

AMENDED IN ASSEMBLY APRIL 16, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1347

Introduced by Assembly Member Gray

February 22, 2013

An act to amend ~~Section~~ *Sections 19596.2 and 19605.73* of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1347, as amended, Gray. Horse racing: *out-of-state thoroughbred races*: statewide marketing organization.

~~Existing~~

(1) Existing law authorizes a thoroughbred racing association or fair to distribute the audiovisual signal and accept wagers on the results of out-of-state thoroughbred races conducted in the United States during the calendar period the association or fair is conducting a race meeting, including days on which there is no live racing being conducted by the association or fair, without the consent of the organization that represents horsemen and horsewomen participating in the race meeting and without regard to the amount of purses. Under existing law, the total number of thoroughbred races imported by associations or fairs on a statewide basis under these provisions shall not exceed 50 per day on days when live thoroughbred or fair racing is being conducted in the state, with the exception of prescribed races, including races that are part of the race card of the Kentucky Derby, the Kentucky Oaks, the Preakness Stakes, the Belmont Stakes, the Jockey Club Gold Cup, the Travers Stakes, the Arlington Million, the Breeders' Cup, the Dubai Cup, the Arkansas Derby, or the Haskell Invitational.

This bill would exempt from the 50 race per day limitation, races that are part of the race card.

(2) Existing law, operative until January 1, 2014, authorizes thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing. If a marketing organization is formed, existing law requires an amount not to exceed 0.25% of the total amount handled by each satellite wagering facility to be distributed to the marketing organization, and imposes certain requirements on the marketing organization, including that the marketing organization annually submit certain information to the California Horse Racing Board.

This bill would extend the operation of those provisions to January 1, 2019. Because the bill would extend provisions of the Horse Racing Law, a violation of which is a crime, the bill would create new crimes and would thereby impose a state-mandated local program.

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.

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

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

1 SECTION 1. Section 19596.2 of the Business and Professions
2 Code is amended to read:
3 19596.2. (a) Notwithstanding any other ~~provision of~~ law and
4 except as provided in Section 19596.4, a thoroughbred racing
5 association or fair may distribute the audiovisual signal and accept
6 wagers on the results of out-of-state thoroughbred races conducted
7 in the United States during the calendar period the association or
8 fair is conducting a race meeting, including days on which there
9 is no live racing being conducted by the association or fair, without
10 the consent of the organization that represents horsemen and
11 horsewomen participating in the race meeting and without regard
12 to the amount of purses. Further, the total number of thoroughbred
13 races imported by associations or fairs on a statewide basis under

1 this section shall not exceed 50 per day on days when live
2 thoroughbred or fair racing is being conducted in the state. The
3 limitation of 50 imported races per day does not apply to any of
4 the following:

5 (1) Races imported for wagering purposes pursuant to
6 subdivision (c).

7 (2) Races imported that are part of the race card of *the Wood*
8 *Memorial*, the Kentucky Derby, the Kentucky Oaks, the Preakness
9 Stakes, the Belmont Stakes, the Jockey Club Gold Cup, the Travers
10 Stakes, the Arlington Million, the Breeders' Cup, the Dubai Cup,
11 the Arkansas Derby, or the Haskell Invitational.

12 (3) Races imported into the northern zone when there is no live
13 thoroughbred or fair racing being conducted in the northern zone.

14 (4) Races imported into the combined central and southern zones
15 when there is no live thoroughbred or fair racing being conducted
16 in the combined central and southern zones.

17 (b) Any thoroughbred association or fair accepting wagers
18 pursuant to subdivision (a) shall conduct the wagering in
19 accordance with the applicable provisions of Sections 19601,
20 19616, 19616.1, and 19616.2.

21 (c) No thoroughbred association or fair may accept wagers
22 pursuant to this section on out-of-state races commencing after 7
23 p.m., Pacific standard time, without the consent of the harness or
24 quarter horse racing association that is then conducting a live racing
25 meeting in *the counties of Orange or Sacramento Counties*.

