

ASSEMBLY BILL

No. 1762

Introduced by Assembly Member Garrick

February 17, 2012

An act to amend Section 19601 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1762, as introduced, Garrick. Horse racing: wagering.

Existing law provides that a licensed association or fair that is conducting a live horse racing meeting at any racing zone may accept wagers on any race conducted in the state if certain requirements are met, including that the association or fair accepting wagers on an out-of-zone transmitted race distributes the audiovisual signal of the race to, and accepts wagers from, all eligible satellite wagering facilities. Existing law also specifies the dates, times, and other procedures that associations and fairs are required to observe in transmitting and accepting wagering on out-of-zone, out-of-state, and out-of-country races.

This bill would make technical, nonsubstantive changes to these provisions.

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

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

- 1 SECTION 1. Section 19601 of the Business and Professions
- 2 Code is amended to read:

1 19601. (a) Notwithstanding any other provision of law, a
2 licensed association or fair that is conducting a live meeting in any
3 racing zone may accept wagers on any race *that is* conducted in
4 this state, if all of the following requirements are met:

5 (1) The association or fair that conducts the racing meeting and
6 the organization that is responsible for negotiating purse
7 agreements on behalf of the horsemen participating in that racing
8 meeting consent to the acceptance of the wagers. However, if
9 consent is withheld, any party may appeal the withholding of
10 consent to the board, which may determine that consent is not
11 required.

12 (2) The association or fair conducts not less than eight races on
13 days when the association or fair is licensed to conduct racing,
14 except that fewer than eight live races per day may be conducted
15 by the mutual agreement of the association or fair and the
16 organization that is responsible for negotiating purse agreements
17 on behalf of the horsemen participating in the racing meeting.

18 (3) Wagering is offered only within the association's or fair's
19 racing inclosure or within the satellite wagering facility and only
20 within seven days of the commencement of the racing program
21 with the transmitted race.

22 (4) All wagers are included in the appropriate parimutuel pool
23 at the racetrack of the association or fair where the race is
24 conducted, or, in the appropriate parimutuel pool of the racetrack
25 of the association or fair that accepts the transmitted race.

26 (5) The association or fair accepting wagers on an out-of-zone
27 transmitted race distributes the audiovisual signal of the race to,
28 and accepts wagers from, all eligible satellite wagering facilities.

29 (b) Any association or fair accepting wagers under subdivision
30 (a) shall deduct, from the total amount handled in each
31 conventional and exotic parimutuel pool on the transmitted race,
32 the same percentages deducted pursuant to Article 9.5
33 (commencing with Section 19610) for races at its own meeting.
34 However, if the wagers are from a quarter horse race meeting, then
35 the amounts deducted shall be the same as for a quarter horse race
36 meeting. Amounts deducted under this section, including amounts
37 deducted from wagers on out-of-zone races within the inclosure
38 of the association or fair, shall be distributed as provided under
39 Sections 19605.7, 19605.72, and 19605.73 with respect to wagers
40 made within the northern zone, or Sections 19605.71, 19605.72,

1 and 19605.73 with respect to wagers made within the central or
2 southern zone, except that amounts distributed for purposes other
3 than state license fees and fees payable to the Center for Equine
4 Health, School of Veterinary Medicine, University of California
5 at Davis, and the California Animal Health and Food Safety
6 Laboratory shall be proportionally reduced by the amount of any
7 fees paid to the Triple Crown or Breeder's Cup day host association
8 pursuant to subdivision (c). The method used to calculate the
9 reduction in proportionate share shall be approved by the board.
10 For wagers on out-of-state and out-of-country races made within
11 the association's or fair's inclosure, 1 percent shall be distributed
12 to the association or fair as a satellite wagering facility commission.

13 (c) Nothing in this section precludes an association or fair from
14 charging a fee as a condition of transmitting the Triple Crown or
15 Breeder's Cup day races, except that any fee shall be allocated
16 among all associations, fairs, and satellite wagering facilities
17 receiving the transmitted race in proportion to the amount wagered
18 at each location, and the fee shall equal that charged by the entity
19 conducting the race or races. Further, the only fee that can be
20 charged as a condition of transmitting the signal of an out-of-zone
21 race shall be a fee of 2.5 percent on Breeder's Cup day races.

22 (d) All breakage and unclaimed tickets, including unclaimed
23 refunds, shall be distributed equally between the association or
24 fair that accepts wagers on the transmitted race, and the horsemen,
25 in the form of purses. The purse moneys generated by this
26 subdivision shall be made available for purses during the meeting
27 in which they are received by the association or fair, or, if the
28 association or fair is not then conducting a live racing meeting,
29 during the next succeeding meeting of the association or fair.

30 (e) All wagers made pursuant to this section shall be considered
31 to have been wagered at a satellite wagering facility and shall be
32 excluded from total handle for the purposes of Section 19611.

33 (f) Notwithstanding Section 19530.5, satellite wagering facilities
34 operated by a fair, in the Counties of Fresno, Kern, or Tulare shall
35 be considered northern zone facilities and shall receive their
36 audiovisual signal from the association or fair conducting a racing
37 meeting in the northern zone that is authorized to distribute the
38 signal and accept wagers on central and southern zone races.
39 Satellite wagering facilities operated by a fair, in the Counties of
40 Santa Barbara or Ventura shall be considered central-southern

1 zone facilities and shall receive the audiovisual signal from the
2 association or fair conducting a racing meeting in the central or
3 southern zone that is authorized to distribute the signal and accept
4 wagers on northern zone races.

