AMENDED IN SENATE JULY 13, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL No. 1578

Introduced by Committee on Governmental Organization (Price (Chair), Cook, Coto, Evans, Galgiani, Hall, Hill, Jeffries, Lieu, Mendoza, Portantino, Silva, Torres, Torrico, and Tran)

March 23, 2009

An act to amend ~~Section~~ *Sections 19614.4, 19617, and* 19617.2 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1578, as amended, Committee on Governmental Organization. Horse racing: thoroughbred racing: California-bred bonus program.

Existing law, the Horse Racing Law, provides for the regulation of horse racing in this state. Violations of the Horse Racing Law are generally misdemeanors.

Existing law provides for owner premiums, and breeder and stallion awards, as specified. Existing law provides various definitions for purposes of these provisions, including a definition for "certain claiming races."

This bill would revise the definition of "certain claiming races" for those purposes.

Existing law requires any association conducting a race meeting that includes thoroughbred racing to deposit certain sums with the official registering agency for thoroughbred horses, and requires that official registering agency to distribute a portion of those sums annually to the California-bred race fund for the promotion of California-bred races and for purses for California Cup Day and other California-bred races, and to the owner fund for owner premiums, as provided.

This bill would ~~permit~~ *require* the official registering agency to also distribute a certain portion of those sums annually to the California-bred bonus program, which would be required to be administered by the official registering agency, for payment of bonuses to California-bred horses in maiden allowance races in California.

This bill would also require the organization responsible for negotiating purse agreements on behalf of thoroughbred horsemen participating in racing meetings to pay, from purse revenues generated, to the official registering agency for the purpose of the California-bred bonus program the same amount as the official registering agency, not to exceed $2,000,000 annually, as specified.

By imposing new requirements under the Horse Racing Law, the violation of which would be a crime, the bill would impose a state-mandated local program.

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: ~~no~~ *yes*. State-mandated local program: ~~no~~ *yes*.

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

SECTION 1. Section 19614.4 of the Business and Professions Code is amended to read:

19614.4. (a) Notwithstanding any other provision of law and in addition to any amounts provided for purses by any other provision of this chapter, from the amount deposited with the official registering agency for distribution pursuant to Section 19617.2, the official registering agency shall make the following distributions as owners' premiums:

(1) An amount equal to 20 percent of the winner's share of the purse for a qualifying race, as defined in paragraph (2) of subdivision (b) of Section 19617, shall be distributed as an owner premium to the owner of a registered California-bred thoroughbred horse conceived by a registered eligible thoroughbred stallion, as provided in subdivision (d) of Section 19617, which finishes first in the race.

(2) An amount equal to 10 percent of the winner's share of the purse for a qualifying race, as defined in paragraph (2) of subdivision (b) of Section 19617, shall be distributed as an owner premium to the owner of a registered California-bred thoroughbred horse that finishes first in the race and that was not conceived by a registered eligible thoroughbred stallion as provided in subdivision (d) of Section 19617, which finishes first in the race.

(b) The official registering agency shall develop a policy for the payment of owner premiums pursuant to paragraphs (1) and (2) in the event of a dead heat that involves one or more registered California-bred horses.

(c) From the amounts distributed as purses pursuant to this chapter, the organization responsible for negotiating purse agreements on behalf of thoroughbred horsemen participating in racing meetings, at its discretion, may pay an owner's premium for a qualifying race, as defined by the organization, to the owner of a registered California-bred thoroughbred that finishes first through fifth in the qualifying race. Notwithstanding the foregoing, these payments shall be not less than the amount of the total payments made by the organization in 1998, and the discretion accorded the organization pursuant to this subdivision shall be exercised on a statewide basis for all racing meetings.

(d) The organization responsible for negotiating purse agreements on behalf of thoroughbred horsemen participating in racing meetings shall pay, from purse revenues generated, to the official registering agency for the purpose of the California-bred bonus program an amount equal to the amount determined in paragraph (3) of subdivision (b) of Section 19617.2, not to exceed two million dollars ($2,000,000) annually, and that amount shall be used for California-bred incentive awards.

SEC. 2. Section 19617 of the Business and Professions Code is amended to read:

19617. The following definitions shall govern the construction of this section *and Section 19617.2*:

(a) "Breeder" means a person who is registered as a breeder of a California-bred thoroughbred with the official registering agency and is named on the applicable Certificate of Registration issued by the Jockey Club of New York.

