

**Introduced by Senator Vincent**

February 21, 2007

---

An act to amend Section 19601 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

SB 436, as introduced, Vincent. Horse racing: satellite wagering.

Existing law requires a quarter horse racing association in the southern zone to show races of a harness racing association in the northern zone, and requires a harness racing association in the northern zone to show races of a quarter horse racing association in the southern zone, as specified. Existing law requires each racing association to pay the other an additional 5% of the amount wagered on the satellite races at their respective facilities. Existing law specifies how the additional 5% is to be distributed as to harness racing associations.

This bill would apply that distribution provision to both types of racing associations.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

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

- 1 SECTION 1. Section 19601 of the Business and Professions
- 2 Code is amended to read:
- 3 19601. (a) Notwithstanding any other provision of law, a
- 4 licensed association or fair that is conducting a live meeting in any
- 5 racing zone may accept wagers on any race conducted in this state,
- 6 if all of the following requirements are met:

1 (1) The association or fair that conducts the racing meeting and  
2 the organization that is responsible for negotiating purse  
3 agreements on behalf of the horsemen participating in that racing  
4 meeting consent to the acceptance of the wagers. However, if  
5 consent is withheld, any party may appeal the withholding of  
6 consent to the board, which may determine that consent is not  
7 required.

8 (2) The association or fair conducts not less than eight races on  
9 days when the association or fair is licensed to conduct racing,  
10 except that fewer than eight live races per day may be conducted  
11 by the mutual agreement of the association or fair and the  
12 organization that is responsible for negotiating purse agreements  
13 on behalf of the horsemen participating in the racing meeting.

14 (3) Wagering is offered only within the association's or fair's  
15 racing inclosure or within the satellite wagering facility and only  
16 within seven days of the commencement of the racing program  
17 with the transmitted race.

18 (4) All wagers are included in the appropriate parimutuel pool  
19 at the racetrack of the association or fair where the race is  
20 conducted, or, in the appropriate parimutuel pool of the racetrack  
21 of the association or fair that accepts the transmitted race.

22 (5) The association or fair accepting wagers on an out-of-zone  
23 transmitted race distributes the audiovisual signal of the race to,  
24 and accepts wagers from, all eligible satellite wagering facilities.

25 (b) Any association or fair accepting wagers under subdivision  
26 (a) shall deduct, from the total amount handled in each  
27 conventional and exotic parimutuel pool on the transmitted race,  
28 the same percentages deducted pursuant to Article 9.5  
29 (commencing with Section 19610) for races at its own meeting.  
30 However, if the wagers are from a quarter horse race meeting, then  
31 the amounts deducted shall be the same as for a quarter horse race  
32 meeting. Amounts deducted under this section, including amounts  
33 deducted from wagers on out-of-zone races within the inclosure  
34 of the association or fair, shall be distributed as provided under  
35 Sections 19605.7, 19605.72, and 19605.73 with respect to wagers  
36 made within the northern zone, or Sections 19605.71, 19605.72,  
37 and 19605.73 with respect to wagers made within the central or  
38 southern zone, except that amounts distributed for purposes other  
39 than state license fees and fees payable to the Center for Equine  
40 Health, School of Veterinary Medicine, University of California

1 at Davis, and the California Animal Health and Food Safety  
2 Laboratory shall be proportionally reduced by the amount of any  
3 fees paid to the Triple Crown or Breeder's Cup day host association  
4 pursuant to subdivision (c). The method used to calculate the  
5 reduction in proportionate share shall be approved by the board.  
6 For wagers on out-of-state and out-of-country races made within  
7 the association's or fair's inclosure, 1 percent shall be distributed  
8 to the association or fair as a satellite wagering facility commission.

9 (c) Nothing in this section precludes an association or fair from  
10 charging a fee as a condition of transmitting the Triple Crown or  
11 Breeder's Cup day races, except that any fee shall be allocated  
12 among all associations, fairs, and satellite wagering facilities  
13 receiving the transmitted race in proportion to the amount wagered  
14 at each location, and the fee shall equal that charged by the entity  
15 conducting the race or races. Further, the only fee that can be  
16 charged as a condition of transmitting the signal of an out-of-zone  
17 race shall be a fee of 2.5 percent on Breeder's Cup day races.

18 (d) All breakage and unclaimed tickets, including unclaimed  
19 refunds, shall be distributed equally between the association or  
20 fair that accepts wagers on the transmitted race, and the horsemen,  
21 in the form of purses. The purse moneys generated by this  
22 subdivision shall be made available for purses during the meeting  
23 in which they are received by the association or fair, or, if the  
24 association or fair is not then conducting a live racing meeting,  
25 during the next succeeding meeting of the association or fair.

26 (e) All wagers made pursuant to this section shall be considered  
27 to have been wagered at a satellite wagering facility and shall be  
28 excluded from total handle for the purposes of Section 19611.

29 (f) Notwithstanding Section 19530.5, satellite wagering facilities  
30 operated by a fair, in the Counties of Fresno, Kern, or Tulare shall  
31 be considered northern zone facilities and shall receive their  
32 audiovisual signal from the association or fair conducting a racing  
33 meeting in the northern zone that is authorized to distribute the  
34 signal and accept wagers on central and southern zone races.  
35 Satellite wagering facilities operated by a fair, in the Counties of  
36 Santa Barbara or Ventura shall be considered central-southern  
37 zone facilities and shall receive the audiovisual signal from the  
38 association or fair conducting a racing meeting in the central or  
39 southern zone that is authorized to distribute the signal and accept  
40 wagers on northern zone races.

