

AMENDED IN SENATE AUGUST 31, 2010

AMENDED IN SENATE AUGUST 20, 2010

AMENDED IN SENATE AUGUST 17, 2010

AMENDED IN SENATE JUNE 22, 2010

AMENDED IN ASSEMBLY APRIL 15, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2414

Introduced by Assembly Member John A. Pérez

February 19, 2010

~~An act to add Sections 19601.02 and 19605.74 to, and to add Article 9.1 (commencing with Section 19604.5) to Chapter 4 of Division 8 of, the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately. An act to add Section 19604.7 to, and to repeal Article 9.1 (commencing with Section 19604.5) of Chapter 4 of Division 8 of, the Business and Professions Code, relating to horse racing.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2414, as amended, John A. Pérez. Horse racing: ~~thoroughbred racing: Breeders' Cup: wagering deduction: promotion: exchange wagering.~~

SB 1072 of the 2009–10 Regular Session would enact provisions relating to exchange wagering, as defined.

This bill would make those provisions inoperative on May 1, 2016, and would repeal them on January 1, 2017.

This bill would become operative only if SB 1072 of the 2009–10 Regular Session is enacted and this bill is enacted last.

~~(1) Existing law authorizes a thoroughbred association or fair, subject to approval by the California Horse Racing Board, to deduct from the parimutuel pool for any type of wager, a specified percentage for the meeting of the thoroughbred association or fair that accepts the wager.~~

~~This bill would require every thoroughbred association or fair that conducts a live race meeting to deduct an additional 2% of the total amount handled on exotic wagers requiring the selection of 2 wagering interests, and 3% on exotic wagers requiring the selection of 3 or more wagering interests. The bill would require that these funds be distributed into the purse account of the meet conducting racing in the zones in which the wager was placed, to be used to augment overnight purses.~~

~~This bill would require any thoroughbred racing association or fair that authorizes betting systems located outside of this state to accept wagers on a race to retain from the total amount received from the out-of-state betting system, less certain specified deductions made pursuant to existing law, the incremental amount received as a result of the 2% or 3% takeout on exotic wagers required by this bill, for distribution as overnight purses. This bill would require that the method utilized to determine the incremental amount received as a result of the takeout increase be established by agreement between the various affected thoroughbred racing associations and fairs, and horsemen's organizations. If these groups are unable to agree as to the method of determining the incremental amount received, this bill would require the board to determine the allocation method after holding a hearing.~~

~~The bill would provide that these new provisions would become operative on December 24, 2010.~~

~~For a thoroughbred association hosting the Breeders' Cup Championship series, this bill would require the amounts collected pursuant to the above provisions requiring that 2% or 3% be deducted from the amount handled on exotic wagers be set aside for the purpose of promoting and sponsoring the Breeders' Cup. The bill would require the thoroughbred racing association hosting the Breeders' Cup to enter into an agreement with the organization that operates the Breeders' Cup regarding the expenditure of the funds, as provided, and would require a written report be made to the board regarding how the funds were utilized.~~

~~(2) Existing law provides that the California Horse Racing Board shall have all powers necessary to carry out the purposes of the Horse~~

Racing Law, such as adopting rules and regulations to protect the public, allocating dates for, and controlling horse racing and parimutuel wagering, and enforcing all rules and regulations.

This bill would authorize exchange wagering, defined by the bill as a form of parimutuel wagering in which 2 or more persons place identically opposing wagers in a given market, provided that the entity offering exchange wagering is licensed by the board and has entered into an exchange wagering agreement between the licensee, the applicable racing association or fair conducting live racing, and the horsemen's organization responsible for negotiated purse agreements for the breed on which exchange wagers are accepted, as provided.

The bill would invest the board with the full power to prescribe rules, regulations, and conditions under which exchange wagering may be conducted in California, except that the bill would require the board to develop rules that prohibit certain persons associated with an entrant in a particular race from placing an exchange wager on a race involving that entrant, that prohibit the placing of exchange wagers on previously run races, that require the exchange wagering licensee to provide information to the person placing the wager, that prohibit the use of automatic or quick picks to place an exchange wager, and that prohibit the displaying of the results of a wager using casino themes, as provided.

The bill would allow the board to recover any costs associated with the licensing and regulation of exchange wagering by imposing an assessment on the licensee. The bill would require that these funds be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering.

(3) Existing law provides that unclaimed refunds from horse racing are to be distributed to an organization that is responsible for negotiating business agreements on behalf of horsemen, to be held in trust for the purpose of negotiating an agreement with a jockeys organization to provide health and welfare benefits to California licensed jockeys. Existing law requires that the funds held in trust shall not exceed \$450,000.

Pursuant to the above provision, this bill would require each exchange wagering licensee to annually distribute the greater of \$100,000, or an amount equal to 0.001 multiplied by the total amount of exchange revenue collected by the licensee in that year to be used for the purposes specified above.

~~By imposing new requirements 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.~~

~~This bill would also authorize the board to require that a percentage of the takeout that is attributable to the Breeders' Cup races that otherwise would not have been generated absent the Breeders' Cup races occurring in this state be made available to support the statewide marketing organization and the state horse racing industry.~~

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

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

- 1 *SECTION 1. Section 19604.7 is added to the Business and*
- 2 *Professions Code, to read:*
- 3 *19604.7. This article shall become inoperative on May 1, 2016,*
- 4 *and, as of January 1, 2017, is repealed, unless a later enacted*
- 5 *statute, that becomes operative on or before January 1, 2017,*
- 6 *deletes or extends the dates on which it becomes inoperative and*
- 7 *is repealed.*
- 8 *SEC. 2. Section 1 of this act shall become operative only if SB*
- 9 *1072 of the 2009–10 Regular Session is enacted, that bill adds*
- 10 *Article 9.1 (commencing with Section 19604.5) to Chapter 4 of*
- 11 *Division 8 of the Business and Professions Code, and this bill is*
- 12 *enacted last.*

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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, August 20, 2010. (JR11)**

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