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**AB-460 Horse racing: satellite wagering facilities: fairs: funding.** (2017-2018)

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**Assembly Bill No. 460**

**CHAPTER 817**

An act to amend Sections 19605 and 19614 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

[ Approved by Governor October 15, 2017. Filed with Secretary of State October 15, 2017. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 460, Bigelow. Horse racing: satellite wagering facilities: fairs: funding.

(1) The Horse Racing Law permits the California Horse Racing Board to authorize an association licensed to conduct a racing meeting to also operate a satellite wagering facility at its racetrack inclosure, under specified conditions that differ between the northern zone and the central and southern zones, and provides specific guidelines for the operation and location of these facilities. That law also authorizes fairs to contract for the operation and management of a satellite wagering facility with an individual racing association or a partnership, joint venture, or other affiliation of 2 or more racing associations that are licensed to conduct thoroughbred meetings within the northern zone.

This bill would instead authorize a fair to contract for the operation and management of a satellite wagering facility with an individual racing association or a partnership, joint venture, or other affiliation of 2 or more racing associations or fairs that are licensed to conduct thoroughbred meetings or simulcast wagering within the northern zone.

(2) The Horse Racing Law requires, except as specified, for a fair conducting a live racing meeting, that 1% of the total amount handled on live races, excluding wagering at a satellite facility, be retained by the fair association for payment to the state as a license fee. That law also requires any fair racing association to additionally deduct 1% from the total amount handled in its daily conventional and exotic parimutuel pools and requires that this additional amount be deposited in the Fair and Exposition Fund and, with the approval of the Department of Food and Agriculture, authorizes the expenditure of these funds for the construction or operation of recreational and cultural facilities of general public interest.

This bill would provide that the additional 1% deducted from the total amount handled by any fair racing association in its daily conventional and exotic parimutuel pools may be retained by a fair conducting a live racing meeting at a fair in the northern zone or a joint powers authority designated by a fair racing association in the northern zone involved in conducting live racing meetings at fairs in the northern zone for the purposes of improving a fair enclosure, racetrack maintenance, safety at fairs, or other similar activities if 2 specified conditions are satisfied. The bill would provide that these provisions apply retroactively to January 1, 2016.

By appropriating an amount of money deposited in the Fair and Exposition Fund, which is a continuously appropriated fund, for new purposes, the bill would make an appropriation.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 19605 of the Business and Professions Code is amended to read:

**19605.** (a) Notwithstanding any other law, the board may authorize an association licensed to conduct a racing meeting in the northern zone to operate a satellite wagering facility for wagering on races conducted in the northern zone at its racetrack inclosure subject to all of the conditions specified in Section 19605.3, and may authorize an association licensed to conduct a racing meeting in the central or southern zone to operate a satellite wagering facility for wagering on races conducted in the central or southern zone at its racetrack inclosure subject to the conditions specified in subdivisions (a) to (e), inclusive, of Section 19605.3 and the conditions and limitations set forth in Section 19605.6.

(b) Notwithstanding any other law, no satellite wagering facility, except a facility that is located at a track where live racing is conducted, shall be located within 20 miles of any existing satellite wagering facility or of any track where a racing association conducts a live racing meeting. However, in the northern zone, a racing association or any existing satellite wagering facility may waive the prohibition contained in this subdivision and may consent to the location of another satellite wagering facility within 20 miles of the facility or track.

(c) Notwithstanding subdivision (b), the Department of Food and Agriculture may approve not more than three satellite wagering facilities that are licensed jointly to the 1a District Agricultural Association and the 5th District Agricultural Association and that are located on the fairgrounds of the 1a District Agricultural Association or within the boundaries of the City and County of San Francisco. Before a satellite wagering facility may be licensed for the 1997 and subsequent calendar years under this subdivision, the department shall conduct a one-year test at the proposed site in order to determine the impact of the proposed facility on total state parimutuel revenues and on attendance and wagering at existing racetracks and fair satellite wagering facilities in the Counties of Alameda, San Mateo, Santa Clara, and Solano. Notwithstanding Section 19605.1, a satellite wagering facility may be located on property leased to one or both fairs. Notwithstanding any other law, the fairs may contract for the operation and management of a satellite wagering facility with an individual racing association or a partnership, joint venture, or other affiliation of two or more racing associations or fairs that are licensed to conduct thoroughbred meetings or simulcast wagering within the northern zone.

(d) Subdivision (b) shall not be construed to prohibit the location of satellite wagering facilities within 20 miles of any existing or proposed satellite facility established pursuant to subdivision (c).

**SEC. 2.** Section 19614 of the Business and Professions Code is amended to read:

**19614.** (a) Notwithstanding Sections 19611 and 19612, and except for an association that qualifies pursuant to Section 19612.6, for a fair conducting a live racing meeting, 1 percent of the total amount handled on live races, excluding wagering at a satellite facility, shall be retained by the fair association for payment to the state as a license fee.

(b) Additionally, 0.48 percent of the total amount handled on live racing, excluding wagering at a satellite facility, 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.

(c) (1) After distribution of the applicable amounts as set forth in subdivisions (a) and (b) and the payments made pursuant to other relevant sections of this chapter, all funds remaining from the deductions provided in Section 19610 shall be distributed 47.5 percent as commissions and 52.5 percent as purses. From the amount distributed as thoroughbred purses, a sum equal to 0.07 percent of the total handle shall be held by the association to 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.

(2) Any additional amount generated for purses and not distributed during the previous corresponding meeting shall be added to the purses at the current meeting.

(d) In addition to the amounts deducted pursuant to Section 19610, any fair racing association shall deduct 1 percent from the total amount handled in its daily conventional and exotic parimutuel pools. The additional 1 percent shall be deposited in the Fair and Exposition Fund and is hereby appropriated for the purposes specified in Section 19630, except as specified in subdivision (e).

(e) (1) A fair conducting a live racing meeting at a fair in the northern zone or a joint powers authority designated by a fair racing association in the northern zone involved in conducting live racing meetings at fairs in the northern zone may retain the funds described in subdivision (d) for the purposes of improving a fair enclosure, racetrack maintenance, safety at fairs, or other similar activities if both of the following conditions are satisfied:

(A) The administrative costs do not exceed 7.5 percent of the funds retained.

(B) An annual audit of the funds is conducted by an independent third party to ensure compliance with the law and approved standards and policies that shall be filed with the Department of Food and Agriculture, the board, and the Senate and Assembly Committees on Governmental Organization.

(2) This subdivision shall apply retroactively to January 1, 2016.