

ASSEMBLY BILL

No. 1539

Introduced by Committee on Governmental Organization (Assembly Members Gray (Chair), Linder (Vice Chair), Achadjian, Bigelow, Cooley, Cooper, Jones-Sawyer, Levine, Mayes, Salas, Steinorth, and Waldron)

March 26, 2015

An act to amend Section 19604 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1539, as introduced, Committee on Governmental Organization. Horse racing: advance deposit wagering: deductions and distributions: jockey retirement plan.

The Horse Racing Law authorizes advance deposit wagering to be conducted, with the approval of the California Horse Racing Board. That law requires the board to develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for advance deposit wagering providers operating in California and authorizes a racing association, a fair, a satellite wagering facility, or a minisatellite wagering facility to enter into an agreement with an advance deposit wagering provider to accept and facilitate the placement of any wager at its facility that a California resident could make through that advance deposit wagering provider.

The Horse Racing Law also requires that amounts distributed under these advance deposit wagering provisions be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting, except for harness racing meetings, provided that the amount

of this reduction not exceed \$2,000,000. That law requires that the method used to calculate the reduction in proportionate share be approved by the board and deducted and distributed in specified amounts, including 50% of the money to the board to establish and to administer jointly with the organization certified as the majority representative of California-licensed jockeys, a defined contribution retirement plan for California-licensed jockeys who retired from racing on or after January 1, 2009.

This bill would provide that a person becomes a participant in the retirement plan when he or she is licensed as a jockey in California.

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

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

- 1 SECTION 1. Section 19604 of the Business and Professions
2 Code is amended to read:
3 19604. The board may authorize ~~any~~ a racing association,
4 racing fair, betting system, or multijurisdictional wagering hub to
5 conduct advance deposit wagering in accordance with this section.
6 Racing associations, racing fairs, and their respective horsemen's
7 organizations may form a partnership, joint venture, or any other
8 affiliation in order to further the purposes of this section.
9 (a) As used in this section, the following definitions apply:
10 (1) "Advance deposit wagering" (ADW) means a form of
11 parimutuel wagering in which a person residing within California
12 or outside of this state establishes an account with an ADW
13 provider, and subsequently issues wagering instructions concerning
14 the funds in this account, thereby authorizing the ADW provider
15 holding the account to place wagers on the account owner's behalf.
16 (2) "ADW provider" means a licensee, betting system, or
17 multijurisdictional wagering hub, located within California or
18 outside this state, that is authorized to conduct advance deposit
19 wagering pursuant to this section.
20 (3) "Betting system" means a business conducted exclusively
21 in this state that facilitates parimutuel wagering on races it
22 simulcasts and other races it offers in its wagering menu.
23 (4) "Breed of racing" means as follows:

1 (A) With respect to associations and fairs licensed by the board
2 to conduct thoroughbred, fair, or mixed breed race meetings, “breed
3 of racing” shall mean thoroughbred.

4 (B) With respect to associations licensed by the board to conduct
5 quarter horse race meetings, “breed of racing” shall mean quarter
6 horse.

7 (C) With respect to associations and fairs licensed by the board
8 to conduct standardbred race meetings, “breed of racing” shall
9 mean standardbred.

10 (5) “Contractual compensation” means the amount paid to an
11 ADW provider from advance deposit wagers originating in this
12 state. Contractual compensation includes, but is not limited to, hub
13 fee payments, and may include host fee payments, if any, for
14 out-of-state and out-of-country races. Contractual compensation
15 is subject to the following requirements:

16 (A) Excluding contractual compensation for host fee payments,
17 contractual compensation shall not exceed 6.5 percent of the
18 amount wagered.

19 (B) The host fee payments included within contractual
20 compensation shall not exceed 3.5 percent of the amount wagered.
21 Notwithstanding this provision, the host fee payment with respect
22 to wagers on the Kentucky Derby, Preakness Stakes, Belmont
23 Stakes, and selected Breeders’ Cup Championship races may be
24 negotiated by the ADW provider, the racing associations accepting
25 wagers on those races pursuant to Section 19596.2, and the
26 horsemen’s organization.

