

AMENDED IN SENATE AUGUST 6, 2002

AMENDED IN ASSEMBLY APRIL 10, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 2619

Introduced by Assembly Member Strickland

February 21, 2002

An act to amend, *add, and repeal* Sections 19613 and 19613.3 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2619, as amended, Strickland. Horse racing.

Existing law provides for the deduction of a portion of the proceeds of horse races as purses for the benefit of horsemen at the racing meeting, and provides for specific deductions from this portion for the benefit of owners' organizations, administrative expenses, and for other purposes as specified, depending on the type of horse race involved. In this connection, existing law provides that 1¹/₂% of this portion be deducted with reference to thoroughbred races held by any association other than a fair, with ²/₃ of that amount going to the owners' association for administrative expenses and the other ¹/₃ going to the trainers' organization for administrative expenses. Existing law automatically repeals these provisions as of ~~a specified date~~ *January 1, 2008*, but replaces these provisions with alternate language that is identical except that only 1%, rather than 1¹/₂%, is to be divided between the owners' and trainers' organizations in connection with thoroughbred races held by any association other than a fair. Under existing law, "trainer" is



defined for these purposes as a person currently licensed by the board as an owner and trainer or as a trainer.

This bill would change the definition of trainer for these purposes to mean a person currently licensed by the board as a trainer. *This bill would repeal this change in definition on January 1, 2006.*

Existing law provides for the recognition by the California Horse Racing Board of horsemen’s organizations, including organizations solely representing owners and organizations solely representing trainers.

~~This bill would provide that no organization recognized by the board as representing horsemen may deny membership to any person based on sex or marital status, or discriminate against any person who otherwise qualifies for membership because the person also holds a license as an owner or trainer.~~

Existing law provides that each horsemen’s organization, except an organization that solely represents owners or an organization that solely represents trainers shall provide for the representation of owners and trainers on its board of directors. Existing law provides that the bylaws of a horsemen’s organization specify the composition of the board of directors, and that those bylaws, and changes to those bylaws, be approved by the Horse Racing Board.

This bill would allocate 3 positions on the board of directors of the organization representing owners for persons holding licenses as both owners and trainers, and for their spouses who are licensed as owners, as specified, and would make related and conforming changes. This bill would limit the board of the organization representing owners to 15 members of equal standing, as specified. This bill would repeal its provisions on January 1, 2006.

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 19613 of the Business and Professions~~
- 2 ~~Code, as added by Section 11.5 of Chapter 198 of the Statutes of~~
- 3 ~~2001, is amended to read:~~
- 4 ~~19613. — (a) Except as provided in subdivisions (b), (c), (d),~~
- 5 ~~(e), and (f), the portion deducted for purses pursuant to this chapter~~
- 6 ~~shall be paid to or for the benefit of the horsemen at the racing~~
- 7 ~~meeting.~~



1 ~~(b) Any association other than a fair that conducts a~~
2 ~~thoroughbred racing meeting shall pay to the owners' organization~~
3 ~~contracting with the association with respect to the conduct of~~
4 ~~racing meetings for administrative expenses and services rendered~~
5 ~~to owners, an amount not to exceed two-thirds of 1½ percent of~~
6 ~~the portion, and to a trainers' organization for administrative~~
7 ~~expenses and services rendered to trainers and backstretch~~
8 ~~employees an amount equivalent to one-third of 1½ percent of the~~
9 ~~portion. That association shall also pay an amount for a pension~~
10 ~~plan for backstretch personnel to be administered by the trainers'~~
11 ~~organization equivalent to an additional 1 percent of the portion.~~
12 ~~The remainder of the portion shall be distributed as purses.~~

