

AMENDED IN SENATE JULY 6, 2000  
AMENDED IN SENATE JUNE 21, 2000  
AMENDED IN ASSEMBLY MAY 2, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2352**

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**Introduced by Assembly Member Floyd**

February 24, 2000

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An act to amend Sections 19549.6, 19549.7, 19596.1, and 19602 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2352, as amended, Floyd. Horse racing: racing weeks allocation.

(1) Existing law authorizes the allocation of racing weeks by the Horse Racing Board to a lessee of the California Exposition and State Fair.

This bill would instead provide for the allocation to be made to the California Exposition and State Fair or its lessee.

(2) Under existing law, the California Horse Racing Board may authorize a harness or quarter horse association conducting a racing meeting to, subject to specified requirements and conditions, accept wagers on the results of out-of-state and out-of-country harness or quarter horse races, and with the board's approval and the concurrence of the horsemen's organization contracting with the association, other designated harness or quarter horse races.

This bill would provide that with respect to harness racing meetings, an amount equal to 0.5% of the total amount handled on imported races shall be deducted equally from the amounts available for purses and commissions, and shall be distributed to the California Standardbred Sires States Program, as specified.

(3) Existing law provides that any racing association in this state may authorize betting systems located outside of this state to accept wagers on a race or races conducted or disseminated by that association, and may transmit live audiovisual signals of the race or races and their results to those betting systems, subject to the consent of the host association and applicable federal law. Existing law also provides that, with the exception of a thoroughbred association that hosts the series of races known as the “Breeder’s Cup,” the association shall pay a license fee to the state in an amount equal to 8% of the total amount received by the association from the out-of-state betting system.

This bill would exempt quarter horse associations from this license fee, and would instead provide that for quarter horse racing, 8% of the amount received by the association from the out-of-state betting system shall be deposited with the official registering agency ~~to be distributed pursuant to certain existing provisions of law, as specified.~~

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 19549.6 of the Business and
- 2 Professions Code is amended to read:
- 3 19549.6. Notwithstanding subdivision (b) of Section
- 4 19531 and Section 19549, the board may allocate
- 5 additional weeks of harness racing to the California
- 6 Exposition and State Fair in Sacramento, or its lessee, to
- 7 be raced at the California Exposition and State Fair in
- 8 Sacramento.
- 9 SEC. 2. Section 19549.7 of the Business and
- 10 Professions Code is amended to read:



1 19549.7. Notwithstanding subdivision (c) of Section  
2 19531 and Section 19549, the board may allocate  
3 additional weeks of quarter horse racing to the California  
4 Exposition and State Fair in Sacramento, or its lessee, to  
5 be raced at the California Exposition and State Fair in  
6 Sacramento.

7 SEC. 3. Section 19596.1 of the Business and  
8 Professions Code is amended to read:

9 19596.1. Notwithstanding any other provision of law,  
10 the board may authorize a harness or quarter horse  
11 association conducting a race meeting to accept wagers  
12 on the results of out-of-state or out-of-country harness or  
13 quarter horse races and, with the board's approval and  
14 with the concurrence of the horsemen's organization  
15 contracting with the association, other designated  
16 harness or quarter horse races during the period it is  
17 conducting the racing meeting, if all of the following  
18 conditions are met:

19 (a) The authorization complies with federal laws,  
20 including, but not limited to, Chapter 57 (commencing  
21 with Section 3001) of Title 15 of the United States Code.

22 (b) Wagering is offered only within the racing  
23 inclosure and only within 36 hours of the running of the  
24 out-of-state feature race.

25 (c) The association conducts at least seven live races,  
26 and imports not more than six races on those days during  
27 a racing meeting when live races are being run.

28 (d) If only one breed of horse specified in this section  
29 is being raced on a given day, then the association  
30 conducting the live racing may import those races which  
31 would otherwise be simulcast by the association which is  
32 not racing, provided that the total number of harness or  
33 quarter horse races imported in a calendar year does not  
34 exceed the number of night races imported in 1998 after  
35 5:30 p.m. After the usual deductions, including the  
36 portion for the racing association, the portion remaining  
37 for purses from these races shall be distributed equally for  
38 purses for harness horsemen and quarter horse  
39 horsemen.

1 (e) For harness racing meetings, an amount equal to  
2  $\frac{1}{2}$  of 1 percent of the total amount handled on imported  
3 races shall be deducted equally from the amounts  
4 available for purses and commissions, and shall be  
5 distributed to the California Standardbred Sires States  
6 Program for the purposes of Section 19619.

7 SEC. 4. Section 19602 of the Business and Professions  
8 Code is amended to read:

9 19602. (a) Notwithstanding any other provision of  
10 law, any racing association in this state may authorize  
11 betting systems located outside of this state to accept  
12 wagers on a race or races conducted or disseminated by  
13 that association and may transmit live audiovisual signals  
14 of the race or races and their results to those betting  
15 systems, except that any authorization is subject to the  
16 consent of the host association and applicable federal  
17 laws, including, but not limited to, Chapter 57  
18 (commencing with Section 3001) of Title 15 of the United  
19 States Code.

