

AMENDED IN SENATE AUGUST 20, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 2792

Introduced by Committee on Governmental Organization (Coto (Chair), Anderson (Vice Chair), Bradford, Chesbro, Cook, Evans, Galgiani, Hall, Hill, Jeffries, Lieu, Mendoza, Nestande, V. Manuel Pérez, Portantino, Silva, Torres, and Tran)

March 17, 2010

An act to amend Sections 19401 and 19460, 19460, 19613.05, 19617, and 19617.2 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2792, as amended, Committee on Governmental Organization. Horse racing law intent: licenses.

Existing

(1) *Existing* law, the Horse Racing Law, generally regulates horse racing and vests the administration and enforcement of the Horse Racing Law in the California Horse Racing Board.

Existing law provides that the intent of the Horse Racing Law is to allow parimutuel wagering on horse races while, among other things, supporting the network of California fairs.

This bill would delete ~~from that statement of intent~~ supporting the network of California fairs *from that statement of intent*.

Existing

(2) *Existing* law requires all licenses granted under the Horse Racing Law to, among other things, contain such conditions as are deemed necessary or desirable by the board for the purposes of the Horse Racing Law.

This bill would instead require those licenses to contain such conditions as are deemed necessary or desirable by the board for the best interests of horse racing and the purposes of the Horse Racing Law. The bill would also make technical, nonsubstantive changes.

(3) Existing law requires any racing association, including a fair, that conducts thoroughbred racing to pay to the owners' organization contracting with the association with respect to the conduct of thoroughbred racing an additional 1³/₄% of the portion required to be deducted for purses for a national marketing program, as provided. These provisions are repealed as of January 1, 2011.

This bill would instead provide for the repeal of these provisions provision on January 1, 2014.

(4) Existing law provides that an "eligible thoroughbred stallion" means a thoroughbred stallion that was continuously present in this state during certain dates of the calendar year in which the qualifying race was conducted or if the sire left this state after June 15 of the year in which the qualifying race was conducted, during certain dates of the following calendar year. Existing law provides that if a sire dies in this state and stood his last season at stud in this state, he shall thereafter continue to be considered an "eligible thoroughbred stallion."

This bill would revise and recast the definition of "eligible thoroughbred stallion" by removing the requirement that the thoroughbred stallion be continuously present in this state during certain dates of the calendar year in which the qualifying race was conducted or that a sire be present during certain dates of the following calendar year and instead provide that an "eligible thoroughbred stallion" means a thoroughbred stallion that was continuously present in this state during certain dates of the calendar year in which he stood at stud and fathered the winner of the race. The bill would additionally provide that if a sire was standing at stud in this state on the date of his death, he shall thereafter continue to be considered an eligible thoroughbred stallion regarding a race participant fathered by him in that season. These provisions would only apply to thoroughbred stallions standing at stud and foals conceived in this state on or after January 1, 2010.

(5) Existing law provides that a thoroughbred stallion shall be considered an eligible thoroughbred stallion only if its owner has filed a claim for stallion award on or before February 15 of the calendar year immediately following the calendar year for which awards are being distributed and is registered with the official registering agency.

This bill would additionally require that the stallion owner be registered with the official registering agency. The bill would require the official registering agency to establish procedures for the registration of stallion owners. These eligible thoroughbred stallion provisions would only apply in regard to thoroughbred stallions standing at stud and foals conceived in this state on or after January 1, 2010.

(6) Existing law provides that a “stallion owner” means the person who is the owner of the eligible thoroughbred stallion as of December 31 of the calendar year in which that sire’s foals had eligible earnings or the person who owned the eligible sire on the date that the stallion died.

This bill would instead provide that “stallion owner” means the person who is the owner of the eligible thoroughbred stallion as of December 31 of each calendar year in which the eligible thoroughbred stallion stands at stud in this state as to all of that sire’s foals (1) that were conceived in this state in that calendar year and (2) that thereafter have eligible earnings. The bill would provide that in regards to eligible thoroughbred stallions that die, that stallion must have had stood at stud in this state during that year in order for the person who owned that thoroughbred stallion to be the stallion owner for that year. These stallion owner provisions would only apply in regard to thoroughbred stallions standing at stud and foals conceived in this state on or after January 1, 2010.

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 19401 of the Business and Professions
- 2 Code is amended to read:
- 3 19401. The intent of this chapter is to allow parimutuel
- 4 wagering on horse races, while:
- 5 (a) Assuring protection of the public.
- 6 (b) Encouraging agriculture and the breeding of horses in this
- 7 state.
- 8 (c) Providing for maximum expansion of horse racing
- 9 opportunities in the public interest.
- 10 (d) Providing uniformity of regulation for each type of horse
- 11 racing.