27 (C) In order to ensure fair and consistent market access fee
28 distributions to associations, fairs, horsemen, and breeders, for
29 each breed of racing, the percentage of wagers paid as contractual
30 compensation to an ADW provider pursuant to the terms of a hub
31 agreement with a racing association or fair when that racing
32 association or fair is conducting live racing shall be the same as
33 the percentage of wagers paid as contractual compensation to that
34 ADW provider when that racing association or fair is not
35 conducting live racing.

36 (6) “Horsemen’s organization” means, with respect to a
37 particular racing meeting, the organization recognized by the board
38 as responsible for negotiating purse agreements on behalf of
39 horsemen participating in that racing meeting.

(7) “Hub agreement” means a written agreement providing for contractual compensation paid with respect to advance deposit wagers placed by California residents on a particular breed of racing conducted outside of California. In the event a hub agreement exceeds a term of two years, then an ADW provider, one or more racing associations or fairs that together conduct no fewer than five weeks of live racing for the breed covered by the hub agreement, and the horsemen’s organization responsible for negotiating purse agreements for the breed covered by the hub agreement shall be signatories to the hub agreement. A hub agreement is required for an ADW provider to receive contractual compensation for races conducted outside of California.

(8) “Hub agreement arbitration” means an arbitration proceeding pursuant to which the disputed provisions of the hub agreement pertaining to the hub or host fees from wagers on races conducted outside of California provided pursuant to paragraph (2) of subdivision (b) are determined in accordance with the provisions of this paragraph. If a hub agreement arbitration is requested, all of the following shall apply:

(A) The ADW provider shall be permitted to accept advance deposit wagers from California residents.

(B) The contractual compensation received by the ADW provider shall be the contractual compensation specified in the hub agreement that is the subject of the hub agreement arbitration.

(C) The difference between the contractual compensation specified in subparagraph (B) and the contractual compensation determined to be payable at the conclusion of the hub agreement arbitration shall be calculated and paid within 15 days following the arbitrator’s decision and order. The hub agreement arbitration shall be held as promptly as possible, but in no event more than 60 days following the demand for that arbitration. The arbitrator shall issue a decision no later than 15 days following the conclusion of the arbitration. A single arbitrator jointly selected by the ADW provider and the party requesting a hub agreement arbitration shall conduct the hub agreement arbitration. However, if the parties cannot agree on the arbitrator within seven days of issuance of the written demand for arbitration, then the arbitrator shall be selected pursuant to the Streamlined Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services, or pursuant to the applicable rules of its successor organization. In making the hub

1 agreement arbitration determination, the arbitrator shall be required
2 to choose between the contractual compensation of the hub
3 agreement agreed to by the ADW provider or whatever different
4 terms for the hub agreement were proposed by the party requesting
5 the hub agreement arbitration. The arbitrator shall not be permitted
6 to impose new, different, or compromised terms to the hub
7 agreement. The arbitrator's decision shall be final and binding on
8 the parties. If an arbitration is requested, either party may bring
9 an action in state court to compel a party to go into arbitration or
10 to enforce the decision of the arbitrator. The cost of the hub
11 agreement arbitration, including the cost of the arbitrator, shall be
12 borne in equal shares by the parties to the hub agreement and the
13 party or parties requesting a hub agreement arbitration. The hub
14 agreement arbitration shall be administered by the Judicial
15 Arbitration and Mediation Services pursuant to its Streamlined
16 Arbitration Rules and Procedures or its successor organization.

17 (9) "Incentive awards" means those payments provided for in
18 Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The
19 amount determined to be payable for incentive awards under this
20 section shall be payable to the applicable official registering agency
21 and thereafter distributed as provided in this chapter.

22 (10) "Licensee" means ~~any~~ a racing association or fair licensed
23 to conduct a live racing meet in this state, or affiliation thereof,
24 authorized under this section.

25 (11) "Market access fee" means the amount of advance deposit
26 wagering handle remaining after the payment of winning wagers,
27 and after the payment of contractual compensation, if any, to an
28 ADW provider. Market access fees shall be distributed in
29 accordance with subdivision (f).

30 (12) "Multijurisdictional wagering hub" means a business
31 conducted in more than one jurisdiction that facilitates parimutuel
32 wagering on races it simulcasts and other races it offers in its
33 wagering menu.

34 (13) "Racing fair" means a fair authorized by the board to
35 conduct live racing.

