

ASSEMBLY BILL

No. 2011

Introduced by Assembly Member Cooper

February 16, 2016

An act to amend Sections 19607.2 and 19607.3 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2011, as introduced, Cooper. Horse racing: thoroughbred racing: northern zone: auxiliary offsite stabling, training, and vanning.

(1) The Horse Racing Law requires, when satellite wagering is conducted on thoroughbred races at associations or fairs in the northern zone, that an amount not to exceed 1.25% of the total amount handled by all of those satellite wagering facilities be deducted from the funds otherwise allocated for distribution as commissions, purses, and owners' premiums and instead be distributed to an organization formed and operated by thoroughbred racing associations, fairs conducting thoroughbred racing, and the organization representing thoroughbred horsemen, to administer a fund to provide reimbursement for offsite stabling at California Horse Racing Board-approved auxiliary training facilities for additional stalls beyond the number of usable stalls the association or fair is required to make available and maintain, and for the vanning of starters from these additional stalls on racing days for thoroughbred horses.

This bill would increase the amount that is required to be deducted to an amount not to exceed 2% and would provide that this amount, if adjusted by the board, may be a different percentage of the handle for different associations and fairs, but only if all the associations and fairs agree to the differing percentages. The bill would establish an auxiliary

offsite stabling and training facility and vanning program for thoroughbred races in the northern zone. The bill would revise and recast the provisions governing the organization formed and operated to administer the fund to include, among other things, a 50-50 percentage allocation of specified voting interests on the board of the organization, the use of funds to pay the organization's expenses and compensate the provider of a board-approved auxiliary facility for offsite stabling and training of thoroughbred horses in the northern zone, and the requirement that the organization submit its proposed financial and operational plans for the upcoming calendar year to the board for review no later than November 1 of the preceding year.

The bill would also require that the funds be used to cover all or part of the cost of vanning thoroughbred horses in the northern zone from a board-approved auxiliary offsite stabling and training facility and would authorize the organization to enter into multiyear contracts for auxiliary facilities in the northern zone subject to specified conditions. The bill would authorize the organization to use the funds to pay back commissions, purses, and owners' premiums to the extent that the deductions made exceed in any year the amount of the funds necessary to achieve the objectives of the organization. The bill would also authorize a thoroughbred racing association or fair in the northern zone to opt out of the auxiliary offsite stabling and training facility and vanning program, as specified. The bill would provide that the board shall reserve the right to adjudicate any disputes that arise regarding costs, or other matters, relating to the furnishing of offsite stabling, training, or vanning, as specified.

(2) By expanding the 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.

(3) 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 19607.2 of the Business and Professions
2 Code is amended to read:

3 19607.2. Notwithstanding Section 19605.8, when satellite
4 wagering is conducted on thoroughbred races at associations or
5 fairs in the northern zone, an amount not to exceed ~~1.25~~ 2 percent
6 of the total amount handled by all of those satellite wagering
7 facilities, shall be deducted from the funds otherwise allocated for
8 distribution as commissions, purses, and owners' premiums and
9 instead *be* distributed to an organization formed and operated by
10 thoroughbred racing associations, fairs conducting thoroughbred
11 racing, and the organization representing thoroughbred ~~horsemen,~~
12 ~~with each party having meaningful representation~~ *horsemen and*
13 *horsewomen, for use pursuant to Section 19607.3. A vote of the*
14 *organization representing thoroughbred horsemen and*
15 *horsewomen shall constitute 50 percent of all voting interests on*
16 *the board of the organization, to administer, pursuant* ~~organization~~
17 ~~formed and operated to supervision of~~ *administer the board, a fund*
18 ~~to provide reimbursement for offsite stabling at board-approved~~
19 ~~auxiliary training facilities of fund.~~ *The other 50 percent of all*
20 *voting interests shall be allocated among thoroughbred racing*
21 ~~associations or and fairs for additional stalls beyond the number~~
22 ~~of usable stalls the association is required to make available and~~
23 ~~maintain pursuant to Section 19535, conducting thoroughbred~~
24 ~~racing in a manner that provides meaningful representation on~~
25 ~~the governing board of the organization for starter fees~~
26 ~~thoroughbred racing associations and for the vanning of starters~~
27 ~~from these additional stalls on race days for thoroughbred horses.~~
28 ~~fairs conducting thoroughbred racing, except as provided in~~
29 ~~subdivision (h) of Section 19607.3.~~

