

# **State of California**

## **HORSE RACING LAW**

**Division 8, Chapter 4, Business and Professions Code  
and Related Laws**



STATE OF CALIFORNIA  
CALIFORNIA HORSE RACING BOARD  
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Laws, Rules and Regulations are available on the Internet.  
Internet site is: <http://www.chrb.ca.gov>

*Last edit: January 1, 2023*

**GOVERNOR**

Gavin Newsom



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# CONSTITUTION OF CALIFORNIA

## Article IV.

Sec. 19.

(a) The Legislature has no power to authorize lotteries, and shall prohibit the sale of lottery tickets in the State.

(b) The Legislature may provide for the regulation of horse races and horse race meetings and wagering on the results.

(c) Notwithstanding subdivision (a), the Legislature by statute may authorize cities and counties to provide for bingo games, but only for charitable purposes.

(d) Notwithstanding subdivision (a), there is authorized the establishment of a California State Lottery.

(e) The Legislature has no power to authorize, and shall prohibit, casinos of the type currently operating in Nevada and New Jersey.

(f) Notwithstanding subdivisions (a) and (e), and any other provision of state law, the Governor is authorized to negotiate and conclude compacts, subject to ratification by the Legislature, for the operation of slot machines and for the conduct of lottery games and banking and percentage card games by federally recognized Indian tribes on Indian lands in California in accordance with federal law. Accordingly, slot machines, lottery games, and banking and percentage card games are hereby permitted to be conducted and operated on tribal lands subject to those compacts.

## Display of Flags

The Flag of the United States and the Flag of the State shall be prominently displayed during any and all games and performances of every kind which take place in a coliseum, stadium, bowl, or other open air sites, and at all race tracks where racing is being conducted.

[Government Code, Section 432]

**CALIFORNIA HORSE RACING BOARD**  
**2023 HORSE RACING LAW BOOK**  
**BUSINESS AND PROFESSIONS CODE AND RELATED LAWS**

**TABLE OF CONTENTS**

Table of Contents .....	1
Business and Professions Code, Division 8. Special Business Regulations, Chapter 4. Horse Racing.....	13
Article 1. General provisions and definitions.....	13
19400.....	13
19401.....	13
19402.....	13
19403.....	13
19403.5.....	13
19404.....	13
19405.....	13
19406.....	14
19407.....	14
19407.5.....	14
19407.6.....	14
19408.....	14
19408.1.....	14
19408.2.....	15
19408.3.....	15
19409.....	15
19409.5.....	15
19410.....	15
19410.5.....	15
19410.7.....	15
19410.8.....	16
19411.....	16
19411.1.....	16
19412.....	16
19413.....	16
19413.1.....	16

19413.2.....	17
19413.4.....	17
19413.5.....	17
19414.....	17
19414.5.....	17
19415.5.....	17
19415.8.....	18
19415.8.....	18
19416.....	18
19416.5.....	18
19416.6.....	18
19416.7.....	18
19417.....	18
19417.5.....	18
19417.6.....	19
19417.7.....	19
19418.....	19
19418.1.....	19
19418.2.....	20
19418.3.....	21
19418.5.....	21
19419.9.....	21
<b>Article 2. General Administration and Enforcement .....</b>	<b>22</b>
19420.....	22
19421.....	22
19422.....	22
19423.....	22
19424.....	22
19424.5.....	23
19425.....	23
19426.....	23
19427.....	23
19428.....	23
19429.....	23

19430.....	24
19431.....	24
19431.5.....	24
19432.....	24
19433.....	24
19434.....	24
19435.....	24
19436.....	25
19437.....	25
19439.....	25
19440.....	25
19440.1.....	25
19440.5.....	26
19441.2.....	26
19442.2.....	27
19443.....	27
19444.....	27
19447.....	27
19448.....	31
<b>Article 2.5 Backstretch Worker Labor Relations.....</b>	<b>33</b>
19455.....	33
19455.2.....	37
19455.4.....	37
<b>Article 3. Licenses Generally .....</b>	<b>38</b>
19460.....	38
19461.....	38
19461.1.....	38
19461.5.....	38
19462.....	38
19463.....	39
19464.....	39
19466.....	39
<b>Article 4. Licenses for Track Operators .....</b>	<b>40</b>
19480.....	40

19481.....	40
19481.3.....	40
19481.5.....	41
19481.7.....	41
19482.....	43
19483.....	43
19484.....	43
19485.....	43
19487.....	43
19488.....	44
19489.....	44
19490.....	44
19491.....	44
19491.5.....	45
19491.6.....	45
19491.7.....	45
19493.....	45
19494.....	46
19495.....	46
Article 4.5. Jockeys.....	47
19500.....	47
19501.....	47
19502.....	48
19504.....	48
19506.....	48
Article 5. Stewards and Racing Officials.....	50
19510.....	50
19512.....	50
19513.....	51
19514.....	51
19515.....	51
19516.....	51
19517.....	51
19517.5.....	52

19518.....	52
<b>Article 5.5. Other Licenses .....</b>	<b>53</b>
19520.....	53
19521.....	53
19522.....	53
19523.....	54
19525.....	54
19526.....	55
<b>Article 5.6. Interstate Compact on Horse Racing Occupational Licensing .....</b>	<b>56</b>
19527.....	56
19528.....	56
<b>Article 6. Racing Days and Weeks .....</b>	<b>57</b>
19530.....	57
19530.5.....	57
19531.....	57
19531.1.....	58
19532.....	58
19533.....	59
19533.5.....	60
19533.6.....	60
19535.....	61
<b>Article 6.5. Fairs and Expositions.....</b>	<b>62</b>
19540.....	62
19542.....	62
19546.....	62
19547.....	62
19548.....	62
19549.....	62
19549.1.....	63
19549.2.....	63
19549.4.....	63
19549.6.....	63
19549.7.....	63
19549.9.....	63



19549.12.....	63
19549.13.....	64
19549.14.....	64
19549.15.....	64
19549.16.....	65
19549.17.....	65
<b>Article 7. Charity Racing Days .....</b>	<b>66</b>
19550.....	66
19551.....	66
19552.....	66
19553.....	66
19554.....	67
19555.....	67
19556.....	67
19556.5.....	68
19557.....	68
<b>Article 8. Regulation Generally .....</b>	<b>69</b>
19560.....	69
19562.....	69
19563.....	69
19564.....	69
19565.....	69
19566.....	69
19566.5.....	69
19566.6.....	69
19567.....	70
19568.....	70
19572.....	71
19573.....	71
19574.....	71
19576.....	71
19577.....	72
19578.....	73
19578.1.....	74

19578.2.....	74
<b>Article 8.5. Equine Medication .....</b>	<b>75</b>
19580.....	75
19581.....	75
19582.....	75
19582.5.....	76
19583.....	76
19583.5.....	76
19583.7.....	77
19583.9.....	77
19583.10.....	77
19585.....	78
<b>Article 9. Wagering.....</b>	<b>79</b>
19590.....	79
19591.....	79
19592.....	79
19592.5.....	79
19593.....	79
19594.....	79
19595.....	79
19596.....	80
19596.1.....	80
19596.2.....	81
19596.21.....	82
19596.3.....	82
19596.4.....	82
19597.....	83
19597.5.....	83
19598.....	83
19599.....	83
19601.....	84
19601.01.....	86
19601.2.....	88
19601.3.....	88

19603.....	90
19604.....	90
Article 9.2. Satellite Wagering.....	<b>100</b>
19605.....	100
19605.1.....	100
19605.2.....	101
19605.25.....	101
19605.3.....	102
19605.35.....	103
19605.4.....	104
19605.45.....	104
19605.47.....	105
19605.51.....	105
19605.52.....	105
19605.53.....	105
19605.54.....	105
19605.55.....	106
19605.6.....	106
19605.61.....	106
19605.7.....	107
19605.71.....	109
19605.72.....	110
19605.73.....	111
19605.74.....	112
19605.75.....	112
19605.76.....	113
19605.77.....	114
19605.78.....	115
19605.79.....	116
19605.8.....	116
19605.9.....	116
19606.....	117
19606.1.....	117
19606.3.....	118

19606.4.....	119
19606.5.....	119
19606.6.....	119
19607.....	119
19607.1.....	120
19607.2.....	121
19607.3.....	121
19607.4.....	123
19607.5.....	123
19608.....	124
19608.1.....	125
19608.2.....	125
19608.4.....	126
19608.5.....	126
19608.6.....	126
19608.7.....	126
19608.8.....	126
<b>Article 9.5. License Fees, Commissions, and Purses .....</b>	<b>128</b>
19610.....	128
19610.1.....	128
19610.2.....	128
19610.3.....	128
19610.4.....	129
19610.6.....	129
19610.8.....	130
19611.....	130
19611.5.....	131
19612.....	131
19612.1.....	132
19612.2.....	132
19612.3.....	133
19612.6.....	133
19612.7.....	134
19612.8.....	134

19612.9.....	134
19613.....	135
19613.05.....	136
19613.1.....	137
19613.2.....	137
19613.5.....	137
19613.6.....	138
19613.8.....	138
19614.....	138
19614.2.....	139
19614.3.....	140
19614.4.....	140
19614.6.....	141
19615.....	141
19616.....	142
19616.1.....	142
19616.2.....	143
19616.51.....	143
19616.52.....	144
19617.....	144
19617.2.....	147
19617.3.....	148
19617.4.....	150
19617.5.....	150
19617.6.....	151
19617.7.....	151
19617.75.....	153
19617.8.....	154
19617.9.....	156
19618.....	157
19618.1.....	158
19618.2.....	158
19619.....	158
19619.1.....	160

19619.2.....	160
19619.6.....	160
19619.7.....	160
Article 10. Revenue .....	<b>161</b>
19620.....	161
19620.1.....	161
19620.15.....	162
19620.2.....	164
19620.3.....	164
19621.....	164
19621.1.....	164
19622.....	165
19622.1.....	165
19622.2.....	165
19622.3.....	166
19623.....	166
19627.5.....	166
19628.....	166
19629.....	167
19630.....	167
19631.....	167
19632.....	167
19636.....	168
19637.....	168
19638.....	168
19640.....	168
19641.....	169
19641.2.....	169
19642.....	170
19642.1.....	170
Article 11. Penalties .....	<b>171</b>
19660.....	171
19661.....	171
19662.....	171

19663.....	171
19664.....	171
19665.....	172
19666.....	172
19667.....	172
19668.....	172
Business and Professions Code, Division 8. Special Business Regulations, Chapter 4.5. Mule racing .....	173
19700.....	173
19701.....	173
19702.....	173
19703.....	173
19704.....	173
19705.....	173

**BUSINESS AND PROFESSIONS CODE,**  
**DIVISION 8. SPECIAL BUSINESS REGULATIONS,**  
**CHAPTER 4. HORSE RACING**  
**ARTICLE 1. GENERAL PROVISIONS AND DEFINITIONS**

**19400.**

This chapter shall be known and may be cited as the “Horse Racing Law.”.

**19401.**

The intent of this chapter is to allow parimutuel wagering on horse races, while:

- (a) Assuring protection of the public.
- (b) Encouraging agriculture and the breeding of horses in this state.
- (c) Providing for maximum expansion of horse racing opportunities in the public interest.
- (d) Providing uniformity of regulation for each type of horse racing.

**19402.**

Except where the context otherwise requires, the definitions set forth in this article govern the construction of this chapter.

**19403.**

“Association” means any person engaged in the conduct of a recognized horse race meeting.

**19403.5.**

“Barrel race” means a horse race around a course with three barrels placed in a triangular pattern which may conform to the requirements of the Women’s Professional Rodeo Association. Two barrel racecourses may be run simultaneously in the form of a heat.

**19404.**

“Board” means the California Horse Racing Board within the Business, Consumer Services, and Housing Agency.

**19405.**

“Breakage” means the odd cents by which the amount payable on each dollar wagered exceeds a multiple of ten cents (\$0.10).



**19406.**

- (a) A “California-bred horse” is a foal dropped by a mare in California after being conceived in California and remaining in California until the foal is weaned.
- (b) A “California-bred thoroughbred” is a horse dropped by a mare in California after being conceived in California, or any thoroughbred horse dropped by a mare in California if the mare remains in California to be next bred to a thoroughbred stallion standing in California. If the mare cannot be bred for two successive breeding seasons but remains in California during that period, her foal shall be considered to be a California-bred thoroughbred.
- (c) A “California-bred quarter horse” is a quarter horse foal conceived in California by a stallion standing in California at the time of conception.
- (d) A “California-bred standardbred horse” is a standardbred foal conceived by a stallion registered with the California Standardbred Sires Stakes Program.
- (e) A “California-bred Appaloosa horse” is a horse dropped by a mare in California after being conceived in California, or any Appaloosa horse dropped by a mare in California if the mare remains in California to be next bred to an Appaloosa stallion standing in California. If the mare cannot be bred for two successive breeding seasons but remains in California during that period, her foal shall be considered to be a California-bred Appaloosa horse.
- (f) A “California-bred paint horse” is a registered paint horse foal conceived in California by a stallion standing in California at the time of the conception, or by a registered paint horse stallion.
- (g) A “California-sired horse” is a thoroughbred that was conceived in California by a registered California stallion. A California-sired horse is only eligible for entry in races restricted to California-bred or California-sired horses and is not eligible for any breeder or owner awards.

**19407.**

“Charity days” means racing days granted to a licensed racing association for the purpose of contributing net proceeds from such days to charitable organizations. Charity days are part of a regular race meeting and do not constitute a separate meeting.

**19407.5.**

“Executive director” means the Executive Director of the California Horse Racing Board.

**19407.6.**

“Foaling date” means the date the horse is dropped by a mare as stated on the papers of registration.

**19408.**

“Fund” means the Fair and Exposition Fund.

**19408.1.**

“Graded stake” means an international classification for major thoroughbred stakes races established in each country by its thoroughbred racing regulatory body.

**19408.2.**

“Claiming race” means a race in which any horse entered therein may be claimed in conformity with the rules established by the board.

**19408.3.**

“Stakes race” means a race for which owners of horses entered or engaged for the race contribute to a purse for which money or any other prize may be added, nominations to which close 72 hours or more before starting; or an invitational race or invitational handicap race for which owners do not contribute to the purse, but which is advertised in the regular stakes program.

**19409.**

A “standardbred horse” is any horse (including mare, gelding, colt and filly) that meets the requirements of and is registered by the United States Trotting Association, including foreign horses meeting the requirements of the United States Trotting Association. For the purposes of this section, this definition shall also apply to the term “harness horse.”

**19409.5.**

“Harness horse racing” is that form of horseracing in which “Standardbred horses” as defined in Section 19409 are harnessed to a sulky or similar vehicle, and are raced at either the trotting or pacing gait.

**19410.**

“Inclosure” means all areas of the racing association’s or fair’s grounds and locations, as designated by the racing association or fair licensed to conduct a live racing meeting and approved by the board.

**19410.5.**

(a) The “inclosure-restricted” is that part of the inclosure that is enclosed by a wall, fence, or other physical barrier, where admission is obtained only upon the presentation of authorized credentials.

(b) The “inclosure-public” means all other areas of the inclosure designated by a racing association, fair, or simulcast wagering facility and approved by the board to which the public is admitted for the purpose of wagering on horseraces.

**19410.7.**

“Minisatellite wagering site” means a location where satellite wagering may be conducted, with the approval of the board, provided that the wagering occurs in an area that is restricted to those who are 21 years of age or older.

**19410.8.**

“Show jumping race” means a horse race, over obstacles made of artificial or natural material, which is shorter than a steeplechase course, and is run by horses for time with faults converted to time. Requirements and rules for a show jumping race may conform to the requirements and rules of the American Horse Shows Association.

**19411.**

“Parimutuel wagering” is a form of wagering in which bettors either purchase tickets of various denominations, or issue wagering instructions leading to the placement of wagers, on the outcome of one or more horse races. The association distributes the total wagers comprising each pool, less the amounts retained for purposes specified in this chapter, to winning bettors based on the official race results.

**19411.1.**

“Handle” means the aggregate contributions to parimutuel pools.

**19412.**

(a) “Conventional parimutuel pool” means the total wagers under the parimutuel system on any horse or horses in a particular race to win, place, or show.

(b) “Exotic parimutuel pool” means the total wagers under the parimutuel system on the finishing position of two or more horses in a particular race, such as quinella or exacta wagers, or on horses to win two or more races, such as daily double wagers, pick six wagers, or on other wagers approved by the board.

(c) “Proposition parimutuel pool” means the total wagers under the parimutuel system on propositions approved by the board that are based on the results of a live thoroughbred horse, quarter horse, or harness horse race or races.

**19413.**

“Person” includes any individual, partnership, corporation, or other association or organization.

**19413.1.**

“Prohibited drug substance” is any drug substance, medication, or chemical, whether natural or synthetic, or a metabolite or analogue thereof, foreign to the horse, whose use is not expressly authorized by the board. This includes, but is not limited to, any substance determined to be a stimulant, depressant, local anesthetic, or narcotic, or any drug, regardless of how harmless or innocuous it might otherwise be, which could interfere with the detection of any prohibited drug. “Prohibited drug substance” includes any substance not approved for use in the United States, including, but not limited to, any drug or substance available in a country outside the United States, any controlled substance listed in Part 1308 of Title 21 of the Code of Federal Regulations, and any substance the approval of which has been withdrawn.

**19413.2.**

“Standardbred breeder” means the owner of the dam of a standardbred foal at the time the foal was conceived.

**19413.4.**

“Registered California standardbred stallion” means a stallion that is registered with the United States Trotting Association and listed in the official California Standardbred Stallions Registry maintained by the California Horse Racing Board or its designee as provided for in Section 19566.6.

**19413.5.**

“Quarter horse” is any horse (including mare, gelding, colt and filly) that meets the requirements of and is registered by the American Quarter Horse Association.

**19414.**

(a) “Quarter horse racing” means that form of horse racing in which the participating horses are “quarter horses” as defined in Section 19413.5, and are ridden by jockeys in races over distances of not more than five and one-half furlongs.

(b) Notwithstanding subdivision (a), the board may permit quarter horse races over distances of up to five and one-half furlongs.

**19414.5.**

(a) “Racing days” are days on which a licensed racing association or fair is authorized by the board to conduct horse racing.

(b) “Racing weeks” are seven consecutive days during which a licensed racing association or fair is authorized by the board to conduct horse racing for a minimum of five racing days. The board, however, upon joint petition of the association or fair and the organization representing horsemen participating in the meeting of that association or fair, may authorize the conduct of horse racing for less than five racing days. Fractional racing weeks of four days or less may be authorized by the board at the beginning and end of any horse racing meeting. Fractional weeks may also be authorized during weeks containing holidays and during periods of overlap with thoroughbred meetings and fairs if the total number of weeks authorized by the board in any calendar year for each breed does not exceed the maximum annual allocation of racing weeks provided for in Article 6 (commencing with Section 19530). If a licensed racing association holds a split meeting, each part of the split meeting shall be deemed a horse racing meeting solely for the purposes of authorizing fractional racing weeks.

**19415.5.**

“Split meeting” means a meeting having two periods of racing separated by at least 45 days, one period which is no more than 18 consecutive weeks in length and the other period which is no less than four consecutive weeks in length. The “short period” of a split meeting is the period of lesser duration.

**19415.8.**

“Steeplechase race” means horse racing over obstacles made of natural or artificial material and includes both hurdle and timber races. Rules for a steeplechase race may conform to rules of the National Steeplechase and Hunt Association.

**19415.8.**

“Steeplechase race” means horse racing over obstacles made of natural or artificial material and includes both hurdle and timber races. Rules for a steeplechase race may conform to rules of the National Steeplechase and Hunt Association.

**19416.**

“Thoroughbred horse” is any horse (including mare, gelding, colt and filly) that meets the requirements of and is registered by the Jockey Club of New York, including racing permits issued to foreign thoroughbred horses.

**19416.5.**

“Appaloosa horse” is any horse (including mare, gelding, colt and filly) that meets the requirements of and is registered by the Appaloosa Horse Club and approved by the Appaloosa Horse Club.

**19416.6.**

“Arabian horse” is any horse (including mare, gelding, colt and filly) that meets the requirements of and is registered by the Arabian Horse Registry of America, Inc.

**19416.7.**

“Paint horse” is any horse, including mare, gelding, colt, and filly, that meets the requirements of and is registered by the American Paint Horse Association.

**19417.**

“Thoroughbred racing” is the form of horse racing in which each participating horse is a “thoroughbred” (as herein defined), is mounted by a jockey and engages in races on the flat but does not include a steeplechase or hurdle race.

**19417.5.**

“Appaloosa racing” is the form of horse racing in which each participating horse is an Appaloosa horse, is mounted by a jockey, and engages in races on the flat over a distance of not less than one-quarter of a mile or more than four miles.

**19417.6.**

“Arabian racing” is the form of horse racing in which each participating horse is an Arabian horse, is mounted by a jockey and engages in races on the flat over a distance of not less than one-quarter of a mile or more than four miles.

**19417.7.**

“Paint racing” is the form of horse racing in which each participating horse is a paint horse, is mounted by a jockey and engages in races on the flat over a distance of not less than 220 yards or more than four miles.

**19418.**

“State designated fairs,” referred to in this chapter as fairs, means the California Exposition and State Fair in the City of Sacramento and those fairs specified in Sections 19418.1, 19418.2, and 19418.3 that may receive financial support or are otherwise governed pursuant to this chapter. These fairs may also be referred to as part of the “network of California Fairs.”

**19418.1.**

The district agricultural associations and their locations are as follows:

- (1) District 1, held in the City of Oakland.
- (2) District 1-A, held in the City of San Francisco.
- (3) District 2, held in the City of Stockton.
- (4) District 3, held in the City of Chico.
- (5) District 4, held in the City of Petaluma.
- (6) District 5, held in the City of San Francisco.
- (7) District 7, held in the City of Monterey.
- (8) District 9, held in the City of Eureka.
- (9) District 10, held in the City of Yreka.
- (10) District 10-A, held in the City of Tulelake.
- (11) District 12, held in the City of Ukiah.
- (12) District 13, held in the City of Yuba City.
- (13) District 14, held in the City of Watsonville.
- (14) District 15, held in the City of Bakersfield.
- (15) District 16, held in the City of Paso Robles.
- (16) District 17, held in the City of Grass Valley.
- (17) District 18, held in the City of Bishop.
- (18) District 19, held in the City of Santa Barbara.
- (19) District 20, held in the City of Auburn.
- (20) District 21, held in the City of Fresno.
- (21) District 21-A, held in the City of Madera.
- (22) District 22, held in the City of Del Mar.
- (23) District 23, held in the City of Antioch.
- (24) District 24, held in the City of Tulare.
- (25) District 24-A, held in the City of Hanford.

- (26) District 25, held in the City of Napa.
- (27) District 26, held in the City of Plymouth.
- (28) District 27, held in the City of Anderson.
- (29) District 28, held in the City of Victorville.
- (30) District 29, held in the City of Sonora.
- (31) District 30, held in the City of Red Bluff.
- (32) District 31, held in the Town of Ventura.
- (33) District 32, held in the City of Costa Mesa.
- (34) District 33, held in the City of Hollister.
- (35) District 34, held in the Town of Cedarville.
- (36) District 35, held in the City of Merced.
- (37) District 35-A, held in the Town of Mariposa.
- (38) District 36, held in the City of Dixon.
- (39) District 37, held in the City of Santa Maria.
- (40) District 38, held in the City of Turlock.
- (41) District 39, held in the Town of Angels Camp.
- (42) District 40, held in the City of Woodland.
- (43) District 41, held in the City of Crescent City.
- (44) District 42, held in the City of Orland.
- (45) District 44, held in the City of Colusa.
- (46) District 45, held in the City of Imperial.
- (47) District 46, held in the City of Perris.
- (48) District 48, held in the City of City of Industry.
- (49) District 49, held in the City of Lakeport.
- (50) District 50, held in the City of Lancaster.
- (51) District 51, held in the San Fernando Valley.
- (52) District 52, held in the City of Sacramento.
- (53) District 53, held in the City of Ridgecrest.
- (54) District 54, held in the City of Blythe.

## **19418.2.**

The county fairs and their locations are as follows:

- (1) The Alameda County Fair, held in the City of Pleasanton.
- (2) The Butte County Fair, held in the City of Gridley.
- (3) The El Dorado County Fair, held in the City of Placerville.
- (4) The Humboldt County Fair, held in the City of Ferndale.
- (5) The Lassen County Fair, held in the City of Susanville.
- (6) The Los Angeles County Fair, held in the City of Pomona.
- (7) The Madera County Fair, held in the City of Chowchilla.
- (8) The Marin County Fair, held in the City of San Rafael.
- (9) The Mendocino County Fair, held in the Town of Boonville.
- (10) The Merced County Fair, held in the City of Los Banos.
- (11) The Monterey County Fair, held in the City of King City.
- (12) The Napa County Fair, held in the City of Calistoga.
- (13) The Placer County Fair, held in the City of Roseville.

- (14) The Plumas County Fair, held in the Town of Quincy.
- (15) The Riverside County Fair, held in the City of Indio.
- (16) The San Benito County Fair, held in the City of Hollister.
- (17) The San Francisco County Fair, held in the City of San Francisco.
- (18) The San Joaquin County Fair, held in the City of Lodi.
- (19) The San Mateo County Fair, held in the City of San Mateo.
- (20) The Santa Clara County Fair, held in the City of San Jose.
- (21) The Shasta County Fair, held in the Town of McArthur.
- (22) The Solano County Fair, held in the City of Vallejo.
- (23) The Sonoma County Fair, held in the City of Santa Rosa.
- (24) The Trinity County Fair, held in the Town of Hayfork.

### **19418.3.**

The citrus fruit fairs and their locations are as follows:

- (1) The Cloverdale Citrus Fair, held in the City of Cloverdale.
- (2) The National Orange Show, held in the City of San Bernardino.

### **19418.5.**

(a) The Legislature finds and declares that district agricultural associations, county fairs, citrus fruit fairs, and the California Exposition and State Fair, collectively known as state-designated fairs pursuant to Section 19418, are a valuable community resource, and recognizes that local businesses and local communities make valuable contributions to state-designated fairs that include direct and indirect support of fair programs. The Legislature further finds and declares that local businesses often provide opportunity purchases to local state-designated fairs that, for similar things available through the state purchasing program, may be purchased locally at a price equivalent to or less than that available through the state purchasing program.

(b) In order to make opportunity purchases, a state-designated fair shall develop applicable policies and procedures.

(c) As used in this section, “opportunity purchases” means purchases made locally, either individually or cooperatively, at a price equal to or less than the price available through the state purchasing program on or off state contract.

### **19419.9.**

The provisions of this chapter insofar as they are substantially the same as existing code provisions relating to the same subject matter shall be construed as restatements and continuations thereof, and not as new enactments.



## **ARTICLE 2. GENERAL ADMINISTRATION AND ENFORCEMENT**

### **19420.**

Jurisdiction and supervision over meetings in this State where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings, is vested in the California Horse Racing Board.

### **19421.**

The board consists of seven members, appointed by the Governor.

Each member shall hold office for a term of four years, commencing at the expiration of the previous term.

The term of the members of the board in office on January 1, 1959, shall expire as follows: one member July 26, 1959, one member July 26, 1960, and one member July 26, 1961. The terms shall expire in the same relative order as to each member as the term for which he holds office on January 1, 1959.

The term of the members appointed pursuant to amendments made to this section during the 1977–1978 legislative session shall expire as follows: one on January 1, 1979 and one on January 1, 1982.

The term of the members appointed pursuant to amendments made to this section during the 1979–80 Regular Session of the Legislature shall expire as follows: one on January 1, 1982, and one on January 1, 1984.

Any vacancy shall be filled by the Governor for the unexpired term.

Each member shall be eligible for reappointment in the discretion of the Governor.

### **19422.**

Each member of the board shall have been a resident of this State for two years next preceding his appointment.

### **19423.**

A person is disqualified from membership on the board if the person, the person's spouse or any dependent child thereof:

- (a) Holds a financial interest in any horse racing track.
- (b) Holds a financial interest or position of management with any business entity which conducts parimutuel horse racing.
- (c) Holds a financial interest in a management or concession contract with any business entity which conducts parimutuel horse racing.

### **19424.**

No board member is disqualified from receiving a share of any purse awarded him as the result of any horse race as an owner of a horse or as a breeder of a California-bred horse.

**19424.5.**

In order to permit the full participation of horsemen and horsewomen who may be appointed to the board, the Legislature declares that the appointment of such persons is intended to represent and further the interests of horse owners and breeders pursuant to Section 19401, and that such representation and furtherance will ultimately serve the public interest. Accordingly the Legislature finds racehorse owners and breeders are tantamount to and constitute the public generally within the meaning of Section 87103 of the Government Code.

**19425.**

The members of the board shall receive a per diem of one hundred dollars (\$100) for each day spent in attendance at meetings scheduled by the chairperson of the board for the purpose of fulfilling the duties of the board pursuant to this chapter, and shall be reimbursed for traveling and other expenses necessarily incurred in the performance of official duties.

Notwithstanding any other provision of law, any member of the board who is also a member of, and is entitled to receive the benefits from, the Legislators' Retirement System may elect to forego the compensation provided by this section and, if the compensation is foregone, the member shall not have his or her retirement benefits reduced and shall not be required to be reinstated into the retirement system.

**19426.**

The Governor may remove any board member for incompetence, neglect of duty or corruption upon first giving him a copy of the charges against him and an opportunity to be heard.