36 (14) "Zone" means the zone of the state, as defined in Section
37 19530.5, except as modified by the provisions of subdivision (f)
38 of Section 19601. For these purposes, the central and southern
39 zones shall together be considered one zone.

1 (b) Wagers shall be accepted according to the procedures set
2 forth in this subdivision.

3 (1) No ADW provider shall accept wagers or wagering
4 instructions on races conducted in California from a resident of
5 California unless all of the following conditions are met:

6 (A) The ADW provider is licensed by the board.

7 (B) A written agreement allowing those wagers exists with the
8 racing association or fair conducting the races on which the wagers
9 are made.

10 (C) The agreement referenced in subparagraph (B) shall have
11 been approved in writing by the horsemen's organization
12 responsible for negotiating purse agreements for the breed on
13 which the wagers are made in accordance with the Interstate
14 Horseracing Act (15 U.S.C. Sec. 3001 et seq.), regardless of the
15 location of the ADW provider, whether in California or otherwise,
16 including, without limitation, any and all requirements contained
17 therein with respect to written consents and required written
18 agreements of horsemen's groups to the terms and conditions of
19 the acceptance of those wagers and any arrangements as to the
20 exclusivity between the host racing association or fair and the
21 ADW provider. For purposes of this subdivision, the substantive
22 provisions of the Interstate Horseracing Act shall be taken into
23 account without regard to whether, by its own terms, that act is
24 applicable to advance deposit wagering on races conducted in
25 California accepted from residents of California.

26 (2) No ADW provider shall accept wagers or wagering
27 instructions on races conducted outside of California from a
28 resident of California unless all of the following conditions are
29 met:

30 (A) The ADW provider is licensed by the board.

31 (B) There is a hub agreement between the ADW provider and
32 one or both of (i) one or more racing associations or fairs that
33 together conduct no fewer than five weeks of live racing on the
34 breed on which wagering is conducted during the calendar year
35 during which the wager is placed, and (ii) the horsemen's
36 organization responsible for negotiating purse agreements for the
37 breed on which wagering is conducted.

38 (C) If the parties referenced in clauses (i) and (ii) of
39 subparagraph (B) are both signatories to the hub agreement, then
40 no party shall have the right to request a hub agreement arbitration.

(D) If only the party or parties referenced in clause (i) of subparagraph (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide a copy of the hub agreement to the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted for each race conducted outside of California on which California residents may place advance deposit wagers. Before receipt of the hub agreement, the horsemen's organization shall sign a nondisclosure agreement with the ADW provider agreeing to hold confidential all terms of the hub agreement. If the horsemen's organization wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the copy of the hub agreement, and shall provide its alternate proposal to the hub and host fees specified in the hub agreement with that written notice. If the horsemen's organization does not provide that written notice within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If the horsemen's organization does provide that written notice within the 10-day period, then the ADW provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
- (ii) Accept the alternate proposal submitted by the horsemen's organization.
- (iii) Proceed with a hub agreement arbitration.

(E) If only the party referenced in clause (ii) of subparagraph (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide written notice of the host and hub fees applicable pursuant to the hub agreement for each race conducted outside of California on which California residents may place advance deposit wagers, which notice shall be provided to all racing associations and fairs conducting live racing of the same breed covered by the hub agreement. If any racing association or fair wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the notice of host and hub fees. It shall also provide its alternate proposal to the hub and host fees specified in the hub agreement with the notice of its election. If

1 more than one racing association or fair provides notice of their
2 request for hub agreement arbitration, those racing associations or
3 fairs, or both, shall have a period of five days to jointly agree upon
4 which of their alternate proposals shall be the official proposal for
5 purposes of the hub agreement arbitration. If one or more racing
6 associations or fairs that together conduct no fewer than five weeks
7 of live racing on the breed on which wagering is conducted during
8 the calendar year during which the wager is placed does not provide
9 written notice of their election to arbitrate within the 10-day period,
10 then no party shall have the right to request a hub agreement
11 arbitration. If a valid hub agreement arbitration request is made,
12 then the ADW provider shall have 10 days to elect in writing to
13 do one of the following:

- 14 (i) Abandon the hub agreement.
- 15 (ii) Accept the alternate proposal submitted by the racing
16 associations or fairs.
- 17 (iii) Proceed with a hub agreement arbitration.

