

AMENDED IN SENATE MAY 29, 1996

**SENATE BILL**

**No. 2000**

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**Introduced by Senators Maddy, Ayala, Beverly, Costa, Dills,  
Haynes, Hughes, Lewis, Monteith, Mountjoy, and  
Rosenthal**

February 23, 1996

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An act to ~~add Sections 19616.5 and 19616.51 to the Business  
and Professions Code~~, relating to horseracing.

LEGISLATIVE COUNSEL'S DIGEST

SB 2000, as amended, Maddy. Horseracing: license fees.

Existing law provides for the payment of a daily state license fee by a fair or association conducting horseracing at varying rates depending on the amount handled in its parimutuel pool and the type of racing.

~~This bill would provide that notwithstanding these provisions, the state license fee for any calendar year shall be the lesser of the rate provided for under existing law, or the rate of the mean average of the effective parimutuel tax rates of the 8 states in the country with the largest parimutuel handle, determined as specified.~~

*The bill would provide for a specified reduction in the license fee rate for the 1996-97 fiscal year.*

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 19616.5 is added to the Business~~

2

1 SECTION 1. Notwithstanding any other provision of  
2 law, for the 1996–97 fiscal year, the license fee rate on all  
3 wagers made in the state on horseraces conducted by, or  
4 disseminated by, a racing association or fair shall be  
5 reduced equally by the percentage necessary, as  
6 determined by the board, that will result in a reduction  
7 in the dollar amount of the fees that would otherwise be  
8 deposited in the General Fund of two million seven  
9 hundred thousand dollars (\$2,700,000).

10 and Professions Code, to read:

11 ~~19616.5. (a) The Legislature declares that the sport~~  
12 ~~of horseracing has contributed significantly to the~~  
13 ~~entertainment of generations of sports enthusiasts in~~  
14 ~~California. As one of California's oldest industries,~~  
15 ~~horseracing has been part of California's sports tradition~~  
16 ~~for over 60 years.~~

17 ~~(b) One of the stated purposes of the horseracing law~~  
18 ~~is to encourage agriculture and the breeding of horses in~~  
19 ~~this state, and the breeding, training, and racing of horses~~  
20 ~~preserves over 154,000 acres of agricultural land in~~  
21 ~~California.~~

22 ~~(c) The sport of horseracing contributes nearly \$3~~  
23 ~~billion annually in direct and indirect economic benefits~~  
24 ~~to California, providing 30,000 jobs in the agriculture,~~  
25 ~~entertainment, and tourism segments of the California~~  
26 ~~economy. Numerous other states have recognized the~~  
27 ~~vital importance of the sport of horseracing to their~~  
28 ~~economies, and have taken critical steps to preserve the~~  
29 ~~sport through economic incentives and regulatory~~  
30 ~~reform.~~

31 ~~(d) The Legislature finds and declares as follows:~~

32 ~~(1) California's horseracing businesses, horse owners,~~  
33 ~~and breeders pay the highest state and local tax rate in the~~  
34 ~~United States putting California racing at a competitive~~  
35 ~~disadvantage with many other states.~~

36 ~~(2) The sport of horseracing in other states sell their~~  
37 ~~racing product via satellite in direct competition with~~  
38 ~~California.~~

39 ~~(3) Establishing tax parity with other states for the~~  
40 ~~sport of horseracing in California will preserve jobs,~~



1 encourage economic stability and reinvestment in the  
2 agriculture, entertainment, and tourism segments of the  
3 economy, and insure continued economic contributions  
4 to state and local governments through income and sales  
5 tax revenues.

6 ~~SEC. 2. Section 19616.51 is added to the Business and~~  
7 ~~Professions Code, to read:~~

8 ~~19616.51. (a) Notwithstanding any other provision of~~  
9 ~~law, the state license fee rate for any calendar year on all~~  
10 ~~wagers made in the state on horseraces conducted by, or~~  
11 ~~disseminated by, a racing association or fair shall be the~~  
12 ~~lesser of the rate as provided elsewhere in this chapter or~~  
13 ~~the rate of the mean average of the effective parimutuel~~  
14 ~~tax rates of the eight states in the country with the largest~~  
15 ~~parimutuel handle, exclusive of California, ranked by~~  
16 ~~parimutuel handle for each breed as determined by the~~  
17 ~~board and published in the previous year's statistical~~  
18 ~~summary compiled by the Association of Racing~~  
19 ~~Commissioners International, Inc.~~

20 ~~(b) All other distributions from handle shall be as~~  
21 ~~provided elsewhere in this chapter. Additionally, any~~  
22 ~~savings in license fees resulting from compliance with this~~  
23 ~~section shall be distributed for all meetings as provided in~~  
24 ~~subdivision (a) of Section 19605.8.~~