**19427.**

The board shall appoint such employees as may be necessary to carry out the provisions of this chapter.

**19428.**

The board shall appoint an executive director who shall receive the annual salary established by the board and approved by the Department of Personnel Administration. The executive director shall be the board's executive officer and shall carry out and execute the duties as specified by law and by the board.

**19429.**

A person is disqualified from employment by the board if the person, the person's spouse, or any dependent child thereof:

- (a) Holds a financial interest in a horserace track.
- (b) Holds a financial interest or position of management with an entity that conducts parimutuel horseracing.
- (c) Holds a financial interest in a management or concession contract with a business entity that conducts parimutuel horseracing.

**19430.**

The salaries of the executive director, and other employees of the board, the per diem allowance of members of the board, and the necessary traveling and other expenses of the executive director and members of the board, shall be paid monthly by the State Treasurer on the warrant of the Controller and the certification of the chairperson of the board out of the money appropriated for that purpose.

**19431.**

The board shall establish and maintain a general office for the transaction of its business in Sacramento. The board may establish any branch office for the transaction of its business at a place to be determined by it, and may hold meetings at any other place within the state when the interests of the public may be better served.

(b) A public record of every vote shall be maintained at the board's general office and posted on the board's internet website.

(c) At least four members of the board shall concur in the taking of any official action or in the exercise of any of the board's duties, powers, or functions.

**19431.5.**

The board shall publish, on a weekly basis on its internet website, all racehorse fatalities related to racing or training that occur within a licensed inclosure.

**19432.**

The executive director shall keep a full and true record of all proceedings of the board, preserve at the board's general office all books, documents, and papers of the board, prepare for service such notices and other papers as may be required of him or her by the board, and perform such other duties as the board may prescribe.

**19433.**

The board may visit, investigate, and place expert accountants and such other persons as it may deem necessary in the office, track, or other place of business of any licensee for the purpose of satisfying itself that its rules and regulations are strictly complied with.

**19434.**

The board may require that the books and financial or other statements of any person licensed under this chapter shall be kept in any manner which to the board may seem best.

**19435.**

The board, its executive director, or the stewards, may issue subpoenas for the attendance of witnesses or the production of any records, books, memoranda, documents, or other papers or things, as is necessary to enable any of them to effectually discharge their duties, and may administer oaths or affirmations as necessary in connection therewith.

**19436.**

Any person subpoenaed who fails to appear at the time and place specified in answer to the subpoena and to bring any papers or things specified in the subpoena, or who upon such appearance, refuses to testify, or produce such records or things, is guilty of a misdemeanor.

**19437.**

Any person who testifies falsely under oath in any proceeding before, or any investigation by the board, its executive director, or the stewards, shall be guilty of a felony and shall be punished in the same manner prescribed by the Penal Code for the punishment of perjury.

**19439.**

In lieu of requiring an affidavit or other sworn statement in any application or other paper or document required to be filed with it, the board may require a certification thereof under the penalty of perjury, in such form as the board may prescribe.

Any person who willfully makes and subscribes any such certificate which is materially false in any particular is guilty of a felony, and shall be punished in the manner prescribed by the Penal Code for the punishment of perjury.

**19440.**

(a) The board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the board shall include, but not be limited to, all of the following:

- (1) Adopting rules and regulations that protect and advance the health, safety, welfare, and aftercare of racehorses.
- (2) Adopting rules and regulations for the protection of the public and the control of horse racing and parimutuel wagering.
- (3) Administration and enforcement of all laws, rules, and regulations affecting horse racing and parimutuel wagering.
- (4) Adjudication of controversies arising from the enforcement of those laws and regulations dealing with horse racing and parimutuel wagering.
- (5) Licensing of each racing association and all persons, other than the public at large, who participate in a horse racing meeting with parimutuel wagering.
- (6) Allocation of racing dates to qualified associations in accordance with law.

(b) The board may delegate to stewards appointed pursuant to Article 5 (commencing with Section 19510) any of its powers and duties that are necessary to carry out fully and effectuate the purposes of this chapter.

**19440.1**

(a) (1) Notwithstanding any other law, the board may enter into agreements with the authority and any other private, state, or federal entity that is responsible for administering the federal Horseracing Integrity and Safety Act of 2020 (15 U.S.C. Sec. 3051 et seq.) for the purpose of providing services consistent with the enforcement of the horseracing antidoping and medication control program and the racetrack safety program, as authorized by Section 3054(e)(2) of Title 15 of the United States Code.

(2) Upon entering into an agreement pursuant to paragraph (1), the board's employees and contractors are authorized to provide all services contracted for under the agreement, including, but not limited to, representation in any administrative adjudicative enforcement proceeding, and general enforcement of the authority's horseracing antidoping and medication control program and racetrack safety program.

(3) An agreement entered into pursuant to paragraph (1) shall not be subject to state contracting laws or Department of General Services review or approval.

(b) On behalf of the authority, the board may collect and remit fees assessed by the authority to fund California's proportionate share of the authority's horseracing antidoping and medication control program and racetrack safety program, as authorized by Section 3052(f) of Title 15 of the United States Code. If the board elects to collect and remit fees on behalf of the authority, the board shall allocate, assess, and collect the fees assessed by the authority from those associations and fairs subject to the authority's jurisdiction in either of the following manners:

(1) From the remaining market access fees addressed by paragraph (5) of subdivision (f) of Section 19604, pursuant to the process described in subparagraph (E) of that paragraph.

(2) As part of the license fee established by Section 19616.51 using the methodology described in that section.

(c) Notwithstanding any other law, the board may elect to subject breeds other than thoroughbreds to the federal Horseracing Integrity and Safety Act of 2020 (15 U.S.C. Sec. 3051 et seq.), as authorized by Section 3054(l) of Title 15 of the United States Code.

(d) For purposes of this section, "the authority" has the same meaning as defined in Section 3051 of Title 15 of the United States Code.

#### **19440.5**

An annual audit shall be conducted of the financial books and records of the horsemen's organizations, including any subsidiaries of the horsemen's organizations, by a nationally recognized accounting firm as follows:

(a) With respect to pension funds received by those organizations pursuant to Sections 19533, 19613, and 19613.1, the audit shall be conducted within 90 days of the close of the fund's business year. The audit shall cover the period of time since the last audit, and a copy thereof shall be filed with the board, and the Senate and Assembly Committees on Governmental Organization.

(b) With respect to administrative funds and welfare funds received pursuant to Sections 19533, 19606.5, 19613, and 19641, the audit shall be conducted within 90 days of the close of the fund's business year. The audit shall cover the period of time since the last audit, and a copy thereof shall be filed with the board, and the Senate and Assembly Committees on Governmental Organization.

(c) The horsemen's organizations shall bear the cost of the audit.

#### **19441.2.**

In its annual report required under Section 19441, the board shall include a tabulation of injuries, fatalities, and comparative accident rates for all racing and training venues within its jurisdiction. The report shall also include recommendations concerning the worker safety impacts of improvements in racetrack design, jockey equipment, racing procedures, and track and facility maintenance.

**19442.2.**

The board shall, if possible, designate at least one steward at each track where a horse racing meeting is conducted who is a former jockey or at least one steward at each track where a harness meeting is conducted who is a former driver.

**19443.**

The Attorney General and every district attorney shall enforce this chapter in their capacities as law enforcement officers.

**19444.**

In performing its responsibilities pursuant to this chapter, the board may do the following:

(a) Pay membership fees, join, and participate in the affairs of associations having for their purpose the interchange of information relating to racing law enforcement, the licensing of horse racing participants, the registration of race horses, and subjects relating to the duties of the board.

(b) Tabulate, analyze, and publish statistical information based upon parimutuel handles, attendance, distribution of parimutuel proceeds among fees, commissions, purses, and awards, and upon the breeding and production of race horses or other information relating to parimutuel wagering.

(c) Conduct research to determine more fully the cause and prevention of horse racing accidents, the effects of drug substances on the race horses, and the means for detection of foreign drug substances.

19446.1. Notwithstanding any other provision of law, a veterinarian shall not administer medications to any horse entered in the same race in which a horse is entered which he or she owns or trains.

In addition to any penalty provided for by this chapter or any other law, a violation of this section by any licensed veterinarian shall be grounds for denial, revocation, or suspension of a license or imposition of a fine pursuant to Section 4883 and the veterinarian shall be subject to disciplinary action pursuant to Article 4 (commencing with Section 4875) of Chapter 11 of Division 2.

**19447.**

If a question of consent is appealed to the board under subdivision (a) of Section 19601 or subdivision (f) of Section 19605.3, the board shall hold a hearing on the appeal. Notwithstanding any other provision of law, the board may hold a hearing pursuant to this section within 24 hours of noticing the hearing.

Article 2.5. Backstretch Worker Labor Relations 19455.

(a) The Legislature finds and declares that Section 923 of the Labor Code recognizes that it is necessary that the individual worker have full freedom of association, self-organization, and designation of representatives of his or her own choosing, to negotiate the terms and conditions of his or her employment, and that he or she shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining.

(b) The Legislature finds that the National Labor Relations Board has formally declined to assert jurisdiction over horse racing because of extensive state control over the industry, the dominant pattern of sporadic short-term employment which poses problems for the effective enforcement of the National Labor Relations Act, and a unique and special relationship that has developed between the states and the industry.

(c) It is the intent of the Legislature to establish an orderly procedure for backstretch employees to exercise their statutory rights to organize a labor union, in order to reduce the prospect of any strikes, disruptions, or economic action that would interfere with the operation of horse racing meetings in California.

(d) Except as provided in subdivision (e), the board shall oversee the conduct of a union recognition procedure for backstretch employees under the following conditions:

(1) Employees shall have the right to join, or refuse to join, a labor organization for purposes of collective bargaining and mutual aid and protection. Existing state-recognized organizations of trainers or horsemen established pursuant to the Horse Racing Law shall not use funds derived or distributed from parimutuel wagering pursuant to state law to advocate or advance any position with respect to unionization of employees. Individual trainers and horsemen, and their agents, shall not coerce or threaten any employee of any trainer or horseman because of the exercise of rights pursuant to this article. No employee shall be discharged or discriminated against for expressing any opinion concerning the selection of a labor union or collective bargaining agent for employees under this article. No trainer or horseman, or group of trainers or horsemen, shall dominate or interfere with the formation or administration of any labor organization established under this article nor contribute financial or other support to it.

(2) The labor union and its representatives shall not coerce or threaten any employee of any trainer or horseman because of the exercise of rights pursuant to this article.

(3) Notwithstanding any other provision of law, within 30 days of a request by a bona fide labor organization representing workers in the horse racing industry in California, accompanied by a petition of 125 licensed backstretch workers, the board shall provide the labor organization with a list of all backstretch workers including the type of licenses they hold, their employer, the location at which they are employed, and their address and telephone number. The board may require of any trainer licensee information in the licensee's possession necessary to comply with this requirement. The labor union shall use this list solely for the purposes of this article, and maintain it in a manner, as the board may require, to preserve the integrity of horse racing. The board may impose an appropriate penalty for any other use.

(4) Every licensed trainer who employs backstretch employees shall file with the board, not later than February 1, 2002, and, within seven days of the commencement of each race meeting thereafter, a complete and accurate list of the names of its backstretch workers. In addition, every trainer shall file with the board a complete, accurate, and updated list within seven days of any changes which occur to the most recently filed list. The lists described in this section, together with any updates thereto, shall be provided within 72 hours after receipt by the board, to any bona fide labor organization which has requested copies thereof and submitted a petition containing the names of 125 backstretch workers pursuant to paragraph (3).

Any such request need only be made one time and the board shall thereafter be required to provide these lists and any updates thereto in accordance with the provisions of this section so long as a bona fide labor organization seeks to represent licensed backstretch workers.

(5) The labor union may obtain board recognition as the exclusive bargaining agent for employees of employers pursuant to the provisions and procedures described in paragraph (8).

(6) For the purposes of this article:

(A) "Backstretch employee" or "backstretch worker" means a person licensed by the board pursuant to subdivision (c) of Section 1481 of Division 4 of Title 4 of the California Code of Regulations.

(B) "Multiemployer bargaining unit" means any bargaining unit created and recognized pursuant to the terms of clause (iii) of subparagraph (A) of paragraph (8).

(C) "Approved election unit" means any election unit created and recognized pursuant to paragraph (7).

(7) There are four election units created and recognized pursuant to this section, as follows:

(A) Backstretch employees working for trainers of thoroughbred horses stabled at licensed racetracks, including fairs and approved auxiliary training facilities in the combined central and southern zones.

(B) Backstretch employees working for trainers of thoroughbred horses stabled at licensed racetracks, including fairs and approved auxiliary training facilities in the northern zone.

(C) Backstretch employees working for trainers of quarter horses stabled at licensed racetracks and

approved auxiliary training facilities in the combined central and southern zones.

(D) Backstretch employees working for trainers of harness horses stabled at licensed racetracks, including fairs and approved auxiliary training facilities in the northern zone.

The board shall use the California State Mediation and Conciliation Service for all appropriate purposes of this act, including operations related to the conduct of recognition procedures and elections.

(8)(A) With respect to backstretch workers, a labor organization seeking recognition as the collective bargaining agent for these workers shall collect signed cards indicating individual worker's intent to be represented by that organization for collective bargaining purposes and submit those cards to the California State Mediation and Conciliation Service for review and validation. When the labor organization is in receipt of cards signed by workers equaling at least 30 percent of the employees in an election unit described in paragraph (4), the California State Mediation and Conciliation Service shall conduct a secret ballot election with respect to the election unit as soon as is practicable thereafter, but in no event more than 30 calendar days after validation by the service of the cards.

Those backstretch employees entitled to vote in the election shall be those who appear on the licensed trainer's most recent list described in paragraph (3). However, each employer may update his or her list not more than 72 hours prior to the election. If it is determined by the stewards pursuant to the provisions in paragraph (11), that the employer filed an inaccurate or erroneous list with a willful intention to manipulate the results of an election, and that the inaccuracy or error may have affected the outcome of the election, the stewards shall decree that the employer lost the election, regardless of the actual outcome thereof, and the stewards shall issue an order to the trainer to negotiate with the union.

(i) Any election shall be conducted by the California State Mediation and Conciliation Service under rules established by the service consistent with standard practice. The rules shall be established no more than 60 days after the effective date of this section, shall be made available to the bona fide labor union and employers of backstretch employees, and shall be exempt from the Administrative Procedure Act. The rules shall provide for a secret ballot system for the conduct of the election pursuant to which ballots cast by backstretch employees of individual employers shall be cast by insertion into envelopes appropriately identified with respect to each employer. The envelopes shall be collected and tabulated in secret by the service, subject to observation by one representative designated by the bona fide labor organization and one representative designated by the organization representing trainers pursuant to subdivision (a) of Section 19613.2. Upon completion of the tabulation, the service shall issue a report certifying those employers, the majority of whose employees who participated in the election voted in favor of representation by the union. Those employers so certified shall be required to bargain with the labor union pursuant to this subdivision. All other employers shall not be required to negotiate with the union and there shall not be another election with respect to those employers for at least one year from the date of the prior election. The service shall not make public the numerical tabulation of votes by employer.

(ii) Protests over challenged ballots shall be resolved by the service in a consolidated hearing commencing no later than three business days after the election.

(iii) Within 45 days of the certification of the results of the election by the service to the board, those trainers who are required to bargain pursuant to this subparagraph may form multiple employer bargaining units in accordance with the provisions of this subdivision. Further, the organization representing trainers pursuant to subdivision (a) of Section 19613.2 shall conduct a meeting regarding the formulation of multiple employer bargaining units within five days of the certification of the results of the election. For licensed trainers described in subparagraph (A) of paragraph (7), the minimum number of backstretch employees employed by licensed trainers comprising the multiple employer bargaining unit as of the date of the election shall be the lesser of 100 employees or 10 percent of the total employees subject to bargaining. For licensed trainers described in subparagraphs (B), (C), and (D), of paragraph (7), the



minimum number of backstretch employees employed by licensed trainers comprising the multiple employer bargaining unit as of the date of the election shall be the lesser of 50 employees or 10 percent of the total employees subject to bargaining. The minimum number of backstretch employees employed by licensed trainers in order to qualify as a multiple employer bargaining unit pursuant to this subdivision may, with the consent of the recognized labor union, be reduced. On or before the 45th day following the certification of the results of the election, each representative of a multiple employer bargaining unit formed pursuant to this subdivision shall notify the board and the exclusive collective bargaining agent, in writing, that a unit has been formed, disclose the names of the licensed trainers which comprise the unit, and indicate the number and names of the backstretch employees which are employed by the licensed trainers comprising the unit. Except to join another multiple employer bargaining unit, without the consent of the bona fide labor organization, a trainer who has elected to join a multiple employer bargaining unit may not thereafter elect to resign from the unit except within a 30-day period prior to the date of the expiration of the collective bargaining agreement resulting from the negotiations. The employees of a licensed trainer who has resigned from a multiple employer bargaining unit and has not joined another unit, shall not be entitled to petition to decertify the union for a period of one year from the date of the expiration of the collective bargaining agreement which resulted from the negotiation between the union and the multiple employer bargaining unit of which he or she was formerly a member and which was in effect at the time of the trainer's resignation. Upon completion and certification of the election results the union shall be recognized as the exclusive collective bargaining agent for those workers whose employers are required to bargain, and the executive director of the board shall issue an order to affected employers to begin good faith negotiations for approval of employment agreements pursuant to the procedures set forth in this section.

(B) If an individual employer of backstretch workers declines to be represented in the multiemployer collective bargaining procedure described in clause (iii), the board shall issue an order to begin good faith negotiations for employment agreements on an individual employer basis. The board may provide mediation and conciliation services upon request of the parties at any time. If an employer is required under this subparagraph to collectively bargain with the union, and the parties do not reach an agreement within 90 days of the order, the board shall require the parties to participate in mandatory mediation and conciliation services for a period of 30 days. If no agreement results from this mediation, either or both parties may declare an impasse. Upon a party's declaration of an impasse, the executive director of the board shall appoint an arbitrator in the manner described in paragraph (11) to determine the issues and issue a final and binding order establishing the terms of a collective bargaining agreement.

(9) No labor agreement under this article shall apply to any trainer or horseman with respect to employment associated with fair meetings prior to January 1, 2003. After this date, employees shall be added by accretion into an existing contract where applicable. For racing meetings conducted in the central and southern zones during the first three months of any calendar year and for fair racing meetings, this section shall not apply to trainers who normally reside and work outside of California and who are engaged in racing in this state for a limited period of time, not exceeding 90 racing days in any calendar year. For all other race meeting conducted during any calendar year, this section shall not apply to trainers, backstretch workers, or both who normally reside and work outside of California and without are engaged in racing in this state for a limited period of time, not exceeding 50 racing days in any calendar year.

(10) Except as provided in subparagraph (A) of paragraph (8), at any time subsequent to the expiration of an agreement under paragraph (8), when the agreement is not in effect, the board may recognize a majority interest, obtained during this period in the same manner as union recognition of employees, within a multiple employer bargaining unit who no longer desire to be represented by the union, and withdraw the recognition granted pursuant to this section from that union. An employer may inform his or her

employees that a process for decertification exists and direct them to the board for information. However any card, signature, vote, or other indicator obtained for this purpose by means of coercion or threat or with the assistance or inducement of any employer shall be invalid.

(11) Disputes, other than disputes concerning the operation and application of ongoing contracts, disputes subject to binding interest arbitration pursuant to subparagraph (B) of paragraph (8), and economic disputes arising in the context of multiemployer bargaining pursuant to subparagraph (A) of paragraph (8), but including disputes concerning the rights established in paragraphs (1) and (2), upon complaint shall be adjudicated by the stewards. The stewards shall have the authority to order any remedy, including reinstatement of employment, injunctive relief, damages, and attorney's fees. An investigation and adjudication by the stewards shall be concluded as expeditiously as possible, consistent with applicable standards of due process. In addition, the board may require the parties to submit the issue to binding arbitration subject to judicial review in the same manner as decisions of the board. Disputes subject to this paragraph include disputes involving any backstretch employee or group of employees, and any trainer or group of trainers.

(12) Upon submission of a complaint to binding arbitration under any provision of this article, the executive director of the board shall select an arbitrator from a panel of professional arbitrators with expertise in labor negotiations selected by the California State Mediation and Conciliation Service or from a panel identified in collective bargaining agreements between labor organizations and employers in the horse racing industry in California, or both. The arbitrators selected by the service or identified in collective bargaining agreements shall be available to resolve the matter expeditiously. The arbitrator selected by the executive director shall have the authority to convene an immediate hearing and require the parties to exercise all due diligence in promptly attending to the issue in controversy. In all matters pertaining to the rights established by this article, an arbitrator shall have the authority to fashion an appropriate remedy, including reinstatement of employment, injunctive relief, damages, and attorney's fees, and issuance of a make-whole remedy in the event of a persistent failure of a party to bargain in good faith. The board may take any administrative action within its authority to ensure compliance with decisions of arbitrators authorized by this section. Either party may also bring an action in state court to compel a party to go into arbitration or to enforce the decision of an arbitrator. Costs of arbitration shall be shared equally by the parties, and any party shall be entitled to recover any reasonable fees or costs incurred in securing compliance with or enforcement of an award or order of the arbitrator.

(e) Nothing in this section shall prevent a labor union and an individual trainer, or any group of trainers, from entering into a mutually acceptable agreement, which may substitute for the requirements of subdivision (d), for union organizing of employees of the horsemen or trainers. Nothing in this article shall be interpreted to require representative parties in negotiation to enter into any labor agreement, as long as each party is negotiating in a good faith effort to reach an agreement.

19455.2. (a) The board shall provide for labor agreements under this article to be binding upon every applicable licensee.

(b) No horseman or trainer who has a separate agreement with the exclusive representative labor union shall be required to be a party to a multiemployer collective bargaining agreement.

#### **19448.**

(a) The board may require fingerprint images and associated information from current or prospective

employees, current or prospective contractors, and current or prospective licensees.

(b) The fingerprint images and associated information of those individuals identified in subdivision (a) may be furnished to the Department of Justice for the purpose of obtaining information as to the existence and nature of a record of state or federal level convictions and state- or federal-level arrests for which the Department of Justice establishes that the applicant was released on bail or on their own recognizance pending trial. Requests for federal-level criminal offender record information received by the Department of Justice pursuant to this section shall be forwarded to the Federal Bureau of Investigation by the Department of Justice.

(c) The Department of Justice shall respond to the board with information as provided under subdivision (p) of Section 11105 of the Penal Code.

(d) The board shall request subsequent arrest notification from the Department of Justice as provided under Section 11105.2 of the Penal Code.

(e) The board's chief of licensing and enforcement may investigate the criminal history of current or prospective employees, current or prospective contractors, and current or prospective licensees in order to make a final determination of a person's fitness to perform duties or hold a board-issued license.

## **ARTICLE 2.5 BACKSTRETCH WORKER LABOR RELATIONS**

### **19455.**

(a) The Legislature finds and declares that Section 923 of the Labor Code recognizes that it is necessary that the individual worker have full freedom of association, self-organization, and designation of representatives of his or her own choosing, to negotiate the terms and conditions of his or her employment, and that he or she shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of representatives or in self-organization or in other concerted activities for the purpose of collective bargaining.

(b) The Legislature finds that the National Labor Relations Board has formally declined to assert jurisdiction over horse racing because of extensive state control over the industry, the dominant pattern of sporadic short-term employment which poses problems for the effective enforcement of the National Labor Relations Act, and a unique and special relationship that has developed between the states and the industry.

(c) It is the intent of the Legislature to establish an orderly procedure for backstretch employees to exercise their statutory rights to organize a labor union, in order to reduce the prospect of any strikes, disruptions, or economic action that would interfere with the operation of horse racing meetings in California.

(d) Except as provided in subdivision (e), the board shall oversee the conduct of a union recognition procedure for backstretch employees under the following conditions:

(1) Employees shall have the right to join, or refuse to join, a labor organization for purposes of collective bargaining and mutual aid and protection. Existing state-recognized organizations of trainers or horsemen established pursuant to the Horse Racing Law shall not use funds derived or distributed from parimutuel wagering pursuant to state law to advocate or advance any position with respect to unionization of employees. Individual trainers and horsemen, and their agents, shall not coerce or threaten any employee of any trainer or horseman because of the exercise of rights pursuant to this article. No employee shall be discharged or discriminated against for expressing any opinion concerning the selection of a labor union or collective bargaining agent for employees under this article. No trainer or horseman, or group of trainers or horsemen, shall dominate or interfere with the formation or administration of any labor organization established under this article nor contribute financial or other support to it.

(2) The labor union and its representatives shall not coerce or threaten any employee of any trainer or horseman because of the exercise of rights pursuant to this article.

(3) Notwithstanding any other provision of law, within 30 days of a request by a bona fide labor organization representing workers in the horse racing industry in California, accompanied by a petition of 125 licensed backstretch workers, the board shall provide the labor organization with a list of all backstretch workers including the type of licenses they hold, their employer, the location at which they are employed, and their address and telephone number. The board may require of any trainer licensee information in the licensee's possession necessary to comply with this requirement. The labor union shall use this list solely for the purposes of this article, and maintain it in a manner, as the board may require, to preserve the integrity of horse racing. The board may impose an appropriate penalty for any other use.

(4) Every licensed trainer who employs backstretch employees shall file with the board, not later than February 1, 2002, and, within seven days of the commencement of each race meeting thereafter, a complete and accurate list of the names of its backstretch workers. In addition, every trainer shall file with the board a complete, accurate, and updated list within seven days of any changes which occur to the most recently filed list. The lists described in this section, together with any updates thereto, shall be provided within 72 hours after receipt by the board, to any bona fide labor organization which has requested copies thereof and submitted a petition containing the names of 125 backstretch workers pursuant to paragraph

(3). Any request need only be made one time and the board shall thereafter be required to provide these lists and any updates thereto in accordance with the provisions of this section so long as a bona fide labor organization seeks to represent licensed backstretch workers.

(5) The labor union may obtain board recognition as the exclusive bargaining agent for employees of employers pursuant to the provisions and procedures described in paragraph (8).

(6) For the purposes of this article:

(A) "Backstretch employee" or "backstretch worker" means a person licensed by the board pursuant to subdivision (c) of Section 1481 of Division 4 of Title 4 of the California Code of Regulations.

(B) "Multiemployer bargaining unit" means any bargaining unit created and recognized pursuant to the terms of clause (iii) of subparagraph (A) of paragraph (8).

(C) "Approved election unit" means any election unit created and recognized pursuant to paragraph (7).

(7) There are four election units created and recognized pursuant to this section, as follows:

(A) Backstretch employees working for trainers of thoroughbred horses stabled at licensed racetracks, including fairs and approved auxiliary training facilities in the combined central and southern zones.

(B) Backstretch employees working for trainers of thoroughbred horses stabled at licensed racetracks, including fairs and approved auxiliary training facilities in the northern zone.

(C) Backstretch employees working for trainers of quarter horses stabled at licensed racetracks and approved auxiliary training facilities in the combined central and southern zones.

(D) Backstretch employees working for trainers of harness horses stabled at licensed racetracks, including fairs and approved auxiliary training facilities in the northern zone.

The board shall use the California State Mediation and Conciliation Service for all appropriate purposes of this act, including operations related to the conduct of recognition procedures and elections.

(8) (A) With respect to backstretch workers, a labor organization seeking recognition as the collective bargaining agent for these workers shall collect signed cards indicating individual worker's intent to be represented by that organization for collective bargaining purposes and submit those cards to the California State Mediation and Conciliation Service for review and validation. When the labor organization is in receipt of cards signed by workers equaling at least 30 percent of the employees in an election unit described in paragraph (4), the California State Mediation and Conciliation Service shall conduct a secret ballot election with respect to the election unit as soon as is practicable thereafter, but in no event more than 30 calendar days after validation by the service of the cards.

Those backstretch employees entitled to vote in the election shall be those who appear on the licensed trainer's most recent list described in paragraph (3). However, each employer may update his or her list not more than 72 hours prior to the election. If it is determined by the stewards pursuant to the provisions in paragraph (11), that the employer filed an inaccurate or erroneous list with a willful intention to manipulate the results of an election, and that the inaccuracy or error may have affected the outcome of the election, the stewards shall decree that the employer lost the election, regardless of the actual outcome thereof, and the stewards shall issue an order to the trainer to negotiate with the union.

(i) Any election shall be conducted by the California State Mediation and Conciliation Service under rules established by the service consistent with standard practice. The rules shall be established no more than 60 days after the effective date of this section, shall be made available to the bona fide labor union and employers of backstretch employees, and shall be exempt from the Administrative Procedure Act. The rules shall provide for a secret ballot system for the conduct of the election pursuant to which ballots cast by backstretch employees of individual employers shall be cast by insertion into envelopes appropriately identified with respect to each employer. The envelopes shall be collected and tabulated in secret by the service, subject to observation by one representative designated by the bona fide labor organization and one representative designated by the organization representing trainers pursuant to subdivision (a) of

Section 19613.2. Upon completion of the tabulation, the service shall issue a report certifying those employers, the majority of whose employees who participated in the election voted in favor of representation by the union. Those employers so certified shall be required to bargain with the labor union pursuant to this subdivision. All other employers shall not be required to negotiate with the union and there shall not be another election with respect to those employers for at least one year from the date of the prior election. The service shall not make public the numerical tabulation of votes by employer.

