

Introduced by Senator HallFebruary 18, 2016

An act to amend Sections 19607 and 19607.1 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1240, as introduced, Hall. Horse racing: thoroughbred racing: central and southern zones: 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 central or southern 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 distributed to an organization formed and operated by thoroughbred racing associations, fairs conducting thoroughbred racing, and the organization representing thoroughbred horsemen and horsewomen, 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%. The bill would establish an auxiliary offsite stabling and training facility and vanning program for thoroughbred races in the central and southern zones. 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 compensate the provider of a board-approved auxiliary facility for offsite stabling and training of thoroughbred horses in the central and southern zones, 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 central or southern 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 central or southern 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 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.

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.

(2) 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.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. 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 of the Business and Professions
2 Code is amended to read:
3 19607. (a) Notwithstanding Sections 19605.8 and 19605.9,
4 when satellite wagering is conducted on thoroughbred races at
5 associations or fairs in the central or southern zone, an amount not

1 to exceed ~~1.25 percent~~ 2 percent of the total amount handled by
2 all of those satellite wagering facilities shall be deducted from the
3 funds otherwise allocated for distribution as commissions, purses,
4 and owners' premiums and instead distributed to an organization
5 formed and operated by ~~thoroughbred racing associations, fairs~~
6 ~~conducting thoroughbred racing~~, *one licensed association from*
7 *each facility in the central and southern zones at which a*
8 *thoroughbred or fair racing meeting is conducted*, and the
9 organization representing thoroughbred horsemen and horsewomen,
10 with each party having meaningful representation on the board of
11 the organization, to administer, pursuant to supervision of the
12 board, a fund to provide reimbursement for offsite stabling at
13 board-approved auxiliary training facilities for additional stalls
14 beyond the number of usable stalls the association or fair is
15 required to make available and maintain pursuant to Section 19535,
16 and for the vanning of starters from these additional stalls on racing
17 days for thoroughbred horses: *horsewomen, for use in accordance*
18 *with Section 19607.1.*

19 (b) *A vote of the organization representing thoroughbred*
20 *horsemen and horsewomen shall constitute 50 percent of all voting*
21 *interests on the board of the organization formed and operated to*
22 *administer the fund. The other 50 percent of all voting interests*
23 *shall be allocated among thoroughbred racing associations and*
24 *fairs conducting thoroughbred racing in proportion to the number*
25 *of racing weeks allocated to each thoroughbred racing association*
26 *or fair in the central or southern zone. Any use of funds by the*
27 *organization shall be approved by the affirmative vote of both (1)*
28 *the organization representing thoroughbred horsemen and*
29 *horsewomen, and (2) at least two of the licensed thoroughbred*
30 *racing associations that are part of the organization formed*
31 *pursuant to this section.*

32 SEC. 2. Section 19607.1 of the Business and Professions Code
33 is amended to read:

34 19607.1. (a) ~~The~~ *Notwithstanding Section 19535*, funds
35 distributed to the organization formed pursuant to Section 19607
36 shall be used to ~~reimburse racing associations that are operating~~
37 ~~offsite stabling providing additional stalls for the incremental~~
38 ~~increase in operating costs directly resulting from providing the~~
39 ~~stabling~~. *compensate the provider of a board-approved auxiliary*
40 *facility for offsite stabling and training of thoroughbred horses in*

1 *the central or southern zone. The organization administering the*
2 *offsite stabling and vanning program shall submit its proposed*
3 *financial and operational plans for the upcoming calendar year*
4 *to the board for review and approval no later than November 1 of*
5 *the preceding year. Neither the organization administering the*
6 *offsite stabling and vanning program nor any of the entities forming*
7 *and operating the organization, except the an entity operating the*
8 *auxiliary offsite stabling facility where the injury occurred, shall*
9 *be liable for any injury to any jockey, exercise person, owner,*
10 *trainer, or any employee or agent thereof, or any horse occurring*
11 *at any offsite stabling facility.*

12 ~~(b) The funds shall also be used to reimburse horsemen for the~~
13 ~~cost of vanning starting horses from a board-approved auxiliary~~
14 ~~training facility operated by a licensed racing association to the~~
15 ~~track conducting the racing meeting. Horsemen may use carriers~~
16 ~~of their own choice, except that the amount of reimbursement to~~
17 ~~horsemen is limited to the amount that the organization determines~~
18 ~~is generally charged by carriers for vanning from the auxiliary~~
19 ~~training facility to the track conducting the racing meeting. Neither~~
20 ~~the organization administering the offsite stabling and vanning~~
21 ~~program nor any of the entities forming and operating the~~
22 ~~organization, except the entity actually engaged in vanning horses,~~
23 ~~is liable for any injury occurring to any individual or horse during~~
24 ~~vanning from an offsite stabling facility.~~