18 The results of ~~any~~ a hub agreement arbitration elected pursuant
19 to this subdivision shall be binding on all other associations and
20 fairs conducting live racing on that breed.

21 (F) The acceptance thereof is in compliance with the provisions
22 of the Interstate Horseracing Act (15 U.S.C. Sec. 3001 et seq.),
23 regardless of the location of the ADW provider, whether in
24 California or otherwise, including, without limitation, any and all
25 requirements contained therein with respect to written consents
26 and required written agreements of horsemen's groups to the terms
27 and conditions of the acceptance of the wagers and any
28 arrangements as to the exclusivity between the host racing
29 association or fair and the ADW provider.

30 (c) An advance deposit wager may be made only by the ADW
31 provider holding the account pursuant to wagering instructions
32 issued by the owner of the funds communicated by telephone call
33 or through other electronic media. The ADW provider shall ensure
34 the identification of the account's owner by using methods and
35 technologies approved by the board. ~~Any~~ An ADW provider that
36 accepts wagering instructions concerning races conducted in
37 California, or accepts wagering instructions originating in
38 California, shall provide a full accounting and verification of the
39 source of the wagers thereby made, including the postal ZIP Code
40 and breed of the source of the wagers, in the form of a daily

1 download of parimutuel data to a database designated by the board.
2 The daily download shall be delivered in a timely basis using file
3 formats specified by the database designated by the board, and
4 shall include any and all data necessary to calculate and distribute
5 moneys according to the rules and regulations governing California
6 parimutuel wagering. ~~Any and all~~ All reasonable costs associated
7 with the creation, provision, and transfer of this data shall be borne
8 by the ADW provider.

9 (d) (1) (A) The board shall develop and adopt rules to license
10 and regulate all phases of operation of advance deposit wagering
11 for ADW providers operating in California, including advance
12 deposit wagering activity that takes place within a minisatellite
13 wagering facility. The board may recover ~~any~~ costs associated
14 with the licensing or regulation of advance deposit wagering
15 activities in a minisatellite wagering facility either directly from
16 the ADW provider or through an appropriate increase in the
17 funding formula devised by the board pursuant to paragraph (1)
18 of subdivision (a) of Section 19616.51.

19 (B) The board shall not approve an application for an original
20 or renewal license as an ADW provider unless the entity, if
21 requested in writing by a bona fide labor organization no later than
22 90 days before licensing, has entered into a contractual agreement
23 with that labor organization that provides all of the following:

24 (i) The labor organization has historically represented employees
25 who accept or process any form of wagering at the nearest horse
26 racing meeting located in California.

27 (ii) The agreement establishes the method by which the ADW
28 provider will agree to recognize and bargain in good faith with a
29 labor organization that has demonstrated majority status by
30 submitting authorization cards signed by those employees who
31 accept or process any form of wagering for which a California
32 ADW license is required.

33 (iii) The agreement requires the ADW provider to maintain its
34 neutrality concerning the choice of those employees who accept
35 or process any form of wagering for which a California ADW
36 license is required whether or not to authorize the labor
37 organization to represent them with regard to wages, hours, and
38 other terms and conditions of employment.

39 (iv) The agreement applies to those classifications of employees
40 who accept or process wagers for which a California ADW license

1 is required whether the facility is located within or outside of
2 California.

3 (C) (i) The agreement required by subparagraph (B) shall not
4 be conditioned by either party upon the other party agreeing to
5 matters outside the requirements of subparagraph (B).

6 (ii) The requirement in subparagraph (B) shall not apply to an
7 ADW provider that has entered into a collective bargaining
8 agreement with a bona fide labor organization that is the exclusive
9 bargaining representative of employees who accept or process
10 parimutuel wagers on races for which an ADW license is required
11 whether the facility is located within or outside of California.

12 (D) Permanent state or county employees and nonprofit
13 organizations that have historically performed certain services at
14 county, state, or district fairs may continue to provide those
15 services.

16 (E) Parimutuel clerks employed by racing associations or fairs
17 or employees of ADW providers who accept or process any form
18 of wagers who are laid off due to lack of work shall have
19 preferential hiring rights for new positions with their employer in
20 occupations whose duties include accepting or processing any
21 form of wagers, or the operation, repair, service, or maintenance
22 of equipment that accepts or processes any form of wagering at a
23 racetrack, satellite wagering facility, or ADW provider licensed
24 by the board. The preferential hiring rights established by this
25 subdivision shall be conditioned upon the employee meeting the
26 minimum qualification requirements of the new job.