(ii) Protests over challenged ballots shall be resolved by the service in a consolidated hearing commencing no later than three business days after the election.

(iii) Within 45 days of the certification of the results of the election by the service to the board, those trainers who are required to bargain pursuant to this subparagraph may form multiple employer bargaining units in accordance with the provisions of this subdivision. Further, the organization representing trainers pursuant to subdivision (a) of Section 19613.2 shall conduct a meeting regarding the formulation of multiple employer bargaining units within five days of the certification of the results of the election. For licensed trainers described in subparagraph (A) of paragraph (7), the minimum number of backstretch employees employed by licensed trainers comprising the multiple employer bargaining unit as of the date of the election shall be the lesser of 100 employees or 10 percent of the total employees subject to bargaining. For licensed trainers described in subparagraphs (B), (C), and (D), of paragraph (7), the minimum number of backstretch employees employed by licensed trainers comprising the multiple employer bargaining unit as of the date of the election shall be the lesser of 50 employees or 10 percent of the total employees subject to bargaining. The minimum number of backstretch employees employed by licensed trainers in order to qualify as a multiple employer bargaining unit pursuant to this subdivision may, with the consent of the recognized labor union, be reduced. On or before the 45th day following the certification of the results of the election, each representative of a multiple employer bargaining unit formed pursuant to this subdivision shall notify the board and the exclusive collective bargaining agent, in writing, that a unit has been formed, disclose the names of the licensed trainers which comprise the unit, and indicate the number and names of the backstretch employees which are employed by the licensed trainers comprising the unit. Except to join another multiple employer bargaining unit, without the consent of the bona fide labor organization, a trainer who has elected to join a multiple employer bargaining unit may not thereafter elect to resign from the unit except within a 30-day period prior to the date of the expiration of the collective bargaining agreement resulting from the negotiations. The employees of a licensed trainer who has resigned from a multiple employer bargaining unit and has not joined another unit, shall not be entitled to petition to decertify the union for a period of one year from the date of the expiration of the collective bargaining agreement which resulted from the negotiation between the union and the multiple employer bargaining unit of which he or she was formerly a member and which was in effect at the time of the trainer's resignation. Upon completion and certification of the election results the union shall be recognized as the exclusive collective bargaining agent for those workers whose employers are required to bargain, and the executive director of the board shall issue an order to affected employers to begin good faith negotiations for approval of employment agreements pursuant to the procedures set forth in this section.

(B) If an individual employer of backstretch workers declines to be represented in the multiemployer collective bargaining procedure described in clause (iii), the board shall issue an order to begin good faith negotiations for employment agreements on an individual employer basis. The board may provide mediation and conciliation services upon request of the parties at any time. If an employer is required under this subparagraph to collectively bargain with the union, and the parties do not reach an agreement within 90 days of the order, the board shall require the parties to participate in mandatory mediation and conciliation services for a period of 30 days. If no agreement results from this mediation, either or both

parties may declare an impasse. Upon a party's declaration of an impasse, the executive director of the board shall appoint an arbitrator in the manner described in paragraph (11) to determine the issues and issue a final and binding order establishing the terms of a collective bargaining agreement.

(9) No labor agreement under this article shall apply to any trainer or horseman with respect to employment associated with fair meetings prior to January 1, 2003. After this date, employees shall be added by accretion into an existing contract where applicable. For racing meetings conducted in the central and southern zones during the first three months of any calendar year and for fair racing meetings, this section shall not apply to trainers who normally reside and work outside of California and who are engaged in racing in this state for a limited period of time, not exceeding 90 racing days in any calendar year. For any other racing meeting conducted during any calendar year, this section shall not apply to trainers, backstretch workers, or both, who normally reside and work outside of California and who are engaged in racing in this state for a limited period of time, not exceeding 50 racing days in any calendar year.

(10) Except as provided in subparagraph (A) of paragraph (8), at any time subsequent to the expiration of an agreement under paragraph (8), when the agreement is not in effect, the board may recognize a majority interest, obtained during this period in the same manner as union recognition of employees, within a multiple employer bargaining unit who no longer desire to be represented by the union, and withdraw the recognition granted pursuant to this section from that union. An employer may inform his or her employees that a process for decertification exists and direct them to the board for information. However, any card, signature, vote, or other indicator obtained for this purpose by means of coercion or threat or with the assistance or inducement of any employer shall be invalid.

(11) Disputes, other than disputes concerning the operation and application of ongoing contracts, disputes subject to binding interest arbitration pursuant to subparagraph (B) of paragraph (8), and economic disputes arising in the context of multiemployer bargaining pursuant to subparagraph (A) of paragraph (8), but including disputes concerning the rights established in paragraphs (1) and (2), upon complaint shall be adjudicated by the stewards. The stewards shall have the authority to order any remedy, including reinstatement of employment, injunctive relief, damages, and attorney's fees. An investigation and adjudication by the stewards shall be concluded as expeditiously as possible, consistent with applicable standards of due process. In addition, the board may require the parties to submit the issue to binding arbitration subject to judicial review in the same manner as decisions of the board. Disputes subject to this paragraph include disputes involving any backstretch employee or group of employees, and any trainer or group of trainers.

(12) Upon submission of a complaint to binding arbitration under any provision of this article, the executive director of the board shall select an arbitrator from a panel of professional arbitrators with expertise in labor negotiations selected by the California State Mediation and Conciliation Service or from a panel identified in collective bargaining agreements between labor organizations and employers in the horse racing industry in California, or both. The arbitrators selected by the service or identified in collective bargaining agreements shall be available to resolve the matter expeditiously. The arbitrator selected by the executive director shall have the authority to convene an immediate hearing and require the parties to exercise all due diligence in promptly attending to the issue in controversy. In all matters pertaining to the rights established by this article, an arbitrator shall have the authority to fashion an appropriate remedy, including reinstatement of employment, injunctive relief, damages, and attorney's fees, and issuance of a make-whole remedy in the event of a persistent failure of a party to bargain in good faith. The board may take any administrative action within its authority to ensure compliance with decisions of arbitrators authorized by this section. Either party may also bring an action in state court to compel a party to go into arbitration or to enforce the decision of an arbitrator. Costs of arbitration shall be shared equally by the parties, and any party shall be entitled to recover any reasonable fees or costs

incurred in securing compliance with or enforcement of an award or order of the arbitrator.

(e) Nothing in this section shall prevent a labor union and an individual trainer, or any group of trainers, from entering into a mutually acceptable agreement, which may substitute for the requirements of subdivision (d), for union organizing of employees of the horsemen or trainers. Nothing in this article shall be interpreted to require representative parties in negotiation to enter into any labor agreement, as long as each party is negotiating in a good faith effort to reach an agreement.

**19455.2.**

(a) The board shall provide for labor agreements under this article to be binding upon every applicable licensee.

(b) No horseman or trainer who has a separate agreement with the exclusive representative labor union shall be required to be a party to a multiemployer collective bargaining agreement.

**19455.4.**

The board may establish reasonable rules to regulate the time, place, and manner for representatives of labor unions to meet backstretch workers within the enclosure during working and nonworking hours. Those rules shall provide that the union and its representatives shall not interfere with the work of any employee, but shall have reasonable access to backstretch employees within the enclosure during working hours and nonworking hours, as determined by the board. With the approval of the board, these regulations may be superseded by collective bargaining agreements between horsemen's organizations or trainers' organizations and labor organizations.



### **ARTICLE 3. LICENSES GENERALLY**

#### **19460.**

All licenses granted under this chapter:

- (a) Shall be in writing.
- (b) Are subject to all rules, regulations, and conditions prescribed by the board.
- (c) Shall contain such conditions as are deemed necessary or desirable by the board for the best interests of horse racing and the purposes of this chapter.

#### **19461.**

Every license granted under this chapter is subject to suspension or revocation by the board in any case where the board has reason to believe that any condition regarding it has not been complied with, or that any law, including the Labor Code and the regulations adopted thereunder, or any rule or regulation of the board affecting it has been broken or violated. All proceedings to revoke a license shall be conducted in accordance with Chapter 5 of Part 1 of Division 3 of Title 2 of the Government Code.

#### **19461.1.**

- (a) The withdrawal of an application for a license after it has been filed with the board shall not, unless the board has consented in writing to the withdrawal, deprive the board of its authority to institute or continue a proceeding against the applicant for the denial of the license upon any ground provided by law, or to enter an order denying the license upon any of those grounds.
- (b) The suspension, expiration, or forfeiture by operation of law of a license issued by the board, or its suspension, forfeiture, or cancellation by order of the board or by order of a court of law, or its surrender without the written consent of the board, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the board of its authority to institute or continue a disciplinary proceeding against the licensee upon any ground provided by law, or to enter an order suspending or revoking the license or otherwise taking disciplinary action against the licensee on any of those grounds.

#### **19461.5.**

Upon a finding by the Labor Commissioner that a violation of any provision of the Labor Code, within the jurisdiction of the Labor Commissioner, has been committed by a person licensed pursuant to this chapter in the course of such licensed activity, the Labor Commissioner shall, upon expiration of the applicable period for appeal, notify the board of that finding.

#### **19462.**

If any license is suspended or revoked, the board shall state publicly its reasons for the suspension or revocation, and shall cause an entry of such reasons to be made on its minute book.

**19463.**

The action of the board in suspending or revoking a license issued under this chapter is final, except that the propriety of the action of suspending or revoking a license or of any other final administrative action of the board is subject to review by any court of competent jurisdiction if the action is commenced in the court within 30 days of the board's action. The action of the board shall stand unless and until reversed by a court. No action may be commenced in a court to attack, review, set aside, void, or annul any final action of the board unless it is commenced within 30 days of the board's action.

**19464.**

(a) No application for a horse owner's license or for a license to conduct a race meeting shall be granted unless the applicant's liability for workers' compensation is secured in accordance with Division 4 (commencing with Section 3700) of the Labor Code. Any termination of security for that liability during the period of a license shall result in the immediate automatic suspension of the license during the period of that termination and also shall be a ground for revocation of the license.

(b) No application for a license to conduct a race meeting shall be granted unless the applicant has deposited with the board a surety bond in the amount of one hundred thousand dollars (\$100,000), or a greater amount, as determined by the board, which is sufficient to ensure payment of employee wages and benefits including, but not limited to, health, welfare, and pension plans. The surety bond shall be maintained during the period of the meeting and for an additional period, as determined by the board, sufficient to assure that all payments are made. In the event of a dispute over the amount owed, the dispute shall be resolved through the grievance procedures set forth in the labor agreement of the union representing the class of employees affected.

For the purposes of this subdivision, an insured certificate of deposit payable to the Treasurer of the State of California shall be considered equivalent to a surety bond and shall be acceptable to the board upon such terms and conditions as it may prescribe. Interest paid to the state on the certificate of deposit shall be refunded to the applicant.

This subdivision does not apply to any person or association licensed to operate a horse race meeting prior to January 1, 2001, which has conducted a race meeting in each of the immediate three previous consecutive calendar years.

**19466.**

The board shall maintain a current listing of its temporary and permanent licensees and shall include therein identifying information as to each licensee and the address of record. The board may provide a copy of the listing in the form requested by any federal, state, county, or municipal authority or racing jurisdiction. The board may require that its costs for providing a copy of a listing be reimbursed by the requesting authority or agency or organization.

## **ARTICLE 4. LICENSES FOR TRACK OPERATORS**

### **19480.**

The board may issue to any person who makes application therefor in writing, who has complied with the provisions of this chapter, and who makes the deposit to secure payment of the license fee imposed by this article, a license to conduct a horse racing meeting in accordance with this chapter at the track specified in the application; provided, the board determines that the issuance thereof will be in the public interest and will subserve the purposes of this chapter.

### **19481.**

In performing its responsibilities, the board shall do all of the following:

- (a) Establish safety standards governing the uniformity and content of the track base and racing surface, inner and outer rails, gates and gaps, turf, access and egress to the track, lighting for night racing, equipment for horse and rider, drainage, communications, veterinary services, medical and ambulance services, and other track facilities in order to improve the safety of horses, riders, and workers at the racetrack.
- (b) Designate a steward at all horse racing meetings to be responsible for enforcing compliance with safety standards.

### **19481.3.**

- (a) Every racing association and racing fair licensed pursuant to this article shall maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to: (1) a quarter horse racing association if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders, or (2) a harness racing association if there is a hospital situated no more than 2.5 miles from the racetrack and the harness racing association has an agreement with the hospital to provide emergency medical services to injured drivers. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code.
- (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish.
- (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries.
- (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.
- (e) The stewards shall investigate and prepare a report with respect to all on-track accidents involving

jockeys that occur during the performance of their duties. The report shall, at a minimum, identify the circumstances of the accident, the likely causes, and the extent of any injuries. The investigation shall be commenced no later than the next live racing day and shall be completed expeditiously. Upon completion of the report, it shall immediately be sent by facsimile or electronic mail to the entity certified to provide health and welfare for jockeys pursuant to Section 19612.9, to the jockey or his or her representative, the racing association, and the owner and trainer of the horse the jockey was riding at the time of the accident. (f) The board shall adopt regulations to implement the provisions of this section no later than July 1, 2007.

#### **19481.5.**

(a) Notwithstanding any other provision of law, no license shall be issued to conduct a horse racing meeting upon a track unless the track has been inspected by the board within 30 days prior to the date of application for a license and the track has been approved by the board as conforming to the racetrack safety standards set forth in subdivision (a) of Section 19481.

(b) The board shall adopt regulations to establish standards governing the employee housing provided to backstretch personnel at licensed racetracks. These regulations shall be commensurate with the housing standards established in the Employee Housing Act (commencing with Section 17000 of Division 13 of the Health and Safety Code), and shall consider the following:

(1) The health and safety of the human and equine population and the necessity for humans and horses to live in close proximity.

(2) The housing needs of state or county facilities with live racing meetings of no more than 43 days in duration that do not operate as year- round training facilities. The board shall specifically consider the different needs of these facilities compared to permanent facilities or other state and county facilities that function on a year-round basis, including state and county fair facilities that operate as a year-round training facilities where horses are stabled and workers live.

(3) Compliance of facilities with racing meetings of 19 days or less, even if they operate as a year-round training facility, with this subdivision shall be contingent on funding in the 2002-03 Budget Act.

(c) Commencing January 1, 2004, the board, with assistance from the California Department of Housing and Community Development or a local building department or other local entity designated by the jurisdiction in which the racetrack is located, shall annually inspect the living conditions of backstretch employee housing to ensure compliance with the housing standards established by the board, the findings or results of which shall be submitted to the board. No license shall be issued to a racing association to conduct a horse race meeting unless the board has inspected the housing conditions that exist on the racetrack's backstretch and determined the living conditions to be in compliance with the standards established by the board in subdivision (b).

(d) The board may assess a reasonable fee upon racing associations to defray the costs associated with the inspections provided for in subdivision (c).

#### **19481.7**

(a) (1) The board may, at any time, immediately suspend a license to conduct a racing meeting when necessary to protect the health and safety of the horses or riders that are present at the racing meeting.

(2) The suspension shall require a vote of at least four members of the board.

(3) The suspension shall remain in effect until the board determines that the matters jeopardizing the health and safety of the horses or riders that are present at the racing meeting have been adequately addressed.

(4) As a condition of lifting the suspension, the board may require a licensee to comply with additional

safety standards or other requirements as it deems necessary or desirable for the best interests of horse racing and the purposes of this chapter.

(5) The suspension is not a revocation subject to the proceedings required by Section 19461, regardless of any effect on a license issued under this chapter.

(b) (1) Notwithstanding the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), an emergency meeting may be called at any time by the chairperson of the board, the executive director, or by a majority of the members of the board to consider suspending a license to conduct a racing meeting when there exists an emergency situation involving matters upon which prompt action is necessary to protect the health and safety of the horses or riders that are present at the racing meeting.

(2) An emergency meeting held pursuant to this section is exempt from the 10-day notice requirement of Section 11125 of the Government Code or the 48-hour notice requirement of Section 11125.4 of the Government Code if the delay necessitated by those requirements would significantly and adversely impact the board's ability to protect the health and safety of the horses or riders that were present at the racing meeting.

(3) Before the commencement of the emergency meeting, the board shall make a finding in open session that the delay necessitated by providing the 10-day notice required by Section 11125 of the Government Code or 48 hours before a meeting as required by Section 11125.4 of the Government Code would significantly and adversely impact the board's ability to protect the health and safety of the horses or riders that are present at that racing meeting. The finding shall be adopted by a vote of at least four members of the board. Failure to adopt the finding shall terminate the meeting.

(4) Newspapers of general circulation and radio or television stations that have requested notice of meetings pursuant to Section 11125 of the Government Code shall be notified by the executive director, or a designee thereof, at least one hour before the emergency meeting by telephone. Notice shall also be made available on the board's internet website as soon as is practicable after the decision to call the emergency meeting has been made. Notwithstanding Section 11125 of the Government Code, the board may take action at the emergency meeting on an item of business involving the emergency situation that is not included in the agenda, if any, that accompanies a notice provided pursuant to this paragraph.

(5) The minutes of the emergency meeting, a copy of the rollcall vote, and any action taken at the meeting shall be posted for a minimum of 10 days in a public place as soon after the meeting as is possible.

(c) (1) It is unlawful to conduct a racing meeting under a license suspended pursuant to this section or, if the suspension is lifted, without meeting a condition imposed pursuant to paragraph (4) of subdivision (a).

(2) The board shall review any action taken under this section within 10 calendar days.

(3) Nothing in this section supersedes or limits the board's authority to suspend or deny a license under any other law, rule, or regulation.

(d) The board shall adopt emergency regulations pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code to implement this section. The board may readopt, pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, any emergency regulation authorized by this section that is the same as, or substantially equivalent to, an emergency regulation previously adopted as authorized by this section.

No such regulation shall be readopted on an emergency basis pursuant to this section more than a total of two times. Notwithstanding any other law, the initial adoption of emergency regulations and the readoption of emergency regulations authorized by this section shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare.

**19482.**

No license to conduct a horse racing meeting shall be issued to any of the following:

- (a) Any nonprofit corporation entitled to an exemption from any tax imposed by this State.
- (b) Any applicant who proposes to conduct a horse racing meeting for the benefit of any such nonprofit corporation or under any arrangement pursuant to which such nonprofit corporation is to share in the receipts of the licensee from the conduct of such meeting, whether by rentals or otherwise.

Nothing in this section prohibits the board, in its discretion, from issuing a license to conduct a horse racing meeting to any corporation to which it has, prior to September 7, 1955, issued a license to conduct such a meeting.

**19483.**

Unless the board finds that the purpose of this chapter will be better served thereby, no license to conduct a horseracing meeting at any track shall be issued to any person or held by any person having any financial interest in the conduct of any horseracing meeting by any other person at any other track in this State.

Ownership of stock in one corporation by another corporation constitutes a financial interest within the meaning of this section.

**19484.**

Unless the board finds that the purpose of this chapter will be better served thereby, no person licensed under this article to conduct a horseracing meeting at any place, track or inclosure shall own or acquire any stock or hold or obtain any other financial interest in any other track of another such licensee or in the operation thereof, or in the operation of authorized wagering on the results of horseraces at any such other track.

**19485.**

The board shall not issue a license to conduct a horse racing meeting at any place, track or inclosure, not used for horse racing meetings prior to July 1, 1941, unless prior to the beginning of the construction or preparation of such track for horse racing meetings, the board, upon application in such form as it may require, has determined that the conduct of horse racing meetings at such track will be in the public interest and will subserve the purposes of this chapter.

This section does not apply in respect to any track of not less than five-eighths of one mile in circumference or length partially or entirely in the infield of a mile track constructed and operated by a Thoroughbred licensee under this article provided that such infield track is to be used solely for Thoroughbred racing.

**19487.**

Notwithstanding Section 19485, any licensed racing association operating a racetrack may construct another track of not less than one-half mile in circumference or length partially or entirely in the infield of such track, if prior to the beginning of construction or preparation of such track for horse race meetings, the board has determined upon application, in such form as it may require, that the conduct of horse race meetings at such track will be in the public interest and subserve the purposes of this chapter. A license may be granted to any harness racing association to conduct a harness racing meeting upon such a track of less than one mile.

**19488.**

(a) Every license issued under this article shall specify the following:

- (1) The name of the person to whom it is issued.
  - (2) The track where the horse racing meeting to which it relates is to be held or conducted.
  - (3) The days and hours of the day when the meeting will be permitted.
  - (4) The number and types of races to be run on each day of the meeting.
  - (5) The number of useable stalls available for the meeting.
  - (6) The name of the person responsible for supervising the maintenance of racetrack safety standards.
- (b) The license shall also recite the payment to, and receipt by, the board of the deposit to secure payment of the license fee required by this article.

**19489.**

A license issued under this article is not transferable nor does it permit the conduct of a horse racing meeting at any track not specified therein.

If, however, the track specified in a license becomes unsuitable for racing because of fire, flood, or other catastrophe, the meeting or any remaining portion thereof may be conducted at any other track specified by the board in the same area. The board may specify any other track within the area for the conduct of the meeting, whether or not such conduct would result in increasing the number of racing days in the county or area in which such track is situated. Before any other track is so specified, the board shall obtain the consent of the person licensed to conduct a meeting at the track which has become unsuitable for racing and of the owners and operators licensed to conduct a meeting at such other track.

**19490.**

Each application for a license to conduct a horse racing meeting shall be accompanied by a deposit to secure the payment of any license fee imposed by this article, in the form of a certified check payable to the Treasurer of the State of California, in the amount of ten thousand dollars (\$10,000).

**19491.**

(a) Subject to Sections 19491.5 and 19491.6, and except as provided in Section 19491.7, every association which conducts a racing meeting shall pay as an additional license fee one-half of the breakage deducted pursuant to Section 19597 on the first twenty-four million dollars (\$24,000,000) or less, excluding wagering at a satellite wagering facility, of the total amount handled in the parimutuel pools relating to its meeting and all of the breakage deducted on amounts so handled in excess of twenty-four million dollars (\$24,000,000), excluding wagering at a satellite wagering facility.

(b) Every association which conducts a racing meeting shall distribute the remaining one-half of the breakage deducted pursuant to Section 19597 on the first twenty-four million dollars (\$24,000,000) or less, excluding wagering at a satellite wagering facility, of the total amount handled in the parimutuel pools relating to the meeting as additional purses and for additional commissions in the same proportion, as between purses and commissions, as provided in Sections 19611, 19612, 19612.6, and 19614.

(c) Notwithstanding subdivision (b), one-half of all the breakage deducted pursuant to Section 19597 at fair racing meetings shall be retained and distributed as additional commissions.

Payment of the fee shall be made weekly on account during each meeting, and the amount attributable to breakage shall be reported as a separate item.

**19491.5.**

Notwithstanding the provisions of subdivision (a) of Section 19491, an association, including the California Exposition and State Fair or a county or district agricultural association fair, which conducts, or whose predecessor association has conducted, a horseracing meeting during the preceding year at which the total amount handled in the parimutuel pools operated by the association, or by such predecessor association, is not more than two hundred fifty million dollars (\$250,000,000), excluding wagering at a satellite wagering facility, shall be exempt from payment of that portion of the license fee provided in subdivision (a) of Section 19491 on the amount handled by it under one hundred twenty-five million dollars (\$125,000,000), excluding wagering at a satellite wagering facility. All the money accruing pursuant to this section shall be distributed as purses. In addition, an association which conducts, or whose predecessor association has conducted, a horseracing meeting during the preceding year at which the total amount handled in the parimutuel pools operated by the association or predecessor association is more than two hundred fifty million dollars (\$250,000,000), excluding wagering at a satellite wagering facility, shall be exempt from the payment of that portion of the license fee provided in subdivision (a) of Section 19491 on the amount handled in excess of twenty-four million dollars (\$24,000,000) but not in excess of fifty million dollars (\$50,000,000).

“Predecessor association,” as used in this section, means a person who was previously licensed to conduct racing of the same kind and at the same racing facility as the presently existing association.

It is the intent of the Legislature that the amendment to this section at its 1970 Regular Session shall be deemed to be a clarification of the effect of this section, and that such amendment does not constitute a substantive change.

**19491.6.**

Except as provided in subdivision (b) of Section 19612, the exempt amount retained by the association shall be regularly deposited in a separate account with a depository approved by the board. The funds deposited shall be distributed as purses.

**19491.7.**

Notwithstanding any other provision of law, all breakage deducted pursuant to Section 19597 by an association licensed to conduct harness racing shall be used to fund the California Standardbred Sires Stakes Program as set forth in subdivision (f) of Section 19619.

**19493.**

Upon the termination of the horse racing meeting for which a license has been granted:

(a) If the licensee has fully paid the license fee imposed by this article, the sum deposited with the application for the license shall be returned to the licensee.

(b) If the licensee fails, refuses, or neglects to pay such fee, the amount thereof shall be deducted from the sum deposited and the balance, if any, shall be returned to the licensee.



**19494.**

If by reason of any cause beyond control, and through no fault or neglect of any licensee, and when the licensee is not in default, it becomes impossible for the licensee to hold or conduct racing upon any day authorized by the board, the board, in its discretion and at the request of the licensee, may either return any fee paid by the licensee for racing on that day or, as a substitute for such day, may specify any other day for the holding or conducting of racing by the licensee.

**19495.**

Except as provided in this chapter, no license or excise tax or fee in excess of one hundred dollars (\$100) for each racing day shall be assessed against or collected from any licensee by the State or by any county, city, district, or any other body having the power to assess or collect any license, tax, or fee.

19497. Any person who is licensed to conduct a horse racing meeting at any place, track or inclosure which is leased by him from the State, shall not transfer any such property to any other person, whether licensed under this chapter or not, for the purpose of furnishing such other person a place, track or inclosure at which it may conduct a horse racing meeting, unless such transfer is first submitted to the Department of General Services and the department finds that its terms and provisions are just and reasonable and approves of it.

As used in this section, "transfer" includes any sublease, permit to use, license to use, and any other transaction or arrangement of any kind or nature whereby any right to the use or possession of property, or any part thereof, for the purpose of conducting a horse racing meeting is conferred upon any person.

The provisions of this section which are applicable to a person licensed under this chapter to conduct a horse racing meeting shall also apply to any person to whom a transfer is made by such a licensee in accordance with this section.

## **ARTICLE 4.5. JOCKEYS**

### **19500.**

(a) A jockey who agrees to exercise a racehorse shall be paid no less than the standard rate that is paid to exercise riders unless the jockey has been employed to ride that racehorse in a parimutuel race or the jockey is engaged in an official timed and recorded workout. If there is a dispute over the standard rate for exercising a horse, the steward shall determine the rate.

(b) The board shall adopt regulations no later than July 1, 2007, consistent with existing practice of the stewards, that provide both of the following:

(1) Establish the circumstances under which a jockey is entitled to receive a mount fee when he or she is removed from a mount prior to scratch time.

(2) Establish the circumstances under which a jockey is entitled to receive both a mount fee and the riding fee when he or she is removed from a mount after scratch time.

(c) The paymaster of a racing association or racing fair shall not disburse any sum from a jockey's compensation to any person other than the jockey except with the written permission of the jockey, upon order of the board, or pursuant to a court or administrative order.

(d) For the purposes of this section the following definitions apply:

(1) "Scratch time" means the time designated by the purse agreement when final changes in racing programs must be made.

(2) "Riding fee" means the amount of money, whether calculated as a percentage of the purse or by any other means, that is due to a jockey in addition to the jockey mount fee as a result of the performance of a racehorse in a race.

(3) "Mount fee" is the fee that is paid a jockey who accepts a mount on a racehorse.

### **19501.**

(a) The Legislature finds and declares the following:

(1) Professional jockeys are vital to the horse racing industry and the work they perform is very dangerous.

(2) The minimum wage that jockeys receive in a horse race is established by the board as a minimum jockey riding fee. Jockeys may earn additional compensation if the horse they are racing is a winning mount, a second place mount, or a third place mount.

(3) The minimum jockey riding fee has not kept up with inflation or the cost of living. Since 1970, the state minimum wage has increased at more than twice the rate that the average jockey riding fee increased over the same period.

(4) The riding fee should be increased at least as much on a percentage basis as the state minimum wage, so that the average full-time jockey can earn an income sufficient to provide for the basic necessities of life.

(b) (1) Effective January 1, 2010, the scale of minimum jockey riding fees for losing mounts established by the board shall be increased by ten dollars (\$10) per mount from the rate in effect on December 31, 2009. Effective January 1, 2012, the scale of minimum jockey riding fees for losing mounts established by the board shall be increased by ten dollars (\$10) per mount from the rate in effect on December 31, 2011, except the three lowest fees on the scale shall be increased by five dollars (\$5) per mount. Thereafter the scale of minimum jockey riding fees for losing mounts shall be increased whenever the state minimum wage is increased by the percentage of that increase.

(2) Effective January 1, 2010, the minimum amount awarded to the jockey who finishes second or third

in a race shall be increased by ten dollars (\$10) over the amount required to be paid on December 31, 2009. Effective January 1, 2012, the minimum amount awarded to the jockey who finishes second or third in a race shall be increased by five dollars (\$5) over the amount required to be paid on December 31, 2011. This subdivision shall apply to races in which the purse is nine thousand nine hundred ninety-nine dollars (\$9,999) or less.

(c) No jockey shall be paid less than the minimum jockey riding fees established pursuant to this section.

#### **19502.**

Notwithstanding any other law, the board shall not permit any portion of an entry, nomination, or other fee paid by an owner to be deducted from a jockey riding fee unless the entry, nomination, or other fee is paid exclusively by the owner and not reimbursed by any other person or entity.