(b) "Qualifying race" means the following:

(1) In the case of breeder awards, all races in this state, all graded stakes races conducted within the United States, and other stakes races as designated by the official registering agency.

(2) As qualified by paragraph (5), in the case of owner premiums, certain claiming races, as defined by paragraph (4), and all allowance races, including maiden special weights. No owner premiums shall be paid on California-bred restricted races pursuant to Section 19568.

(3) As qualified by paragraph (5), in the case of stallion awards, all nonclaiming races and certain claiming races, if the nonclaiming races and the certain claiming races are conducted in this state during racing meetings where more than one-half of the races on every racing program are for thoroughbreds, all graded stakes races conducted within the United States, and other stakes races as designated by the official registering agency.

(4) "Certain claiming races" means ~~those claiming races in the central and southern zone in which the total purse exceeds the daily average purse in races, excluding stakes, distributed at that meeting during the prior year, or a claiming race in the northern zone in which the total purse exceeds 125 percent of the daily average purse in races, excluding stakes, distributed at that meeting during the prior year~~ *thoroughbred races in the central and southern zone with a minimum claiming level of forty thousand dollars ($40,000) and thoroughbred races in the northern zone with a minimum claiming level of twenty thousand dollars ($20,000)*.

(5) No owner premium or stallion award shall be paid on races with purses of less than fifteen thousand dollars ($15,000). In determining whether a race complies with the definition in paragraph (4), the official registering agency shall base its determination on the actual amount of the purse at the time the race was conducted and shall not take into consideration any postrace adjustments to that purse.

(c) "Eligible earnings" means the following:

(1) In the case of breeder awards, the annual amount earned by a California-bred thoroughbred for finishing first, second, or third in qualifying races.

(2) In the case of owner premiums, the annual amount earned by a California-bred thoroughbred for winning qualifying races.

(3) In order for earnings from a qualifying race to be considered as eligible earnings, a California-bred thoroughbred shall be registered as such with the official registering agency before the date entries were taken by the association for the qualifying race in which that horse earned purse money.

(4) In the case of stallion awards, the annual amount earned by California-conceived or California-bred foals of an eligible thoroughbred stallion in winning qualifying races plus the amount earned by those foals for finishing second or third in a stakes race in this state, for finishing first, second, or third in a graded stakes race within the United States, and for finishing first, second, or third in other stakes races as designated by the official registering agency.

(5) For purposes of this section, the maximum purse considered earned in any qualifying race within this state shall be three hundred thirty thousand dollars ($330,000) for a win, one hundred twenty thousand dollars ($120,000) for a second, and ninety thousand dollars ($90,000) for a third place finish and the maximum purse considered earned in any qualifying race outside of this state shall be one hundred sixty-five thousand dollars ($165,000) for a win, sixty thousand dollars ($60,000) for a second, and forty-five thousand dollars ($45,000) for a third place finish.

(6) In determining the purse earned in any qualifying race that is a stakes race, the amount earned shall be based solely on the added money, with no consideration to be given to other sources of the purse, such as nomination, entry, or starting fees, bonuses, and sponsor contributions, or any combination thereof.

(7) On or before February 15 of any year, it is the ultimate responsibility of the stallion owner to advise the official registering agency of any and all purses earned during the preceding year that shall be considered in determining the amount of the stallion award to which the owner is entitled.

(8) On or before February 15 of any year, it is the ultimate responsibility of the breeder to advise the official registering agency of any and all purses earned during the preceding year in graded stakes races outside of this state by horses bred by breeder.

(d) “Eligible thoroughbred stallion” means a thoroughbred stallion that was continuously present in this state from February 1 to June 15, inclusive, of the calendar year in which the qualifying race was conducted, and if the sire left this state after June 15 of the calendar year in which the qualifying race was conducted, the sire returned to and was present in this state by February 1 of the following calendar year and thereafter remained until June 15 of that year. If a sire dies in this state and stood his last season at stud in this state, he shall thereafter continue to be considered an eligible thoroughbred stallion.

(1) Notwithstanding any provision to the contrary, a thoroughbred stallion shall be considered an eligible thoroughbred stallion only if its owner has filed a claim for stallion award on or before February 15 of the calendar year immediately following the calendar year for which the awards are being distributed and is registered with the official registering agency.

(2) The official registering agency shall establish procedures for the registration of stallions and may charge a fee for that registration.