27 (2) The board shall develop and adopt rules and regulations
28 requiring ADW providers to establish security access policies and
29 safeguards, including, but not limited to, the following:

30 (A) The ADW provider shall use board-approved methods to
31 perform location and age verification confirmation with respect
32 to persons establishing an advance deposit wagering account.

33 (B) The ADW provider shall use personal identification numbers
34 (PINs) or other technologies to assure that only the accountholder
35 has access to the advance deposit wagering account.

36 (C) The ADW provider shall provide for withdrawals from the
37 wagering account only by means of a check made payable to the
38 accountholder and sent to the address of the accountholder or by
39 means of an electronic transfer to an account held by the verified
40 accountholder or the accountholder may withdraw funds from the

1 wagering account at a facility approved by the board by presenting
2 verifiable account identification information.

3 (D) The ADW provider shall allow the board access to its
4 premises to visit, investigate, audit, and place expert accountants
5 and other persons it deems necessary for the purpose of ensuring
6 that its rules and regulations concerning credit authorization,
7 account access, and other security provisions are strictly complied
8 with. To ensure that the amounts retained from the parimutuel
9 handle are distributed under law, rules, or agreements, any ADW
10 provider that accepts wagering instructions concerning races
11 conducted in California or accepts wagering instructions originating
12 in California shall provide an independent “agreed-upon
13 procedures” audit for each California racing meeting, within 60
14 days of the conclusion of the race meeting. The auditing firm to
15 be used and the content and scope of the audit, including host fee
16 obligations, shall be set forth in the applicable agreement. The
17 ADW provider shall provide the board, horsemen’s organizations,
18 and the host racing association with an annual parimutuel audit of
19 the financial transactions of the ADW provider with respect to
20 wagers authorized pursuant to this section, prepared in accordance
21 with generally accepted auditing standards and the requirements
22 of the board. Any and all reasonable costs associated with those
23 audits shall be borne by the ADW provider.

24 (3) The board shall prohibit advance deposit wagering
25 advertising that it determines to be deceptive to the public. The
26 board shall also require, by regulation, that every form of
27 advertising contain a statement that minors are not allowed to open
28 or have access to advance deposit wagering accounts.

29 (e) In order for a licensee, betting system, or multijurisdictional
30 wagering hub to be approved by the board as an ADW provider,
31 it shall meet both of the following requirements:

32 (1) All wagers thereby made shall be included in the appropriate
33 parimutuel pool under a contractual agreement with the applicable
34 host track.

35 (2) The amounts deducted from advance deposit wagers shall
36 be in accordance with the provisions of this chapter.

37 (f) After the payment of contractual compensation, the amounts
38 received as market access fees from advance deposit wagers, which
39 shall not be considered for purposes of Section 19616.51, shall be
40 distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Public Employment Relations Board to cover costs associated with audits conducted pursuant to Section 19526 and for purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this section. However, if that amount would exceed the costs of the Public Employment Relations Board, the amount distributed to that board shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to 2 percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1 percent of the next two hundred fifty million dollars