#### **19504.**

(a) No racehorse shall be ridden at a racetrack unless the rider is equipped with a safety helmet and safety vest.

(b) No later than July 1, 2006, the board shall conduct an investigation, including at least one public hearing, to determine whether the use of safety reins would provide jockeys and exercise riders greater protection from accidents and injuries than conventional reins. Should the board determine that the use of safety reins would provide greater protection for jockeys and exercise riders than conventional reins, it shall adopt a regulation no later than July 1, 2007, mandating the use of approved safety reins whenever a racehorse is ridden at a racetrack. The regulation adopted by the board may phase in the use of safety reins, but in the event safety reins are mandated, the board shall not permit the use of conventional reins in a parimutuel race for longer than 18 months following the adoption of the regulation.

(c) The board shall approve any model of safety helmet, safety vest, and mandatory safety rein, if required, in use at a racetrack.

(d) For the purposes of this section, a "safety rein" is a type of rein that is reinforced with a wire cable, nylon strap, or other safety device or material that is attached to the bit and designed to maintain control of the horse should the rein break.

(e) For the purposes of this section, a "conventional rein" is any rein other than a safety rein.

#### **19506.**

No later than July 1, 2006, the board shall approve and participate in a health assessment study of jockeys that will provide information relevant to the determination of an appropriate jockey scale of weights and weight control practices that will maximize jockey health and safety.

(a) The study shall be conducted under accepted scientific principles, shall be peer reviewed, and shall be performed under the auspices of a university based director with expertise in sports medicine, nutrition, or occupational safety and health. The study director shall be independent of the horse racing industry.

(b) The board shall form a committee to provide input and advice on the design of the study. The committee shall include members of the board, and representatives of the Thoroughbred Owners of California, the Jockey's Guild, the California Thoroughbred Trainers, the Pacific Coast Quarter Horse Racing Association, the California Authority of Racing Fairs and of the racetracks. However, the board shall insure that no member of the committee nor any other person shall attempt to improperly interfere with study design or execution or compromise its integrity.

(c) The study shall be funded by private sources. Nothing in this section shall prevent the participation of racing regulatory bodies outside of California in the study.

(d) Upon completion of the study the board shall review the findings at a public hearing. If the board determines, upon review of the study, that the current scale of weights for jockeys is detrimental to jockey health and safety, it shall adopt regulations to establish weight or body composition requirements appropriate to maintain jockeys in a healthy and safe physical condition.

## **ARTICLE 5. STEWARDS AND RACING OFFICIALS**

### **19510.**

- (a) Every steward and racing official not required to be licensed under Article 4 (commencing with Section 19480) shall be licensed by the board pursuant to this article. Any license issued pursuant to this article shall include a current photograph of the licensed person.
- (b) No person required to be licensed pursuant to this article may participate in any capacity in any horse race meeting without a valid and unrevoked license. The board shall determine the fixed license fee which shall be paid in order to receive a license pursuant to this article.
- (c) As used in this section, "racing official" means the starter, timer, paddock judge, horseshoe inspector, horse identifier, official veterinarian, racing veterinarian, associate judge, placing judge, patrol judge, clerk of scales, clerk of the course, and any other person acting as an official at any horse racing meeting.

### **19512.**

- (a) The board shall require applicants for license as a steward or as an official veterinarian to pass both a written and an oral examination.
- (b) The board may admit to the steward examination any person who meets all of the following qualifications:
  - (1) Has not been convicted of a crime involving moral turpitude or of a felony.
  - (2) Has been given a physical examination by a licensed physician and surgeon within 60 days prior to the date of application for the steward's examination, indicating at least 20-20 vision or vision corrected to at least 20-20, and normal hearing ability.
  - (3) Possesses at least one of the following qualifications:
    - (A) Has at least five years of experience in the parimutuel horse racing industry as a licensed trainer, jockey, or driver.
    - (B) Has at least 10 years of experience in the California parimutuel horse racing industry as a licensed owner whose experience, knowledge, ability, and integrity relative to the industry are known to the board.
    - (C) Has at least three years of experience as a licensed racing official, racing secretary, assistant racing secretary, or director of racing.
    - (D) Has experience in the horse racing industry of a character and for a length of time sufficient, as determined by the board, to qualify the person as having experience substantially equivalent to the experience described in subparagraph (A), (B), or (C).
- (c) The board may admit to the official veterinarian examination any person who meets all of the following qualifications:
  - (1) Is currently licensed to practice veterinary medicine in this state.
  - (2) Is currently in good standing with the California Veterinary Medical Board.
  - (3) Has current veterinary malpractice insurance.

**19513.**

(a) The board shall prepare both written and oral examinations. All examinations shall be standardized and, in the case of oral examinations, tape recorded. Written examinations may be administered by members of the board staff. Oral examinations for stewards shall be conducted by a panel of not less than three board members. Oral examinations for official veterinarians shall be conducted by a panel of not less than one board member, the equine medical director, and the executive director.

(b) The board shall provide a detailed outline of the subjects to be covered by the oral and written examinations for a license to every person who requests the outline.

(c) The results of the oral and written examinations for a steward's license shall be a public record.

**19514.**

Racing officials shall be licensed by the board pursuant to rules and regulations that the board may adopt, and upon payment of a license fee fixed and determined by the board.

**19515.**

An original license issued under this article shall be issued for a period of the calendar year in which it is issued, and shall be renewable for a period, not to exceed three years, which the board may, by regulation, establish. The board may establish a license fee schedule consistent with the different period for which these licenses may be granted.

The license shall be valid at all horse racing meetings in this state during the period for which it is issued, unless it is suspended or revoked prior to the expiration of the period.

**19516.**

The board may, at any time, require the removal of any racing official or employee in any case where it has reason to believe that the official or employee has been guilty of any dishonest practice in connection with horse racing, has failed to comply with any condition of the licensee's license, or has violated any law or any rule or regulation of the board.

**19517.**

(a) The board, upon due consideration, may overrule any steward's decision other than a decision to disqualify a horse due to a foul or a riding or driving infraction in a race, if a preponderance of the evidence indicates any of the following:

(1) The steward mistakenly interpreted the law.

(2) New evidence of a convincing nature is produced.

(3) The best interests of racing and the state may be better served.

(b) However, any decision pertaining to the finish of a race, as used for purposes of parimutuel fund distribution to winning ticketholders, may not be overruled. Furthermore, any decision pertaining to the distribution of purses may be changed only if a claim is made in writing to the board by one of the involved owners or trainers, and a preponderance of the evidence clearly indicates to the board that one or more of the grounds for protest, as outlined in regulations adopted by the board, has been substantiated. The chairperson of the board may issue a stay of execution pending appeal from a steward's decision if the facts justify the action.

**19517.5.**

(a) The respondent in an enforcement proceeding that alleges the use of a prohibited substance, as defined under class I, class II, or class III of the board's schedule of prohibited substances, may elect to have the proceeding referred, for administrative adjudication and preparation of a proposed decision for action by the board, to either a Board of Stewards or a hearing officer appointed by the board. The board shall select the hearing officer from a pool jointly developed by a representative from each of the following organizations:

- (1) The board.
- (2) A racing association.
- (3) The trainers' organization.
- (4) The horse owners' organization.

(b) The hearing before a duly appointed hearing officer or Board of Stewards shall commence no later than 90 days after the filing of the accusation. The hearing date may be extended only upon a showing of good cause to the earliest possible hearing date beyond the 90-day period, provided a written order and the reasons for the continuance are filed with the board.

(c) No later than 20 days before the hearing, the licensee shall post a bond with the paymaster of purses for the amount of the purse or purses in question and received by the licensee. The bond shall be in cash, or a surety bond that meets the requirements of the board.

**19518.**

(a) (1) The board shall contract with persons licensed as stewards pursuant to this article to perform the duties of stewards at horse racing meets. The board shall also contract with licensed veterinarians pursuant to this article to perform the duties of official veterinarians at horse racing meets. Contracts shall be upon any terms that the board, the stewards, and the official veterinarians may mutually agree upon and may contain different rates of compensation based upon the experience of the steward or official veterinarian.

(2) The board shall establish a committee of at least two board members to meet at least quarterly with representatives of the stewards, so that recommendations of the stewards can be discussed as necessary. These meetings may be scheduled the same day as regular board meetings or at the convenience of the board. Representatives of associations may attend and participate in these meetings, or portions thereof, when items directly affecting the associations are discussed.

(3) The board shall provide remuneration, including any fringe benefits, to stewards, to the official veterinarian, and for the costs of laboratory testing relating to horse racing.

(b) Stewards, official veterinarians, and other racing officials appointed or approved by the board, and while performing duties required by this chapter or by the board, shall be entitled to the same rights and immunities granted public employees by Article 3 (commencing with Section 820) of Chapter 1 of Part 2 of Division 3.6 of Title 1 of the Government Code.

(c) The Legislature finds and declares that the services performed by stewards and official veterinarians at horse racing meetings are unique and cannot be performed adequately, competently, or satisfactorily by civil service personnel, and that the services cannot be adequately rendered by an existing public agency and do not duplicate the function of an existing public agency. Stewards and official veterinarians shall be personal service contractors of the board and shall not be civil service employees.

## **ARTICLE 5.5. OTHER LICENSES**

### **19520.**

(a) Every person not required to be licensed under Article 4 (commencing with Section 19480) who participates in, or has anything to do with, the racing of horses, including a horse owner, jockey, driver, apprentice, exercise rider, agent trainer, stable foreman, groom, valet, horseshoer, stable watchman, outrider, and every employee of a parimutuel department, shall be licensed by the board pursuant to rules and regulations that the board may adopt, and upon the payment of a license fee fixed and determined by the board. Any license issued pursuant to this article shall include a current photograph of the licensed person.

(b) No person required to be licensed by this article may participate in any capacity in any horse race meeting without a valid and unrevoked license authorizing the participation.

(c) The board may adopt regulations to require outrider license applicants to pass both a written and an oral examination and to authorize outriders to exercise the duties and powers of the board set forth in Section 19440 as are delegated by the board.

### **19521.**

An original license issued pursuant to this article shall be issued for a period of the calendar year in which it is issued, and shall be renewable for a period, not to exceed three years, which the board may, by regulation, establish. The board may establish a license fee schedule consistent with the different period for which the licenses may be granted. The license shall be valid at all horse racing meetings in this state during the period for which it is issued, unless it is suspended or revoked prior to the expiration of the period.

### **19522.**

(a) The board shall also set forth requirements for the position of satellite facility supervisor for all satellite wagering facilities operated by the state or on public land. The satellite facility supervisor shall, among other things, monitor the performance of licensees at the facilities.

(b) A fair satellite facility generating less than ten million dollars (\$10,000,000) annually in total handle may elect not to be subject to the requirements of this section if the board of directors of the fair satellite facility, after a public hearing, deems those requirements to be not economically feasible and all of the following requirements are met:

(1) Thirty days prior to the public hearing, the fair board notifies the board in writing of its intention to take the action described in this subdivision.

(2) The fair satellite facility shall continue to abide by all laws and regulations pertaining to the operation of a satellite facility, including the responsibilities of the position of satellite facility supervisor.

(3) Notice of the fair board's action shall be provided to the board within 10 days of approval by the fair board. Notice shall include the name and contact information of the individual or individuals assuming the responsibilities of the position of satellite facility supervisor.



**19523.**

The board may, at any time, require the removal of any racing official or employee in any case where it has reason to believe that the official or employee has been guilty of any dishonest practice in connection with horse racing, has failed to comply with any condition of the licensee's license, or has violated any law or any rule or regulation of the board.

**19525.**

(a) For purposes of this section, "equine" means a horse of any breed used for racing or showing, including prospective racehorses, breeding prospects, stallions, stallion seasons, broodmares, yearlings, or weanlings, or any interest therein.

(b) Any sale, purchase, or transfer of an equine shall be both of the following:

(1) Accompanied by a written bill of sale or acknowledgment of purchase setting forth the purchase price.

(2) Signed by both the purchaser and the seller or their duly authorized agents or, in a transaction solely relating to a season or fractional interest in a stallion, signed by the syndicate manager or stallion manager.

(c) When a transaction described in subdivision (b) is accomplished through a public auction, the bill of sale requirement may be satisfied by the issuance of an auction receipt generated by the auction house and signed by the purchaser or an agent whom the purchaser has authorized.

(d) It is unlawful for a person to act as a "dual agent," which is hereby defined as a person acting as an agent for both the purchaser and the seller, in a transaction involving the sale, purchase, or transfer of an interest in an equine without the prior knowledge of both the purchaser and seller, and the written consent of both the purchaser and seller.

(e) It is unlawful for a person acting as an agent for either a purchaser or a seller or acting as a dual agent in a transaction involving the sale, purchase, or transfer of an equine to receive in excess of five hundred dollars (\$500) worth of compensation, fees, gratuities, or other items of value, related directly or indirectly to that transaction, from an individual or entity, including any consigner involved in the transaction, other than the agent's principal, unless both of the following occur:

(1) The agent receiving the item of value and the individual or entity giving the item of value disclose the transfer of that item of value in writing to the principal or principals for whom the agent is acting.

(2) Each principal for whom the agent is acting consents thereto in writing.

(f) Any person acting as an agent for a purchaser or seller or acting as a dual agent in a transaction involving the sale, purchase, or transfer of an equine shall, upon request by his or her principal or principals, provide to the requesters copies of all financial records in the possession or control of the agent pertaining to the transaction. For purposes of this subdivision, financial records shall not include the agent's or owner's work product used to internally evaluate the equine.

(g) Any person injured by a violation of this section shall recover treble damages from persons or entities violating this section.

(h) No contract or agreement for payment of a commission, fee, gratuity, or any other form of compensation in connection with any sale, purchase, or transfer of an equine shall be enforceable by way of an action or defense unless both of the following occur:

(1) The contract or agreement is in writing and is signed by the party against whom enforcement is sought.

(2) The recipient of the compensation provides a written bill of sale or auction receipt for the transaction in accordance with paragraph (1) of subdivision (b) and subdivision (c) respectively.

(i) The board may suspend or revoke the license of any person who violates this section.

(j) Subdivisions (g) and (h) shall not apply to the acts or omissions of an entity or individual engaged in conducting a public auction of an equine, or the entity or individual's employees or agents, if both of the

following conditions apply:

- (1) The acts or omissions of the entity, individual, employee, or agent are in furtherance of or pursuant to the conduct of the public auction of an equine.
- (2) The entity or individual is appropriately licensed or authorized to conduct that specific public auction by the California Horse Racing Board and any other governmental entity whose permission or authorization is required to conduct the auction.

**19526.**

- (a) Each trainer shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, paid to each of his or her employees.
- (b) The payroll records enumerated under subdivision (a) shall be available for inspection at all reasonable hours at the principal office of the trainer on the following basis:
  - (1) A copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative upon request.
  - (2) A copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to the board and the Division of Labor Standards Enforcement of the Department of Industrial Relations.
  - (3) On or before January 31 of each year, each trainer shall provide copies of federal W-2 and 1099 tax forms for his or her backstretch employees for the previous calendar year to the administrator of the pension fund for backstretch employees.
- (c) The payroll records described in this section shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.
- (d) A trainer shall make the records enumerated in subdivision (a) available to an employee or his or her authorized representative within 10 days after receipt of a written request.
- (e) The trainer shall inform the board of the location of the records enumerated under subdivision (a), including the street address, city and county, and shall, within five working days, provide a notice of a change of location and address.
- (f) In addition to any other penalty imposed by law, any trainer who fails to provide access to the records enumerated in subdivision (a) to the board, the employee or his or her authorized representative, the administrator of the pension or welfare funds, or to the Division of Labor Standards enforcement as required by law shall be subject to suspension of his or her license.
- (g) Except for trainers covered by an operative collective bargaining agreement pursuant to Section 19613.7, the board may require, as a condition of issuing or renewing a trainer's license, that the trainer submit a declaration that they have maintained true and correct payroll records and have complied with the requirements of the Labor Code and applicable wage orders of the Industrial Welfare Commission.
- (h) The Labor Commissioner shall establish and maintain a program to audit the payroll records of trainers who are not parties to a collective bargaining agreement entered pursuant to Article 2.5 (commencing with Section 19455) and who operate in California for 90 or more racing days in a calendar year, in a manner to ensure that every subject licensee is audited at least once prior to January 1, 2006. Evidence of substantial noncompliance with the Labor Code and applicable wage orders of the Industrial Welfare Commission shall be referred by the board to the Labor Commissioner.

## **ARTICLE 5.6. INTERSTATE COMPACT ON HORSE RACING OCCUPATIONAL LICENSING**

### **19527.**

The Legislature finds and declares all of the following:

- (a) The Association of Racing Commissioners International has proposed a compact providing for the licensure of individuals involved in the horse racing industry.
- (b) The intent of this compact is to preclude the necessity of individual owners, trainers, backstretch employees, and other racetrack personnel from having to be separately licensed in each state in which they may conduct business.
- (c) This compact would provide for an individual to be licensed by the compact committee created therein, and thus be able to practice his or her profession in all states that are members of the compact.
- (d) The purpose of the compact is to:
  - (1) Establish uniform requirements among the party states for the licensing of participants in live horse racing with parimutuel wagering, and ensure that all participants who are licensed pursuant to this compact meet a uniform minimum standard of honesty and integrity.
  - (2) Facilitate the growth of the horse racing industry in each party state and nationwide by simplifying the licensing process for participants in the live racing industry, and reduce the duplicative and costly process of separate licensing by the applicable regulatory agency in each state.
  - (3) Authorize the California Horse Racing Board to participate in this compact.
  - (4) Provide for participation in this compact by officials of the party states, and permit those officials, through the compact committee established by the compact, to enter into contracts with governmental agencies and nongovernmental persons and entities to carry out the purposes of this compact.
  - (5) Establish the compact committee created by this compact as an inter- state governmental entity duly authorized to request and receive criminal history record information from the Federal Bureau of Investigation, other federal law enforcement agencies, and state and local law enforcement agencies.

### **19528.**

The California Horse Racing Board is hereby authorized to enter into the interstate compact identified in Section 19527 for the purposes described therein, provided that this state's participation in this compact does not result in the diminution of applicable existing standards established for licensure in California with regard to an applicant's criminal history and does not prevent the enforcement of any state law or regulation affecting any licensee. The California Horse Racing Board's entry into the interstate compact identified in Section 19527 shall not relieve any individual or entity of its duty to obtain any license or pay any fee otherwise required by this chapter. An individual designated by the California Horse Racing Board shall be responsible for representing California in conjunction with the administration of the compact.

## **ARTICLE 6. RACING DAYS AND WEEKS**

### **19530.**

(a) The board shall have the authority to allocate racing weeks to an applicant or applicants pursuant to the provisions of this article and Article 6.5 (commencing with Section 19540) and to specify such racing days, dates, and hours for horse racing meetings as will be in the public interest, and will subserve the purposes of this chapter. The decision of the board as to those racing days, dates, and hours shall be subject to change, limitation, restriction, or reallocation only by the board. No municipality or county shall adopt or enforce any ordinance or regulation that has or may have the effect of directly or indirectly regulating, limiting, restricting, or reallocating the racing days and dates of horse racing meetings.

(b) The board may, at any time, change, limit, restrict, or reallocate racing weeks, days, or dates that are allocated pursuant to this section regardless of whether a condition giving rise to that action is foreseen at the time of allocation or whether a license is issued to conduct a horse racing meeting during an allocated week, day, or date. The board's exercise of authority pursuant to this subdivision is not a revocation subject to the proceedings required by Section 19461, regardless of any effect on a license issued under this chapter.

### **19530.5.**

For the purposes of this article there shall be three geographical zones which shall be designated (a) the "southern zone," which shall consist of the Counties of Imperial, Orange, Riverside, and San Diego; (b) the "central zone," which shall consist of the Counties of Kern, Los Angeles, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura; and (c) the "northern zone," which shall consist of the remaining counties in the state.

### **19531.**

(a) The board shall make allocations of racing weeks, including simultaneous racing between zones, as it deems appropriate. The maximum number of racing weeks that may be allocated for horse racing other than at fairs, shall be as follows:

(1) For thoroughbred racing: 44 weeks per year in the northern zone; and 49 weeks per year in the combined central and southern zones.

(2) For harness racing: 25 weeks per year in the northern zone.

(3) For quarter horse racing: 25 weeks per year in the northern zone.

(4) For harness racing and quarter horse racing: a total of 77 weeks per year in the combined central and southern zones.

(b) In its written application for a license, an applicant shall state the time of day, consistent with this chapter, during which it will conduct its racing meeting, and particularly the first race starting time for the various racing days. After receiving a license, a licensee shall not change the first race starting time without securing prior approval of the board.

(c) Notwithstanding this section or any other provision in this chapter, the following provisions apply:

(1) From the weeks available in the combined central and southern zones pursuant to subdivision (a), the board shall allocate a minimum of seven weeks per year to a thoroughbred racing association to conduct thoroughbred racing at a racetrack that was used to conduct a thoroughbred race meeting in the southern zone prior to 2012.

(2) The board shall not allocate dates to a thoroughbred association in the central zone for the purpose of conducting racing if a thoroughbred racing association is conducting racing in the southern zone on the same date during daytime hours.

(3) From the weeks available in the combined central and southern zones pursuant to subdivision (a), the board shall allocate a minimum of 25 weeks per year to a thoroughbred racing association to conduct thoroughbred racing at a racetrack that was used to conduct a thoroughbred race meeting in the central zone prior to 2012.

(4) The board shall not allocate dates to a thoroughbred association in the southern zone for the purpose of conducting racing if a thoroughbred racing association is conducting racing in the central zone on the same date during daytime hours.

(5) From the weeks available in the combined central and southern zones pursuant to subdivision (a), the board may allocate a maximum of five weeks per year to a thoroughbred racing association to conduct thoroughbred racing at a racetrack in the southern zone that was not used to conduct a thoroughbred race meeting in the southern zone prior to 2012.

#### **19531.1.**

Notwithstanding any other law, the board shall not allocate racing dates to a thoroughbred racing association in the central or southern zone for the purpose of conducting thoroughbred racing during daytime or nighttime hours if a fair racing association is conducting racing in either zone on the same dates.

#### **19532.**

(a) Any association licensed to conduct thoroughbred racing in the northern zone may receive no more than 35 weeks of that racing.

(b) Any association licensed to conduct thoroughbred racing in the central zone may receive no more than 17 weeks of that racing, except that any association which conducts a split meeting may receive up to 20 weeks of that racing. No more than one such split meeting may be licensed in any one year.

(c) This section and Section 19531 shall not operate to deprive any association of any weeks of racing granted during 1980.

(d) This section and Section 19531 shall not operate to deprive the California State Fair and Exposition of any weeks of racing granted during the previous calendar year, and the board may continue to allocate those weeks of racing to the California Exposition and State Fair or any lessee thereof.

(e) Nothing in subdivision (d) is a limitation on the board allocating racing weeks to any private racing association as a lessee of the California Exposition and State Fair racetrack facility pursuant to Sections 19531 and 19532.

**19533.**

(a) Any license granted to an association other than a fair shall be only for one type of racing, thoroughbred, harness, or quarter horse racing as the case may be, except that the board may authorize the entering of thoroughbred and Appaloosa horses in quarter horse races at a distance not exceeding five furlongs at quarter horse meetings, mixed breed meetings, and fair meetings. If the board authorizes the entering of thoroughbred or Appaloosa horses in quarter horse races, the following conditions shall be met:

(1) Any race written for participation by quarter horses, Appaloosas, and thoroughbreds shall be written as quarter horse preferred.

(2) The number of races written as quarter horse preferred at a distance exceeding 870 yards shall not exceed more than three races per program without the consent of the quarter horse horsemen's organization contracting with the association.

(3) More than one-half of the races on any program shall be for quarter horses at a distance not to exceed 550 yards, unless the consent of the quarter horse horsemen's organization is received.

(4) Mixed races with Appaloosa and quarter horses may only be written with the consent of the quarter horse horsemen's organization contracting with the association.

(5) Thoroughbreds shall constitute less than half the number of horses in these races although an exception may be granted on a race-to-race basis with the consent of the quarter horse horsemen's organization contracting with the association.

(b) The association that conducts the meeting shall pay to a thoroughbred trainers' organization an amount for a pension plan for backstretch personnel to be administered by that trainers' organization equivalent to 1 percent of the amount available to thoroughbred horses for purses. The remainder of the portion shall be distributed as purses. Any redistributable money paid to the board pursuant to Section 19641, which is paid to a welfare fund established by a horsemen's organization from races with both thoroughbred and quarter horses, shall be divided pro rata between the two welfare funds based on the number of thoroughbreds and quarter horses in the race.

(c)(1) Notwithstanding any other provision of law, any association licensed to conduct quarter horse racing may apply to the board for, and the board shall grant, authority to conduct thoroughbred racing as part of its racing program if all of the following conditions are met:

(A) The thoroughbred races are for a claiming price of not more than five thousand dollars (\$5,000), and at a distance of four and one-half furlongs or less. The races may not be stakes, allowance races, or maiden allowance races.

(B) More than one-half of the races on any program shall be for quarter horses at a distance not to exceed 550 yards, unless the consent of the quarter horse horsemen's organization is received.

(C) The consent of the quarter horse horsemen's organization contracting with the association is obtained with respect to the inclusion of thoroughbred racing.

(2) The quarter horse racing association conducting thoroughbred racing pursuant to this subdivision shall pay to a quarter horse horsemen's organization the amount specified in subdivision (e) of Section 19613, and an amount for a pension plan for backstretch personnel to be administered by a thoroughbred trainers' organization equivalent to 1 percent of the amount available to thoroughbred horses for purses. The remainder of the portion shall be distributed as purses. The quarter horse racing association shall also deduct the appropriate amount to comply with subdivision (a) of Section 19617.2 for distribution to the thoroughbred official registering agency.

#### **19533.5.**

(a) Notwithstanding Section 19533, the board may authorize the following mixed breed racing:

(1) An association licensed to conduct a quarter horse meeting to include Appaloosa races and Arabian races with the consent of the quarter horse horsemen's organization contracting with the association with respect to the conduct of the racing meeting.

(2) A race between a quarter horse and a thoroughbred horse at a thoroughbred meeting with the consent of the thoroughbred horsemen's organization contracting with the association with respect to the conduct of the racing meeting.

(b) Notwithstanding Section 19533, an association licensed to conduct quarter horse racing or a fair may conduct races that include paint horses racing with quarter horses or Appaloosa horses in the same race. When paint horses race with quarter horses, the consent of the organization that represents quarter horse horsemen and horsewomen shall first be obtained. A quarter horse association may write a race for paint horses only to replace an Appaloosa or Arabian race without increasing the average number of races run per race day with the consent of the organization representing the quarter horsemen and horsewomen.

(c) A quarter horse race with seven or more entries shall not be replaced by a race that includes paint horses, without the consent of the organization that represents quarter horse horsemen and horsewomen.

(d) Notwithstanding any other law, a quarter horse racing association or fair conducting barrel racing, paint horse racing, show jump racing, or steeplechase racing shall pay to the quarter horsemen's organization the amount specified in Section 19613 for purposes of representing the horsemen and horsewomen conducting these races.

(e) Notwithstanding Section 19533, the board may authorize an association licensed to conduct a thoroughbred race meeting to include up to six nonthoroughbred races per calendar year with the consent of the organization representing thoroughbred horsemen and horsewomen, provided, however, that a nonthoroughbred race shall not be held when a fair in the northern zone is conducting a race meeting without that fair's consent. Notwithstanding subdivision (b) of Section 19617.8, amounts deducted and distributed pursuant to this chapter from wagering on nonthoroughbred races authorized pursuant to this section shall be deducted and distributed as if the wagers were placed on a thoroughbred race.

#### **19533.6.**

Notwithstanding Section 19533, the board may authorize any racing association licensed to conduct a live quarter horse racing meeting to also conduct mule racing at that racing meeting, subject to the following conditions:

(a) Mule races may only be conducted when a fair is not licensed to conduct live races with parimutuel wagering.

(b) The consent of the quarter horse horsemen's organization contracting with the association shall be obtained with respect to the inclusion of mule racing.

(c) The majority of the races conducted on any given racing day shall be quarter horse races.

(d) A quarter horse association may conduct mule races provided that the total number of Arabian and mule races run in a year do not exceed the total number of Arabian races run in the state in 2001.

(e) An Arabian race with seven or more entries shall not be replaced by mule race, without the consent of the organization that represents Arabian horsemen and horsewomen.

**19535.**

(a) Notwithstanding any other provision of law, at the time the board allocates racing weeks, it shall determine the number of useable stalls that each association or fair shall make available and maintain in order to conduct the racing meeting. The minimum number of stalls may be at the site of the racing meeting or at board-approved offsite locations.

(b) With respect to racing meetings conducted in the northern zone, the association or fair conducting the meeting shall provide all stabling required by the board pursuant to subdivision (a) without cost to participating horsemen. Offsite stabling shall be at a board approved facility or facilities selected by the association or fair, with the agreement of the organization representing horsemen participating at the meeting. If there is a disagreement between the association or fair and the organization representing the majority of horsemen participating at the meeting with respect to the selection of offsite stabling facilities, the board, at the request of the association or fair or the organization representing the majority of horsemen participating at the meeting, shall promptly determine the board-approved facility or facilities at which offsite stabling shall be made available. The organization representing horsemen participating at the meeting and the association or fair shall mutually agree on the criteria and selection of horses that may use stalls required pursuant to this section. Northern zone racing associations or fairs may provide, subject to the availability of funds pursuant to Sections 19607, 19607.1, 19607.2, and 19607.3, at the option of the horse owner, vanning of participating racehorses from any board-approved offsite stabling facility.