13 ~~(c) Any other association may pay to the horsemen's~~
14 ~~organization contracting with the association with respect to the~~
15 ~~conduct of racing meetings for administrative expenses and~~
16 ~~services rendered to horsemen an amount out of the portion as may~~
17 ~~be determined by the association by agreement or otherwise, but,~~
18 ~~in all events, shall include, relative to a thoroughbred horsemen's~~
19 ~~organization racing, 1 percent of the portion for a pension plan the~~
20 ~~trainers' organization. The remainder of the portion shall be~~
21 ~~distributed as purses.~~

22 ~~(d) Notwithstanding subdivisions (b) and (c), any association~~
23 ~~conducting a fair racing meeting shall pay to the horsemen's~~
24 ~~organizations contracting with the association with respect to the~~
25 ~~conduct of races for their respective breeds of horses at the~~
26 ~~meetings for administrative expenses and services rendered to~~
27 ~~their respective horsemen those amounts out of the portion as~~
28 ~~determined by the horsemen's organization for the respective~~
29 ~~breeds with the approval of the board. Pursuant to this subdivision,~~
30 ~~amounts not to exceed 3 percent of the portion for the owners' and~~
31 ~~trainers' organizations shall be distributed to any thoroughbred~~
32 ~~owners' and trainers' organizations contracting with an~~
33 ~~association for a fair racing meeting or participating in mixed~~
34 ~~breed racing meetings as follows: two-thirds of 1 percent to the~~
35 ~~owners organization and one-third of 1 percent to the trainers'~~
36 ~~organization for administrative expenses and services rendered to~~
37 ~~both owners and trainers, 1 percent for welfare funds, and 1~~
38 ~~percent for a pension program for backstretch personnel, to be~~
39 ~~administered by the thoroughbred trainers' organization.~~



1 ~~(c) Any association other than a fair that conducts a quarter~~
2 ~~horse racing meeting shall pay to the horsemen's organization~~
3 ~~contracting with the association with respect to the conduct of~~
4 ~~racing meetings for administrative expenses and services rendered~~
5 ~~to horsemen, an amount not to exceed 3 percent of the portion. The~~
6 ~~remainder of the portion shall be distributed as purses.~~

7 ~~(f) For racing meetings other than thoroughbred meetings, if no~~
8 ~~contract has been signed between the association conducting the~~
9 ~~racing meeting and the organization representing the horsemen by~~
10 ~~the time the racing meeting commences, the distribution of purses~~
11 ~~shall be governed by the following:~~

12 ~~(1) If the association conducted a racing meeting within the~~
13 ~~past 15 months and a contract was in existence, for that meeting~~
14 ~~with the horsemen's organization and the association is conducting~~
15 ~~a subsequent meeting for the same breed or mixed breeds, the~~
16 ~~amounts payable to the horsemen's organization under~~
17 ~~subdivision (c) shall be computed under the provisions of the last~~
18 ~~signed contract between the parties.~~

19 ~~(2) This subdivision applies regardless of the cause of the~~
20 ~~failure to execute a contract, whether that failure is a result of~~
21 ~~inadvertence or otherwise.~~

22 ~~(3) For racing meetings that do not come within paragraph (1),~~
23 ~~the board shall, within 15 days after the commencement of the~~
24 ~~racing meeting, determine the amounts payable to the horsemen's~~
25 ~~organization for administrative expenses and services, and provide~~
26 ~~for the direct payment of those amounts.~~

27 ~~(g) Amounts distributed pursuant to this section are derived~~
28 ~~from owners' purses.~~

29 ~~(h) For the purposes of this section, the following definitions~~
30 ~~shall apply:~~

31 ~~(1) "Owner" means a person currently licensed by the board~~
32 ~~as an owner of a thoroughbred racehorse.~~

33 ~~(2) "Trainer" means a person currently licensed by the board~~
34 ~~as a trainer of a thoroughbred racehorse.~~

35 ~~(i) This section shall become operative on January 1, 2008.~~

36 ~~SEC. 2.~~

37 *SECTION 1.* Section 19613 of the Business and Professions
38 Code, as amended by Section 11 of Chapter 198 of the Statutes of
39 2001, is amended to read:



1 19613. (a) Except as provided in subdivisions (b), (c), (d),
2 (e), and (f), the portion deducted for purses pursuant to this chapter
3 shall be paid to or for the benefit of the horsemen at the racing
4 meeting.

