

AMENDED IN SENATE AUGUST 19, 2014

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, *and to add and repeal Section 19613.05 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~~. *organizations*.

~~Existing law, operative until January 1, 2015,~~

(1) Existing law, the Horse Racing Law, authorizes, until January 1, 2015, 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.

(2) A former provision in the Horse Racing Law, which was repealed on January 1, 2014, required any racing association, including a fair, that conducts thoroughbred racing to pay to the owners' organization contracting with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 3/4 % of the portion required to be deducted for purses for a national marketing program, as specified.

This bill would reenact this requirement, which would be effective until January 1, 2018, and repealed as of that date.

(3) By imposing requirements under the Horse Racing Law, the violation of which would be a crime, the bill would create new crimes and would thereby impose a state-mandated local program.

~~The~~

(4) 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 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,

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

21 (b) The marketing organization formed pursuant to subdivision
22 (a) shall, by October 1 of each year, submit a written report to the
23 board on a statewide marketing and promotion plan for the
24 upcoming calendar year. In addition, the marketing organization
25 shall annually present to the board at the board's November
26 meeting a verbal report on the statewide marketing and promotion
27 plan for the upcoming calendar year. The plan shall be
28 implemented as determined by the marketing organization. The
29 marketing organization shall receive input from all interested
30 industry participants and may utilize outside consultants with horse
31 racing or other related experience, including experience in other
32 gaming enterprises.

33 (c) In addition to the distributions specified in subdivisions (a)
34 and (b) of Section 19605.7, subdivisions (a) and (b) of Section
35 19605.71, and Section 19605.72, for thoroughbred and fair
36 meetings only, from the amount that would normally be available
37 for commissions and purses, an amount not to exceed 0.25 percent
38 of the total amount handled by each satellite wagering facility shall
39 be distributed to the marketing organization formed pursuant to
40 subdivision (a) for the purposes set forth in subdivision (a). The

1 amounts initially distributed to the marketing organization formed
2 pursuant to subdivision (a) shall be 0.2 percent of the total amount
3 handled by satellite wagering facilities for thoroughbred and fair
4 meetings only. The amount distributable to the marketing
5 organization may be adjusted by the board, in its discretion.
6 However, the adjusted amounts may not exceed an aggregate of
7 0.25 percent of the total amount handled by satellite wagering
8 facilities for thoroughbred and fair meetings only. Any of the
9 promotion funds that are not expended in the year in which they
10 are collected may be expended in the following year. If promotion
11 funds expended in any one year exceed the amount collected for
12 that year, the funds expended in the following year shall be reduced
13 by the excess amount. The marketing organization, on a quarterly
14 basis, shall submit to the board a written report that accounts for
15 all receipts and expenditures of the promotion funds for the
16 previous three months.

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

23 *SEC. 2. Section 19613.05 is added to the Business and*
24 *Professions Code, to read:*

25 *19613.05. (a) Any association, including a fair, that conducts*
26 *thoroughbred racing shall pay to the owners' organization,*
27 *contracting with the association with respect to the conduct of*
28 *thoroughbred racing, an additional 1³/₄ percent of the portion*
29 *deducted for purses, required by Section 19613, for a national*
30 *marketing program. These funds shall be used exclusively for the*
31 *promotion of thoroughbred racing in conjunction with a national*
32 *thoroughbred racing marketing program. Funds that may not be*
33 *needed for this effort shall be returned to the purse pool at the*
34 *racing associations where these funds were raised in direct*
35 *proportion to the amount in which they were initially raised. The*
36 *owners' organization shall file a report with the board and the*
37 *respective Senate and Assembly Committees on Governmental*
38 *Organization, accounting for the receipt and expenditure of these*
39 *funds on an annual basis. The board of directors of the owners'*
40 *organization shall have the discretion to select the national*

1 *marketing organization that shall be the recipient of these funds.*
2 *If the board of directors of the owners' organization decides at*
3 *any time not to contribute to the national marketing organization,*
4 *notice shall be given promptly to the respective racing association*
5 *or associations and the 1³/₄ percent deduction shall cease until*
6 *the owners' organization decides otherwise.*

7 *(b) This section shall remain in effect only until January 1, 2018,*
8 *and as of that date is repealed, unless a later enacted statute, that*
9 *is enacted before January 1, 2018, deletes or extends that date.*

10 ~~SEC. 2.~~

11 *SEC. 3.* 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.