(c)(1) With respect to racing meetings conducted in the central or southern zones, all costs associated with the maintenance of the useable stalls for the racing meeting shall be borne by the association or fair conducting the meeting, and, with respect to useable stalls at an offsite location, the association or fair may be required, by order of the board, to bear the costs of vanning from the offsite location to the racing meeting. However, with respect to any racing association in the central or southern zone that conducted a racing meeting in 1986, if the number of useable stalls made available onsite by a racing association during a racing meeting is less than 95 percent of the number of useable stalls made available onsite by that racing association during its 1986 racing meeting, the racing association shall reimburse the facility providing offsite stabling for the difference in cost between the actual number of useable stalls made available and 95 percent of the useable stalls made available in 1986.

(2) The racing association shall, in addition, reimburse the owner for vanning to the onsite location with respect to those horses stabled at an offsite location necessitated by the failure of a racing association to maintain 95 percent of the useable stalls made available by that racing association during its 1986 racing meeting.



## **ARTICLE 6.5. FAIRS AND EXPOSITIONS**

### **19540.**

In order to encourage and develop the racing of all horses in California, regardless of breed, whenever a fair conducts a program of horse races on which there is parimutuel wagering, the fair, so far as practicable, shall provide a program of racing that includes thoroughbred racing, quarter horse racing, Arabian racing, and Appaloosa racing, if a sufficient number of horses is available to provide competition in one or more races.

### **19542.**

Notwithstanding any other provision of law, fairs that conduct live horse racing meetings in the northern zone may allow a joint powers authority to administer and distribute purses and to achieve the purposes of Section 19606.4.

### **19546.**

(a) In order to encourage and develop the racing of all horses in California, regardless of breed, whenever a fair conducts a program of parimutuel wagering, it may provide a program of mixed breed racing that includes thoroughbred racing, harness racing, quarter horse racing, Arabian racing, paint racing, Appaloosa racing, steeplechase races, barrel races, and show jumping races.

(b) All recognized breeds of horses may compete in barrel races, show jumping races, and steeplechase races. Parimutuel wagering may be conducted on barrel races, show jumping races, and steeplechase races at any public or private facility that has been approved and licensed by the board.

### **19547.**

Notwithstanding Section 19490, no deposit shall be required for any horse racing meeting conducted by a state designated fair.

### **19548.**

Except as provided in this chapter, no license, tax, or fee shall be assessed against or collected from any fair which, directly and not through any private person, conducts a horse racing meeting.

### **19549.**

Except as provided in Section 19549.1, the maximum number of racing weeks that may be allocated to a fair shall be four weeks each year. The board shall take public testimony and make all determinations on the allocation of racing dates during a public hearing. All discussions of allocating racing dates by the board or its subcommittees shall be conducted during a public hearing. Nothing in this section diminishes the authority of the board to establish racing dates.

**19549.1.**

Notwithstanding Sections 19533 and 19549 or any other provision of this chapter, the board may allocate horse racing days for mixed breed meetings and combined fair horse racing meetings pursuant to Section 4058 of the Food and Agricultural Code. Days may not be allocated for a mixed breed meeting or a combined fair horse racing meeting during the month of June at the California Exposition and State Fair if a standard- bred meeting is being conducted at that facility during the month of June.

**19549.2.**

From the weeks available for harness and quarter horse racing pursuant to paragraph (4) of subdivision (a) of Section 19531, the board may allocate a maximum of 12 weeks of harness racing to the 22nd District Agricultural Association to be conducted on the 22nd District Agricultural Association grounds. The racing shall be conducted by a person other than the 22nd District Agricultural Association.

**19549.4.**

Notwithstanding Section 19414.5, the board may allocate racing weeks consisting of fewer than five days to an association conducting harness or quarter horse racing meetings if the association and the organization representing the horsemen participating in the meeting agree to the allocation.

**19549.6.**

Notwithstanding paragraph (2) of subdivision (a) of Section 19531 and Sections 19540, 19546, and 19549, the board may allocate additional weeks of harness racing to the California Exposition and State Fair in Sacramento or its lessee, to be raced at the California Exposition and State Fair in Sacramento.

**19549.7.**

Notwithstanding paragraph (3) of subdivision (a) of Section 19531 and Section 19549, the board may allocate additional weeks of quarter horse racing to a lessee of the California Exposition and State Fair in Sacramento to be raced at the California Exposition and State Fair in Sacramento.

**19549.9.**

Notwithstanding paragraph (4) of subdivision (a) of Section 19531 and Section 19549, the board may allocate up to 10 additional weeks of harness racing to the Los Angeles County Fair, or its lessee, to be raced at the fairgrounds in Pomona.

**19549.12.**

Notwithstanding Sections 19482 and 19549, any weeks of harness racing or quarter horse racing allocated by the board to be raced at the facilities of a county fair that conducts its racing meeting pursuant to Section 19549.3 may be conducted by the fair.

**19549.13.**

(a) Fairs that conduct racing meetings in the northern zone may, and horsemen's organizations that represent horsemen who participate at fair racing meetings in the northern zone shall, jointly develop a program to provide for stabling and training facilities. This program shall be based on the anticipated inventory of horses and the number of available stalls and locations.

(b) Participating fairs and horsemen's organizations shall annually ratify an agreement which includes provisions governing the operation of the stabling and training facilities. The agreement shall also specify the conditions under which a participating fair may terminate its participation in the program.

(c) Individual horsemen who elect to participate in the program shall be required to sign standard agreements with the participating fair governing the operation of the program. The agreements shall contain provisions that govern the operation of the program, including, but not be limited to, insurance coverage and payment of a security deposit.

(d) All agreements provided for in this section shall be approved by the board.

(e) Each fair that conducts racing meetings in the northern zone may elect whether to participate in the stabling and training program.

**19549.14.**

(a) Notwithstanding, Section 19489 or any other provision of this chapter, the board may permit the San Mateo County Fair to conduct live racing meetings at another site within or outside San Mateo County if its present site, Bay Meadows, closes.

(b) Live horse racing meetings conducted by the San Mateo County Fair, whether they are conducted within or outside of San Mateo County, shall be subject to the same provisions as are presently applicable to the San Mateo County Fair's conduct of live horseracing meetings at Bay Meadows.

(c) If the racing association licensed in the year 2002 to conduct thoroughbred race meetings in San Mateo County is not licensed to conduct a horse racing meeting in that county in any subsequent year, the San Mateo County Fair may, subject to the approval of the board, conduct its racing dates at a facility operated by a thoroughbred racing association or fair licensed to conduct a meeting in the northern zone.

**19549.15.**

(a) Notwithstanding Section 19489 or any other provision of this chapter, the board may permit the Solano County Fair to conduct live racing meetings at another site within or outside Solano County, if the site of its 2002 racing meeting is no longer available for horse racing in any subsequent year. Further, subject to the approval of the board, the Solano County Fair may conduct its racing dates at a facility operated by a thoroughbred racing association or fair licensed to conduct a racing meeting in the northern zone.

(b) Any racing meeting licensed to the fair pursuant to subdivision (a) may be operated by the fair or the fair may contract for the operation and management of the racing meeting with an individual thoroughbred racing association or fair, or a partnership, joint venture, or other affiliation of one or more thoroughbred racing associations or fairs.

**19549.16.**

(a) Notwithstanding any other law, the board may allocate racing days, pursuant to this article, to a fair in the northern zone to be conducted by the fair or, at the request of the fair, the board may license a racing association that was licensed by the board to conduct racing meetings in California prior to 2010 to conduct live horse racing at the fair during the dates allocated to the fair by the board.

(b) The live horse racing days, whether they are conducted by the fair or the racing association contracting with the fair, shall be subject to the same provisions of law as are presently applicable to a fair race meeting in the northern zone.

**19549.17.**

(a) Notwithstanding any other law, the board may permit the Los Angeles County Fair to conduct live racing meetings at another site within or outside the County of Los Angeles. Subject to approval of the board, the Los Angeles County Fair may conduct its racing dates at a facility operated by a thoroughbred racing association licensed to conduct a racing meeting in the southern zone.

(b) A racing meeting licensed to the fair pursuant to subdivision (a) may be operated by the fair, or the fair may contract for the operation and management of the racing meeting with an individual racing association that was previously licensed to conduct a racing meeting.

## **ARTICLE 7. CHARITY RACING DAYS**

### **19550.**

(a) The board shall require each licensed racing association that conducts 14 or less weeks of racing to designate 3 racing days, and each licensed racing association that conducts more than 14 weeks of racing to designate five racing days during any one meeting, to be conducted as charity days by the licensee for the purpose of distribution of the net proceeds therefrom to beneficiaries through the distributing agent. For the purposes of this section, a split meeting shall be considered a single meeting and the appropriate number of charity days shall be based on the total weeks of racing allocated for both periods of the meeting.

(b) Notwithstanding subdivision (a) or any other provision of law, no racing association shall be required to pay to a distributing agent for the purpose of distribution to beneficiaries more than an amount equal to two-tenths of 1 percent of the association's total on-track handle on live races conducted by the association at the meeting.

(c) This section does not apply to a fair, or to a licensed racing association conducting three weeks of racing or less.

### **19551.**

As a condition of the issuance of the license, the board shall require that the licensee of such meeting shall conduct such charity day racing and shall furnish its plant, facilities and all personnel and property necessary for the conduct of racing on the charity days.

### **19552.**

All racing officials required by law or regulation to serve in connection with the meeting shall also serve, without further authority or designation, in their respective capacities and at the same rate of compensation in connection with the charity day racing.

### **19553.**

On such charity days the income from all operations carried on in connection with or resulting from the conduct of racing on such days, including income from parimutuel wagering, admissions, parking, program sales and concessions shall be income from operations on such charity days. From the gross income from such operations on charity days there shall be deducted only the expenses incurred because of the conduct of racing on such days, but no deduction shall be made by the licensee for any overhead expenses or for expenses of the licensee which would be incurred irrespective of the conduct of the charity days racing.

The balance of such income after such deductions is herein designated as charity days' net proceeds and shall be paid by such licensee to a distributing agent selected and qualified in accordance with this article. No profit shall be made, either directly or indirectly, from such charity days' operations by the licensee of the meeting.

**19554.**

Except as provided elsewhere in this section, the distributing agent for charity distributions shall be a nonprofit organization or corporation, or nonprofit organizations or corporations, selected by the licensee of the meeting and approved by the board.

(a) Each distributing agent to be qualified hereunder shall conform to the then existing laws and regulations of this state and the United States, so as to be exempt or be entitled to exemption from the payment of any tax measured by income.

(b) Each distributing agent shall have not less than five trustees or directors. None of the individuals constituting the governing board of trustees or directors of the distributing agent shall be directly connected with, be a stockholder, or have any interest in the racing association that is the licensee of the race meeting. Each of the individual trustees or directors shall be a person who is, at the time, both a resident of this state, and an executive, officer, director, trustee, or member of the governing body or board, by whatever name the governing body or board may be known, of an organization engaged in civic, religious, charitable, educational, or veteran activities in this state.

(c) Each distributing agent shall adopt bylaws, shall provide for election to fill vacancies in the board of directors or trustees, and shall hold at least one meeting each year.

(d) Notwithstanding any other provision of this section, with the approval of the board, a racing association whose board of trustees or directors is precluded by its articles of incorporation, by laws, or by contract from receiving compensation for services in the capacity of trustee or director may act as its own distributing agent.

(e) Notwithstanding any other provision of this section, with the approval of the board, a racing association may act as its own distributing agent provided it allocates and distributes for charitable purposes an amount at least equal to that specified in subdivision (b) of Section 19550 in accordance with Section 19555 and subdivision (b) of Section 19556.

**19555.**

Each licensee shall pay over such charity days' net proceeds to such distributing agent as soon as practicable after the determination thereof, and such agent or agents shall hereafter distribute not less than 90 percent of the aggregate proceeds from charity days' racing received and available for distribution by it to beneficiaries within 12 calendar months after the last day of the meeting during which such charity days were conducted. The balance, if any, of such aggregate charity days' net proceeds not distributed within such 12-month period shall be distributed as soon thereafter as is practicable.

**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.

#### **19556.5.**

The board shall designate a nonprofit organization that is dedicated to research and development of improved safety standards for horse racing as a beneficiary qualified to receive a distribution pursuant to this article.

#### **19557.**

Within the 12-month period specified in Section 19555, and prior to the payment of any charity days' net proceeds to any beneficiary, the distributing agent shall submit the name of the beneficiary to the board for the board's approval.

If the board does not disapprove of the beneficiary within 60 days after the submission, its approval shall be deemed to have been given.

## **ARTICLE 8. REGULATION GENERALLY**

### **19560.**

No person shall, without complying with this chapter, hold or conduct, or assist, aid, or abet in holding or conducting, any meeting in this State where there is horse racing with wagering on its results.

### **19562.**

The board may prescribe rules, regulations, and conditions, consistent with the provisions of this chapter, under which all horse races with wagering on their results shall be conducted in this State.

### **19563.**

The board may adopt any rules and regulations of the United States Trotting Association, not inconsistent with this chapter, for the regulation of harness racing.

### **19564.**

The board may adopt any rules and regulations of the Pacific Coast Quarter Horse Racing Association, not inconsistent with this chapter, for the regulation of quarter horse racing.

### **19565.**

Subject to the provisions of this article, the board shall by rule provide for the registration of all California-bred horses.

### **19566.**

The official Stud Book and Registry of the American Quarter Horse Association shall be recognized as the sole official registry for quarter horses. The board shall, however, by rule provide for the registration of California-bred quarter horses to enable compliance with this chapter.

### **19566.5.**

The Stud Book of the Appaloosa Horse Club as approved by the Appaloosa Horse Club shall be recognized as the sole official registry for Appaloosa horses. The Stud Book of the Arabian Horse Registry of America, Inc. shall be recognized as the sole official registry for Arabian horses. The board shall, however, by rule provide for the registration of California-bred Appaloosa horses and Arabian horses to enable compliance with this chapter.

### **19566.6.**

The registry for registered California standardbred stallions shall be maintained by the California Horse Racing Board or its designee and shall be recognized as the sole official registry for stallions whose offspring are eligible to compete in the California Standardbred Sires Stakes Program.



#### **19567.**

(a) Since the purpose of this chapter is to encourage agriculture and the breeding of horses in this state, a sum equal to 10 percent of the first money of every purse won by a California-bred horse at a horse race meeting shall be paid by the licensee conducting the meeting to the breeder of the horse. This section applies to any California-bred standardbred horse that is foaled on or after November 1, 1977, for all races, except the California standardbred sires stakes races.

(b) Notwithstanding subdivision (a), a sum equal to 10 percent of the first and second place money of every purse won by a California-bred Arabian horse for first or second place at a horse race meeting shall be deposited with the official registering agency, pursuant to subdivision (b) of Section 19617.8, and shall thereafter be distributed in accordance with subdivisions (c) to (g), inclusive, of Section 19617.8.

(c) Moneys from quarter horse racing derived pursuant to this section shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7.

(d) Moneys from Appaloosa horse racing derived pursuant to this section shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9.

(e) This section does not apply to thoroughbred horses or thoroughbred racing.

#### **19568.**

(a) Every licensee conducting a horse racing meeting shall, each racing day, provide for the running of at least one race limited to California-bred horses and California-sired horses, to be known as the "California-bred race." If, however, sufficient competition cannot be had among horses of that class on any day, the race, with the consent of the board, may be eliminated for that day and a substitute race provided.

(b) For thoroughbred and quarter horse racing only, the total amount distributed to horsemen and horsewomen for California-bred and California-sired stakes races, and for races featuring California-breds upon the approval of the official registering agency, from the purse account, including overnight stakes, shall be not less than 10 percent of the total amount distributed for all stakes races from the purse account, including overnight stakes races, at that meeting of the racing association licensed to conduct live racing.

(c) It is the intent of the Legislature that the thoroughbred racing associations in this state, in conjunction with the official registering agency, and owners and trainers organizations meet and report to the board on the establishment of a coordinated California-bred restricted schedule of stakes races designed to showcase California-bred restricted stakes races and qualify registered California-bred horses for the California Cup and the California Cup Day races. It is also the intent of the Legislature that the report be submitted to the board annually at least 60 days prior to the start of the racing year.

19569. In order to encourage and develop the racing of quarter horses, whenever a fair conducts a program of horse races on which there is parimutuel wagering, it shall, so far as practicable, provide a program of quarter horse racing on the same days that it provides a program of other types of horse racing, if sufficient quarter horses are available to provide competition in one or more quarter horse races.

Such quarter horse events may be in addition to the customary number of thoroughbred or standardbred events.

**19572.**

The board may, by rule, provide for the exclusion or ejection from any inclosure where horse races are authorized, or from specified portions of such inclosure, of any known bookmaker, known tout, person who has been convicted of a violation of any provision of this chapter or of any law prohibiting bookmaking or any other illegal form of wagering on horse races, or any other person whose presence in the inclosure would, in the opinion of the board, be inimical to the interests of the state or of legitimate horse racing, or both. No such rule shall provide for the exclusion or ejection of any person on the ground of race, color, creed, national origin or ancestry, or sex.

**19573.**

Any person who, pursuant to a rule of the board, is excluded or ejected from any inclosure where horse racing is authorized may apply to the board for a hearing on the question of whether the rule is applicable to him.

The board shall hold the hearing either at its next regular meeting after receipt of the application at the office of the board nearest the residence of the applicant or at such other place and time as the board and the applicant may agree upon.

If, upon the hearing, the board determines that the rule does not or should not apply to the applicant, it shall notify all persons licensed under Article 4 of this chapter of such determination.

If the board determines that the exclusion or ejection was proper, it shall make and enter in its minutes an order to that effect. Such order shall be subject to review by any court of competent jurisdiction in accordance with law.

**19574.**

Any person who is excluded or ejected from an inclosure pursuant to a rule or rules promulgated pursuant to the provisions of Section 19572 is guilty of a misdemeanor if he thereafter enters the inclosure of any association during its horse race meeting without having first obtained a determination by the board that the rule or rules pursuant to which he was excluded or ejected does not or should not apply to him.

**19576.**

(a) No person may furnish a tape of any quarter horse race occurring in this state to any other person either within or outside of the state for any commercial purpose, including the use of the tape in any type of video game, without first securing the consent of the racing association conducting the meeting, the organization representing horsemen participating in the meeting, and the board.

(b) No person may use any tape of any quarter horse race occurring in this state for any commercial purpose without first securing the consent of the racing association holding the meeting, the organization representing horsemen participating in the meeting, and the board.

(c) Any person whose consent is required under this section may file and maintain an action in superior court to obtain an injunction against the furnishing or commercial use of a quarter horse race tape in violation of this section.

**19577.**

a) (1) Any blood or urine test sample required by the board to be taken from a horse that is entered in any race shall be divided or taken in duplicate, if there is sufficient sample available after the initial test sample has been taken. The initial test sample shall be referred to as the official test sample, and the secondary sample shall be referred to as the split sample. All samples immediately become and remain the property of the board. The board shall adopt regulations to ensure the security of obtaining and testing of all samples.

(2) Paragraph (1) does not apply to total carbon dioxide testing. The board shall adopt emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) to establish policies, guidelines, and procedures that include a split sample process related to total carbon dioxide testing. These regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. The emergency regulations shall be submitted to the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations, and shall be replaced by final, permanent regulations within 120 days of their adoption.

(b) If the official test sample is found to contain a prohibited drug substance, the executive director, after consulting with and agreeing with the equine medical director that the official test sample contains a prohibited substance, shall confidentially inform the owner and trainer of those results. The owner or the trainer of the horse, upon being so informed, may request that the split sample be tested by an independent laboratory selected from a list of laboratories provided by and approved by the board. The owner or trainer of the horse shall pay the cost of testing the split sample.

(c) If the split sample test results fail to confirm the finding of the prohibited drug substance found in the official test sample, a presumption affecting the burden of producing evidence pursuant to Section 603 of the Evidence Code of no evidentiary prohibited drug substance in the animal shall exist for purposes of this chapter.

(d) The executive director shall report to the board a finding of a prohibited drug substance in an official test sample within 24 hours of the confirmation of that prohibited drug substance in the split sample by the independent laboratory, or within 24 hours of waiver of the split sample testing by the owner or trainer. Any recommendation to the board by the executive director to dismiss the matter shall be by mutual agreement with the equine medical director. The authority for the disposition of the matter shall be the responsibility of the board.

(e) The executive director shall maintain responsibility for all test samples until the executive director refers the matter to the board. Notwithstanding any other law, and except as provided in subdivision (a), the results of the tests from the official testing laboratory, the Kenneth L. Maddy Equine Analytical Chemistry Laboratory, and the independent laboratory shall be confidential until or unless the independent laboratory confirms the finding of the prohibited substance in the split sample or waiver of the split sample testing is given by the owner or trainer. Nothing in this subdivision shall be construed to be retroactive or affect the confidentiality of test results collected before January 1, 2021.

(f) The board shall post on its internet website the results of all nonconfidential official test samples within five business days of the confirmation of the split sample or waiver of the split sample testing by the owner or trainer.

(g) If the owner or trainer does not request that the split sample be tested within the time limits set by the board, the owner and trainer waive all rights to that sample and the board assumes all jurisdiction over the split sample.

(h) The board shall contract with the Regents of the University of California to be the primary drug testing laboratory performing the equine drug testing required by this section.

**19578.**

(a) It is the intent of the Legislature that the board contract with the Regents of the University of California to provide equine drug testing. It is further the intent of the Legislature that to the extent that resources are available, the California Animal Health and Food Safety Laboratory perform studies that may lead to the development of alternative or improved drug testing techniques.

(b) The Kenneth L. Maddy Equine Analytical Chemistry Laboratory shall be located at the University of California at Davis in order to take advantage of the expertise of the veterinary specialists at that campus' School of Veterinary Medicine. The laboratory shall be a part of the California Animal Health and Food Safety Laboratory. Any capital outlay expenditures for the Kenneth L. Maddy Equine Analytical Chemistry Laboratory shall comply with Section 13332.11 of the Government Code.

(c) Funds collected under Article 9.2 (commencing with Section 19605) and Article 9.5 (commencing with Section 19610) for purposes of the California Animal Health and Food Safety Laboratory and the Center for Equine Health shall be deposited in the California Animal Health and Food Safety Laboratory and Center for Equine Health Account in the Fair and Exposition Fund. Funds deposited in that account constitute trust funds and shall be held in trust and may be expended only for the purposes for which those funds are authorized to be expended pursuant to this section. The funds designated for the California Animal Health and Food Safety Laboratory shall be distributed to that system and shall be used to fund the construction costs, equipment costs, and for the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness, or expense of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing the Kenneth L. Maddy Equine Analytical Chemistry Laboratory, and for the operating costs of the Kenneth L. Maddy Equine Analytical Chemistry Laboratory. The funds designated for the Center for Equine Health shall be distributed to the Center for Equine Health, School of Veterinary Medicine, University of California, Davis.

(d) Title to the Kenneth L. Maddy Equine Analytical Chemistry Laboratory shall vest in the Regents of the University of California. The laboratory shall be used in a manner that is consistent with Section 19577 and this section.

(e) The board shall contract to provide compensation for an equine medical director who shall advise the Kenneth L. Maddy Equine Analytical Chemistry Laboratory and be appointed by the Dean of the School of Veterinary Medicine under applicable university hiring rules with the advice of the board. The equine medical director shall be a member of the scientific advisory committee to the Kenneth L. Maddy Equine Analytical Chemistry Laboratory, and act as the primary advisor to the board on all matters relating to medication and drug testing, the practice of veterinary medicine within the areas regulated by the board, and the health and safety of horses within the inclosure.

(f) The budget for equine drug testing to be performed by the California Animal Health and Food Safety Laboratory pursuant to Section 19577 shall be established as a permanent line item in the budget of the board. Operating budget requests shall be submitted annually by the university, and the board shall transfer funds appropriated for the operation of the laboratory and for equipment, in accordance with the contract, to the university.

(g) The board and the University of California may expand the services provided by the laboratory to the board in a manner that is mutually agreeable and is consistent with Section 19577 and this section.

**19578.1.**

If the equine drug testing is not conducted by the Kenneth L. Maddy Equine Analytical Chemistry Laboratory at the University of California, Davis, the board shall contract with the best qualified equine drug testing laboratory at a compensation rate that the board determines is fair and reasonable to the State of California and the board.

**19578.2.**

At the discretion of track stewards, horses that ship in on racing days may be subject to video surveillance for purposes of monitoring compliance with this chapter.

## **ARTICLE 8.5. EQUINE MEDICATION**

### **19580.**

(a) The board shall adopt regulations to establish policies, guidelines, and penalties relating to equine medication in order to preserve and enhance the integrity of horse racing in the state. Those policies, guidelines, and penalties shall include, at a minimum, the provisions set forth in this article.

(b) It is the intent of the Legislature that the board, in its testing efforts to determine illegal or excessive use of substances, recognize the greater importance of conducting complete and thorough testing of a lesser number of samples in preference to conducting less thorough testing on a greater number of samples.

### **19581.**

No substance of any kind shall be administered by any means to a horse after it has been entered to race in a horse race, unless the board has, by regulation, specifically authorized the use of the substance and the quantity and composition thereof. The board may require that the official veterinarian approve, in writing, the administration of those substances in accordance with the regulations of the board. Any medication or equipment used to dispense medication that is located within the inclosure is subject to search and inspection at the request of any board official.

### **19582.**

(a) (1) Violations of Section 19581, as determined by the board, are punishable as set forth in regulations adopted by the board.

(2) The board may classify violations of Section 19581 based upon each class of prohibited drug substances, prior violations within the previous three years, and prior violations within the violator's lifetime.

(3) (A) The board may provide for the suspension of a license for not more than three years, except as provided in subdivision (b), or a monetary penalty of not more than one hundred thousand dollars (\$100,000), or both, and disqualification from purses, for a violation of Section 19581.

(B) The actual amount of the monetary penalty imposed pursuant to this paragraph shall be determined only after due consideration has been given to all the facts, circumstances, acts, and intent of the licensee, and shall not be solely based on the trainer-insurer rule, as established in Sections 1843 and 1887 of Title 4 of the California Code of Regulations.

(4) The punishment for second and subsequent violations of Section 19581 shall be greater than the punishment for a first violation of Section 19581 with respect to each class of prohibited drug substances, unless the administrative law judge, in findings of fact and conclusions of law filed with the board, concludes that a deviation from this general rule is justified.

(b) (1) A third violation of Section 19581 during the lifetime of the licensee, determined by the board to be at a class I or class II level, may result in the permanent revocation of the person's license.

(2) The administrative law judge shall, after consideration of the circumstances surrounding a violation specified in paragraph (1), file a decision with the board that includes findings of fact and conclusions of law.

(c) Any person whose license is suspended or revoked pursuant to this section shall not be entitled to receive any material benefit or remuneration in any capacity or from any business activity permitted or allowed by the license during any period of its suspension or revocation.

(d) The penalties provided by this section are in addition to any other civil, criminal, and administrative penalties or sanctions provided by law, and do not supplant, but are cumulative to, other penalties or sanctions.

#### **19582.5.**

The board may adopt regulations that prohibit the entry in a race of a horse that tests positive for a drug substance in violation of Section 19581. Upon a finding of a prohibited drug substance in an official test sample, a horse may be summarily disqualified from the race in connection with which the drug sample was taken. Upon the disqualification of a horse pursuant to these regulations, any purse, prize, award, or record for that race shall be forfeited. However, the board, including its hearing officers and stewards, shall have the authority to order, in the interests of justice, that a jockey be permitted to keep his or her share of the purse, prize, or award for that race upon a finding that a person, other than the jockey, willfully, and with flagrant disregard for recommended veterinary practice and the regulations of the board, administered the prohibited substance. Such an order may provide that the jockey's share of the purse, prize, or award shall be paid by the person or persons determined to be responsible for willfully administering the prohibited substance.

#### **19583.**

Every veterinarian who treats a horse within the inclosure shall, in writing, on a form prescribed by the board, report to the official veterinarian in a manner prescribed by him or her, the name of the horse treated, the name of the trainer of the horse, the time of treatment, any medication administered to the horse, and any other information requested by the official veterinarian.

#### **19583.5.**

- (a) Horses that are unsound or lame are subject to immediate placement on the Veterinarian's List with criteria for removal that may include diagnostic imaging, examination of blood, and counsel with attending veterinarians.
- (b) A horse placed on the Veterinarian's List for being unsound or lame shall not workout for seven days after being placed on the list without the permission of the official veterinarian.
- (c) The official veterinarian shall require any horse placed on the Veterinarian's List to undergo a veterinary examination that may include diagnostic imaging before resuming training at any facility under the jurisdiction of the board.
- (d) A horse placed on the Veterinarian's List as unsound or lame shall be removed from the list only after having established or demonstrated to the satisfaction of the official veterinarian that the horse is then raceably sound and in fit physical condition to exert its best effort in a race.
- (e) (1) A horse placed on the Veterinarian's List as unsound or lame for the first time within a 365-day period shall stay on the Veterinarian's List for a minimum of 15 days before the horse is eligible to be removed from the list.
- (2) A horse placed on the Veterinarian's List as unsound or lame for the second time in 365 days shall stay on the Veterinarian's List for a minimum of 45 days before the horse is eligible to be removed from the list.
- (3) A horse placed on the Veterinarian's List as unsound or lame for the third time in 365 days shall stay on the Veterinarian's List for a minimum of 75 days before the horse is eligible to be removed from the

list.