1 SEC. 2. Section 19460 of the Business and Professions Code
2 is amended to read:

3 19460. All licenses granted under this chapter:

4 (a) Shall be in writing.

5 (b) Are subject to all rules, regulations, and conditions
6 prescribed by the board.

7 (c) Shall contain such conditions as are deemed necessary or
8 desirable by the board for the best interests of horse racing and the
9 purposes of this chapter.

10 SEC. 3. Section 19613.05 of the Business and Professions Code
11 is amended to read:

12 19613.05. (a) Any association, including a fair, that conducts
13 thoroughbred racing shall pay to the owners' organization,
14 contracting with the association with respect to the conduct of
15 thoroughbred racing, an additional 1¼ percent of the portion
16 required by Section 19613 for a national marketing program. These
17 funds shall be used exclusively for the promotion of thoroughbred
18 racing in conjunction with a national thoroughbred racing
19 marketing program. Funds that may not be needed for this effort
20 shall be returned to the purse pool at the racing associations where
21 these funds were raised in direct proportion to the amount in which
22 they were initially raised. The owners' organization shall file a
23 report with the board and the respective Committees on
24 Governmental Organization of the Senate and Assembly,
25 accounting for the receipt and expenditure of these funds on an
26 annual basis. The board of directors of the owners' organization
27 shall have the discretion to select the national marketing
28 organization that shall be the recipient of these funds. If the board
29 of directors of the owners' organization decides at any time not to
30 contribute to the national marketing organization, notice shall be
31 given promptly to the respective racing association or associations
32 and the 1¼ percent deduction shall cease until the owners'
33 organization decides otherwise.

34 (b) This section shall remain in effect only until January 1, ~~2011~~,
35 2014, and as of that date is repealed, unless a later enacted statute,
36 that is enacted before January 1, ~~2011~~, 2014, deletes or extends
37 that date.

38 SEC. 4. Section 19617 of the Business and Professions Code
39 is amended to read:

1 19617. The following definitions shall govern the construction
2 of this section and Section 19617.2:

3 (a) “Breeder” means a person who is registered as a breeder of
4 a California-bred thoroughbred with the official registering agency
5 and is named on the applicable Certificate of Registration issued
6 by the Jockey Club of New York.

7 (b) “Qualifying race” means the following:

8 (1) In the case of breeder awards, all races in this state, all
9 graded stakes races conducted within the United States, and other
10 stakes races as designated by the official registering agency.

11 (2) As qualified by paragraph (5), in the case of owner
12 premiums, certain claiming races, as defined by paragraph (4), and
13 all allowance races, including maiden special weights. No owner
14 premiums shall be paid on California-bred restricted races pursuant
15 to Section 19568.

16 (3) As qualified by paragraph (5), in the case of stallion awards,
17 all nonclaiming races and certain claiming races, if the nonclaiming
18 races and the certain claiming races are conducted in this state
19 during racing meetings where more than one-half of the races on
20 every racing program are for thoroughbreds, all graded stakes races
21 conducted within the United States, and other stakes races as
22 designated by the official registering agency.

23 (4) “Certain claiming races” means thoroughbred races in the
24 central and southern zone with a minimum claiming level of forty
25 thousand dollars (\$40,000) for winners and thoroughbred races in
26 the northern zone with a minimum claiming level of twenty
27 thousand dollars (\$20,000) for winners.

28 (5) No owner premium or stallion award shall be paid on races
29 with purses of less than fifteen thousand dollars (\$15,000). In
30 determining whether a race complies with the definition in
31 paragraph (4), the official registering agency shall base its
32 determination on the actual amount of the purse at the time the
33 race was conducted and shall not take into consideration any
34 postrace adjustments to that purse.

35 (c) “Eligible earnings” means the following:

36 (1) In the case of breeder awards, the annual amount earned by
37 a California-bred thoroughbred for finishing first, second, or third
38 in qualifying races.

39 (2) In the case of owner premiums, the annual amount earned
40 by a California-bred thoroughbred for winning qualifying races.

1 (3) In order for earnings from a qualifying race to be considered
2 as eligible earnings, a California-bred thoroughbred shall be
3 registered as such with the official registering agency before the
4 date entries were taken by the association for the qualifying race
5 in which that horse earned purse money.

6 (4) In the case of stallion awards, the annual amount earned by
7 California-conceived or California-bred foals of an eligible
8 thoroughbred stallion in winning qualifying races plus the amount
9 earned by those foals for finishing second or third in a stakes race
10 in this state, for finishing first, second, or third in a graded stakes
11 race within the United States, and for finishing first, second, or
12 third in other stakes races as designated by the official registering
13 agency.

