

Assembly Bill No. 2792

CHAPTER 272

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

[Approved by Governor September 23, 2010. Filed with Secretary of State September 24, 2010.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2792, Committee on Governmental Organization. Horse racing.

(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 supporting the network of California fairs from that statement of intent.

(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 1 ¾% 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 These provisions are repealed as of January 1, 2011.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 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.

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

SECTION 1. Section 19401 of the Business and Professions Code is amended to read:

19401. The intent of this chapter is to allow parimutuel wagering on horse races, while:

- (a) Assuring protection of the public.
- (b) Encouraging agriculture and the breeding of horses in this state.

(c) Providing for maximum expansion of horse racing opportunities in the public interest.

(d) Providing uniformity of regulation for each type of horse racing.

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

19460. All licenses granted under this chapter:

(a) Shall be in writing.

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

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

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

19613.05. (a) Any association, including a fair, that conducts thoroughbred racing shall pay to the owners' organization, contracting with the association with respect to the conduct of thoroughbred racing, an additional $1\frac{3}{4}$ percent of the portion required by Section 19613 for a national marketing program. These funds shall be used exclusively for the promotion of thoroughbred racing in conjunction with a national thoroughbred racing marketing program. Funds that may not be needed for this effort shall be returned to the purse pool at the racing associations where these funds were raised in direct proportion to the amount in which they were initially raised. The owners' organization shall file a report with the board and the respective Committees on Governmental Organization of the Senate and Assembly, accounting for the receipt and expenditure of these funds on an annual basis. The board of directors of the owners' organization shall have the discretion to select the national marketing organization that shall be the recipient of these funds. If the board of directors of the owners' organization decides at any time not to contribute to the national marketing organization, notice shall be given promptly to the respective racing association or associations and the $1\frac{3}{4}$ percent deduction shall cease until the owners' organization decides otherwise.

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

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

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

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

(b) "Qualifying race" means the following:

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

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

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

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

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

(c) "Eligible earnings" means the following:

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

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

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

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

(5) For purposes of this section, the maximum purse considered earned in any qualifying race within this state shall be three hundred thirty thousand dollars (\$330,000) for a win, one hundred twenty thousand dollars (\$120,000) for a second, and ninety thousand dollars (\$90,000) for a third place finish and the maximum purse considered earned in any qualifying race outside of this state shall be one hundred sixty-five thousand dollars (\$165,000) for

a win, sixty thousand dollars (\$60,000) for a second, and forty-five thousand dollars (\$45,000) for a third place finish.

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

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

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

(d) “Eligible thoroughbred stallion” means a thoroughbred stallion that was continuously present in this state from February 1 to June 15, inclusive, of the calendar year in which the qualifying race was conducted, and if the sire left this state after June 15 of the calendar year in which the qualifying race was conducted, the sire returned to and was present in this state by February 1 of the following calendar year and thereafter remained until June 15 of that year. 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.

(1) Notwithstanding any provision to the contrary, 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 the awards are being distributed and is registered with the official registering agency.

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

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

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

(1) Notwithstanding any provision to the contrary, a thoroughbred stallion shall be considered an eligible thoroughbred stallion only if the stallion owner has filed a claim for stallion award on or before February 15 of the calendar year immediately following the calendar year for which the awards

are being distributed and the stallion and the stallion owner are registered with the official registering agency.

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

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

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

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

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

(i) “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 thoroughbred sire on the date that the stallion died. This subdivision shall only apply to thoroughbred stallions standing at stud in this state before January 1, 2010, and as to foals conceived in this state before January 1, 2010.

(j) “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. If the eligible thoroughbred stallion dies prior to December 31 of a year in which that stallion stands at stud in this state, the person who owned the eligible thoroughbred stallion on the date that the stallion died shall be the stallion owner for that year. This subdivision shall only apply to thoroughbred stallions standing at stud in this state on or after January 1, 2010, and as to foals conceived in this state on or after January 1, 2010.

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

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

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

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

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

(1) To the California-bred race fund, 10 percent to be used for the promotion of California-bred races and from which purses are to be provided or supplemented for California Cup Day, other California-bred races, and, upon the approval of the official registering agency, races featuring California-breds. This fund shall be administered by the official registering agency. Any funds not used for those purposes during any year, up to 1 percent of the total breeder, stallion, and owner award receipts, shall remain in the California-bred race fund to be distributed for the purposes of this paragraph the following year. Any funds remaining thereafter shall be redistributed to augment the funds referred to in subdivision (c), and shall be allocated to the breeder fund and to the stallion fund as provided in that subdivision. It is the intent of the Legislature that all funds used for purses shall supplement and not supplant existing purses for California-breds.

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

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

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

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

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

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

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

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

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

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

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