30 SEC. 2. Section 19607.3 of the Business and Professions Code
31 is amended to read:

32 19607.3. (a) ~~The~~ *Notwithstanding Section 19535, the funds*
33 *distributed to the organization formed pursuant to Section 19607.2*
34 *shall be used to reimburse racing associations that are operating*
35 *pay the organization's expenses and compensate the provider of*
36 *a board-approved auxiliary offsite facility for stabling, training,*
37 *and vanning of thoroughbred horses in the northern zone. The*
38 *organization administering the auxiliary offsite stabling providing*

1 ~~additional stalls and training facility and vanning program shall~~
2 ~~submit its proposed financial and operational plans for the~~
3 ~~incremental increase in operating costs directly resulting from~~
4 ~~providing the stabling, upcoming calendar year to the board for~~
5 ~~review no later than November 1 of the preceding year.~~ Neither
6 the organization administering the *auxiliary* offsite stabling and
7 *training facility and vanning* program nor any of the entities
8 forming and operating the organization, except the entity operating
9 the *auxiliary* offsite stabling *and training* facility where the injury
10 occurred, shall be liable for any injury to any jockey, exercise
11 person, owner, trainer, or any employee or agent thereof, or any
12 horse occurring at any *auxiliary* offsite stabling *and training*
13 facility.

14 (b) The funds shall also be used to ~~reimburse horsemen for cover~~
15 ~~all or part of the cost of vanning-starting thoroughbred~~ horses
16 from a board-approved auxiliary ~~training facility operated by a~~
17 ~~racing association or fair~~ offsite stabling and training facility to
18 the track ~~conducting the racing meeting.~~ Horsemen may use carriers
19 of their own choice, ~~except that to start in a thoroughbred race at~~
20 ~~a thoroughbred or fair racing meeting in the amount northern~~
21 ~~zone. The organization shall determine the extent of reimbursement~~
22 ~~to horsemen is limited to the amount and manner in which~~
23 ~~compensation will be paid for thoroughbred horses that the~~
24 ~~organization determines is generally charged by carriers for~~
25 ~~vanning are vanned~~ from the auxiliary ~~training~~ facility to the track
26 or the fair conducting the *thoroughbred or fair* racing meeting.
27 Neither the organization administering the *auxiliary* offsite stabling
28 and *training facility and vanning* program nor any of the entities
29 forming and operating the organization, except ~~the an~~ entity
30 actually engaged in vanning horses, is liable for any injury
31 occurring to any individual or horse during vanning from an offsite
32 stabling *and training* facility.

33 (c) The *auxiliary offsite stabling and training* facilities and the
34 amenities provided for offsite stabling and training purposes shall
35 be *substantially* equivalent in character to those provided ~~during~~
36 ~~by the thoroughbred racing meetings of association or fair~~
37 ~~conducting the association racing meeting.~~

38 (d) *In order to ensure the long-term availability of facilities for*
39 *offsite stabling and training, the organization may enter into*
40 *multiyear contracts for auxiliary facilities in the northern zone.*

1 *The organization shall submit to the board for its approval the*
2 *multiyear contracts that it enters into with providers of auxiliary*
3 *facilities for offsite stabling and training. Contracts not*
4 *disapproved by the board within 60 days of submittal to the board*
5 *shall be deemed to have been approved by the board.*

6 *(e) At the request of the board, the organization shall submit a*
7 *report detailing all of its receipts and expenditures over the prior*
8 *two fiscal years and, upon request of any party within the*
9 *organization, those receipts and expenditures shall be audited by*
10 *the board.*

11 ~~*(d) Upon the request of any party within the organization, the*~~
12 ~~*board shall adjudicate any dispute regarding costs, or other matters*~~
13 ~~*relating*~~