(4) A horse placed on the Veterinarian's List as unsound or lame for the fourth time in 365 days shall stay on the Veterinarian's List for a minimum of 180 days before the horse is eligible to be removed from the list.

(f) The board may adopt rules and regulations to carry out the purposes of this section.

(g) As used in this section, "workout" means an exercise session near full speed, or close to full speed.

#### **19583.7.**

In addition to any criteria set forth by a racing association, a thoroughbred or quarter horse that is four years of age or older that has not competed in a race or has previously raced but has not raced in the preceding 365 days shall not be allowed to race, unless the horse has passed an examination and a postwork official blood test or tests required by the official veterinarian or the equine medical director, administered by the official veterinarian or the equine medical director's designee. The horse shall race within 30 days after meeting these requirements. A thoroughbred or quarter horse that has not raced within 120 days but has raced within 365 days shall have an examination performed by the official veterinarian or the equine medical director's designee within 14 days before entry. Based upon that examination, the official veterinarian or the equine medical director's designee may require the horse to work before being allowed to enter in a race. If the horse is required to work, it shall meet the same requirements as a horse that is working to be taken off the Official Veterinarian's List, as specified in Section 19583.5 or any regulation adopted by the board pursuant to that section.

#### **19583.9.**

(a) All horses at a licensed thoroughbred, fair, or quarter horse race meet shall be subject to veterinary monitoring during morning training. A licensed trainer and their staff shall be required to cooperate fully with all requests made by board-licensed veterinarians and outriders. All examining veterinarians at a race meet conducting live racing shall be under the direct supervision of the official veterinarian or the equine medical director.

(b) A trainer shall not administer, directly or indirectly, or otherwise permit to be administered, any medication to a horse under the trainer's care that is racing or training at a board-approved racetrack, unless the medication is prescribed for that specific horse and administered strictly in accordance with board regulations.

(c) A trainer shall not apply to a horse's feet on racing day any type of topical medication designed to alleviate pain, soreness, or tenderness of a horse's feet.

(d) The use of diagnostic imaging shall be an accepted component of prerace examinations by an examining veterinarian. The official veterinarian may order the diagnostic imaging if they believe that the use is warranted. In addition, video footage may be used and maintained by the official veterinarian for the purpose of comparison when a horse is removed from the Veterinarian's List.

#### **19583.10.**

A racing association shall provide a location within the inclosure where a horse can be observed jogging in a circle in both directions by the official veterinarian or the equine medical director's designee, if needed, as part of the prerace examination process.



**19585.**

he board shall establish and maintain a whistleblower program through which an owner, trainer, jockey, or stable-area employee may call designated persons under strict confidentiality to report questionable activity or concerns relating to the health and safety of humans or horses under this chapter.

## **ARTICLE 9. WAGERING**

### **19590.**

The board shall adopt rules governing, permitting, and regulating parimutuel wagering on horse races under the system known as the parimutuel method of wagering. Parimutuel wagering shall be conducted only by a person or persons licensed under this chapter to conduct a horse racing meeting or authorized by the board to conduct advance deposit wagering.

### **19591.**

Any licensee conducting a horse racing meeting shall provide a place within the meeting grounds or inclosure where the licensee may conduct, operate, and supervise the parimutuel method of wagering in accordance with this chapter.

### **19592.**

The parimutuel system of wagering shall be operated only by a totalizator or other equipment approved by the board. The board shall not require any particular make of equipment. The communications system, technology, and method used to accept wagers and transmit odds, results, and other data related to wagering shall be approved by the board.

### **19592.5.**

In order to facilitate the intrastate transmission of racing programs, the board shall adopt regulations that provide for the compatibility of parimutuel totalizator systems within the state, including uniform procedures for the placing and cashing of parimutuel wagers.

### **19593.**

No method of betting, pool making, or wagering other than by the parimutuel method shall be permitted or used by any person licensed under this chapter to conduct a horse racing meeting.

### **19594.**

Any person within the inclosure where a horse racing meeting is authorized may wager on the result of a horse race held at that meeting by contributing his money to the parimutuel pool operated by the licensee under this chapter. Such wagering is not unlawful, any other law of the State of California to the contrary notwithstanding.

### **19595.**

Any form of wagering or betting on the result of a horse race other than that permitted by this chapter is illegal.

**19596.**

(a) Notwithstanding any other provision of law, the board may do any of the following:

(1) Authorize a licensed harness racing association that is conducting a live racing meeting in this state to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Breeders' Crown Stakes, the Meadowlands Pace, the Hambletonian, the Cane Pace, the Kentucky Futurity, or the North American Cup.

(2) Authorize a licensed quarter horse racing association that is conducting a live racing meeting in this state to accept wagers on either of the following:

(A) Races conducted by the racing association that conducts the American Quarter Horse Racing Challenge, if the races are conducted on the same day as the American Quarter Horse Racing Challenge.

(B) The full card of races conducted by another racing association on the day that other association conducts the Texas Classic Futurity and Remington Park Futurity.

(3) Authorize the inclusion of wagers authorized pursuant to this section in the parimutuel pools of the out-of-state association that conducts the races on which the wagers are placed.

(b) The board authorization may be granted under this section only if both of the following conditions are met:

(1) The authorization complies with federal laws, including, but not limited to, Chapter 57 (commencing with Section 3001) of Title 15 of the United States Code.

(2) Wagering is offered only within the racing enclosure and only within seven days of the running of the out-of-state race.

**19596.1.**

(a) Notwithstanding any other law, the board may authorize a harness or quarter horse association conducting a race meeting to accept wagers on the results of out-of-state or out-of-country harness or quarter horse races and, with the board's approval and with the concurrence of the horsemen's and horsewomen's organization contracting with the association, other designated harness or quarter horse races during the period it is conducting the racing meeting, if all of the following conditions are met:

(1) The authorization complies with federal laws, including, but not limited to, Chapter 57 (commencing with Section 3001) of Title 15 of the United States Code.

(2) Wagering is offered only within the racing enclosure and only within 36 hours of the running of the out-of-state or out-of-country feature race.

(3) The association conducts at least seven live races, and imports not more than 10 races on those days during a racing meeting when live races are being run, except as provided in subdivision (b).

(4) If only one breed of horse specified in this section is being raced on a given day, then the association conducting the live racing may import those races that would otherwise be simulcast by the association that is not racing. After the usual deductions, including the portion for the racing association, the portion remaining for purses from these races shall be distributed equally for purses for harness and quarter horse horsemen and horsewomen.

(5) A quarter horse or harness racing association shall not accept wagers on out-of-state or out-of-country quarter horse or harness races commencing before 5:30 p.m., Pacific standard time, without the consent of any thoroughbred association or fair that is then conducting a live racing meeting in this state.

(b) An association that is authorized to import races pursuant to subdivision (a) may, at its sole discretion, import fewer than the maximum number of harness or quarter horse races authorized in paragraph (3) of subdivision (a). For up to two races per night, for each race that is not imported under the maximum authorized by paragraph (3) of subdivision (a) on a particular night of racing, the association may add a

race to the number of races allowable under the maximum authorization on another night of racing. However, no more than two races may be added under this subdivision to the number allowable on a single night, and the total number of imported races over a calendar year may not exceed the total number of imported races authorized pursuant to paragraphs (3) and (4) of subdivision (a).

(c) Notwithstanding any other law, wagering on a nightly program of out-of-country harness racing from a single racetrack, regardless of the number of those races, may be accepted if all of the following conditions are met:

(1) Only a harness racing association may import a nightly program of out-of-country harness racing from a single racetrack on days when a harness racing association is conducting live racing.

(2) On days when a harness racing association does not conduct live racing, a quarter horse association conducting live racing on that day may accept wagers on a nightly program of out-of-country harness racing from a single racetrack.

(3) A nightly program of out-of-country harness racing from a single racetrack may be imported in addition to the authorizations in subdivisions (a) and (b).

(4)(A) After the deductions required by this article and the rules of the board, the remaining funds from the total amount handled on out-of-country harness racing authorized pursuant to this subdivision shall be distributed equally to the racing associations conducting night meetings in that calendar year.

(B) Funds distributed to a harness racing association pursuant to this subdivision shall be distributed 50 percent as commissions and 50 percent as purses. Funds distributed to a quarter horse racing association pursuant to this subdivision shall be distributed as commissions.

## **19596.2.**

(a) Notwithstanding any other law and except as provided in Section 19596.4, a thoroughbred racing association or fair may distribute the audiovisual signal and accept wagers on the results of out-of-state thoroughbred races conducted in the United States during the calendar period the association or fair is conducting a race meeting, including days on which there is no live racing being conducted by the association or fair, without the consent of the organization that represents horsemen and horsewomen participating in the race meeting and without regard to the amount of purses. Further, the total number of thoroughbred races imported by associations or fairs on a statewide basis under this section shall not exceed 50 per day on days when live thoroughbred or fair racing is being conducted in the state. The limitation of 50 imported races per day does not apply to any of the following:

(1) Races imported for wagering purposes pursuant to subdivision (c).

(2) Races imported that are part of the race card of the Kentucky Derby, the Kentucky Oaks, the Preakness Stakes, the Belmont Stakes, the Jockey Club Gold Cup, the Travers Stakes, the Arlington Million, the Breeders' Cup, the Dubai World Cup, the Arkansas Derby, the Apple Blossom Handicap, the Blue Grass Stakes, or the Haskell Invitational.

(3) Races imported into the northern zone when there is no live thoroughbred or fair racing being conducted in the northern zone.

(4) Races imported into the combined central and southern zones when there is no live thoroughbred or fair racing being conducted in the combined central and southern zones.

(b) Any thoroughbred association or fair accepting wagers pursuant to subdivision (a) shall conduct the wagering in accordance with the applicable provisions of Sections 19601, 19616, 19616.1, and 19616.2.

(c) No thoroughbred association or fair may accept wagers pursuant to this section on out-of-state races commencing after 7 p.m., Pacific standard time, without the consent of the harness or quarter horse racing association that is then conducting a live racing meeting in the Counties of Orange or Sacramento.

#### **19596.21.**

(a) In addition to the authorizations to accept wagers on out-of-state and out-of-country races pursuant to Sections 19596.2 and 19596.3 and in any other provision of law, during calendar periods when a thoroughbred association or another fair in the northern zone and the Humboldt County Fair simultaneously conduct live race meetings, the Humboldt County Fair and a thoroughbred association in the southern zone when conducting a live race meeting may accept wagers on days when live races are being run on the results of not more than eight out-of-state thoroughbred horse races, if all of the following conditions are met:

(1) The authorization complies with federal laws, including, but not limited to, Chapter 57 (commencing with Section 3001) of Title 15 of the United States Code.

(2) The Humboldt County Fair conducts at least six live races.

(3) The Humboldt County Fair and thoroughbred association in the southern zone shall accept these wagers only on out-of-state thoroughbred races that commence before 4:30 p.m., Pacific standard time.

(b) The Humboldt County Fair may contract with the thoroughbred association or fair in the southern zone to distribute the signal statewide on its behalf.

(c) Any thoroughbred association or fair accepting wagers pursuant to this section shall conduct the wagering in accordance with the applicable provisions of Sections 19601, 19616, 19616.1, and 19616.2, except that subdivision (i) of Section 19601 shall not be applicable for the purpose of fulfilling the authorization described in this section.

#### **19596.3.**

Notwithstanding any other provision of law, a thoroughbred racing association or fair may distribute the audiovisual signal and accept wagers on the results of out-of-country thoroughbred races during the calendar period the association or fair is conducting a race meeting, without the consent of the organization that represents horsemen participating in the race meeting. Out-of-country races shall be imported under the following conditions:

(a) A thoroughbred association or fair shall conduct the wagering in accordance with the applicable provisions of Sections 19601, 19616, 19616.1, and 19616.2.

(b) No thoroughbred association or fair may accept wagers pursuant to this section on out-of-country races commencing after 5:30 p.m., Pacific standard time, without the consent of the harness or quarter horse racing association that is then conducting a live racing meeting.

(c) A thoroughbred racing association or fair distributing the audio-visual signal and accepting wagers on the results of out-of-country races pursuant to this section may execute an agreement with an association that conducts thoroughbred races in the southern zone to allow that association to distribute the signal and accept wagers on the results of out-of-country thoroughbred races, except that the license fees paid to the state shall be double the amount paid by a quarter horse racing association specified in subdivision (b) of Section 19605.7.

#### **19596.4.**

(a) Notwithstanding subdivision (a) of, and subject to the conditions specified in subdivisions (c) and (d) of, Section 19596.2, if the total number of thoroughbred and fair racing days allocated by the board in the northern zone in any calendar year commencing with the calendar year 2001 is less than the total number of thoroughbred and fair racing days allocated by the board in calendar year 2000, a thoroughbred racing association or fair that has been allocated fewer racing

days in the northern zone may distribute the audiovisual signal and accept wagers on the results of out-of-state and out-of-country thoroughbred races during the calendar period the association or fair is licensed to conduct a live race meeting, excluding Saturdays and Sundays.

(b) The total number of out-of-state and out-of-country thoroughbred races upon which wagers may be accepted pursuant to this section shall be sufficient to the extent reasonably possible to prevent any loss of revenue to the General Fund and the California racing participants, as determined by the executive director of the board but shall not exceed a maximum of three out-of-state or out-of-country thoroughbred races for every live race that has been eliminated by the board. A thoroughbred racing association in the northern zone shall not import these races on a day when a fair is conducting live racing in the northern zone.

#### **19597.**

Notwithstanding any other provision of this chapter, a person licensed under this chapter to conduct a horse racing meeting shall, as to any payment made to a person who has wagered by contributing to a pari-mutuel pool operated by such licensee, also deduct the applicable breakage, as defined by Section 19405.

#### **19597.5.**

A person licensed under this chapter to conduct a horse racing meeting shall hold in trust the distributions required to be made pursuant to this chapter until the funds are paid to the various distributees. These required deductions, except for those that enure to the benefit of the racing association, are trust funds and shall not be used by the racing association for any purpose other than for payment to those distributees as directed by this chapter. These funds are not the property of the racing association, but are merely held in trust for the benefit of the statutory distributees until the funds are distributed to them in accordance with this chapter. These funds shall be held in a separate depository account until they are actually distributed as provided for in this chapter.

#### **19598.**

Any person claiming to be entitled to any part of a redistribution from a parimutuel pool operated by a licensee under this chapter, who fails to claim the money due the person prior to the completion of the horse racing meeting at which the pool was formed, may file a claim with the association issuing the person's ticket prior to May 15 of the year immediately following the close of the horse racing meeting. The funds which were unclaimed within the period specified under this section are designated as "unclaimed tickets" and shall be distributed in accordance with this chapter.

#### **19599.**

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

**19601.**

(a) Notwithstanding any other provision of law, a licensed association or fair that is conducting a live meeting in any racing zone may accept wagers on any race conducted in this state, if all of the following requirements are met:

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

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

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

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

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

(b) Any association or fair accepting wagers under subdivision (a) shall deduct, from the total amount handled in each conventional and exotic parimutuel pool on the transmitted race, the same percentages deducted pursuant to Article 9.5 (commencing with Section 19610) for races at its own meeting. However, if the wagers are from a quarter horse race meeting, then the amounts deducted shall be the same as for a quarter horse race meeting. Amounts deducted under this section, including amounts deducted from wagers on out-of-zone races within the inclosure of the association or fair, shall be distributed as provided under Sections 19605.7, 19605.72, and 19605.73 with respect to wagers made within the northern zone, or Sections 19605.71, 19605.72, and 19605.73 with respect to wagers made within the central or southern zone, except that amounts distributed for purposes other than state license fees and fees payable to the Center for Equine Health, School of Veterinary Medicine, University of California at Davis, and the California Animal Health and Food Safety Laboratory shall be proportionally reduced by the amount of any fees paid to the Triple Crown or Breeder's Cup day host association pursuant to subdivision (c). The method used to calculate the reduction in proportionate share shall be approved by the board. For wagers on out-of-state and out-of-country races made within the association's or fair's inclosure, 1 percent shall be distributed to the association or fair as a satellite wagering facility commission.

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

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

- (e) All wagers made pursuant to this section shall be considered to have been wagered at a satellite wagering facility and shall be excluded from total handle for the purposes of Section 19611.
- (f) Notwithstanding Section 19530.5, satellite wagering facilities operated by a fair, in the Counties of Fresno, Kern, or Tulare shall be considered northern zone facilities and shall receive their audiovisual signal from the association or fair conducting a racing meeting in the northern zone that is authorized to distribute the signal and accept wagers on central and southern zone races. Satellite wagering facilities operated by a fair, in the Counties of Santa Barbara or Ventura shall be considered central-southern zone facilities and shall receive the audiovisual signal from the association or fair conducting a racing meeting in the central or southern zone that is authorized to distribute the signal and accept wagers on northern zone races.
- (g) All purse moneys derived from wagering on out-of-zone races at fair racing meetings shall be distributed to all breeds of horses participating in the fair meeting in direct proportion to the purse money generated by breed on live races conducted during the fair race meeting.
- (h) During calendar periods when both a fair and a thoroughbred association conduct live racing, the amounts deducted under this section shall be distributed on any day of overlap as provided in Section 19607.5, except that the applicable state license fee shall be at the rate specified for nonfair meetings in subdivision (b) of Section 19605.7.
- (i) During calendar periods when a thoroughbred association and a fair, or a thoroughbred association and any other breed association are conducting a racing meeting in the same zone, the thoroughbred association shall be the association authorized to distribute out-of-zone, out-of-state, or out-of-country thoroughbred or fair races, except that the thoroughbred association may waive this right and allow the other breed racing association conducting a race meeting to distribute the signal and accept wagers on out-of-zone, out-of-state, or out-of-country thoroughbred or fair races for any racing day or days. For the purposes of this subdivision, the combined central and southern zone shall be considered one zone.
- (j) In order to ensure, to the extent possible, that out-of-state and out-of-country simulcasting, furthers the purposes of this section, a committee made up of one representative from each of the then-operating thoroughbred associations or fairs that are conducting a live racing meeting in the state and one representative of the organization responsible for negotiating purse agreements on behalf of the horsemen participating in the meeting shall do the following:
- (1) Determine the out-of-state or out-of-country thoroughbred races to be imported on a statewide basis pursuant to provisions of this chapter.
  - (2) Ensure, to the extent possible, that the fees charged by out-of-state or out-of-country entities for these signals are at the lowest obtainable rate and at the same rate statewide, in order to maximize the revenue available to in-state associations and fairs and their horsemen.
  - (3) Ensure, to the extent possible, due to the reciprocal nature of the interstate simulcasting business, that the maximum obtainable revenue is generated by the sale to out-of-state entities of the audiovisual signal of races conducted in this state by thoroughbred associations and fairs.
  - (4) Ensure that program information requirements for in-state signals comply with the standards of the board, but provide that abbreviated program formats may be used for races imported from other jurisdictions.
- (k) Notwithstanding any other provision of law, any thoroughbred association or fair, when operating a live racing meeting, shall distribute the signal of all races conducted by, or disseminated by, that association or fair to, and accept wagers on these races from, any association that is licensed to conduct a live quarter horse or harness racing meeting in Orange County and that conducted such a meeting in 1998.
- (l) Notwithstanding any other provision of law, all associations or fairs when operating as eligible satellite wagering facilities shall be in compliance with, and subject to the provisions of, Article 9.2 (commencing



with Section 19605) of this chapter, and shall display the signal and accept wagers on all live races conducted in this state without regard to breed. Notwithstanding the foregoing provision, a thoroughbred racing association located in the City of Arcadia is exempt from these requirements for live harness and quarter horse races conducted at night unless the thoroughbred racing association facility is open for business at that time and is accepting wagers on other night signals pursuant to this chapter.

A quarter horse racing association located in the southern zone shall display the signal and accept wagers on all races imported by, or conducted by, a harness racing association conducting racing in the northern zone. A harness racing association in the northern zone shall display the signal and accept wagers on all races imported by, or conducted by, a quarter horse racing association conducting racing in the southern zone. On those nights when both the harness racing association in the northern zone and the quarter horse racing association in the southern zone are conducting live racing, the audiovisual signal of both breeds shall be displayed and wagers shall be accepted on both breeds at each of the locations where the live racing is being conducted, and each association shall display the audiovisual signal and accept wagers on the other association's live or imported races throughout their respective facilities, as they do when they are conducting satellite wagering during other periods of the same day. Each association shall pay the other an additional 5 percent of the amount wagered at their respective facilities on the races imported by, or conducted by, the other racing association. The additional 5 percent received by the racing association pursuant to this paragraph shall be distributed as 50 percent as commissions to the racing association and 50 percent as purses to the horsemen participating in the racing meeting. Further, satellite wagering facilities located at fairs may, but are not required to, accept an audiovisual signal on out-of-state or out-of-country races unless the facility is open for business at the time and accepting wagers on other signals pursuant to this chapter.

#### **19601.01**

(a) Notwithstanding any other provision of law, a thoroughbred association or fair, upon the filing of a written notice with, and approval by, the board specifying the percentage to be deducted, may deduct from the total amount handled in the pari-mutuel pool for any type of wager an amount of not less than 10 percent nor more than 25 percent. The written notice shall include the written agreement of the thoroughbred association or fair and the horsemen's organization for the meeting of the thoroughbred association or fair accepting the wager. The established percentage to be deducted shall remain in effect until the filing of a subsequent notice with, and approval by, the board, unless otherwise specified in the notice. The amount deducted shall be distributed as prescribed in this chapter. However, any such distribution, except for amounts payable for the support of the board and the equine drug testing program pursuant to subdivision (a) of Section 19616.51, may be modified or redirected upon the filing with, and approval by, the board of a written notice that is authorized and signed by the organization representing each entity affected by the modification or redirection, including, but not limited to, horsemen's organizations, racing associations, and fairs. If the proposed distribution modification or redirection increases or would increase the financial burden of any other organization or entity, the consent of that organization or entity shall also be obtained. This organization or entity consent provision for a distribution modification or redirection applies even if the percentage deduction is not increased pursuant to this subdivision.

(b) A notice filed with the board to modify or redirect a distribution pursuant to subdivision (a) shall be accompanied by a report detailing all receipts and expenditures over the two prior fiscal years of the funds and accounts proposed to be affected by the notice.

(c) Initial approval of a distribution modification or redirection pursuant to this section shall be limited to

a one-year period. An approval may be extended in subsequent years contingent upon annual receipt of the report described in subdivision (e) and a determination by the board that the extension is in the economic interest of thoroughbred racing. However, in order for an initial approval of a distribution modification or redirection to be extended beyond the first year, the consent of each organization and entity that gave its consent to that initial distribution modification or redirection shall also be obtained for the extension. In the absence of the consent of all of these organizations and entities, the board shall not approve the extension.

(d) A thoroughbred association or fair whose written notice for a percentage deduction pursuant to subdivision (a) has been approved by the board shall provide subsequent quarterly reports of receipts and expenditures of the affected funds if requested by the board.

(e) A thoroughbred association or fair whose written notice for a percentage deduction pursuant to subdivision (a) has been approved by the board shall file a report with the board and the respective fiscal committees and Committees on Governmental Organization of the Senate and the Assembly accounting for all receipts and expenditures in any of the affected funds. This report shall be filed within one year of initial board approval and annually thereafter if the approval is extended by the board.

19601.02. (a) Notwithstanding Section 19610, every thoroughbred association or fair that conducts a live race meeting shall deduct an additional 2 percent of the total amount handled on exotic wagers requiring the selection of two wagering interests, and 3 percent of the total amount handled on exotic wagers requiring the selection of three or more wagering interests.

(b) The funds collected pursuant to subdivision (a) from wagers placed within the inclosure of a thoroughbred association or fair conducting a race meeting, at satellite locations within this state, and from account wagers originating within this state, shall be distributed to the purse account of the meet conducting racing in the zone in which the wager was placed, and distributed in accordance with subdivision (d).

(c) Any thoroughbred racing association or fair, when it authorizes betting systems located outside this state to accept wagers on a race, shall retain from the total amount received by the association or fair from the out-of-state betting system, the incremental amount received as a result of the takeout specified in subdivision (a) for distribution as overnight purses in accordance with subdivision (d) without regard to the provisions of paragraph (1) of subdivision (b) of Section 19602. The method utilized to determine the incremental amount received as a result of the takeout increase specified in subdivision (a) shall be established by agreement between the various affected thoroughbred racing associations and fairs and the applicable horsemen's organization. Should the thoroughbred racing association or fair and the applicable horsemen's organization be unable to reach an agreement as to the method of making such determination, the board shall determine the appropriate allocation method after a hearing on the matter.

(d) The amounts collected pursuant to subdivisions (b) and (c) shall be utilized solely to augment and not supplant overnight purses. Within 90 days after the conclusion of a given meet, the thoroughbred association or fair receiving funds pursuant to subdivisions (b) and (c) shall report to the board the manner in which the funds were used to augment and not supplant overnight purses at that meet.

(e) The board shall have the authority to postpone or revoke the implementation of the takeout increase specified in subdivision (a) if the board determines that the incremental amount that results from the negotiations with the out-of-state betting systems is incrementally insufficient.

### **19601.2.**

During calendar periods when any other fair or thoroughbred association and the Humboldt County Fair simultaneously conduct race meetings in the northern zone, the other fair or thoroughbred association shall be the association authorized to distribute the signal and accept wagers on out-of-zone, out-of-state, and out-of-country races if it complies with the conditions specified in subdivision (a) of Section 19601. The amounts deducted from these wagers shall be distributed as provided in Section 19601. Additionally, from, and to the extent of, commissions and purses generated from the total handle of the other fair or thoroughbred association during the overlap, the other fair or thoroughbred association shall distribute to the Humboldt County Fair, not less than seven days after the close of the racing meeting, an amount equal to 0.75 percent of the out- of-zone, out-of-state, and out-of-country handle.

### **19601.3.**

(a) Notwithstanding any other provision of law, a quarter horse racing association, subject to approval by the board, may deduct from the total amount handled in the parimutuel pool for any type of wager up to 2 percent more of the total amount handled than was authorized on May 1, 2009. Funds deducted pursuant to this additional authority shall be distributed as follows:

(1) All of the funds, up to 1 percent on the first fifty thousand dollars (\$50,000) per day handled, to eligible satellite wagering facilities that are in compliance with Article 9.2 (commencing with Section 19605), based on the wagers they accept, and provided further that they accept all available signals from the quarter horse racing association.

(2) The remainder of the funds shall be distributed with 50 percent going to the quarter horse horsemen's organization for purses and the other 50 percent being retained by the racing association.

(b) Notwithstanding any other provision of law, a harness racing association, subject to approval by the board, may deduct from the total amount handled in the parimutuel pool for any type of wager up to 2 percent more of the total amount handled than was authorized on May 1, 2009. Funds deducted pursuant to this additional authority shall be distributed as follows:

(1) All of the funds, up to 1 percent on the first fifty thousand dollars (\$50,000) per day handled, to eligible satellite wagering facilities that are in compliance with Article 9.2 (commencing with Section 19605), based on the wagers they accept, and provided further that they accept all available signals from the harness racing association.

(2) The remainder of the funds shall be distributed with 50 percent going to the harness horsemen's organization for purses and the other 50 percent being retained by the racing association.

19601.4. (a) Notwithstanding any other provision of law, a fair, combination of fairs, or an association conducting racing at a fair, may, after approval from the board, deduct an additional 1 percent from the total amount handled daily in its conventional and exotic pools. The additional 1 percent shall be deposited into the Inclosure Facilities Improvement Fund, which is hereby created as a special fund in the State Treasury, the moneys of which are available upon appropriation by the Legislature in the annual Budget Act. Any moneys deducted from the handle pursuant to this section shall be used solely for the purpose of facilities maintenance and improvements at a fair's racetrack inclosure for those fairs that contribute to, or for those fairs where an association conducting racing at that fair contributes to, the Inclosure Facilities Improvement Fund.

(b) The secretary shall appoint a committee of not more than five and no fewer than three individuals with expertise in financing, constructing, and managing horse racing facilities, to advise in the administration of the funds. The secretary shall have oversight over the committee. The secretary shall adhere to the same oversight responsibilities as outlined in Section 19620 when administering the funds contributed and

disbursed pursuant to this section.

(c) The secretary shall include in the annual expenditure plan required pursuant to Section 19621 any allocations made pursuant to this section.

(d) For purposes of this section, "secretary" means the Secretary of Food and Agriculture.

19602. (a) Notwithstanding any other provision of law, any racing association located in this state may authorize betting systems located outside of this state to accept wagers on a race or races conducted or disseminated by that association and may transmit live audiovisual signals of the race or races and their results to those betting systems, except that any authorization is subject to the consent of the host association and applicable federal laws, including, but not limited to, Chapter 57 (commencing with Section 3001) of Title 15 of the United States Code.