26 **SECTION 1.**

27 *SEC. 2.* Section 19605.73 of the Business and Professions Code
28 is amended to read:

29 19605.73. (a) Thoroughbred racing associations, fairs, and the
30 organization responsible for contracting with thoroughbred racing
31 associations and fairs with respect to the conduct of racing
32 meetings; may form a private, statewide marketing organization
33 to market and promote thoroughbred and fair horse racing,
34 including, but not limited to, the establishment and maintenance
35 of an Internet Web site featuring California thoroughbred and fair
36 racing, the establishment and administration of players incentive
37 programs for those who wager on thoroughbred association and
38 fair races, and promotional activities at satellite wagering facilities
39 to increase their attendance and handle. While the promotional
40 activities at satellite wagering facilities shall be funded by the

1 marketing organization, they shall be implemented and coordinated
2 by representatives of the satellite wagering facilities and the
3 thoroughbred racing associations or fairs then conducting a live
4 race meet. The marketing organization shall consist of the
5 following members: two members, one from the northern zone
6 and one from the combined central and southern zones, appointed
7 by the thoroughbred racetracks; two members, one from the
8 northern zone and one from the combined central and southern
9 zones, appointed by the owners' organization responsible for
10 contracting with associations and fairs with respect to the conduct
11 of racing meetings; and two members, one from the northern zone
12 and one from the combined central and southern zones, appointed
13 by the organization representing racing and satellite fairs.

14 (b) The marketing organization formed pursuant to subdivision
15 (a) shall, by November 1 of each year, submit a written report to
16 the board on a statewide marketing and promotion plan for the
17 upcoming calendar year. In addition, the marketing organization
18 shall annually present to the board at the board's November
19 meeting a verbal report on the statewide marketing and promotion
20 plan for the upcoming calendar year. The plan shall be
21 implemented as determined by the marketing organization. The
22 marketing organization shall receive input from all interested
23 industry participants and may utilize outside consultants.

24 (c) In addition to the distributions specified in subdivisions (a)
25 and (b) of Section 19605.7, subdivisions (a) and (b) of Section
26 19605.71, and Section 19605.72, for thoroughbred and fair
27 meetings only, from the amount that would normally be available
28 for commissions and purses, an amount not to exceed 0.25 percent
29 of the total amount handled by each satellite wagering facility shall
30 be distributed to the marketing organization formed pursuant to
31 subdivision (a) for the purposes set forth therein. The amounts
32 initially distributed to the marketing organization formed pursuant
33 to subdivision (a) shall be 0.2 percent of the total amount handled
34 by satellite wagering facilities for thoroughbred and fair meetings
35 only. The amount distributable to the marketing organization may
36 be adjusted by the board, in its discretion. However, the adjusted
37 amounts ~~may~~ *shall* not exceed an aggregate of 0.25 percent of the
38 total amount handled by satellite wagering facilities for
39 thoroughbred and fair meetings only. Any of the promotion funds
40 that are not expended in the year in which they are collected may

1 be expended in the following year. If promotion funds expended
2 in any one year exceed the amount collected for that year, the funds
3 expended in the following year shall be reduced by the excess
4 amount. The marketing organization, on a quarterly basis, shall
5 submit to the board a written report that accounts for all receipts
6 and expenditures of the promotion funds for the previous three
7 months.

8 (d) This section shall remain in effect only until January 1, 2019,
9 and, as of that date, is repealed, unless a later enacted statute that
10 is enacted before January 1, 2019, deletes or extends that date.
11 Any moneys held by the marketing organization shall, in the event
12 this section is repealed, be distributed to the organization formed
13 pursuant to Section 19608.2, for purposes of that section.

14 ~~SEC. 2.~~

15 *SEC. 3.* No reimbursement is required by this act pursuant to
16 Section 6 of Article XIII B of the California Constitution because
17 the only costs that may be incurred by a local agency or school
18 district will be incurred because this act creates a new crime or
19 infraction, eliminates a crime or infraction, or changes the penalty
20 for a crime or infraction, within the meaning of Section 17556 of
21 the Government Code, or changes the definition of a crime within
22 the meaning of Section 6 of Article XIII B of the California
23 Constitution.