5 (g) All purse moneys derived from wagering on out-of-zone
6 races at fair racing meetings shall be distributed to all breeds of
7 horses participating in the fair meeting in direct proportion to the
8 purse money generated by breed on live races conducted during
9 the fair race meeting.

10 (h) During calendar periods when both a fair and a thoroughbred
11 association conduct live racing, the amounts deducted under this
12 section shall be distributed on any day of overlap as provided in
13 Section 19607.5, except that the applicable state license fee shall
14 be at the rate specified for nonfair meetings in subdivision (b) of
15 Section 19605.7.

16 (i) During calendar periods when a thoroughbred association
17 and a fair, or a thoroughbred association and any other breed
18 association are conducting a racing meeting in the same zone, the
19 thoroughbred association shall be the association authorized to
20 distribute out-of-zone, out-of-state, or out-of-country thoroughbred
21 or fair races, except that the thoroughbred association may waive
22 this right and allow the other breed racing association conducting
23 a race meeting to distribute the signal and accept wagers on
24 out-of-zone, out-of-state, or out-of-country thoroughbred or fair
25 races for any racing day or days. For the purposes of this
26 subdivision, the combined central and southern zone shall be
27 considered one zone.

28 (j) In order to ensure, to the extent possible, that out-of-state
29 and out-of-country simulcasting; furthers the purposes of this
30 section, a committee made up of one representative from each of
31 the then-operating thoroughbred associations or fairs that are
32 conducting a live racing meeting in the state and one representative
33 of the organization responsible for negotiating purse agreements
34 on behalf of the horsemen participating in the meeting shall do *all*
35 *of* the following:

36 (1) Determine the out-of-state or out-of-country thoroughbred
37 races to be imported on a statewide basis pursuant to provisions
38 of this chapter.

39 (2) Ensure, to the extent possible, that the fees charged by
40 out-of-state or out-of-country entities for these signals are at the

1 lowest obtainable rate and at the same rate statewide, in order to
2 maximize the revenue available to in-state associations and fairs
3 and their horsemen.

4 (3) Ensure, to the extent possible, due to the reciprocal nature
5 of the interstate simulcasting business, that the maximum
6 obtainable revenue is generated by the sale to out-of-state entities
7 of the audiovisual signal of races conducted in this state by
8 thoroughbred associations and fairs.

9 (4) Ensure that program information requirements for in-state
10 signals comply with the standards of the board, but provide that
11 abbreviated program formats may be used for races imported from
12 other jurisdictions.

13 (k) Notwithstanding any other provision of law, any
14 thoroughbred association or fair, when operating a live racing
15 meeting, shall distribute the signal of all races conducted by, or
16 disseminated by, that association or fair to, and accept wagers on
17 these races from, any association that is licensed to conduct a live
18 quarter horse or harness racing meeting in Orange County and that
19 conducted such a meeting in 1998.

20 (l) Notwithstanding any other provision of law, all associations
21 or fairs, when operating as eligible satellite wagering facilities,
22 shall be in compliance with, and subject to the provisions of,
23 Article 9.2 (commencing with Section 19605) of this chapter, and
24 shall display the signal and accept wagers on all live races
25 conducted in this state without regard to breed. ~~Notwithstanding~~
26 ~~the foregoing provision,~~ a thoroughbred racing association
27 located in the City of Arcadia is exempt from these requirements
28 for live harness and quarter horse races conducted at night unless
29 the thoroughbred racing association facility is open for business
30 at that time and is accepting wagers on other night signals pursuant
31 to this chapter.

32 **A**

33 (m) A quarter horse racing association located in the southern
34 zone shall display the signal and accept wagers on all races
35 imported by, or conducted by, a harness racing association
36 conducting racing in the northern zone. A harness racing
37 association in the northern zone shall display the signal and accept
38 wagers on all races imported by, or conducted by, a quarter horse
39 racing association conducting racing in the southern zone. On those
40 nights when both the harness racing association in the northern

1 zone and the quarter horse racing association in the southern zone
2 are conducting live racing, the audiovisual signal of both breeds
3 shall be displayed and wagers shall be accepted on both breeds at
4 each of the locations where the live racing is being conducted, and
5 each association shall display the audiovisual signal and accept
6 wagers on the other association's live or imported races throughout
7 their respective facilities, as they do when they are conducting
8 satellite wagering during other periods of the same day. Each
9 association shall pay the other an additional 5 percent of the amount
10 wagered at their respective facilities on the races imported by, or
11 conducted by, the other racing association. The additional 5 percent
12 received by the racing association pursuant to this paragraph shall
13 be distributed as 50 percent as commissions to the racing
14 association and 50 percent as purses to the horsemen participating
15 in the racing meeting. ~~Further, satellite~~ *Satellite* wagering facilities
16 located at fairs may, but are not required to, accept an audiovisual
17 signal on out-of-state or out-of-country races unless the facility is
18 open for business at the time and accepting wagers on other signals
19 pursuant to this chapter.