(b)(1) Except as provided in paragraph (2), any racing association described in subdivision (a), when it authorizes betting systems located outside of this state to accept wagers on a race, shall pay a license fee to the state in an amount equal to 8 percent of the total amount received by the association from the out-of-state betting system. In addition, with respect to thoroughbred racing only, 3 percent of the amount remaining after the payment of the license fee 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. The remaining amount received by the association shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows: 50 percent to the association as commissions, and 50 percent to the horsemen as purses. All rents, costs, and fees shall be deducted pursuant to a contract between the association that conducts the racing meeting and the horsemen participating in the racing meeting. Notwithstanding any other provision of law, racing associations may form a partnership, joint venture, or any other affiliation in order to negotiate terms and conditions of agreements with out-of-state betting systems.

(2) A thoroughbred association that hosts the series of races known as the "Breeder's Cup" shall not be required to pay to the state the license fees required pursuant to paragraph (1). Amounts received by the association from out-of-state betting systems as wagers on Breeder's Cup races shall be distributed as follows: 50 percent as commissions to the association that conducts the racing meeting, and 50 percent as purses to the horsemen participating in the meeting.

(c) With the permission of the board, wagers accepted by betting systems located outside of this state may be, but are not required to be, included in the parimutuel pool of the association that conducts the racing meeting in this state. If the wagers accepted by betting systems located outside of this state are included in the parimutuel pool of the association that conducts the racing meeting in this state, the betting system located outside of this state shall, if permissible under applicable law, deduct from the total amount handled in each conventional and exotic parimutuel pool the same total percentages deducted pursuant to Article 9.5 (commencing with Section 19610) by the association that conducts the racing meeting in this state. If the laws of the jurisdiction in which the betting system is located do not permit the betting system to deduct the same percentages as are deducted by the association that conducts the racing, the board may, nonetheless, permit the inclusion of those out-of-state wagers in the association's parimutuel pool if the board determines it to be in the public interest of this state to do so.

(d) If wagers accepted by an association conducting a racing meeting within the state and wagers accepted by a betting system located outside of the state are combined in one parimutuel pool and the association and the betting system both deduct the same total percentages as set forth in subdivision (c), the breakage shall be allocated between the association and the betting system on the basis of a calculation for distribution approved by the board.

(e) If wagers accepted by an association conducting a racing meeting within the state are combined in one parimutuel pool with wagers accepted by a betting system located outside the state and the association

and the betting system deduct different percentages from the amount handled in the parimutuel pool, the precise calculation and distribution of payments on winning tickets and breakage between the association and the betting system shall be on the basis of a calculation for distribution approved by the board.

(f) Breakage allocated pursuant to this section to an association conducting a racing meeting within this state shall be distributed in the same manner as would be breakage arising from wagers at the association in the absence of a combined parimutuel pool. This section does not apply to the disposition of breakage allocated to the betting system located outside of the state.

(g) If wagers accepted by a betting system located outside of this state are included in the parimutuel pool of an association conducting a racing meeting in this state, funds in the parimutuel pool attributable to unclaimed tickets relating to wagers accepted by the association conducting racing within the state shall be distributed in the same manner as unclaimed tickets relating to wagers accepted by that association in the absence of a combined parimutuel pool. Funds in the parimutuel pool attributable to unclaimed tickets related to wagers accepted by the betting system located outside of this state shall be allocated to that betting system, and this section does not otherwise apply to the disposition of those funds at that location outside of the state.

### **19603.**

Notwithstanding any other provision of law, any racing association in this state may, with the approval of the board, accept out-of-state wagers on a race or races conducted by or disseminated by that association and may transmit live audiovisual signals of the race or races to locations out of state, except that any wagers made pursuant to this section are subject to applicable federal laws. The amounts deducted and distributed pursuant to this section shall be as provided in Section 19602 for all other out-of-state wagers.

### **19604.**

The board may authorize a racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering in accordance with this section. Racing associations, racing fairs, and their respective horsemen's organizations may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(a) As used in this section, the following definitions apply:

(1) "Advance deposit wagering" (ADW) means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with an ADW provider, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the ADW provider holding the account to place wagers on the account owner's behalf.

(2) "ADW provider" means a licensee, betting system, or multijurisdictional wagering hub, located within California or outside this state, that is authorized to conduct advance deposit wagering pursuant to this section.

(3) "Betting system" means a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(4) "Breed of racing" means as follows:

(A) With respect to associations and fairs licensed by the board to conduct thoroughbred, fair, or mixed breed race meetings, "breed of racing" shall mean thoroughbred.

(B) With respect to associations licensed by the board to conduct quarter horse race meetings, "breed of racing" shall mean quarter horse.

(C) With respect to associations and fairs licensed by the board to conduct standardbred race meetings,

“breed of racing” shall mean standardbred.

(5) “Contractual compensation” means the amount paid to an ADW provider from advance deposit wagers originating in this state. Contractual compensation includes, but is not limited to, hub fee payments, and may include host fee payments, if any, for out-of-state and out-of-country races. Contractual compensation is subject to the following requirements:

(A) Excluding contractual compensation for host fee payments, contractual compensation shall not exceed 6.5 percent of the amount wagered.

(B) The host fee payments included within contractual compensation shall not exceed 3.5 percent of the amount wagered. Notwithstanding this provision, the host fee payment with respect to wagers on the Kentucky Derby, Preakness Stakes, Belmont Stakes, and selected Breeders’ Cup Championship races may be negotiated by the ADW provider, the racing associations accepting wagers on those races pursuant to Section 19596.2, and the horsemen’s organization.

(C) In order to ensure fair and consistent market access fee distributions to associations, fairs, horsemen, and breeders, for each breed of racing, the percentage of wagers paid as contractual compensation to an ADW provider pursuant to the terms of a hub agreement with a racing association or fair when that racing association or fair is conducting live racing shall be the same as the percentage of wagers paid as contractual compensation to that ADW provider when that racing association or fair is not conducting live racing.

(6) “Horsemen’s organization” means, with respect to a particular racing meeting, the organization recognized by the board as responsible for negotiating purse agreements on behalf of horsemen participating in that racing meeting.

(7) “Hub agreement” means a written agreement providing for contractual compensation paid with respect to advance deposit wagers placed by California residents on a particular breed of racing conducted outside of California. In the event a hub agreement exceeds a term of two years, then an ADW provider, one or more racing associations or fairs that together conduct no fewer than five weeks of live racing for the breed covered by the hub agreement, and the horsemen’s organization responsible for negotiating purse agreements for the breed covered by the hub agreement shall be signatories to the hub agreement. A hub agreement is required for an ADW provider to receive contractual compensation for races conducted outside of California.

(8) “Hub agreement arbitration” means an arbitration proceeding pursuant to which the disputed provisions of the hub agreement pertaining to the hub or host fees from wagers on races conducted outside of California provided pursuant to paragraph (2) of subdivision (b) are determined in accordance with the provisions of this paragraph. If a hub agreement arbitration is requested, all of the following shall apply:

(A) The ADW provider shall be permitted to accept advance deposit wagers from California residents.

(B) The contractual compensation received by the ADW provider shall be the average of the contractual compensation specified in the hub agreement that is the subject of the hub agreement arbitration and the contractual compensation set forth in the hub agreement arbitration notice.

(C) The difference between the contractual compensation specified in subparagraph (B) and the contractual compensation determined to be payable at the conclusion of the hub agreement arbitration shall be calculated and paid within 15 days following the arbitrator’s decision and order. The hub agreement arbitration shall be held as promptly as possible, but in no event more than 60 days following the demand for that arbitration. The arbitrator shall issue a decision no later than 15 days following the conclusion of the arbitration. A single arbitrator jointly selected by the ADW provider and the party requesting a hub agreement arbitration shall conduct the hub agreement arbitration. However, if the parties cannot agree on the arbitrator within seven days of issuance of the written demand for arbitration, then the arbitrator shall be selected pursuant to the Streamlined Arbitration Rules and Procedures of the Judicial

Arbitration and Mediation Services, or pursuant to the applicable rules of its successor organization. In making the hub agreement arbitration determination, the arbitrator shall be required to choose between the contractual compensation of the hub agreement agreed to by the ADW provider or whatever different terms for the hub agreement were proposed by the party requesting the hub agreement arbitration. The arbitrator shall select the set of terms that most accurately reflects the then-existing market rate of compensation for the services provided by the ADW provider based on all relevant facts and circumstances relating to California resident ADW wagering. The arbitrator shall not be permitted to impose new, different, or compromised terms to the hub agreement. If an arbitration is requested, either party may bring an action in state court to compel a party to go into arbitration, to review the arbitrator's decision, or to enforce the decision of the arbitrator. The cost of the hub agreement arbitration, including the cost of the arbitrator, shall be borne in equal shares by the parties to the hub agreement and the party or parties requesting a hub agreement arbitration. The hub agreement arbitration shall be administered by the Judicial Arbitration and Mediation Services pursuant to its Streamlined Arbitration Rules and Procedures or its successor organization.

(9) "Incentive awards" means those payments provided for in Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The amount determined to be payable for incentive awards under this section shall be payable to the applicable official registering agency and thereafter distributed as provided in this chapter.

(10) "Licensee" means a racing association or fair licensed to conduct a live racing meet in this state, or affiliation thereof, authorized under this section.

(11) "Market access fee" means the amount of advance deposit wagering handle remaining after the payment of winning wagers, and after the payment of contractual compensation, if any, to an ADW provider. Market access fees shall be distributed in accordance with subdivision (f).

(12) "Multijurisdictional wagering hub" means a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(13) "Racing fair" means a fair authorized by the board to conduct live racing.

(14) "Zone" means the zone of the state, as defined in Section 19530.5, except as modified by subdivision (f) of Section 19601. For these purposes, the central and southern zones shall together be considered one zone.

(b) Wagers shall be accepted according to the procedures set forth in this subdivision.

(1) An ADW provider shall not accept wagers or wagering instructions on races conducted in California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

(C) The agreement referenced in subparagraph (B) shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made in accordance with the federal Interstate Horseracing Act of 1978 (15 U.S.C. Sec. 3001 et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of those wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider. For purposes of this subdivision, the substantive provisions of the federal Interstate Horseracing Act of 1978 shall be taken into account without regard to whether, by its own terms, that act is applicable to advance deposit wagering on races conducted in California accepted from residents of California.

(2) An ADW provider shall not accept wagers or wagering instructions on races conducted outside of

California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) There is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed, and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

(C) If the parties referenced in clauses (i) and (ii) of subparagraph (B) are both signatories to the hub agreement, then no party shall have the right to request a hub agreement arbitration.

(D) If only the party or parties referenced in clause (i) of subparagraph (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide a copy of the hub agreement to the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted for each race conducted outside of California on which California residents may place advance deposit wagers. Before receipt of the hub agreement, the horsemen's organization shall sign a nondisclosure agreement with the ADW provider agreeing to hold confidential all terms of the hub agreement. If the horsemen's organization wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the copy of the hub agreement, and shall provide its alternate proposal to the hub and host fees specified in the hub agreement with that written notice. If the horsemen's organization does not provide that written notice within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If the horsemen's organization does provide that written notice within the 10-day period, then the ADW provider shall have 10 days to elect in writing to do one of the following:

(i) Abandon the hub agreement.

(ii) Accept the alternate proposal submitted by the horsemen's organization.

(iii) Proceed with a hub agreement arbitration.

(E) If only the party referenced in clause (ii) of subparagraph (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide written notice of the host and hub fees applicable pursuant to the hub agreement for each race conducted outside of California on which California residents may place advance deposit wagers, which notice shall be provided to all racing associations and fairs conducting live racing of the same breed covered by the hub agreement. If any racing association or fair wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the notice of host and hub fees. It shall also provide its alternate proposal to the hub and host fees specified in the hub agreement with the notice of its election. If more than one racing association or fair provides notice of their request for hub agreement arbitration, those racing associations or fairs, or both, shall have a period of five days to jointly agree upon which of their alternate proposals shall be the official proposal for purposes of the hub agreement arbitration. If one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed does not provide written notice of their election to arbitrate within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If a valid hub agreement arbitration request is made, then the ADW provider shall have 10 days to elect in writing to do one of the following:

(i) Abandon the hub agreement.

(ii) Accept the alternate proposal submitted by the racing associations or fairs.

(iii) Proceed with a hub agreement arbitration.

The results of a hub agreement arbitration elected pursuant to this subdivision shall be binding on all other



associations and fairs conducting live racing of that breed.

(F) The acceptance thereof is in compliance with the provisions of the federal Interstate Horseracing Act of 1978 (15 U.S.C. Sec. 3001 et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of the wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider.

(c) An advance deposit wager may be made only by the ADW provider holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The ADW provider shall ensure the identification of the account's owner by using methods and technologies approved by the board. An ADW provider that accepts wagering instructions concerning races conducted in California, or accepts wagering instructions originating in California, shall provide a full accounting and verification of the source of the wagers thereby made, including the postal ZIP Code and breed of the source of the wagers, in the form of a daily download of parimutuel data to a database designated by the board. The daily download shall be delivered in a timely basis using file formats specified by the database designated by the board, and shall include any and all data necessary to calculate and distribute moneys according to the rules and regulations governing California parimutuel wagering. All reasonable costs associated with the creation, provision, and transfer of this data shall be borne by the ADW provider.

(d) (1) (A) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for ADW providers operating in California, including advance deposit wagering activity that takes place within a minisatellite wagering facility. The board may recover costs associated with the licensing or regulation of advance deposit wagering activities in a minisatellite wagering facility either directly from the ADW provider or through an appropriate increase in the funding formula devised by the board pursuant to paragraph (1) of subdivision (a) of Section 19616.51.

(B) The board shall not approve an application for an original or renewal license as an ADW provider unless the entity, if requested in writing by a bona fide labor organization no later than 90 days before licensing, has entered into a contractual agreement with that labor organization that provides all of the following:

(i) The labor organization has historically represented employees who accept or process any form of wagering at the nearest horse racing meeting located in California.

(ii) The agreement establishes the method by which the ADW provider will agree to recognize and bargain in good faith with a labor organization that has demonstrated majority status by submitting authorization cards signed by those employees who accept or process any form of wagering for which a California ADW license is required.

(iii) The agreement requires the ADW provider to maintain its neutrality concerning the choice of those employees who accept or process any form of wagering for which a California ADW license is required whether or not to authorize the labor organization to represent them with regard to wages, hours, and other terms and conditions of employment.

(iv) The agreement applies to those classifications of employees who accept or process wagers for which a California ADW license is required whether the facility is located within or outside of California.

(C) (i) The agreement required by subparagraph (B) shall not be conditioned by either party upon the other party agreeing to matters outside the requirements of subparagraph (B).

(ii) The requirement in subparagraph (B) shall not apply to an ADW provider that has entered into a collective bargaining agreement with a bona fide labor organization that is the exclusive bargaining representative of employees who accept or process parimutuel wagers on races for which an ADW license

is required whether the facility is located within or outside of California.

(D) Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services.

(E) Parimutuel clerks employed by racing associations or fairs or employees of ADW providers who accept or process any form of wagers who are laid off due to lack of work shall have preferential hiring rights for new positions with their employer in occupations whose duties include accepting or processing any form of wagers, or the operation, repair, service, or maintenance of equipment that accepts or processes any form of wagering at a racetrack, satellite wagering facility, or ADW provider licensed by the board. The preferential hiring rights established by this subdivision shall be conditioned upon the employee meeting the minimum qualification requirements of the new job.

(2) The board shall develop and adopt rules and regulations requiring ADW providers to establish security access policies and safeguards, including, but not limited to, the following:

(A) The ADW provider shall use board-approved methods to perform location and age verification confirmation with respect to persons establishing an advance deposit wagering account.

(B) The ADW provider shall use personal identification numbers (PINs) or other technologies to ensure that only the accountholder has access to the advance deposit wagering account.

(C) The ADW provider shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable account identification information.

(D) The ADW provider shall allow the board access to its premises to visit, investigate, audit, and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with. To ensure that the amounts retained from the parimutuel handle are distributed under law, rules, or agreements, any ADW provider that accepts wagering instructions concerning races conducted in California or accepts wagering instructions originating in California shall provide an independent “agreed-upon procedures” audit for each California racing meeting, within 60 days of the conclusion of the race meeting. The auditing firm to be used and the content and scope of the audit, including host fee obligations, shall be set forth in the applicable agreement. The ADW provider shall provide the board, horsemen’s organizations, and the host racing association with an annual parimutuel audit of the financial transactions of the ADW provider with respect to wagers authorized pursuant to this section, prepared in accordance with generally accepted auditing standards and the requirements of the board. Any and all reasonable costs associated with those audits shall be borne by the ADW provider.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(e) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board as an ADW provider, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool under a contractual agreement with the applicable host track.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(f) After the payment of contractual compensation, the amounts received as market access fees from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Public Employment Relations Board to cover costs associated with audits conducted pursuant to Section 19526 and for purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this section. However, if that amount would exceed the costs of the Public Employment Relations Board, the amount distributed to that board shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to 2 percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, and an amount equal to 0.50 percent of handle from all advance deposit wagers originating from within California in excess of seven hundred fifty million dollars (\$750,000,000) annually, shall be distributed as satellite wagering commissions. Satellite wagering facilities that were not operational in 2001, other than one each in the Cities of Inglewood and San Mateo, and two additional facilities each operated by the Alameda County Fair and the Los Angeles County Fair and their partners and other than existing facilities that are relocated, are not eligible for satellite wagering commission distributions under this section. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. If there is a reduction in the satellite wagering commissions pursuant to this section, the benefits therefrom shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. If a satellite wagering facility is permanently closed other than for renovation or remodeling, or if a satellite wagering facility is unwilling or unable to accept all of the signals that are available to that facility, the commissions otherwise provided for in this subdivision that would be payable to that facility shall be proportionately reduced to take into account the time that satellite wagering is no longer conducted by that facility, or the payment of those commissions shall be eliminated entirely if the facility is permanently closed, and, in either case,

the satellite wagering commissions not paid shall be proportionately redistributed to the other eligible satellite wagering facilities. For purposes of this section, the purse funds distributed pursuant to Section 19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

(5) After the distribution of the amounts set forth in paragraphs (1) to (4), inclusive, the remaining market access fees from advance deposit wagers originating in California shall be as follows:

(A) With respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing of that breed during the calendar period in the zone in which the wager originated. That amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law. Notwithstanding any other law, the distributions with respect to each breed of racing set forth in this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by the respective associations, fairs, horsemen's organizations, and breeders organizations receiving those distributions.

(B) If the provisions of Section 19601.2 apply, then the amount distributed to the applicable racing associations or fairs shall first be divided between those racing associations or fairs in direct proportion to the total amount wagered in the applicable zone on the live races conducted by the respective association or fair. Notwithstanding this requirement, when the provisions of subdivision (b) of Section 19607.5 apply to the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento, then the total amount distributed to the applicable racing associations or fairs shall first be divided equally, with 50 percent distributed to applicable fairs and 50 percent distributed to applicable associations.

(C) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific standard time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific standard time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other one-half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

(D) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country nonthoroughbred races conducted before 6 p.m., Pacific standard time, 50 percent of the amount remaining shall be distributed as commissions as provided in subparagraph (C) for licensed quarter horse and harness associations, and the remaining 50 percent shall be distributed as commissions to the applicable thoroughbred associations or fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A).

(E) Notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by all parties whose distributions would be affected.

(g) A racing association, a fair, a satellite wagering facility, or a minisatellite wagering facility may enter into an agreement with an ADW provider to accept and facilitate the placement of any wager from a patron at its facility that a California resident could make through that ADW provider. Deductions from wagers made pursuant to this agreement shall be distributed in accordance with the provisions of this chapter governing wagers placed at that facility, except that the board may authorize alternative distributions as agreed to by the ADW provider, the operator of the facility accepting the wager, the association or fair conducting that breed of racing in the zone where the wager is placed, and the respective horsemen's organization.

(h) Any issue concerning the interpretation or application of this section shall be resolved by the board.

(i) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting, except for harness racing meetings, provided that the amount of this reduction shall not exceed two million dollars (\$2,000,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:

(1) (A) Fifty percent of the money to the board to establish, and to administer jointly with the organization certified as the majority representative of California-licensed jockeys pursuant to Section 19612.9, a defined contribution retirement plan for California-licensed jockeys who retired from racing on or after January 1, 2009.

(B) A person becomes a participant in the retirement plan when the person is licensed as a jockey in California.

(2) The remaining 50 percent of the money shall be distributed as follows:

(A) Seventy percent shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) Thirty percent shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(j) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advance deposit wagers originating in California for each harness racing meeting, provided that the amount of this reduction shall not exceed five hundred thousand dollars (\$500,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:

(1) First to the welfare fund established for the benefit of horsemen and backstretch personnel, pursuant to subdivision (b) of Section 19641, and administered by the organization representing the horsemen participating in the race meeting, in the amount requested by the welfare fund. Moneys distributed pursuant to this paragraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(2) The amount remaining, if any, shall be utilized for the benefit of the horsemen as specified in a written agreement between the racing association that conducts the live harness race meeting and the organization representing the horsemen participating in the race meeting.

(k) Notwithstanding subdivision (j), amounts generated that were deducted from amounts handled on advance deposit wagering for harness racing meetings pursuant to subdivision (i), as that section read before the enactment of subdivision (j), that have been held in trust by the California Exposition and State Fair shall be distributed as follows:

- (1) Fifty percent to the harness racing horsemen who participated in the racing meeting that concluded June 16, 2012, in the form of purses.
- (2) Fifty percent to the California Exposition and State Fair in the form of commissions.

## **ARTICLE 9.2. SATELLITE WAGERING**

### **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).

### **19605.1.**

With respect to the northern zone, the board may, with the approval of the Department of Food and Agriculture, also authorize any fair, in the northern zone that is eligible for an allocation of racing days pursuant to Section 19549, but which is not licensed to conduct a racing meeting or authorized pursuant to Section 19605.6, to locate a satellite wagering facility at its fairgrounds for wagering on races conducted in the northern zone if all of the conditions specified in Section 19605.3 are satisfied.

19605.10. (a) Notwithstanding any other provision of law, in the event there are at any time uncommitted surplus funds in accounts created pursuant to Sections 19605.73 and 19605.75, those unexpended funds may, at the written request of the organization governing those funds and with the approval of the board, be reallocated to any other fund or account created pursuant to this chapter.

(b) Requests to the board to reallocate funds pursuant to subdivision (a) shall be accompanied by a report detailing all receipts and expenditures over the two prior fiscal years of the funds affected by the request.

(c) Initial board approval of a request to reallocate funds pursuant to subdivision (a) shall be limited to a one-year period. Approval of a reallocation may be extended beyond one year upon a determination by the board that the extension is in the economic interest of thoroughbred racing.

(d) The organization whose written request pursuant to subdivision (a) has been approved by the board shall provide subsequent quarterly reports of receipts and expenditures of the affected funds if requested by the board.

(e) The organization whose written request pursuant to subdivision (a) has been approved by the board shall file a report with the board and the respective fiscal committees and Committees on Governmental Organization of the Senate and the Assembly accounting for all receipts and expenditures in any of the affected funds. This report shall be filed within one year of initial board approval and annually thereafter if the approval is extended by the board.

#### **19605.2.**

With respect to the central and southern zones, the board may, with the approval of the Department of Food and Agriculture, subject to the conditions and limitations set forth in Section 19605.6, also authorize any fair, which conducted general fair activities in 1986 within the central or southern zone, and which is eligible for an allocation of racing days pursuant to Section 19549, but which is not licensed to conduct a racing meeting, to locate a satellite wagering facility at its fairgrounds for wagering on races conducted in the central or southern zone if all of the conditions specified in subdivisions (a) to (e), inclusive, of Section 19605.3 are satisfied.

#### **19605.25.**

(a) The California Horse Racing Board may approve an additional 15 minisatellite wagering sites in each zone, if all of the following conditions are met:

(1) No site is within 20 miles of a racetrack, a satellite wagering facility, or a tribal casino that has a satellite wagering facility. If the proposed facility is within 20 miles of one of the above-referenced satellite facilities, then the consent of each facility within a 20-mile radius must be given before the proposed facility may be approved by the board.

(2) An agreement in accordance with subdivision (a) of Section 19605.3 has been executed and approved by the board. In addition to the requirements set forth in that provision, the agreement shall specify which components of its racing program, including live, out-of-zone, out-of-state, and out-of-country races, an association or fair will make available to the site. The terms and condition of the agreement, including all fees payable pursuant to paragraph (3) of that provision, a portion of which may be paid to horsemen in the form of purses, shall be subject to the approval of the horsemen's organization responsible for negotiating purse agreements with the association or fair.

(3) The site is approved by the board.

(4) The wagers are accepted in an area that is accessible only to those who are at least 21 years of age.

(5) The board has approved the accommodation, equipment used in conducting wagering at the site, communications system, technology, and method used by the site to accept wagers and transmit odds, results, and other data related to wagering.

(b) Parimutuel clerks shall be available to service the self-service tote machines at these locations, and to cash wagering vouchers on a regularly scheduled basis.

(c) Until January 1, 2013, if the proposed minisatellite wagering site is in the northern zone in a fair district where the fair has operated a satellite wagering facility for the previous five years, the approval of the fair



must be obtained even if the proposed location is more than 20 miles from the existing satellite wagering facility operated by the fair.

(d) For purposes of commissions, deductions, and distribution of handle, wagers placed at minisatellite sites shall be treated as if they were placed at satellite wagering facilities authorized under Section 19605, 19605.1, or 19605.2. Section 19608.4 shall apply to minisatellite wagering facilities.

(e) The written consent of the San Mateo County Fair shall be obtained prior to the approval of any minisatellite wagering site located within a 20-mile radius of its fairground.

(f) Minisatellite wagering facilities created pursuant to this section are not eligible for satellite wagering commission distributions pursuant to Section 19604.

(g) The board, in adopting regulations to implement this section, shall minimize the expense to both the operator of the minisatellite facility and the host racetrack.

(h) If there are more than 15 applications for minisatellite wagering facilities in any zone, the board shall determine which facilities will generate the largest handle, and give priority to the approval of those facilities. The board shall license a minisatellite facility for up to five years, and then review the operation and the size of the handle, and determine if it is in the best interest of horse racing to relicense the facility or, in the alternative, license another minisatellite facility that might generate a greater handle.

(i) Except as may be provided in the agreement required pursuant to paragraph (2) of subdivision (a), no association or fair shall be required to make all or part of its racing program available to a minisatellite wagering facility. Notwithstanding subdivision (e) of Section 19608.2, all costs incurred by the organization executing that agreement in excess of the amounts distributable to the organization from wagers placed at the site on that racing program, shall be borne by the minisatellite wagering facility.

### **19605.3.**

(a) An organization described in Section 19608.2 has executed an agreement approved by the board with the association conducting a racing meeting and the satellite wagering facility. The agreement shall provide, among other things, for all of the following:

(1) The conditions for transmission of the signal.

(2) That the wagers made at the satellite wagering facility will be included in the appropriate conventional or exotic pool at the racetrack where the racing meeting is conducted.

(3) The agreement of the parties, if any, respecting the payment of fees or charges by one party to the other in substitution of, or in addition or supplemental to, the distributions of the amount deducted pursuant to the first paragraph of either Section 19605.7 or Section 19605.71. The agreement as to the payment of those fees or charges shall not operate to increase or reduce the amounts otherwise payable from the amount handled pursuant to this article, other than to a party to the agreement. Any dispute relating to the amount of fees or charges to be paid by any party as a condition of receiving the live audiovisual signal from an association or fair may be appealed to the board. However, nothing in this paragraph shall be construed to require an association or fair to execute an agreement.

(b) The accommodations and equipment used in conducting wagering at the satellite wagering facility and their location have been approved by the board.

(c) The communications system, technology and method used by the satellite wagering facility to accept wagers and transmit odds, results, and other data related to wagering has been approved by the board.

(d)(1) Any association or fair that operates a satellite wagering facility shall conduct wagering on all racing that is offered to the satellite wagering facility, except as otherwise provided in Section 19607.5 with respect to the northern zone, as long as the satellite wagering facility is not sustaining a loss on either a day meeting or night meeting, as determined by the board, and, if sustaining a loss on either a day meeting

or night meeting, as long as the satellite wagering facility is reimbursed for that loss by either an organization described in Section 19608.2 or an association. Any association that operates a satellite wagering facility may, but is not required to, accept an audiovisual signal. Notwithstanding any other provision of this paragraph, an association that conducts a racing meeting and a fair that operates a satellite wagering facility may agree to provide an audiovisual signal and to accept wagering on less than all of the races. Acceptance of the audiovisual signal may be on such terms and conditions, including the payment of fees and charges, subject to paragraph (3) of subdivision (a), as the parties may mutually agree.

(2) In calculating the loss, if any, for operating a satellite wagering facility for a night meeting, only the expenses incurred by the satellite wagering facility because of the acceptance of night wagers shall be considered, and no overhead expenses or expenses of the satellite wagering facility which would be incurred regardless of the acceptance of night wagers shall be considered.

(e) Notwithstanding any other law or any agreement under subdivision (a), for purposes of determining license fees and breakage at the racetrack where the racing meeting is conducted, wagers at a satellite wagering facility shall not be included in the conventional or exotic pools of the association conducting the racing meeting.

(f) The horsemen's organization that represents the horsemen at the association that conducts the racing meeting on which wagers are accepted consents to the acceptance of wagers at the satellite wagering facility, except that the association or fair operating the satellite wagering facility may appeal the withholding of consent to the board that may determine that consent is not required.