5 (b) Any association other than a fair that conducts a
6 thoroughbred racing meeting shall pay to the owners' organization
7 contracting with the association with respect to the conduct of
8 racing meetings for administrative expenses and services rendered
9 to owners, an amount not to exceed two-thirds of 1¹/₂ percent of
10 the portion, and to a trainers' organization for administrative
11 expenses and services rendered to trainers and backstretch
12 employees an amount equivalent to one-third of 1¹/₂ percent of the
13 portion. That association shall also pay an amount for a pension
14 plan for backstretch personnel to be administered pursuant to
15 Section 19613.8 equivalent to an additional 1 percent of the
16 portion. The remainder of the portion shall be distributed as
17 purses.

18 (c) Any other association may pay to the horsemen's
19 organization contracting with the association with respect to the
20 conduct of racing meetings for administrative expenses and
21 services rendered to horsemen an amount out of the portion as may
22 be determined by the association by agreement or otherwise, but,
23 in all events, shall include, relative to a thoroughbred horsemen's
24 organization racing, 1 percent of the portion for a pension plan for
25 backstretch personnel pursuant to Section 19613.8. The remainder
26 of the portion shall be distributed as purses.

27 (d) Notwithstanding subdivisions (b) and (c), any association
28 conducting a fair racing meeting or conducting a mixed breed
29 racing meeting shall pay to the horsemen's organizations
30 contracting with the association with respect to the conduct of
31 races for their respective breeds of horses at the meetings for
32 administrative expenses and services rendered to their respective
33 horsemen those amounts out of the portion as determined by the
34 horsemen's organization for the respective breeds with the
35 approval of the board.

36 Pursuant to this subdivision, amounts not to exceed 3 percent of
37 the portion for the owners' and trainers' organizations shall be
38 distributed to any thoroughbred owners' and trainers'
39 organizations contracting with an association for a fair racing
40 meeting or participating in mixed breed racing meetings as



1 follows: two-thirds of 1 percent to the owners' organization and
2 one-third of 1 percent to the trainers' organization for
3 administrative expenses and services rendered to both owners and
4 trainers, 1 percent for welfare funds, and 1 percent for a pension
5 program for backstretch personnel, to be administered pursuant to
6 Section 19613.8.

7 (e) Any association other than a fair that conducts a quarter
8 horse racing meeting, except a mixed breed meeting, shall pay to
9 the horsemen's organization contracting with the association with
10 respect to the conduct of racing meetings for administrative
11 expenses and services rendered to horsemen, an amount not to
12 exceed 3 percent of the portion. The remainder of the portion shall
13 be distributed as purses.

14 (f) For racing meetings other than thoroughbred meetings, if no
15 contract has been signed between the association conducting the
16 racing meeting and the organization representing the horsemen by
17 the time the racing meeting commences, the distribution of purses
18 shall be governed by the following:

19 (1) If the association conducted a racing meeting within the
20 past 15 months and a contract was in existence for that meeting
21 with the horsemen's organization and the association is conducting
22 a subsequent meeting for the same breed or mixed breeds, the
23 amounts payable to the horsemen's organization under
24 subdivision (c) shall be computed under the provisions of the last
25 signed contract between the parties.

26 (2) This subdivision applies regardless of the cause of the
27 failure to execute a contract, whether that failure is a result of
28 inadvertence or otherwise.

29 (3) For racing meetings that do not come within paragraph (1),
30 the board shall, within 15 days after the commencement of the
31 racing meeting, determine the amounts payable to the horsemen's
32 organization for administrative expenses and services, and provide
33 for the direct payment of those amounts.

