

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2637

Introduced by Assembly Member Hall

February 21, 2014

An act to amend ~~Section~~ *Sections 19556 and 19599* of, and to repeal *Section 19549.3* of, the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2637, as amended, Hall. Horse racing: parimutuel ~~wagering~~. *wagering and charity racing days.*

Existing

(1) *Existing* law, the Horse Racing Law, provides for the operation of live horse racing in this state and for wagering thereon, and for the operation of satellite wagering facilities, subject to regulation and oversight by the California Horse Racing Board as specified. That law authorizes an association or fair to offer any form of parimutuel wagering, as defined, and authorizes the board to prohibit any form of parimutuel wagering if it determines that the proposed wagering would compromise the honesty and integrity of racing in the state.

This bill would correct an outdated cross-reference *and would delete the board's authority to annually allocate a maximum of 28 racing days to any county fair in the northern zone which did not conduct horse racing prior to January 1, 1985.*

(2) *The Horse Racing Law also requires each licensed racing association to designate a certain number of racing days to be conducted as charity days for the purpose of distribution of the net proceeds to beneficiaries. Existing law requires that beneficiaries of these proceeds*

be a nonprofit corporation or organization entitled by law to receive a distribution made by a distributing agent, exempt or entitled to exemption from state and federal income taxes, involved in specified beneficial activities, and approved by the California Horse Racing Board. Existing law requires, among other distributions, that at least 20% of the distribution from charity day racing go to charities associated with the horse racing industry.

This bill would increase the percentage of that distribution to 30%.

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

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

1 SECTION 1. Section 19549.3 of the Business and Professions
2 Code is repealed.

3 ~~19549.3. Notwithstanding Section 19549 or any other provision~~
4 ~~of this chapter, the board may annually allocate a maximum of 28~~
5 ~~racing days to any county fair in the northern zone which did not~~
6 ~~conduct horseracing prior to January 1, 1985.~~

7 SEC. 2. Section 19556 of the Business and Professions Code
8 is amended to read:

9 19556. (a) The distribution shall be made by the distributing
10 agent to beneficiaries qualified under this article. For the purposes
11 of this article, a beneficiary shall be all of the following:

12 (1) A nonprofit corporation or organization entitled by law to
13 receive a distribution made by a distributing agent.

14 (2) Exempt or entitled to an exemption from taxes measured by
15 income imposed by this state and the United States.

16 (3) Engaged in charitable, benevolent, civic, religious,
17 educational, or veterans' work similar to that of agencies
18 recognized by an organized community chest in the State of
19 California, except that the funds so distributed may be used by the
20 beneficiary for capital expenditures.

21 (4) Approved by the board.

22 (b) At least ~~20~~ 30 percent of the distribution shall be made to
23 charities associated with the horse racing industry. In addition to
24 this ~~20~~ 30 percent of the distribution, another 5 percent of the
25 distribution shall be paid to a welfare fund described in subdivision
26 (b) of Section 19641 and another 5 percent of the distribution shall
27 be paid to a nonprofit corporation, the primary purpose of which

1 is to assist horsemen and backstretch personnel who are being
2 affected adversely as a result of alcohol or substance abuse. No
3 beneficiary otherwise qualified under this section to receive charity
4 day net proceeds shall be excluded on the basis that the beneficiary
5 provides charitable benefits to persons connected with the care,
6 training, and running of racehorses, except that type of beneficiary
7 shall make an accounting to the board within one calendar year of
8 the date of receipt of any distribution.

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

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

21 (3) The nonprofit corporation or trust shall, in an amount
22 proportional to the contributions received pursuant to this
23 subdivision as a percentage of the total contributions received by
24 the corporation or trust, give preference in assisting qualified
25 disabled jockeys to the following:

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

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

32 (d) When the nonprofit corporation or trust described in
33 subdivision (c) has received distributions in an amount equal to
34 two million dollars (\$2,000,000), the distribution mandated by
35 subdivision (c) shall cease.

36 ~~SECTION 4.~~

37 *SEC. 3.* Section 19599 of the Business and Professions Code
38 is amended to read:

39 19599. An association or fair may offer any form of parimutuel
40 wagering, as defined by regulations adopted by the board, or as

1 defined by Chapter 4, Pari-Mutuel Wagering, Model Rules of
2 Racing, as published by the Association of Racing Commissioners
3 International. The board may prohibit any form of parimutuel
4 wagering if it determines that the proposed wagering would
5 compromise the honesty and integrity of racing in the state. Each
6 racing association or fair shall include the types of conventional
7 exotic and other wagering it proposes to offer on its application
8 to conduct a horse racing meeting.

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