20 (b) (1) Except as provided in paragraphs (2) and (3),  
21 any racing association described in subdivision (a), when  
22 it authorizes betting systems located outside of this state  
23 to accept wagers on a race, shall pay a license fee to the  
24 state in an amount equal to 8 percent of the total amount  
25 received by the association from the out-of-state betting  
26 system. In addition, with respect to thoroughbred racing  
27 only, 3 percent of the amount remaining after the  
28 payment of the license fee shall be deposited with the  
29 official registering agency pursuant to subdivision (a) of  
30 Section 19617.2, and shall thereafter be distributed in  
31 accordance with subdivisions (b), (c), and (d) of Section  
32 19617.2. The remaining amount received by the  
33 association shall be distributed to the association that  
34 conducts the racing meeting and to horsemen  
35 participating in that racing meeting as follows: 50 percent  
36 to the association as commissions, and 50 percent to the  
37 horsemen as purses. All rents, costs, and fees shall be  
38 deducted pursuant to a contract between the association  
39 that conducts the racing meeting and the horsemen  
40 participating in the racing meeting. Notwithstanding any



1 other provision of law, racing associations may form a  
2 partnership, joint venture, or any other affiliation in  
3 order to negotiate terms and conditions of agreements  
4 with out-of-state betting systems.

5 (2) A thoroughbred association that hosts the series of  
6 races known as the “Breeder’s Cup” shall not be required  
7 to pay to the state the license fees required pursuant to  
8 paragraph (1). Amounts received by the association from  
9 out-of-state betting systems as wagers on Breeder’s Cup  
10 races shall be distributed as follows: 50 percent as  
11 commissions to the association that conducts the racing  
12 meeting, and 50 percent as purses to the horsemen  
13 participating in the meeting.

14 (3) A quarter horse association shall not be required to  
15 pay the state the license fee required pursuant to  
16 paragraph (1). For quarter horse racing, 8 percent of the  
17 total amount received by the association from the  
18 out-of-state betting system shall be deposited with the  
19 official registering agency pursuant to Section ~~19617.7,~~  
20 ~~and shall thereafter be distributed in accordance with~~  
21 ~~subdivisions (c), (d), and (e) of that section.~~ 19617.75.

22 (c) With the permission of the board, wagers accepted  
23 by betting systems located outside of this state may be,  
24 but are not required to be, included in the parimutuel  
25 pool of the association that conducts the racing meeting  
26 in this state. If the wagers accepted by betting systems  
27 located outside of this state are included in the  
28 parimutuel pool of the association that conducts the  
29 racing meeting in this state, the betting system located  
30 outside of this state shall, if permissible under applicable  
31 law, deduct from the total amount handled in each  
32 conventional and exotic parimutuel pool the same total  
33 percentages deducted pursuant to Article 9.5  
34 (commencing with Section 19610) by the association that  
35 conducts the racing meeting in this state. If the laws of the  
36 jurisdiction in which the betting system is located do not  
37 permit the betting system to deduct the same  
38 percentages as are deducted by the association that  
39 conducts the racing, the board may, nonetheless, permit  
40 the inclusion of those out-of-state wagers in the



1 association's parimutuel pool if the board determines it to  
2 be in the public interest of this state to do so.

3 (d) If wagers accepted by an association conducting  
4 racing within the state and wagers accepted by a betting  
5 system located outside of the state are combined in one  
6 parimutuel pool and the association and the betting  
7 system both deduct the same total percentages as set  
8 forth in subdivision (c), the breakage shall be allocated  
9 between the association and the betting system on the  
10 basis of a calculation for distribution approved by the  
11 board.

12 (e) If wagers accepted by an association conducting  
13 racing within the state are combined in one parimutuel  
14 pool with wagers accepted by a betting system located  
15 outside the state and the association and the betting  
16 system deduct different percentages from the amount  
17 handled in the parimutuel pool, the precise calculation  
18 and distribution of payments on winning tickets and  
19 breakage between the association and the betting system  
20 shall be on the basis of a calculation for distribution  
21 approved by the board.

22 (f) The board shall report to the Department of  
23 Finance whenever it approves a calculation for  
24 distribution pursuant to subdivision (d) or (e) and the  
25 projected impact of that calculation, if any, on state  
26 revenues.

27 (g) Breakage allocated pursuant to this section to an  
28 association conducting racing within this state shall be  
29 distributed in the same manner as would be breakage  
30 arising from wagers at the association in the absence of a  
31 combined parimutuel pool. This section does not apply to  
32 the disposition of breakage allocated to the betting  
33 system located outside of the state.

34 (h) If wagers accepted by a betting system located  
35 outside of this state are included in the parimutuel pool  
36 of an association conducting racing in this state, funds in  
37 the parimutuel pool attributable to unclaimed tickets  
38 relating to wagers accepted by the association conducting  
39 racing within the state shall be distributed in the same  
40 manner as unclaimed tickets relating to wagers accepted



1 by that association in the absence of a combined  
2 parimutuel pool. Funds in the parimutuel pool  
3 attributable to unclaimed tickets related to wagers  
4 accepted by the betting system located outside of this  
5 state shall be allocated to that betting system, and this  
6 section does not otherwise apply to the disposition of  
7 those funds at that location outside of the state.

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