14 (5) For purposes of this section, the maximum purse considered
15 earned in any qualifying race within this state shall be three
16 hundred thirty thousand dollars (\$330,000) for a win, one hundred
17 twenty thousand dollars (\$120,000) for a second, and ninety
18 thousand dollars (\$90,000) for a third place finish and the
19 maximum purse considered earned in any qualifying race outside
20 of this state shall be one hundred sixty-five thousand dollars
21 (\$165,000) for a win, sixty thousand dollars (\$60,000) for a second,
22 and forty-five thousand dollars (\$45,000) for a third place finish.

23 (6) In determining the purse earned in any qualifying race that
24 is a stakes race, the amount earned shall be based solely on the
25 added money, with no consideration to be given to other sources
26 of the purse, such as nomination, entry, or starting fees, bonuses,
27 and sponsor contributions, or any combination thereof.

28 (7) On or before February 15 of any year, it is the ultimate
29 responsibility of the stallion owner to advise the official registering
30 agency of any and all purses earned during the preceding year that
31 shall be considered in determining the amount of the stallion award
32 to which the owner is entitled.

33 (8) On or before February 15 of any year, it is the ultimate
34 responsibility of the breeder to advise the official registering
35 agency of any and all purses earned during the preceding year in
36 graded stakes races outside of this state by horses bred by breeder.

37 (d) "Eligible thoroughbred stallion" means a thoroughbred
38 stallion that was continuously present in this state from February
39 1 to June 15, inclusive, of the calendar year in which the qualifying
40 race was conducted, and if the sire left this state after June 15 of

1 the calendar year in which the qualifying race was conducted, the
2 sire returned to and was present in this state by February 1 of the
3 following calendar year and thereafter remained until June 15 of
4 that year. If a sire dies in this state and stood his last season at stud
5 in this state, he shall thereafter continue to be considered an eligible
6 thoroughbred stallion.

7 (1) Notwithstanding any provision to the contrary, a
8 thoroughbred stallion shall be considered an eligible thoroughbred
9 stallion only if its owner has filed a claim for stallion award on or
10 before February 15 of the calendar year immediately following
11 the calendar year for which the awards are being distributed and
12 is registered with the official registering agency.

13 (2) The official registering agency shall establish procedures
14 for the registration of stallions and may charge a fee for that
15 registration.

16 (3) *This subdivision shall apply only to thoroughbred stallions
17 standing at stud in this state before January 1, 2010, and as to
18 foals conceived in this state before January 1, 2010.*

19 (e) *“Eligible thoroughbred stallion” means a thoroughbred
20 stallion that was continuously present in this state from February
21 1 to June 15, inclusive, of the year 2010 or any subsequent
22 calendar year in which he stood at stud and fathered the
23 participant in the race. If a sire dies in this state in the year 2010
24 or any subsequent year and stood his last season at stud in this
25 state, or was standing at stud in this state on the date of his death
26 in the year 2010 or any subsequent year, he shall thereafter
27 continue to be considered an eligible thoroughbred stallion
28 regarding a race participant fathered by him in that season.*

29 (1) *Notwithstanding any provision to the contrary, a
30 thoroughbred stallion shall be considered an eligible thoroughbred
31 stallion only if the stallion owner has filed a claim for stallion
32 award on or before February 15 of the calendar year immediately
33 following the calendar year for which the awards are being
34 distributed and the stallion and the stallion owner are registered
35 with the official registering agency.*

36 (2) *The official registering agency shall establish procedures
37 for the registration of stallions and stallion owners and may charge
38 a fee for that registration.*

1 (3) *This subdivision shall apply only to thoroughbred stallions*
2 *standing at stud in this state on or after January 1, 2010, and as*
3 *to foals conceived in this state on or after January 1, 2010.*

4 ~~(e)~~

5 (f) “Official registering agency” means the California
6 Thoroughbred Breeders Association.

7 ~~(f)~~

8 (g) “Owner” means the person who is registered with the
9 paymaster of purses on the date the qualifying race was conducted
10 as the owner of the California-bred thoroughbred earning purse
11 money in that race.

12 ~~(g)~~

13 (h) “Quotient,” for any fund, means the amount allocated to that
14 fund pursuant to subdivision (b) of Section 19617.2 divided by
15 the aggregate eligible earnings of the horses applicable to that
16 fund. In calculating the quotient for each of the funds, any
17 retroactive purse payments with respect to a race shall not be
18 considered after the disbursement of the fund.