34 (g) Amounts distributed pursuant to this section are derived
35 from owners' purses.

36 (h) For the purposes of this section, the following definitions
37 shall apply:

38 (1) "Owner" means a person currently licensed by the board
39 as an owner of a thoroughbred racehorse.



1 (2) “Trainer” means a person currently licensed by the board
2 as a trainer of a thoroughbred racehorse.

3 This section shall remain in effect only until January 1, ~~2008~~
4 2006, and as of that date is repealed, unless a later enacted statute,
5 that is enacted before January 1, ~~2008~~ 2006, deletes or extends that
6 date.

7 *SEC. 2. Section 19613 is added to the Business and*
8 *Professions Code, to read:*

9 19613. (a) *Except as provided in subdivisions (b), (c), (d),*
10 *(e), and (f), the portion deducted for purses pursuant to this*
11 *chapter shall be paid to or for the benefit of the horsemen at the*
12 *racing meeting.*

13 (b) *Any association other than a fair that conducts a*
14 *thoroughbred racing meeting shall pay to the owners’*
15 *organization contracting with the association with respect to the*
16 *conduct of racing meetings for administrative expenses and*
17 *services rendered to owners, an amount not to exceed two-thirds*
18 *of 1½ percent of the portion, and to a trainers’ organization for*
19 *administrative expenses and services rendered to trainers and*
20 *backstretch employees an amount equivalent to one-third of 1½*
21 *percent of the portion. That association shall also pay an amount*
22 *for a pension plan for backstretch personnel to be administered*
23 *pursuant to Section 19613.8 equivalent to an additional 1 percent*
24 *of the portion. The remainder of the portion shall be distributed as*
25 *purses.*

26 (c) *Any other association may pay to the horsemen’s*
27 *organization contracting with the association with respect to the*
28 *conduct of racing meetings for administrative expenses and*
29 *services rendered to horsemen an amount out of the portion as may*
30 *be determined by the association by agreement or otherwise, but,*
31 *in all events, shall include, relative to a thoroughbred horsemen’s*
32 *organization racing, 1 percent of the portion for a pension plan for*
33 *backstretch personnel pursuant to Section 19613.8. The remainder*
34 *of the portion shall be distributed as purses.*

35 (d) *Notwithstanding subdivisions (b) and (c), any association*
36 *conducting a fair racing meeting or conducting a mixed breed*
37 *racing meeting shall pay to the horsemen’s organizations*
38 *contracting with the association with respect to the conduct of*
39 *racers for their respective breeds of horses at the meetings for*
40 *administrative expenses and services rendered to their respective*



1 horsemen those amounts out of the portion as determined by the
2 horsemen's organization for the respective breeds with the
3 approval of the board.

4 Pursuant to this subdivision, amounts not to exceed 3 percent of
5 the portion for the owners' and trainers' organizations shall be
6 distributed to any thoroughbred owners' and trainers'
7 organizations contracting with an association for a fair racing
8 meeting or participating in mixed breed racing meetings as
9 follows: two-thirds of 1 percent to the owners' organization and
10 one-third of 1 percent to the trainers' organization for
11 administrative expenses and services rendered to both owners and
12 trainers, 1 percent for welfare funds, and 1 percent for a pension
13 program for backstretch personnel, to be administered pursuant to
14 Section 19613.8.

15 (e) Any association other than a fair that conducts a quarter
16 horse racing meeting, except a mixed breed meeting, shall pay to
17 the horsemen's organization contracting with the association with
18 respect to the conduct of racing meetings for administrative
19 expenses and services rendered to horsemen, an amount not to
20 exceed 3 percent of the portion. The remainder of the portion shall
21 be distributed as purses.