1 (\$250,000,000) of handle from all advance deposit wagers
2 originating from within California annually, and an amount equal
3 to 0.50 percent of handle from all advance deposit wagers
4 originating from within California in excess of seven hundred fifty
5 million dollars (\$750,000,000) annually, shall be distributed as
6 satellite wagering commissions. Satellite wagering facilities that
7 were not operational in 2001, other than one each in the Cities of
8 Inglewood and San Mateo, and two additional facilities each
9 operated by the Alameda County Fair and the Los Angeles County
10 Fair and their partners and other than existing facilities that are
11 relocated, are not eligible for satellite wagering commission
12 distributions under this section. The satellite wagering facility
13 commissions calculated in accordance with this subdivision shall
14 be distributed to each satellite wagering facility and racing
15 association or fair in the zone in which the wager originated in the
16 same relative proportions that the satellite wagering facility or the
17 racing association or fair generated satellite commissions during
18 the previous calendar year. If there is a reduction in the satellite
19 wagering commissions pursuant to this section, the benefits
20 therefrom shall be distributed equitably as purses and commissions
21 to all associations and racing fairs generating advance deposit
22 wagers in proportion to the handle generated by those associations
23 and racing fairs. If a satellite wagering facility is permanently
24 closed other than for renovation or remodeling, or if a satellite
25 wagering facility is unwilling or unable to accept all of the signals
26 that are available to that facility, the commissions otherwise
27 provided for in this subdivision that would be payable to that
28 facility shall be proportionately reduced to take into account the
29 time that satellite wagering is no longer conducted by that facility,
30 or the payment of those commissions shall be eliminated entirely
31 if the facility is permanently closed, and, in either case, the satellite
32 wagering commissions not paid shall be proportionately
33 redistributed to the other eligible satellite wagering facilities. For
34 purposes of this section, the purse funds distributed pursuant to
35 Section 19605.72 shall be considered to be satellite wagering
36 facility commissions attributable to thoroughbred races at the
37 locations described in that section.

38 (5) After the distribution of the amounts set forth in paragraphs
39 (1) to (4), inclusive, the remaining market access fees from advance
40 deposit wagers originating in California shall be as follows:

1 (A) With respect to wagers on each breed of racing, the amount
2 remaining shall be distributed to the racing association or fair that
3 is conducting live racing on that breed during the calendar period
4 in the zone in which the wager originated. That amount shall be
5 allocated to that racing association or fair as commissions, to
6 horsemen participating in that racing meeting in the form of purses,
7 and as incentive awards, in the same relative proportion as they
8 were generated or earned during the prior calendar year at that
9 racing association or fair on races conducted or imported by that
10 racing association or fair after making all deductions required by
11 applicable law. Notwithstanding any other law, the distributions
12 with respect to each breed of racing set forth in this subparagraph
13 may be altered upon the approval of the board, in accordance with
14 an agreement signed by the respective associations, fairs,
15 horsemen's organizations, and breeders organizations receiving
16 those distributions.

17 (B) If the provisions of Section 19601.2 apply, then the amount
18 distributed to the applicable racing associations or fairs shall first
19 be divided between those racing associations or fairs in direct
20 proportion to the total amount wagered in the applicable zone on
21 the live races conducted by the respective association or fair.
22 Notwithstanding this requirement, when the provisions of
23 subdivision (b) of Section 19607.5 apply to the 2nd District
24 Agricultural Association in Stockton or the California Exposition
25 and State Fair in Sacramento, then the total amount distributed to
26 the applicable racing associations or fairs shall first be divided
27 equally, with 50 percent distributed to applicable fairs and 50
28 percent distributed to applicable associations.

29 (C) Notwithstanding any provisions of this section to the
30 contrary, with respect to wagers on out-of-state and out-of-country
31 thoroughbred races conducted after 6 p.m., Pacific *standard* time,
32 50 percent of the amount remaining shall be distributed as
33 commissions to thoroughbred associations and racing fairs, as
34 thoroughbred and fair purses, and as incentive awards in
35 accordance with subparagraph (A), and the remaining 50 percent,
36 together with the total amount remaining from advance deposit
37 wagering originating from California out-of-state and
38 out-of-country harness and quarter horse races conducted after 6
39 p.m., Pacific *standard* time, shall be distributed as commissions
40 on a pro rata basis to the applicable licensed quarter horse

1 association and the applicable licensed harness association, based
2 upon the amount handled in state, both on- and off-track, on each
3 breed's own live races in the previous year by that association, or
4 its predecessor association. One-half of the amount thereby
5 received by each association shall be retained by that association
6 as a commission, and the other half of the money received shall
7 be distributed as purses to the horsemen participating in its current
8 or next scheduled licensed racing meeting.

9 (D) Notwithstanding any provisions of this section to the
10 contrary, with respect to wagers on out-of-state and out-of-country
11 nonthoroughbred races conducted before 6 p.m., Pacific *standard*
12 time, 50 percent of the amount remaining shall be distributed as
13 commissions as provided in subparagraph (C) for licensed quarter
14 horse and harness associations, and the remaining 50 percent shall
15 be distributed as commissions to the applicable thoroughbred
16 associations or fairs, as thoroughbred and fair purses, and as
17 incentive awards in accordance with subparagraph (A).

