

AMENDED IN SENATE JUNE 5, 2014

AMENDED IN ASSEMBLY APRIL 22, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2765

Introduced by Committee on Governmental Organization (Assembly Members Hall (Chair), Nestande (Vice Chair), Bigelow, Chesbro, Cooley, Dababneh, Gray, Jones, Levine, Medina, Perea, V. Manuel Pérez, and Wilk)

March 28, 2014

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2765, as amended, Committee on Governmental Organization. Horse racing: marketing organization.

Existing law, operative until January 1, 2015, 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 submit, by November 1 of each year, a written report to the California Horse Racing Board. Existing law also authorizes the marketing organization to utilize outside consultants.

This bill would extend the operation of those provisions to January 1, 2019. By extending the operation of 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 bill would also change the date for submission of the written report to the board to October 1 of each year and limit the authorization for the marketing organization to use outside consultants to those consultants with horse racing or other related experience, including experience in other gaming enterprises.

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: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

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

1 SECTION 1. Section 19605.73 of the Business and Professions
2 Code is amended to read:
3 19605.73. (a) Thoroughbred racing associations, fairs, and the
4 organization responsible for contracting with thoroughbred racing
5 associations and fairs with respect to the conduct of racing
6 meetings, may form a private, statewide marketing organization
7 to market and promote thoroughbred and fair horse racing,
8 including, but not limited to, the establishment and maintenance
9 of an Internet Web site featuring California thoroughbred and fair
10 racing, the establishment and administration of players incentive
11 programs for those who wager on thoroughbred association and
12 fair races, and promotional activities at satellite wagering facilities
13 to increase their attendance and handle. While the promotional
14 activities at satellite wagering facilities shall be funded by the
15 marketing organization, they shall be implemented and coordinated
16 by representatives of the satellite wagering facilities and the
17 thoroughbred racing associations or fairs then conducting a live
18 race meet. The *marketing* organization shall consist of the
19 following members: two members, one from the northern zone
20 and one from the combined central and southern zones, appointed

1 by the thoroughbred racetracks; two members, one from the
2 northern zone and one from the combined central and southern
3 zones, appointed by the owners' organization responsible for
4 contracting with associations and fairs with respect to the conduct
5 of racing meetings; and two members, one from the northern zone
6 and one from the combined central and southern zones, appointed
7 by the organization representing racing and satellite fairs.

8 (b) The marketing organization formed pursuant to subdivision
9 (a) shall, by October 1 of each year, submit a written report to the
10 board on a statewide marketing and promotion plan for the
11 upcoming calendar year. In addition, the *marketing* organization
12 shall annually present to the board at the board's November
13 meeting a verbal report on the statewide marketing and promotion
14 plan for the upcoming calendar year. The plan shall be
15 implemented as determined by the *marketing* organization. The
16 *marketing* organization shall receive input from all interested
17 industry participants and may utilize outside consultants with horse
18 racing or other related experience, including experience in other
19 gaming enterprises.

20 (c) In addition to the distributions specified in subdivisions (a)
21 and (b) of Section 19605.7, subdivisions (a) and (b) of Section
22 19605.71, and Section 19605.72, for thoroughbred and fair
23 meetings only, from the amount that would normally be available
24 for commissions and purses, an amount not to exceed 0.25 percent
25 of the total amount handled by each satellite wagering facility shall
26 be distributed to the marketing organization formed pursuant to
27 subdivision (a) for the purposes set forth ~~therein~~ *in subdivision*
28 *(a)*. The amounts initially distributed to the marketing organization
29 formed pursuant to subdivision (a) shall be 0.2 percent of the total
30 amount handled by satellite wagering facilities for thoroughbred
31 and fair meetings only. The amount distributable to the marketing
32 organization may be adjusted by the board, in its discretion.
33 However, the adjusted amounts may not exceed an aggregate of
34 0.25 percent of the total amount handled by satellite wagering
35 facilities for thoroughbred and fair meetings only. Any of the
36 promotion funds that are not expended in the year in which they
37 are collected may be expended in the following year. If promotion
38 funds expended in any one year exceed the amount collected for
39 that year, the funds expended in the following year shall be reduced
40 by the excess amount. The marketing organization, on a quarterly

1 basis, shall submit to the board a written report that accounts for
2 all receipts and expenditures of the promotion funds for the
3 previous three months.

4 (d) This section shall remain in effect only until January 1, ~~2015~~,
5 2019, and as of that date is repealed, unless a later enacted statute,
6 that is enacted before January 1, ~~2015~~, 2019, deletes or extends
7 that date. Any moneys held by the *marketing* organization shall,
8 in the event this section is repealed, be distributed to the
9 organization formed pursuant to Section 19608.2, for purposes of
10 that section.

11 *SEC. 2. No reimbursement is required by this act pursuant to*
12 *Section 6 of Article XIII B of the California Constitution because*
13 *the only costs that may be incurred by a local agency or school*
14 *district will be incurred because this act creates a new crime or*
15 *infraction, eliminates a crime or infraction, or changes the penalty*
16 *for a crime or infraction, within the meaning of Section 17556 of*
17 *the Government Code, or changes the definition of a crime within*
18 *the meaning of Section 6 of Article XIII B of the California*
19 *Constitution.*