22 (f) For racing meetings other than thoroughbred meetings, if
23 no contract has been signed between the association conducting
24 the racing meeting and the organization representing the
25 horsemen by the time the racing meeting commences, the
26 distribution of purses shall be governed by the following:

27 (1) If the association conducted a racing meeting within the
28 past 15 months and a contract was in existence for that meeting
29 with the horsemen's organization and the association is
30 conducting a subsequent meeting for the same breed or mixed
31 breeds, the amounts payable to the horsemen's organization under
32 subdivision (c) shall be computed under the provisions of the last
33 signed contract between the parties.

34 (2) This subdivision applies regardless of the cause of the
35 failure to execute a contract, whether that failure is a result of
36 inadvertence or otherwise.

37 (3) For racing meetings that do not come within paragraph (1),
38 the board shall, within 15 days after the commencement of the
39 racing meeting, determine the amounts payable to the horsemen's



1 organization for administrative expenses and services, and
2 provide for the direct payment of those amounts.

3 (g) Amounts distributed pursuant to this section are derived
4 from owners' purses.

5 (h) For the purposes of this section, the following definitions
6 shall apply:

7 (1) "Owner" means a person currently licensed by the board
8 as an owner of a thoroughbred racehorse.

9 (2) "Trainer" means a person currently licensed by the board
10 as an owner and trainer or as a trainer of a thoroughbred
11 racehorse.

12 This section shall become operative on January 1, 2006. This
13 section shall remain in effect only until January 1, 2008, and as of
14 that date is repealed, unless a later enacted statute, that is enacted
15 before January 1, 2008, deletes or extends that date.

16 SEC. 3. Section 19613.3 of the Business and Professions
17 Code is amended to read:

18 19613.3. (a) Each horsemen's organization, except an
19 organization that solely represents owners, or an organization that
20 solely represents trainers, shall provide for the representation of
21 owners and individuals holding licenses as both owners and
22 trainers on its board of directors. The provisions setting forth the
23 composition of the board of directors of each organization shall be
24 in the bylaws of the organization and shall be submitted to the
25 board. The bylaws and any changes thereto shall be approved by
26 the board.

27 ~~(b) No organization that is recognized by the California Horse
28 Racing Board as representing horsemen may deny membership to
29 any person based on sex or marital status, or discriminate against
30 any person who otherwise qualifies for membership because that
31 person also holds a license as an owner or trainer.~~

32 (b) The organization representing owners shall provide in its
33 bylaws that owners who are also licensed as trainers, and their
34 spouses who are licensed as owners shall comprise a class of
35 owner-trainers, which may elect three of its members to the board
36 of directors of the organization representing owners. All other
37 directors shall be owners as defined in Section 19613, and shall
38 not be members of the class of owner-trainers.

39 (c) The board of directors of the owners' organization shall not
40 exceed 15 persons, and all members of the board shall have equal



1 *standing. No person other than a duly elected or appointed*
2 *member of the board of directors shall be entitled to vote on*
3 *matters that are subject to the vote of the board.*

4 *(d) The organization representing trainers may, upon the*
5 *effective date of this section, appoint three individuals who qualify*
6 *as members of the class of owner-trainers as described in*
7 *subdivision (b) to the board of directors of the organization*
8 *representing owners. These appointees shall hold these positions*
9 *until members of the class are elected to fill the positions, no later*
10 *than July 1, 2003.*

11 *This section shall remain in effect only until January 1, 2006,*
12 *and as of that date is repealed, unless a later enacted statute, that*
13 *is enacted before January 1, 2006, deletes or extends that date.*

14 *SEC. 4. Section 19613.3 is added to the Business and*
15 *Professions Code, to read:*

16 *19613.3. Each horsemen's organization, except an*
17 *organization that solely represents owners, or an organization that*
18 *solely represents trainers, shall provide for the representation of*
19 *owners and trainers on its board of directors. The provisions*
20 *setting forth the composition of the board of directors of each*
21 *organization shall be in the bylaws of the organization and shall*
22 *be submitted to the board. The bylaws and any changes thereto*
23 *shall be approved by the board. This section shall become*
24 *operative on January 1, 2006.*