1 (g) All purse moneys derived from wagering on out-of-zone  
2 races at fair racing meetings shall be distributed to all breeds of  
3 horses participating in the fair meeting in direct proportion to the  
4 purse money generated by breed on live races conducted during  
5 the fair race meeting.

6 (h) During calendar periods when both a fair and a thoroughbred  
7 association conduct live racing, the amounts deducted under this  
8 section shall be distributed on any day of overlap as provided in  
9 Section 19607.5, except that the applicable state license fee shall  
10 be at the rate specified for nonfair meetings in subdivision (b) of  
11 Section 19605.7.

12 (i) During calendar periods when a thoroughbred association  
13 and a fair, or a thoroughbred association and any other breed  
14 association are conducting a racing meeting in the same zone, the  
15 thoroughbred association shall be the association authorized to  
16 distribute out-of-zone, out-of-state, or out-of-country thoroughbred  
17 or fair races, except that the thoroughbred association may waive  
18 this right and allow the other breed racing association conducting  
19 a race meeting to distribute the signal and accept wagers on  
20 out-of-zone, out-of-state, or out-of-country thoroughbred or fair  
21 races for any racing day or days. For the purposes of this  
22 subdivision, the combined central and southern zone shall be  
23 considered one zone.

24 (j) In order to ensure, to the extent possible, that out-of-state  
25 and out-of-country simulcasting, furthers the purposes of this  
26 section, a committee made up of one representative from each of  
27 the then-operating thoroughbred associations or fairs that are  
28 conducting a live racing meeting in the state and one representative  
29 of the organization responsible for negotiating purse agreements  
30 on behalf of the horsemen participating in the meeting shall do the  
31 following:

32 (1) Determine the out-of-state or out-of-country thoroughbred  
33 races to be imported on a statewide basis pursuant to provisions  
34 of this chapter.

35 (2) Ensure, to the extent possible, that the fees charged by  
36 out-of-state or out-of-country entities for these signals are at the  
37 lowest obtainable rate and at the same rate statewide, in order to  
38 maximize the revenue available to in-state associations and fairs  
39 and their horsemen.

1 (3) Ensure, to the extent possible, due to the reciprocal nature  
2 of the interstate simulcasting business, that the maximum  
3 obtainable revenue is generated by the sale to out-of-state entities  
4 of the audiovisual signal of races conducted in this state by  
5 thoroughbred associations and fairs.

6 (4) Ensure that program information requirements for in-state  
7 signals comply with the standards of the board, but provide that  
8 abbreviated program formats may be used for races imported from  
9 other jurisdictions.

10 (k) Notwithstanding any other provision of law, any  
11 thoroughbred association or fair, when operating a live racing  
12 meeting, shall distribute the signal of all races conducted by, or  
13 disseminated by, that association or fair to, and accept wagers on  
14 these races from, any association that is licensed to conduct a live  
15 quarter horse or harness racing meeting in Orange County and that  
16 conducted such a meeting in 1998.

17 (l) Notwithstanding any other provision of law, all associations  
18 or fairs when operating as eligible satellite wagering facilities shall  
19 be in compliance with, and subject to the provisions of, Article  
20 9.2 (commencing with Section 19605) of this chapter, and shall  
21 display the signal and accept wagers on all live races conducted  
22 in this state without regard to breed. Notwithstanding the foregoing  
23 provision, a thoroughbred racing association located in the City  
24 of Arcadia is exempt from these requirements for live harness and  
25 quarter horse races conducted at night unless the thoroughbred  
26 racing association facility is open for business at that time and is  
27 accepting wagers on other night signals pursuant to this chapter.

28 A quarter horse racing association located in the southern zone  
29 shall display the signal and accept wagers on all races imported  
30 by, or conducted by, a harness racing association conducting racing  
31 in the northern zone. A harness racing association in the northern  
32 zone shall display the signal and accept wagers on all races  
33 imported by, or conducted by, a quarter horse racing association  
34 conducting racing in the southern zone. On those nights when both  
35 the harness racing association in the northern zone and the quarter  
36 horse racing association in the southern zone are conducting live  
37 racing, the audiovisual signal of both breeds shall be displayed  
38 and wagers shall be accepted on both breeds at each of the locations  
39 where the live racing is being conducted, and each association  
40 shall display the audiovisual signal and accept wagers on the other

1 association’s live or imported races throughout their respective  
2 facilities, as they do when they are conducting satellite wagering  
3 during other periods of the same day. Each association shall pay  
4 the other an additional 5 percent of the amount wagered at their  
5 respective facilities on the races imported by, or conducted by, the  
6 other racing association. ~~With respect to harness racing, the~~ *The*  
7 additional 5 percent received by the ~~harness racing~~ racing association  
8 pursuant to *this* paragraph shall be distributed as 50 percent as  
9 commissions to the racing association and 50 percent as purses to  
10 the horsemen participating in the racing meeting. Further, satellite  
11 wagering facilities located at fairs may, but are not required to,  
12 accept an audiovisual signal on out-of-state or out-of-country races  
13 unless the facility is open for business at the time and accepting  
14 wagers on other signals pursuant to this chapter.

O