25 *(b) The funds shall also be used to cover all or part of the cost*
26 *of vanning thoroughbred horses from a board-approved auxiliary*
27 *offsite stabling and training facility to start in a thoroughbred race*
28 *at a thoroughbred or fair racing meeting in the central or southern*
29 *zone. The organization shall determine the extent of and manner*
30 *in which compensation will be paid for thoroughbred horses that*
31 *are vanned from the auxiliary facility to the track conducting the*
32 *thoroughbred or fair racing meeting, but the vanning shall be*
33 *made available on a consistent and uniform basis for all*
34 *thoroughbred and fair racing meetings in a given year. Neither*
35 *the organization administering the offsite stabling and vanning*
36 *program nor any of the entities that form and operate the*
37 *organization, except an entity actually engaged in vanning horses,*
38 *is liable for any injury occurring to any individual or horse during*
39 *vanning from an offsite stabling facility.*

1 (c) ~~The training auxiliary offsite stabling facilities and amenities~~
2 ~~provided for offsite stabling and training purposes shall be~~
3 ~~substantially equivalent in character to those provided during~~
4 ~~racing meetings of the association. by the thoroughbred racing~~
5 ~~association or fair conducting the racing meeting.~~

6 ~~(d) Upon the request of any party within the organization, the~~
7 ~~board shall adjudicate any dispute regarding costs, or other matters~~
8 ~~relating to the furnishing of offsite stabling or vanning. The board~~
9 ~~may, if necessary, appoint an independent auditor to assist in the~~
10 ~~resolution of disputes. The auditor shall be reimbursed from the~~
11 ~~funds of the organization.~~

12 ~~(e) The organization may maintain a reserve fund of up to 10~~
13 ~~percent of the total estimated annual vanning and stabling costs.~~
14 ~~In addition to the reserve fund, if the funds generated for offsite~~
15 ~~stabling and vanning are insufficient to fully reimburse racing~~
16 ~~associations for expenses incurred during the offsite vanning and~~
17 ~~stabling program, the organization may accumulate sufficient funds~~
18 ~~to fully reimburse those associations for those expenses.~~

19 ~~(d) In order to ensure the long-term availability of facilities for~~
20 ~~offsite stabling and training, the organization may enter into~~
21 ~~multiyear contracts for auxiliary facilities in either the central or~~
22 ~~southern zone. The organization shall submit to the board for its~~
23 ~~approval multiyear contracts it enters into with providers of~~
24 ~~auxiliary facilities for the offsite stabling and training period.~~
25 ~~Contracts not disapproved by the board within 60 days of submittal~~
26 ~~to the board shall be deemed to have been approved by the board.~~
27 ~~Once a multiyear contract has been approved by the board, it shall~~
28 ~~be considered to have been approved for its duration.~~

29 ~~(e) At the request of the board, the organization shall submit a~~
30 ~~report detailing all of its receipts and expenditures over the prior~~
31 ~~two fiscal years and upon request of any party within the~~
32 ~~organization, those receipts and expenditures shall be audited by~~
33 ~~the board.~~

34 ~~(f) In addition to the uses of funds described in subdivisions (a)~~
35 ~~and (b), the organization may use the funds for both of the~~
36 ~~following:~~

37 ~~(1) The organization may maintain a reserve fund of up to 10~~
38 ~~percent of the total estimated annual vanning and auxiliary offsite~~
39 ~~stabling costs. In addition to the reserve fund, if the funds~~
40 ~~generated for the auxiliary offsite stabling facilities and vanning~~

1 *are insufficient to fully cover the expenses incurred, the*
2 *organization may, in the future, accumulate sufficient funds to*
3 *fully cover those expenses.*

4 *(2) Pay back commissions, purses, and owners' premiums to*
5 *the extent the deductions made pursuant to Section 19607 exceed*
6 *in any year the amount of funds necessary to achieve the objectives*
7 *of the organization.*

8 ~~(f)~~

9 *(g) The amount initially deducted and distributed to the*
10 *organization shall be ~~1.25~~ 2 percent of the total amount handled*
11 *by satellite wagering facilities authorized under this article in the*
12 *central or southern zone on thoroughbred racing, but that allocation*
13 *may be adjusted by the board, in its discretion. However, the*
14 *adjusted amount may not exceed ~~1.25~~ 2 percent of the total amount*
15 *handled by satellite wagering facilities, to pay expenses and*
16 *maintain the reserve fund for the continuing support of the*
17 *program. facilities.*

18 *(h) The board shall reserve the right to adjudicate any disputes*
19 *that arise regarding costs or other matters relating to the*
20 *furnishing of offsite stabling or vanning. Notwithstanding any*
21 *other law, the board shall maintain all powers necessary and*
22 *proper to ensure that offsite stabling and vanning, as provided for*
23 *in this chapter, is conducted in a manner that protects the public*
24 *and serves the best interests of horse racing.*

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

34 SEC. 4. This act is an urgency statute necessary for the
35 immediate preservation of the public peace, health, or safety within
36 the meaning of Article IV of the Constitution and shall go into
37 immediate effect. The facts constituting the necessity are:

38 In order to ensure that the horse racing industry may continue,
39 uninterrupted, to provide auxiliary offsite stabling and vanning in

- 1 an effective manner that protects the public safety, it is necessary
- 2 that this act take effect immediately.

O