14 ~~*(f) In addition to the furnishing uses of offsite stabling or*~~
15 ~~*vanning. The board may, if necessary, appoint an independent*~~
16 ~~*auditor to assist in the resolution of disputes. The auditor shall be*~~
17 ~~*reimbursed from the funds described in subdivisions (a) and (b),*~~
18 ~~*the organization may use the funds for both of the organization.*~~
19 ~~*following:*~~

20 ~~*(e) The organization may maintain*~~

21 ~~*(1) Maintain a reserve fund of up to 10 percent of the total*~~
22 ~~*estimated annual vanning and auxiliary offsite stabling and training*~~
23 ~~*facility costs. In addition to the reserve fund, if the funds generated*~~
24 ~~*for the auxiliary offsite stabling and training facilities and vanning*~~
25 ~~*are insufficient to fully reimburse racing associations or fairs for*~~
26 ~~*expenses incurred during cover the offsite vanning and stabling*~~
27 ~~*program, expenses incurred, the organization may may, in the*~~
28 ~~*future, accumulate sufficient funds to fully reimburse cover those*~~
29 ~~*associations or fairs for those expenses.*~~

30 ~~*(2) Pay back commissions, purses, and owners' premiums to*~~
31 ~~*the extent the deductions made pursuant to Section 19607.2 exceed*~~
32 ~~*in any year the amount of funds necessary to achieve the objectives*~~
33 ~~*of the organization.*~~

34 ~~*(f)*~~

35 ~~*(g) The amount initially deducted and distributed to the*~~
36 ~~*organization shall be 0.5 percent of the total amount handled by*~~
37 ~~*satellite wagering facilities authorized under this article in the*~~
38 ~~*northern zone on thoroughbred racing, but that allocation may*~~
39 ~~*pursuant to Section 19607.2 may be adjusted by the board, in its*~~
40 ~~*discretion. However, the adjusted amount may not exceed 1.25 2*~~

1 percent of the total amount handled by satellite wagering facilities,
 2 facilities. The amount deducted and distributed to pay expenses
 3 and maintain the reserve fund for organization as adjusted by the
 4 continuing support board may be a different percentage of the
 5 program. handle for different associations and fairs conducting
 6 thoroughbred racing meetings in the northern zone, but only if all
 7 the associations and fairs agree to the differing percentages.

8 (h) A thoroughbred racing association or fair in the northern
 9 zone that is able to provide the minimum number of stalls required
 10 by its racing meeting license without the use of any auxiliary offsite
 11 stabling and training facility and vanning program may opt out
 12 of that program, in which case the deduction described in Section
 13 19607.2 shall not apply during the live racing meeting conducted
 14 by the association or fair until such time as the association or fair
 15 opts back into the auxiliary offsite stabling and training facility
 16 and vanning program. Any thoroughbred racing association or
 17 fair in the northern zone that opts out of the auxiliary offsite
 18 stabling and training facility and vanning program shall not have
 19 any voting interest therein until such time as the association or
 20 fair opts back into the program. The organization shall establish
 21 reasonable procedures and timelines for the giving of notice to
 22 the organization by a thoroughbred racing association or fair that
 23 elects to opt out of the auxiliary offsite stabling and training facility
 24 and vanning program.

25 (i) The board shall reserve the right to adjudicate any disputes
 26 that arise regarding costs, or other matters, relating to the
 27 furnishing of offsite stabling, training, or vanning. Notwithstanding
 28 any other law, the board shall maintain all powers necessary and
 29 proper to ensure that offsite stabling, training, and vanning, as
 30 provided for in this article, is conducted in a manner that protects
 31 the public and serves the best interests of horse racing.

32 SEC. 3. No reimbursement is required by this act pursuant to
 33 Section 6 of Article XIII B of the California Constitution because
 34 the only costs that may be incurred by a local agency or school
 35 district will be incurred because this act creates a new crime or
 36 infraction, eliminates a crime or infraction, or changes the penalty
 37 for a crime or infraction, within the meaning of Section 17556 of
 38 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

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