider.

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

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

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

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

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

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

6 (2) An amount equal to 0.0003 multiplied by the amount handled  
7 on advance deposit wagers originating in California for each racing  
8 meeting shall be distributed to the Department of Industrial  
9 Relations to cover costs associated with audits conducted pursuant  
10 to Section 19526 and for the purposes of reimbursing the State  
11 Mediation and Conciliation Service for costs incurred pursuant to  
12 this section. However, if that amount would exceed the costs of  
13 the Department of Industrial Relations, the amount distributed to  
14 the department shall be reduced, and that reduction shall be  
15 forwarded to an organization designated by the racing association  
16 or fair described in subdivision (a) for the purpose of augmenting  
17 a compulsive gambling prevention program specifically addressing  
18 that problem.

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

22 (A) One-half of the amount shall be distributed to supplement  
23 the trainer-administered pension plans for backstretch personnel  
24 established pursuant to Section 19613. Moneys distributed pursuant  
25 to this subparagraph shall supplement, and not supplant, moneys  
26 distributed to that fund pursuant to Section 19613 or any other  
27 provision of law.

28 (B) One-half of the amount shall be distributed to the welfare  
29 fund established for the benefit of horsemen and backstretch  
30 personnel pursuant to subdivision (b) of Section 19641. Moneys  
31 distributed pursuant to this subparagraph shall supplement, and  
32 not supplant, moneys distributed to that fund pursuant to Section  
33 19641 or any other provision of law.

34 (4) With respect to wagers on each breed of racing that originate  
35 in California, an amount equal to 2 percent of the first two hundred  
36 fifty million dollars (\$250,000,000) of handle from all advance  
37 deposit wagers originating from within California annually, an  
38 amount equal to 1.5 percent of the next two hundred fifty million  
39 dollars (\$250,000,000) of handle from all advance deposit wagers  
40 originating from within California annually, an amount equal to

1 1 percent of the next two hundred fifty million dollars  
2 (\$250,000,000) of handle from all advance deposit wagers  
3 originating from within California annually, and an amount equal  
4 to 0.50 percent of handle from all advance deposit wagers  
5 originating from within California in excess of seven hundred fifty  
6 million dollars (\$750,000,000) annually, shall be distributed as  
7 satellite wagering commissions. Satellite wagering facilities that  
8 were not operational in 2001, other than one each in the Cities of  
9 Inglewood and San Mateo, and two additional facilities each  
10 operated by the Alameda County Fair and the Los Angeles County  
11 Fair and their partners and other than existing facilities which are  
12 relocated, are not eligible for satellite wagering commission  
13 distributions under this section. The satellite wagering facility  
14 commissions calculated in accordance with this subdivision shall  
15 be distributed to each satellite wagering facility and racing  
16 association or fair in the zone in which the wager originated in the  
17 same relative proportions that the satellite wagering facility or the  
18 racing association or fair generated satellite commissions during  
19 the previous calendar year. If there is a reduction in the satellite  
20 wagering commissions pursuant to this section, the benefits  
21 therefrom shall be distributed equitably as purses and commissions  
22 to all associations and racing fairs generating advance deposit  
23 wagers in proportion to the handle generated by those associations  
24 and racing fairs. If a satellite wagering facility is permanently  
25 closed other than for renovation or remodeling, or if a satellite  
26 wagering facility is unwilling or unable to accept all of the signals  
27 that are available to that facility, the commissions otherwise  
28 provided for in this subdivision that would be payable to that  
29 facility shall be proportionately reduced to take into account the  
30 time that satellite wagering is no longer conducted by that facility,  
31 or the payment of those commissions shall be eliminated entirely  
32 if the facility is permanently closed, and, in either case, the satellite  
33 wagering commissions not paid shall be proportionately  
34 redistributed to the other eligible satellite wagering facilities. For  
35 purposes of this section, the purse funds distributed pursuant to  
36 Section 19605.72 shall be considered to be satellite wagering  
37 facility commissions attributable to thoroughbred races at the  
38 locations described in that section.

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

4 (A) With respect to wagers on each breed of racing, the amount  
5 remaining shall be distributed to the racing association or fair that  
6 is conducting live racing on that breed during the calendar period  
7 in the zone in which the wager originated. That amount shall be  
8 allocated to that racing association or fair as commissions, to  
9 horsemen participating in that racing meeting in the form of purses,  
10 and as incentive awards, in the same relative proportion as they  
11 were generated or earned during the prior calendar year at that  
12 racing association or fair on races conducted or imported by that  
13 racing association or fair after making all deductions required by  
14 applicable law. Notwithstanding any other provision of law, the  
15 distributions with respect to each breed of racing set forth in this  
16 subparagraph may be altered upon the approval of the board, in  
17 accordance with an agreement signed by the respective  
18 associations, fairs, horsemen’s organizations, and breeders  
19 organizations receiving those distributions.

20 (B) If the provisions of Section 19601.2 apply, then the amount  
21 distributed to the applicable racing associations or fairs shall first  
22 be divided between those racing associations or fairs in direct  
23 proportion to the total amount wagered in the applicable zone on  
24 the live races conducted by the respective association or fair.  
25 Notwithstanding this requirement, when the provisions of  
26 subdivision (b) of Section 19607.5 apply to the 2nd District  
27 Agricultural Association in Stockton or the California Exposition  
28 and State Fair in Sacramento, then the total amount distributed to  
29 the applicable racing associations or fairs shall first be divided  
30 equally, with 50 percent distributed to applicable fairs and 50  
31 percent distributed to applicable associations.