19 ~~(h)~~

20 (i) “Stallion owner” means the person who is the owner of the
21 eligible thoroughbred stallion as of December 31 of the calendar
22 year in which that sire’s foals had eligible earnings or the person
23 who owned the eligible thoroughbred sire on the date that the
24 stallion died. *This subdivision shall only apply to thoroughbred*
25 *stallions standing at stud in this state before January 1, 2010, and*
26 *as to foals conceived in this state before January 1, 2010.*

27 (j) “Stallion owner” means the person who is the owner of the
28 eligible thoroughbred stallion as of December 31 of each calendar
29 year in which the eligible thoroughbred stallion stands at stud in
30 this state as to all of that sire’s foals (1) that were conceived in
31 this state in that calendar year and (2) that thereafter have eligible
32 earnings. *If the eligible thoroughbred stallion dies prior to*
33 *December 31 of a year in which that stallion stands at stud in this*
34 *state, the person who owned the eligible thoroughbred stallion on*
35 *the date that the stallion died shall be the stallion owner for that*
36 *year. This subdivision shall only apply to thoroughbred stallions*
37 *standing at stud in this state on or after January 1, 2010, and as*
38 *to foals conceived in this state on or after January 1, 2010.*

39 SEC. 5. Section 19617.2 of the Business and Professions Code
40 is amended to read:

1 19617.2. (a) Except as otherwise provided in this chapter, any
2 association conducting a race meeting that includes thoroughbred
3 racing shall deposit with the official registering agency 0.54 percent
4 of the total amount handled ontrack in daily conventional and
5 exotic parimutuel pools resulting from thoroughbred wagers made
6 in this state. These deposits shall be made at the following intervals:

7 (1) For any meeting of 20 racing days or less, the requisite
8 deposit shall be made not later than seven days immediately
9 following the last day of that meeting.

10 (2) For any meeting of more than 20 racing days, the initial
11 deposit shall be made not later than 27 racing days after the
12 commencement of that meeting and every 20 racing days thereafter,
13 with a final deposit made not later than seven days following the
14 last day of that meeting. The initial deposit for that meeting shall
15 be based upon the applicable amount handled during the first 20
16 racing days of the meeting, and deposits thereafter shall be based
17 upon the applicable amount handled during the ensuing periods
18 of 20 racing days with the last deposit being based upon the
19 applicable amount handled from the end of the last 20-racing-day
20 period for which a deposit has been made to the end of the meeting.

21 (b) After deducting a sum equal to 5 percent of the total deposits
22 made pursuant to subdivision (a) and the total deposits made
23 pursuant to Section 19602, the amount to compensate the official
24 registering agency for its administrative cost and for expenses it
25 incurs for educational, promotional, and research programs, the
26 official registering agency shall for computational purposes
27 distribute annually the balance of the deposits in the following
28 manner:

29 (1) To the California-bred race fund, 10 percent to be used for
30 the promotion of California-bred races and from which purses are
31 to be provided or supplemented for California Cup Day, other
32 California-bred races, and, upon the approval of the official
33 registering agency, races featuring California-breds. This fund
34 shall be administered by the official registering agency. Any funds
35 not used for those purposes during any year, up to 1 percent of the
36 total breeder, stallion, and owner award receipts, shall remain in
37 the California-bred race fund to be distributed for the purposes of
38 this paragraph the following year. Any funds remaining thereafter
39 shall be redistributed to augment the funds referred to in
40 subdivision (c), and shall be allocated to the breeder fund and to

1 the stallion fund as provided in that subdivision. It is the intent of
2 the Legislature that all funds used for purses shall supplement and
3 not supplant existing purses for California-breds.

4 (2) To the owner fund for the purpose of owner premiums
5 pursuant to Section 19614.4.

6 (3) To the California-bred bonus program, 15 percent of the
7 amount remaining to be used for the payment of bonuses to
8 California-bred horses in maiden allowance races in California.
9 This bonus program shall be administered by the official registering
10 agency.

11 (c) The funds remaining after the distributions made pursuant
12 to subdivision (b) shall be distributed as follows:

13 (1) To the breeder fund 75 percent, from which breeder awards
14 are to be paid.

15 (2) To the stallion fund 25 percent, from which stallion awards
16 are to be paid.

17 (d) The official registering agency shall make the following
18 payments to the owner, breeder, and stallion owner so as to
19 encourage agriculture and the breeding of higher quality horses in
20 this state:

21 (1) The owner shall be paid an owner premium pursuant to
22 Section 19614.4.

23 (2) The breeder shall be paid a breeder award equal to the
24 quotient for the breeder fund multiplied by the eligible earnings
25 of the horse bred by the breeder.

26 (3) The stallion owner shall be paid a stallion award equal to
27 the quotient for the stallion fund multiplied by the eligible earnings
28 of the stallion owner's eligible thoroughbred-sire *stallion*.

29 (4) Owner premiums for California-bred horses shall be listed
30 in the racing program alongside the advertised purse, and shall be
31 distributed to the owner pursuant to Section 19614.4 at the same
32 time as the purse.

33 (5) The breeder and stallion awards shall be paid not later than
34 March 31 of the calendar year immediately following the calendar
35 year for which the awards or premiums were earned.

O