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**SB-977 Horse racing: charity racing days: nonprofit corporation or trust: distributions to qualified disabled jockeys. (2017-2018)**

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**Senate Bill No. 977**

**CHAPTER 783**

An act to amend Section 19556 of the Business and Professions Code, relating to horse racing.

[ Approved by Governor September 26, 2018. Filed with Secretary of State September 26, 2018. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 977, Galgiani. Horse racing: charity racing days: nonprofit corporation or trust: distributions to qualified disabled jockeys.

Existing law, the Horse Racing Law, requires each licensed racing association to designate a certain number of racing days to be conducted as charity days for the purpose of distributing the net proceeds to beneficiaries through a distributing agent that provides, among other things, at least 30% of the distribution from charity day racing go to charities associated with the horse racing industry. That law also requires that a separate 20% of the distribution be made to a nonprofit corporation or trust, of which the directors or trustees serve without compensation except for reimbursement for reasonable expenses, and for which the nonprofit corporation or trust has as its sole purpose the accumulation of endowment funds, the income of which is distributed to qualified disabled jockeys. That law requires that when the nonprofit corporation or trust has received distributions in an amount equal to \$2,000,000, the distribution to the nonprofit corporation or trust ceases.

This bill would remove the requirement that when the nonprofit corporation or trust has received distributions in an amount equal to \$2,000,000, the distribution to the nonprofit corporation or trust ceases.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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

**SECTION 1.** Section 19556 of the Business and Professions Code is amended to read:

**19556.** (a) The distribution shall be made by the distributing agent to beneficiaries qualified under this article. For purposes of this article, a beneficiary shall be all of the following:

- (1) A nonprofit corporation or organization entitled by law to receive a distribution made by a distributing agent.
- (2) Exempt or entitled to an exemption from taxes measured by income imposed by this state and the United States.
- (3) Engaged in charitable, benevolent, civic, religious, educational, or veterans' work similar to that of agencies recognized by an organized community chest in the State of California, except that the funds so distributed may be used by the beneficiary for capital expenditures.
- (4) Approved by the board.

(b) At least 30 percent of the distribution shall be made to charities associated with the horse racing industry. In addition to this 30 percent of the distribution, another 5 percent of the distribution shall be paid to a welfare fund described in subdivision (b) of Section 19641 and another 5 percent of the distribution shall be paid to a nonprofit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. A beneficiary otherwise qualified under this section to receive charity day net proceeds shall not be excluded on the basis that the beneficiary provides charitable benefits to persons connected with the care, training, and running of racehorses, except that this type of beneficiary shall make an accounting to the board within one calendar year of the date of receipt of any distribution.

(c) (1) In addition to the distribution pursuant to subdivision (b), a separate 20 percent of the distribution shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and that has as its sole purpose the accumulation of endowment funds, the income of which shall be distributed to qualified disabled jockeys.

(2) To receive a distribution under this subdivision, a nonprofit corporation or trust shall establish objective qualifications for disabled jockeys and provide an annual accounting and report to the board on its activities indicating compliance with the requirements of this subdivision.

(3) The nonprofit corporation or trust shall, in an amount proportional to the contributions received pursuant to this subdivision as a percentage of the total contributions received by the nonprofit corporation or trust, give preference in assisting qualified disabled jockeys who meet either of the following criteria:

(A) Jockeys who were disabled while participating in the racing or training of horses at licensed racing associations or approved training facilities in California.

(B) Jockeys licensed by the board who were disabled while participating in the racing or training of horses in a state other than California.