32 (C) Notwithstanding any provisions of this section to the  
33 contrary, with respect to wagers on out-of-state and out-of-country  
34 thoroughbred races conducted after 6 p.m., Pacific time, 50 percent  
35 of the amount remaining shall be distributed as commissions to  
36 thoroughbred associations and racing fairs, as thoroughbred and  
37 fair purses, and as incentive awards in accordance with  
38 subparagraph (A), and the remaining 50 percent, together with the  
39 total amount remaining from advance deposit wagering originating  
40 from California out-of-state and out-of-country harness and quarter

1 horse races conducted after 6 p.m., Pacific time, shall be distributed  
2 as commissions on a pro rata basis to the applicable licensed  
3 quarter horse association and the applicable licensed harness  
4 association, based upon the amount handled in state, both on- and  
5 off-track, on each breed's own live races in the previous year by  
6 that association, or its predecessor association. One-half of the  
7 amount thereby received by each association shall be retained by  
8 that association as a commission, and the other half of the money  
9 received shall be distributed as purses to the horsemen participating  
10 in its current or next scheduled licensed racing meeting.

11 (D) Notwithstanding any provisions of this section to the  
12 contrary, with respect to wagers on out-of-state and out-of-country  
13 nonthoroughbred races conducted before 6 p.m., Pacific time, 50  
14 percent of the amount remaining shall be distributed as  
15 commissions as provided in subparagraph (C) for licensed quarter  
16 horse and harness associations, and the remaining 50 percent shall  
17 be distributed as commissions to the applicable thoroughbred  
18 associations or fairs, as thoroughbred and fair purses, and as  
19 incentive awards in accordance with subparagraph (A).

20 (E) Notwithstanding any provision of this section to the contrary,  
21 the distribution of market access fees pursuant to this subparagraph  
22 may be altered upon the approval of the board, in accordance with  
23 an agreement signed by all parties whose distributions would be  
24 affected.

25 (g) A racing association, a fair, ~~or~~ a satellite wagering facility,  
26 *or a minisatellite wagering facility* may enter into an agreement  
27 with an ADW provider to accept and facilitate the placement of  
28 any wager from a patron at its facility that a California resident  
29 could make through that ADW provider. Deductions from wagers  
30 made pursuant to such an agreement shall be distributed in  
31 accordance with the provisions of this chapter governing wagers  
32 placed at that facility, except that the board may authorize  
33 alternative distributions as agreed to by the ADW provider, the  
34 operator of the facility accepting the wager, the association or fair  
35 conducting that breed of racing in the zone where the wager is  
36 placed, and the respective horsemen's organization.

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

39 (i) Amounts distributed under this section shall be proportionally  
40 reduced by an amount equal to 0.00295 multiplied by the amount

1 handled on advance deposit wagers originating in California for  
2 each racing meeting, except for harness racing meetings, provided  
3 that the amount of this reduction shall not exceed two million  
4 dollars (\$2,000,000). The method used to calculate the reduction  
5 in proportionate share shall be approved by the board. The amount  
6 deducted shall be distributed as follows:

7 (1) Fifty percent of the money to the board to establish and to  
8 administer jointly with the organization certified as the majority  
9 representative of California-licensed jockeys pursuant to Section  
10 19612.9, a defined contribution retirement plan for  
11 California-licensed jockeys who retired from racing on or after  
12 January 1, 2009.

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

15 (A) Seventy percent shall be distributed to supplement the  
16 trainer-administered pension plans for backstretch personnel  
17 established pursuant to Section 19613. Moneys distributed pursuant  
18 to this subparagraph shall supplement, and not supplant, moneys  
19 distributed to that fund pursuant to Section 19613 or any other  
20 provision of law.

21 (B) Thirty percent shall be distributed to the welfare fund  
22 established for the benefit of horsemen and backstretch personnel  
23 pursuant to subdivision (b) of Section 19641. Moneys distributed  
24 pursuant to this subparagraph shall supplement, and not supplant,  
25 moneys distributed to that fund pursuant to Section 19641 or any  
26 other provision of law.

27 (j) Amounts distributed under this section shall be proportionally  
28 reduced by an amount equal to 0.00295 multiplied by the amount  
29 handled on advance deposit wagers originating in California for  
30 each harness racing meeting, provided that the amount of this  
31 reduction shall not exceed five hundred thousand dollars  
32 (\$500,000). The method used to calculate the reduction in  
33 proportionate share shall be approved by the board. The amount  
34 deducted shall be distributed as follows:

35 (1) First to the welfare fund established for the benefit of  
36 horsemen and backstretch personnel, pursuant to subdivision (b)  
37 of Section 19641, and administered by the organization  
38 representing the horsemen participating in the race meeting, in the  
39 amount requested by the welfare fund. Moneys distributed pursuant  
40 to this paragraph shall supplement, and not supplant, moneys



1 distributed to that fund pursuant to Section 19641 or any other  
2 provision of law.

3 (2) The amount remaining, if any, shall be utilized for the benefit  
4 of the horsemen as specified in a written agreement between the  
5 racing association that conducts the live harness race meeting and  
6 the organization representing the horsemen participating in the  
7 race meeting.

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**All matter omitted in this version of the bill  
appears in the bill as amended in the  
Senate, June 24, 2010. (JR11)**