

**Assembly Bill No. 2352**

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Passed the Assembly August 31, 2000

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*Chief Clerk of the Assembly*

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Passed the Senate August 30, 2000

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2000, at \_\_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*



## CHAPTER \_\_\_\_\_

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

## LEGISLATIVE COUNSEL'S DIGEST

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

(1) Existing law authorizes the allocation of racing weeks of quarter horse racing by the California 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 Stakes 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 and harness racing associations from this license fee, and would instead provide that for quarter horse and harness racing, 8% of the amount received by the association from the out-of-state betting system shall be deposited with the official registering agency, as specified.

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

SECTION 1. Section 19549.7 of the Business and Professions Code is amended to read:

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

SEC. 2. Section 19596.1 of the Business and Professions Code is amended to read:

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

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

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



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

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

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

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

19602. (a) Notwithstanding any other provision of law, 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, except that any authorization is subject to the consent of the host association and applicable federal laws, including, but not limited to, Chapter 57 (commencing with Section 3001) of Title 15 of the United States Code.

(b) (1) Except as provided in paragraphs (2) and (3), any racing association described in subdivision (a), when it authorizes betting systems located outside of this state to accept wagers on a race, shall pay a license fee to the state in an amount equal to 8 percent of the total amount received by the association from the out-of-state betting



system. In addition, with respect to thoroughbred racing only, 3 percent of the amount remaining after the payment of the license fee shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2, and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2. The remaining amount received by the association shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows: 50 percent to the association as commissions, and 50 percent to the horsemen as purses. All rents, costs, and fees shall be deducted pursuant to a contract between the association that conducts the racing meeting and the horsemen participating in the racing meeting. Notwithstanding any other provision of law, racing associations may form a partnership, joint venture, or any other affiliation in order to negotiate terms and conditions of agreements with out-of-state betting systems.

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

(3) A quarter horse association shall not be required to pay the state the license fee required pursuant to paragraph (1). For quarter horse racing, 8 percent of the total amount received by the association from the out-of-state betting system shall be deposited with the official registering agency pursuant to Section 19617.75.

(4) A harness racing association shall not be required to pay the state the license fee required pursuant to paragraph (1). For harness racing, 8 percent of the total amount received by the association from the out-of-state betting system shall be distributed to the California



Standardbred Sires Stakes Program for the purposes of Section 19619.

(c) With the permission of the board, wagers accepted by betting systems located outside of this state may be, but are not required to be, included in the parimutuel pool of the association that conducts the racing meeting in this state. If the wagers accepted by betting systems located outside of this state are included in the parimutuel pool of the association that conducts the racing meeting in this state, the betting system located outside of this state shall, if permissible under applicable law, deduct from the total amount handled in each conventional and exotic parimutuel pool the same total percentages deducted pursuant to Article 9.5 (commencing with Section 19610) by the association that conducts the racing meeting in this state. If the laws of the jurisdiction in which the betting system is located do not permit the betting system to deduct the same percentages as are deducted by the association that conducts the racing, the board may, nonetheless, permit the inclusion of those out-of-state wagers in the association's parimutuel pool if the board determines it to be in the public interest of this state to do so.

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

(e) If wagers accepted by an association conducting racing within the state are combined in one parimutuel pool with wagers accepted by a betting system located outside the state and the association and the betting system deduct different percentages from the amount handled in the parimutuel pool, the precise calculation and distribution of payments on winning tickets and breakage between the association and the betting system



shall be on the basis of a calculation for distribution approved by the board.

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

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

(h) If wagers accepted by a betting system located outside of this state are included in the parimutuel pool of an association conducting racing in this state, funds in the parimutuel pool attributable to unclaimed tickets relating to wagers accepted by the association conducting racing within the state shall be distributed in the same manner as unclaimed tickets relating to wagers accepted by that association in the absence of a combined parimutuel pool. Funds in the parimutuel pool attributable to unclaimed tickets related to wagers accepted by the betting system located outside of this state shall be allocated to that betting system, and this section does not otherwise apply to the disposition of those funds at that location outside of the state.



Approved \_\_\_\_\_, 2000

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*Governor*