(e) "Official registering agency" means the California Thoroughbred Breeders Association.

(f) "Owner" means the person who is registered with the paymaster of purses on the date the qualifying race was conducted as the owner of the California-bred thoroughbred earning purse money in that race.

(g) "Quotient," for any fund, means the amount allocated to that fund pursuant to subdivision (b) of Section 19617.2 divided by the aggregate eligible earnings of the horses applicable to that fund. In calculating the quotient for each of the funds, any retroactive purse payments with respect to a race shall not be considered after the disbursement of the fund.

(h) "Stallion owner" means the person who is the owner of the eligible thoroughbred stallion as of December 31 of the calendar year in which that sire's foals had eligible earnings or the person who owned the eligible thoroughbred sire on the date that the stallion died.

~~SECTION 1.~~

SEC. 3. Section 19617.2 of the Business and Professions Code is amended to read:

19617.2. (a) Except as otherwise provided in this chapter, any association conducting a race meeting that includes thoroughbred racing shall deposit with the official registering agency 0.54 percent of the total amount handled ontrack in daily conventional and exotic parimutuel pools resulting from thoroughbred wagers made in this state. These deposits shall be made at the following intervals:

(1) For any meeting of 20 racing days or less, the requisite deposit shall be made not later than seven days immediately following the last day of that meeting.

(2) For any meeting of more than 20 racing days, the initial deposit shall be made not later than 27 racing days after the commencement of that meeting and every 20 racing days thereafter, with a final deposit made not later than seven days following the last day of that meeting. The initial deposit for that meeting shall be based upon the applicable amount handled during the first 20 racing days of the meeting, and deposits thereafter shall be based upon the applicable amount handled during the ensuing periods of 20 racing days with the last deposit being based upon the applicable amount handled from the end of the last 20-racing-day period for which a deposit has been made to the end of the meeting.

(b) After deducting a sum equal to 5 percent of the total deposits made pursuant to subdivision (a) and the total deposits made pursuant to Section 19602, the amount to compensate the official registering agency for its administrative cost and for expenses it incurs for educational, promotional, and research programs, the official registering agency shall for computational purposes distribute annually the balance of the deposits in the following manner:

(1) To the California-bred race fund, 10 percent to be used for the promotion of California-bred races and from which purses are to be provided or supplemented for California Cup Day, other California-bred races, and, upon the approval of the official registering agency, races featuring California-breds. This fund shall be administered by the official registering agency. Any funds not used for those purposes during any year, up to 1 percent of the total breeder, stallion, and owner award receipts, shall remain in the California-bred race fund to be distributed for the purposes of this paragraph the following year. Any funds remaining thereafter shall be redistributed to augment the funds referred to in subdivision (c), and shall be allocated to the breeder fund and to the stallion fund as provided in that subdivision. It is the intent of the Legislature that all funds used for purses shall supplement and not supplant existing purses for California-breds.

(2) To the owner fund for the purpose of owner premiums pursuant to Section 19614.4.

(3) To the California-bred bonus program, 15 percent of the amount remaining to be used for the payment of bonuses to California-bred horses in maiden allowance races in California. This bonus program shall be administered by the official registering agency.

(c) The funds remaining after the distributions made pursuant to subdivision (b) shall be distributed as follows:

(1) To the breeder fund 75 percent, from which breeder awards are to be paid.

(2) To the stallion fund 25 percent, from which stallion awards are to be paid.

(d) The official registering agency shall make the following payments to the owner, breeder, and stallion owner so as to encourage agriculture and the breeding of higher quality horses in this state:

(1) The owner shall be paid an owner premium pursuant to Section 19614.4.

(2) The breeder shall be paid a breeder award equal to the quotient for the breeder fund multiplied by the eligible earnings of the horse bred by the breeder.

(3) The stallion owner shall be paid a stallion award equal to the quotient for the stallion fund multiplied by the eligible earnings of the stallion owner's eligible thoroughbred sire.

(4) Owner premiums for California-bred horses shall be listed in the racing program alongside the advertised purse, and shall be distributed to the owner pursuant to Section 19614.4 at the same time as the purse.

(5) The breeder and stallion awards shall be paid not later than March 31 of the calendar year immediately following the calendar year for which the awards or premiums were earned.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within *the meaning of Section 6 of Article XIII B of the California Constitution.*

O