18 (E) Notwithstanding any provision of this section to the contrary,
19 the distribution of market access fees pursuant to this subparagraph
20 may be altered upon the approval of the board, in accordance with
21 an agreement signed by all parties whose distributions would be
22 affected.

23 (g) A racing association, a fair, a satellite wagering facility, or
24 a minisatellite wagering facility may enter into an agreement with
25 an ADW provider to accept and facilitate the placement of any
26 wager from a patron at its facility that a California resident could
27 make through that ADW provider. Deductions from wagers made
28 pursuant to ~~the~~ *this* agreement shall be distributed in accordance
29 with the provisions of this chapter governing wagers placed at that
30 facility, except that the board may authorize alternative
31 distributions as agreed to by the ADW provider, the operator of
32 the facility accepting the wager, the association or fair conducting
33 that breed of racing in the zone where the wager is placed, and the
34 respective horsemen's organization.

35 (h) ~~Any issues~~ *issue* concerning the interpretation or application
36 of this section shall be resolved by the board.

37 (i) Amounts distributed under this section shall be proportionally
38 reduced by an amount equal to 0.00295 multiplied by the amount
39 handled on advance deposit wagers originating in California for
40 each racing meeting, except for harness racing meetings, provided

1 that the amount of this reduction shall not exceed two million
2 dollars (\$2,000,000). The method used to calculate the reduction
3 in proportionate share shall be approved by the board. The amount
4 deducted shall be distributed as follows:

5 (1) (A) Fifty percent of the money to the board to establish and
6 to administer jointly with the organization certified as the majority
7 representative of California-licensed jockeys pursuant to Section
8 19612.9, a defined contribution retirement plan for
9 California-licensed jockeys who retired from racing on or after
10 January 1, 2009.

11 (B) *A person becomes a participant in the retirement plan when*
12 *he or she is licensed as a jockey in California.*

13 (2) The remaining 50 percent of the money shall be distributed
14 as follows:

15 (A) Seventy percent shall be distributed to supplement the
16 trainer-administered pension plans for backstretch personnel
17 established pursuant to Section 19613. Moneys distributed pursuant
18 to this subparagraph shall supplement, and not supplant, moneys
19 distributed to that fund pursuant to Section 19613 or any other
20 provision of law.

21 (B) Thirty percent shall be distributed to the welfare fund
22 established for the benefit of horsemen and backstretch personnel
23 pursuant to subdivision (b) of Section 19641. Moneys distributed
24 pursuant to this subparagraph shall supplement, and not supplant,
25 moneys distributed to that fund pursuant to Section 19641 or any
26 other provision of law.

27 (j) Amounts distributed under this section shall be proportionally
28 reduced by an amount equal to 0.00295 multiplied by the amount
29 handled on advance deposit wagers originating in California for
30 each harness racing meeting, provided that the amount of this
31 reduction shall not exceed five hundred thousand dollars
32 (\$500,000). The method used to calculate the reduction in
33 proportionate share shall be approved by the board. The amount
34 deducted shall be distributed as follows:

35 (1) First to the welfare fund established for the benefit of
36 horsemen and backstretch personnel, pursuant to subdivision (b)
37 of Section 19641, and administered by the organization
38 representing the horsemen participating in the race meeting, in the
39 amount requested by the welfare fund. Moneys distributed pursuant
40 to this paragraph shall supplement, and not supplant, moneys

1 distributed to that fund pursuant to Section 19641 or any other
2 provision of law.

3 (2) The amount remaining, if any, shall be utilized for the benefit
4 of the horsemen as specified in a written agreement between the
5 racing association that conducts the live harness race meeting and
6 the organization representing the horsemen participating in the
7 race meeting.

8 (k) Notwithstanding subdivision (j), amounts generated that
9 were deducted from amounts handled on advance deposit wagering
10 for harness racing meetings pursuant to subdivision (i), as that
11 section read before the enactment of subdivision (j), that have been
12 held in trust by the California Exposition and State Fair shall be
13 distributed as follows:

14 (1) Fifty percent to the harness racing horsemen who participated
15 in the racing meeting that concluded June 16, 2012, in the form
16 of purses.

17 (2) Fifty percent to the California Exposition and State Fair in
18 the form of commissions.