#### **19605.35.**

(a) Notwithstanding paragraph (3) of subdivision (a) of Section 19605.3, no fee or charge authorized under that paragraph shall be paid by the operator of a satellite wagering facility that was licensed in the northern zone at any time prior to January 1, 2000. Notwithstanding any other provision of law, total on-track license fees applicable to all wagers made within the inclosure of associations conducting thoroughbred racing meetings in the northern zone, including wagers on out-of-zone, out-of-state, and out-of-country races, shall be reduced by 0.3 percent. In addition, the total on-track license fees applicable to all wagers made within the inclosures of associations conducting thoroughbred racing meetings in the Counties of Alameda and San Mateo shall, beginning on January 1, 2001, and each year thereafter, be further reduced by an additional sum equal to the amount of impact fees respectively received by each association from the Santa Clara County Fair during the 2000 calendar year. The reduction in license fees provided by this section shall be distributed solely to the association in the form of commissions. All other distributions from handle shall be as provided elsewhere in this chapter.

(b) Notwithstanding paragraph (3) of subdivision (a) of Section 19605.3, no fee or charge authorized under that paragraph shall be paid by the operator of a satellite wagering facility that was also licensed at any time during the prior year to conduct a live thoroughbred or quarter horse racing meeting in the central or southern zones or a live fair racing meeting in Los Angeles County. Notwithstanding any other provision of law, on-track license fees applicable to all wagers made within the inclosure of an association conducting a thoroughbred meet in the central or southern zones, including wagers on out-of-zone, out-of-state, and out-of-country races, shall be reduced by 0.15 percent. The reduction in license fees provided by this section shall be distributed solely to the association in the form of commissions. All other distributions from handle shall be as provided elsewhere in this chapter.

(c) It is, and always has been, the intent of the Legislature that this section apply to impact fees charged by a thoroughbred racing association or a thoroughbred fair racing association in the northern zone, on satellite wagers accepted by satellite facilities operated by those associations.

#### **19605.4.**

(a) Notwithstanding Section 19605.3, the live audiovisual signal of night harness, quarter horse, Appaloosa, or Arabian races in the central or southern zone may be offered to satellite wagering facilities in the northern zone and the signal of those races in the northern zone may be offered to satellite wagering facilities in the central or southern zone. Racing associations may agree to accept that audiovisual signal. However, satellite wagering facilities located at fairs shall not be required pursuant to that agreement to accept more than five night racing programs per week.

(b) (1) With respect to the live audiovisual signal of night harness, quarter horse, Appaloosa, or Arabian racing, any association or fair that operates a satellite wagering facility shall conduct wagering on all racing that is offered to the satellite wagering facility, as long as the satellite wagering facility is not sustaining a loss on a night meeting, as determined by the board, and if sustaining a loss on a night meeting, as long as the satellite wagering facility is reimbursed for that loss by either an organization described in Section 19608.2 or an association. Any association that operates a satellite wagering facility may, but is not required to, accept an audiovisual signal. Notwithstanding any other provision of this paragraph, an association that conducts a racing meeting and a fair that operates a satellite wagering facility may agree to provide an audiovisual signal and to accept wagering on less than all of the races.

(2) In calculating the loss, if any, for operating a satellite wagering facility for a night meeting, only the expenses incurred by the satellite wagering facility because of the acceptance of night wagers shall be considered, and no overhead expenses or expenses of the satellite wagering facility that would be incurred regardless of the acceptance of night wagers shall be considered.

#### **19605.45.**

(a) Notwithstanding Section 19605, 19605.1, 19605.35, or any other provision of this chapter, if the racing association licensed in the year 2002 to conduct thoroughbred race meetings in San Mateo County is not licensed to conduct a horse racing meeting in that county in any subsequent year, the board may authorize satellite wagering in San Mateo County only as provided in this section:

(1) The board may authorize a satellite wagering facility to be located either on the fairgrounds of the San Mateo County Fair or on leased premises within the City of San Mateo. The facility may be operated by the fair or the fair may contract for the operation and management of that satellite wagering facility with an individual racing association or fair, or a partnership, joint venture, or other affiliation of two or more racing associations or fairs. The board may license a facility to the San Mateo County Fair pursuant to this section notwithstanding the mileage restrictions contained in Section 19605 or any other provision of this chapter to the contrary.

(2) Satellite wagering facilities licensed to the fair pursuant to this section are subject to the provisions of subdivisions (a) to (e), inclusive, of Section 19605.3, except that they shall not be subject to the provisions of paragraph (3) of subdivision (a) of Section 19605.3 or any other impact fee or charge.

(3) Distributions pursuant to subdivision (d) of Section 19605.7, and Sections 19610.3 and 19610.4 made by a satellite wagering facility licensed to the fair pursuant to this section shall be to the same beneficiary that received those distributions in the year 2002 from the San Mateo County Fair and the racing association licensed in the year 2002 to conduct thoroughbred race meetings in San Mateo County.

19605.46. Notwithstanding subdivision (a) of Section 19605, and Section 19605.1, the Alameda County Fair may, with the approval of the Department of Food and Agriculture, the authorization of the board, and subject to the conditions set forth in Section 19605.3, operate two additional satellite wagering facilities within the boundaries of the fair district. However, any facility situated in the City of Oakland shall be sited only with the concurrence of the racing association in Alameda County. The racing

association in Alameda County shall have the opportunity to invest in the ownership and operation of any satellite wagering facility situated in the City of Oakland or within 20 miles of the racing association's racetrack in Alameda County.

**19605.47.**

The Los Angeles County Fair may conduct satellite wagering at an additional location, situated not more than 20 miles from its fair- grounds, with the approval of the board. If the additional satellite wagering facility is within 20 miles of another racetrack, the consent of that racetrack or those racetracks shall be received as a condition precedent to approval by the board.

**19605.51.**

Notwithstanding subdivision (a) of Section 19605, and Section 19605.1, any fair that operated a satellite wagering facility on July 1, 2007 may, with the approval of the Department of Food and Agriculture and the authorization of the board, subject to the conditions specified in Section 19605.3, operate a satellite wagering facility on leased premises within the boundaries of that fair. Any fair that did not operate a satellite wagering facility on July 1, 2007, may, subject to Sections 19605 and 19605.1, operate one satellite wagering facility either on the property of the fairgrounds, or on leased premises.

**19605.52.**

Notwithstanding subdivision (a) of Section 19605, and Section 19605.1, any fair in Kern or Shasta County may, with the approval of the Department of Food and Agriculture and the authorization of the board, subject to the conditions specified in Section 19605.3, operate one satellite wagering facility within the boundaries of that fair.

**19605.53.**

(a) Notwithstanding subdivision (a) of Section 19605, and Section 19605.1, in lieu of a satellite wagering facility that could otherwise be authorized by the board to the Sacramento County Fair, the California Exposition and State Fair may, with the approval of the Department of Food and Agriculture and the authorization of the board, subject to the conditions specified in Section 19605.3, operate one satellite wagering facility within the boundaries of that fair in addition to any satellite wagering facility authorized at its fairgrounds under those provisions.

(b) A satellite wagering facility authorized pursuant to subdivision (a) may be operated by agreement between the California Exposition and State Fair and an entity described in Section 19604, pursuant to the provisions of that section.

**19605.54.**

Any racetrack in the central zone that conducted racing in 2007 but that has since closed may continue to conduct satellite wagering. If the racetrack site is no longer available for use as a satellite wagering facility, then the owner of the racetrack may conduct satellite racing at

another location within that city, subject to approval by the board. If the owners of the racetrack which last conducted racing at that facility determine that they do not wish to operate a satellite wagering facility, then any other racetrack conducting racing in that zone may instead be authorized to open a satellite wagering facility. If there is no other racing association that wishes to operate a satellite wagering facility in that city, then any other person or entity may seek the approval of the board to operate a satellite wagering facility in that city. The board, prior to granting its approval, shall conduct a hearing on the issue, and afford parties the opportunity to be heard.

**19605.55.**

(a) Notwithstanding Section 19605, 19605.1, 19605.35, or any other provision of this chapter, if the Solano County Fair ceases to conduct live horse racing at the site of its 2002 racing meeting in any subsequent year, the board may authorize satellite wagering in Solano County as provided in this section:

(1) The board may authorize a satellite wagering facility to replace its existing facility to be located on the fairgrounds of the Solano County Fair or on leased premises within the county, at the option of the fair. The facility may be operated by the fair or the fair may contract for the operation and management of the satellite wagering facility with an individual thoroughbred racing association or fair, or a partnership, joint venture, or other affiliation of one or more thoroughbred racing associations or fairs. The board may license a facility to the Solano County Fair pursuant to this section notwithstanding the mileage restrictions contained in Section 19605 or any other provision of this chapter to the contrary.

(2) A satellite wagering facility licensed to the fair pursuant to this section is subject to the provisions of subdivisions (a) to (e), inclusive, of Section 19605.3, except that such a facility shall not be subject to the provisions of paragraph (3) of subdivision (a) of Section 19605.3 or any other impact fee or charge.

**19605.6.**

(a) In addition to satellite wagering facilities authorized pursuant to Sections 19605, 19605.1, and 19605.2, the board, with the approval of the Department of Food and Agriculture, may authorize any fair, in the County of Kern or Santa Barbara, eligible for an allocation of racing days pursuant to Section 19549, to operate a satellite wagering facility at its fairgrounds even though the fair is not licensed to conduct a racing meeting, and the fair may operate the facilities except for those functions to be performed by an organization described in Section 19608.2. Except as otherwise provided in this section, Sections 19605, 19605.3, 19605.4, 19605.7, 19605.71, 19605.8, 19606, 19606.1, 19606.3, and 19606.4 apply to satellite wagering facilities authorized pursuant to this section.

(b) It is the intent of the Legislature that the board provide, when feasible, for periods of at least 10 minutes between post times for live races conducted within California.

**19605.61.**

(a) Notwithstanding any other provision of law, if the live racing or the audiovisual signals of any licensed association or fair in this state are disrupted or interrupted so as to cause the cessation of the live racing or audiovisual signals and the cause is a natural disaster outside the control of the association or fair conducting the racing or satellite wagering, as determined by the executive director of the board, the executive director may, at the request of the licensed association or fair and the organization representing horsemen at the race meeting, temporarily authorize the conduct of satellite wagering, including the transmission and reception of audiovisual signals, from any zone in the state or from any location outside

this state. However, audiovisual signals emanating from within the state shall have preference over audiovisual signals from locations outside this state, and any transmission shall be subject to the conditions specified in subdivisions (a) to (e), inclusive, of Section 19605.3.

(b) As used in this section, "natural disaster" means fire, flood, storm, epidemic, riot, or earthquake.

#### **19605.7.**

The total percentage deducted from wagers at satellite wagering facilities in the northern zone shall be the same as the deductions for wagers at the racetrack where the racing meeting is being conducted and shall be distributed as set forth in this section. Amounts deducted under this section shall be distributed as follows:

(a)(1) For thoroughbred meetings, 1.3 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, 2 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, 0.54 percent 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, 0.033 percent shall be distributed to the Center for Equine Health, and 0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

(2) (A) In addition to the distributions specified in paragraph (1), for thoroughbred meetings, an amount not to exceed 4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to an organization described in Section 19608.2 with the mutual consent of the racing association, the organization representing the horsemen participating in the meeting, and the board from January 1, 2010, until December 31, 2016. However, the amount shall be no less than that specified in subparagraph (B), and any amount greater than the amount specified in subparagraph (B) shall be approved by the board for no more than 12 months at a time, and only upon a determination by the board that the greater amount is in the economic interest of thoroughbred racing.

(B) Commencing January 1, 2017, an amount not to exceed the amount of actual operating expenses, as determined by the board, or 2.5 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers, whichever is less, shall be distributed to an organization described in Section 19608.2.

(C) A request to the board for a distribution pursuant to subparagraph (A) shall be accompanied by a report detailing all receipts and expenditures

over the two prior fiscal years of the funds affected by the request.

(D) The racing association whose request pursuant to subparagraph (A) has been approved by the board shall provide subsequent quarterly reports of receipts and expenditures of the affected funds if requested by the board.

(b) For harness, quarter horse, Appaloosa, Arabian, or mixed breed meetings, 0.4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, for fair meetings, 1 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the fair association for payment to the state as a license fee, 2 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, and 6 percent of the amount handled by the satellite wagering facility or the amount

of actual operating expenses, as determined by the board, whichever is less, shall be distributed to an organization described in Section 19608.2. In addition, in the case of quarter horses, 0.4 percent shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7; in the case of Appaloosas, 0.4 percent shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9; in the case of Arabians, 0.4 percent shall be held by the association to be deposited with the official registering agency pursuant to Section 19617.8, and shall thereafter be distributed in accordance with Section 19617.8; in the case of standardbreds, 0.4 percent shall be distributed for the California Standardbred Sires Stakes Program pursuant to Section 19619; in the case of thoroughbreds, 0.48 percent 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; 0.033 percent shall be distributed to the Center for Equine Health; and 0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

(c) In addition to the distributions specified in subdivisions (a) and (b), for mixed breed meetings, 1 percent of the total amount handled by each satellite wagering facility shall be distributed to an organization described in Section 19608.2 for promotion of the program at satellite wagering facilities. For harness meetings, 0.5 percent of the total amount handled by each satellite wagering facility shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, and 0.5 percent of the total amount handled by each satellite wagering facility shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horsemen participating in the meeting. If, with respect to harness meetings, there are funds unexpended from this 1 percent, these funds may be expended for other purposes with the consent of the horsemen and the racing association to benefit the horsemen, or the racing association, or both, pursuant to their agreement. For quarter horse meetings, 0.5 percent of the total amount handled by each satellite wagering facility on races run in California shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, 0.5 percent of the total amount handled by each satellite wagering facility on out-of-state and out-of-country imported races shall be distributed to the official quarter horse registering agency for the purposes of Section 19617.75, and 0.5 percent of the total amount handled by each satellite wagering facility on all races shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horsemen participating in the meeting.

(d) Additionally, for thoroughbred, harness, quarter horse, mixed breed, and fair meetings, 0.33 percent of the total amount handled by each satellite wagering facility shall be paid to the city or county in which the satellite wagering facility is located pursuant to Section 19610.3 or 19610.4.

(e) Notwithstanding any other law, a racing association is responsible for the payment of the state license fee as required by this section.

**19605.71.**

The total percentage deducted from wagers at satellite wagering facilities in the central and southern zones shall be the same as the percentage deducted from wagers at the racetrack where the racing meeting is being conducted and shall be distributed as set forth in this section. Amounts deducted by a satellite wagering facility under this section shall be distributed as follows:

(a)(1) For thoroughbred meetings, 2 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, 2 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, 0.54 percent 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, 0.033 percent shall be distributed to the Center for Equine Health, and 0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

(2)(A) In addition to the distributions specified in paragraph (1), for thoroughbred meetings, an amount not to exceed 4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to an organization described in Section 19608.2 with the mutual consent of the racing association, the organization representing the horsemen participating in the meeting, and the board from January 1, 2010, until December 31, 2013. However, the amount shall be no less than that specified in subparagraph (B), and any amount greater than the amount specified in subparagraph (B) shall be approved by the board for no more than 12 months at a time, and only upon a determination by the board that the greater amount is in the economic interest of thoroughbred racing.

(B) Commencing January 1, 2014, an amount not to exceed the amount of actual operating expenses, as determined by the board, or 2.5 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers, whichever is less, shall be distributed to an organization described in Section 19608.2.

(C) A request to the board for a distribution pursuant to subparagraph (A) shall be accompanied by a report detailing all receipts and expenditures over the two prior fiscal years of the funds affected by the request.

(D) The racing association whose request pursuant to subparagraph (A) has been approved by the board shall provide subsequent quarterly reports of receipts and expenditures of the affected funds if requested by the board.

(b) For harness, quarter horse, Appaloosa, Arabian, or mixed breed meetings, 0.4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, for fair meetings, 1 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, 2 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, and 6 percent of the amount handled by the satellite wagering facility or the amount of actual operating expenses, as determined by the board, whichever is less, distributed to an organization described in Section 19608.2. In addition, in the case of quarter horses, 0.4 percent shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7; in the case of Appaloosas, 0.4 percent shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9; in the case of Arabians, 0.4 percent shall be held by the association to be deposited



with the official registering agency, pursuant to Section 19617.8, and thereafter shall be distributed in accordance with Section 19617.8; in the case of standardbreds, 0.4 percent shall be distributed for the California Standardbred Sires Stakes Program pursuant to Section 19619; in the case of thoroughbreds, 0.48 percent 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; 0.033 percent shall be distributed to the Center for Equine Health; and 0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

(c) In addition, for Appaloosa and mixed breed meetings, 1 percent shall be distributed to an organization described in Section 19608.2 for promotion of the program at satellite wagering facilities. Notwithstanding any other provision of law, on wagers made in the Counties of Orange and Los Angeles on thoroughbred races conducted in the County of Orange or Los Angeles, or both, excluding the 50th District Agricultural Association, the amount deducted for promotion of the satellite wagering program at satellite wagering facilities shall be 0.5 percent. Any of the promotion funds that are not distributed in the year in which they are collected may be distributed in the following year. If promotion funds distributed in any year exceed the amount collected for that year, the funds distributed in the following year shall be reduced by the excess amount. For harness meetings, 0.5 percent of the total amount handled by each satellite wagering facility shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, and 0.5 percent of the total amount handled by each satellite wagering facility shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horsemen participating in the meeting. For quarter horse meetings 0.5 percent of the total amount handled by satellite wagering facility on races run in California shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, 0.5 percent of the total amount handled by each satellite wagering facility on out-of-state and out-of-country imported races shall be distributed to the official quarter horse registering agency for the purposes of Section 19617.75, and 0.5 percent of the total amount handled by each satellite wagering facility on all races shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horseman participating in the meeting.

(d) Additionally, for thoroughbred, harness, quarter horse, mixed breed, and fair meetings, 0.33 percent of the total amount handled by the satellite wagering facility shall be paid to the city or county in which the satellite wagering facility is located pursuant to Section 19610.3 or 19610.4.

(e) Notwithstanding any other provision of law, a racing association is responsible for the payment of the state license fee as required by this section.

#### **19605.72.**

(a) In addition to the amounts deducted and distributed pursuant to Section 19605.7, an amount equal to 1.25 percent of the total amount handled on thoroughbred races conducted by, or disseminated by, a thoroughbred racing association or fair at a satellite facility that is located on the premises where, and on days when, harness races are being conducted in the northern zone, shall be paid to the harness racing association and thereafter shall be distributed as purses to the harness horsemen racing at the harness racing meeting.

(b) In addition to the amounts deducted and distributed pursuant to Section 19605.71, an amount equal to 1.25 percent of the total amount handled on thoroughbred races conducted by, or disseminated by, a

thoroughbred racing association or fair at a satellite facility that is located on the premises where, and during calendar periods when, quarter horse or harness race meetings are being conducted in Orange County, shall be distributed as purses to the horsemen racing at the quarter horse or harness racing meeting.

**19605.73.**

(a) Thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, including, but not limited to, the establishment and maintenance of an Internet Web site featuring California thoroughbred and fair racing, the establishment and administration of players incentive programs for those who wager on thoroughbred association and fair races, and promotional activities at satellite wagering facilities to increase their attendance and handle. While the promotional activities at satellite wagering facilities shall be funded by the marketing organization, they shall be implemented and coordinated by representatives of the satellite wagering facilities and the thoroughbred racing associations or fairs then conducting a live race meet. The marketing organization shall consist of the following members: two members, one from the northern zone and one from the combined central and southern zones, appointed by the thoroughbred racetracks; two members, one from the northern zone and one from the combined central and southern zones, appointed by the owners' organization responsible for contracting with associations and fairs with respect to the conduct of racing meetings; and two members, one from the northern zone and one from the combined central and southern zones, appointed by the organization representing racing and satellite fairs.

(b) The marketing organization formed pursuant to subdivision (a) shall, by October 1 of each year, submit a written report to the board on a statewide marketing and promotion plan for the upcoming calendar year. In addition, the marketing organization shall annually present to the board at the board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming calendar year. The plan shall be implemented as determined by the marketing organization. The marketing organization shall receive input from all interested industry participants and may utilize outside consultants with horse racing or other related experience, including experience in other gaming enterprises.

(c) In addition to the distributions specified in subdivisions (a) and (b) of Section 19605.7, subdivisions (a) and (b) of Section 19605.71, and Section 19605.72, for thoroughbred and fair meetings only, from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the marketing organization formed pursuant to subdivision (a) for the purposes set forth in subdivision (a). The amounts initially distributed to the marketing organization formed pursuant to subdivision (a) shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The amount distributable to the marketing organization may be adjusted by the board, in its discretion. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. Any of the promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount. The marketing organization, on a quarterly basis, shall submit to the board a written report that accounts for all receipts and expenditures of the promotion funds for the previous three months.

(d) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a

later enacted statute, that is enacted before January 1, 2019, deletes or extends that date. Any moneys held by the marketing organization shall, in the event this section is repealed, be distributed to the organization formed pursuant to Section 19608.2, for purposes of that section.

#### **19605.74.**

For every year that the organization operating the Breeders' Cup World Championship series chooses to conduct the Breeders' Cup at a race meeting in California, the following, notwithstanding any other law, shall apply to the race meeting conducting the Breeders' Cup races on days during which Breeders' Cup races are conducted:

(a) The amounts that would have otherwise been distributed to a purse account pursuant to subdivisions (a), (b), (c), and (d) of Section 19601.02 shall be made available to the organization operating the Breeders' Cup World Championship series for the purpose of promoting and supporting the Breeders' Cup, including the payment of purses in Breeders' Cup World Championship races.

(b) The thoroughbred racing association hosting the Breeders' Cup shall enter into a written agreement, in consultation and cooperation with the California Tourism Commission and the statewide marketing organization formed pursuant to Section 19605.73, with the organization that operates the Breeders' Cup regarding the manner in which the funds set aside to support and promote the Breeders' Cup are to be expended.

(c) Within 90 days after the holding of each Breeders' Cup, a written report that includes a parimutuel audit shall be made to the board detailing the manner in which the set-aside funds were utilized to promote and support the Breeders' Cup, including the payment of purses in Breeders' Cup races.

(d) Notwithstanding any other law, on days during which Breeders' Cup races are conducted in California, the board may authorize parimutuel wagering on Breeders' Cup races to be run at the host venue and on one nonthoroughbred race specified in the host venue's license application approved by the board. Amounts deducted and distributed pursuant to this chapter from wagering on the specified nonthoroughbred race shall be deducted and distributed as if the wagers were placed on a thoroughbred race.

#### **19605.75.**

(a) The Legislature finds and declares that the existence of high caliber thoroughbred racing in California is important to this state's agricultural economy. The California horse racing industry is being threatened by the escalating costs of doing business in California, including, but not limited to, workers' compensation insurance costs, in that these costs are not only causing thoroughbred horses and trainers to leave this state, but are also discouraging owners and trainers from bringing horses into this state to compete. It is the intent of the Legislature to provide some relief from these escalating costs through the redistribution of the parimutuel handle on exotic wagers.

(b) Notwithstanding Section 19610, every thoroughbred association and fair that conducts a racing meet shall deduct an additional 0.5 percent of the total amount handled in exotic parimutuel pools of thoroughbred races.

(c) The funds collected pursuant to subdivision (b) from exotic parimutuel pools on thoroughbred races within the inclosure of a thoroughbred association or fair conducting a race meeting, at satellite wagering facilities within this state, and through advance deposit wagering by residents of this state, shall be distributed to the organization described in subdivision (f) to be used in accordance with subdivision (e).

(d) Any thoroughbred association or fair that authorizes a betting system located outside of this state to

accept exotic wagers on its races and to combine those wagers in the association's or fair's exotic parimutuel pools, including, but not limited to, a multijurisdictional wagering hub as to exotic wagers made by residents other than those of this state, shall deduct the amount specified in subdivision (b) in addition to any other applicable deductions specified in law. The amount deducted pursuant to this subdivision shall be distributed to the organization described in subdivision (f) to be used in accordance with subdivision (e). This additional deduction shall not be included in the amount on which license fees are determined pursuant to Section 19602.

(e) The amounts distributed to the organization described in subdivision (f) shall be deposited by that organization in a separate account to defray the costs of workers' compensation insurance incurred in connection with thoroughbred horses that race in this state at thoroughbred associations and racing fairs through the payment of supplemental premiums that reduce rates, payment to or for the benefit of trainers and owners of such thoroughbreds, based on the number of such thoroughbreds they start, in order to reimburse them for the costs of workers' compensation insurance directly or indirectly incurred by them, and other appropriate payments. Any funds that are not used for the purposes set forth in this subdivision shall, after an affirmative vote of at least 25 of the voting interests of the organization described in subdivision (f), either be carried forward to the subsequent year, or be used to reimburse racing associations for the actual cost of health and safety programs, research or safety equipment, or making capital improvements that are designed to prevent workplace accidents and increase the safety of jockeys, exercise riders, backstretch employees, and other racetrack personnel. Those capital improvements shall include, but not be limited to, safety improvements to racing and training surfaces. All requests for reimbursements shall be approved by the board. In developing proposals for approval by the board, the association shall confer with their horsemen's organizations and all affected labor organizations or associations.

(f) The thoroughbred racing associations and the owners' organization described in subdivision (b) of Section 19613 shall form an organization to which funds shall be distributed pursuant to subdivisions (c) and (d). This organization shall have a total of 34 voting interests, of which 16 shall be allocated to the organization representing thoroughbred owners pursuant to Section 19613, one shall be allocated to the official registering agency for thoroughbreds in California, and one shall be allocated to the organization representing thoroughbred trainers pursuant to Section 19613. The remaining 16 votes shall be allocated among the licensed racing associations and racing fairs in the state. Each racing association and fair shall receive the portion of these remaining votes represented by the sum of exotic wagering on its races divided by the statewide total of exotic wagering in the preceding calendar year, excluding Breeders' Cup races. Fractional voting shall be permitted. Any decision of this organization with respect to the allocation of funds pursuant to subdivisions (c) and (d) shall require the affirmative vote of 25 of these voting interests. In the event that the required number of affirmative votes cannot be obtained, the matter shall be submitted to the board for a decision consistent with subdivision (e), and the decision of the board shall be final.(g) The organization formed pursuant to this section shall account annually to the board with respect to the expenditure and distribution of funds received by the organization pursuant to subdivisions (c) and (d), and shall obtain an independent audit of fund generation and distribution. A copy of the completed audit shall be forwarded to the board within 45 days of its receipt by the organization.

#### **19605.76.**

(a) Notwithstanding Section 19610, a quarter horse racing association may deduct an additional 0.5 percent of the total amount handled in its exotic parimutuel pools. This additional deduction shall only be permitted with the approval of the organization representing quarter horse horsemen and horsewomen at

the applicable racing association meet.

(b) Any funds collected pursuant to subdivision (a) from exotic parimutuel pools on races within the inclosure of a racetrack, at satellite wagering facilities within this state, and through advance deposit wagering by residents of this state, shall be distributed to the organization described in subdivision (e) to be used in accordance with subdivision (d).

(c) Any quarter horse racing association that authorizes a betting system located outside of this state to accept exotic wagers on its races and to combine those wagers in the association's exotic parimutuel pools, including, but not limited to, a multijurisdictional wagering hub as to exotic wagers made by residents other than those of this state, may deduct the amount specified in subdivision (a) in addition to any other applicable deductions specified in law. Any amount deducted pursuant to this subdivision shall be distributed to the organization described in subdivision (e) to be used in accordance with the provisions of subdivision (d). This additional deduction shall not be included in the amount on which license fees are determined pursuant to Section 19602.

(d) The amounts distributed to the organization described in subdivision (e) shall be deposited by that organization in a separate account to defray workers' compensation insurance costs for trainers and owners who are racing horses at the applicable quarter horse racing association meet. Any funds not expended for this purpose in the calendar year in which they are collected may either be used for the following year's workers' compensation costs, as specified above, or to benefit the purse pools at the track where the funds are generated. Funds to benefit purse pools shall be allocated by breed, in the same proportions as each breed generated in deductions under this section at the track in the year the funds were collected.

(e) The quarter horse racing association and the organization representing quarter horse horsemen and horsewomen shall form an organization to which any funds deducted pursuant to subdivisions (b) and (c) shall be distributed. The quarter horse associations collectively shall have representation equal to that of the organization representing quarter horse horsemen and horsewomen on the governing board of the organization formed pursuant to this subdivision.

(f) If the quarter horse racing association and the organization representing quarter horse horsemen and horsewomen cannot agree on the manner for distributing these funds to defray the costs of workers' compensation insurance, the matter shall be submitted to the board for a decision consistent with subdivision (d), and the decision of the board shall be final.

#### **19605.77.**

(a) Notwithstanding Section 19610, a harness racing association may deduct an additional 1 percent of the total amount handled in conventional parimutuel pools of harness races. This additional deduction shall only be permitted with the approval of the organization representing harness horsemen and horsewomen at the applicable racing association meeting.

(b) Any funds collected pursuant to subdivision (a) from conventional parimutuel pools on harness races within the inclosure of a racetrack, at satellite wagering facilities within this state, and through advance deposit wagering by residents of this state, shall be distributed to the organization described in subdivision (e) to be used in accordance with subdivision (d).

(c) Any harness racing association that authorizes a betting system located outside of this state to accept conventional wagers on its races and to combine those wagers in the association's conventional parimutuel pools, including, but not limited to, a multijurisdictional wagering hub as to conventional wagers made by residents other than those of this state, may deduct the amount specified in subdivision (a) in addition to any other applicable deductions specified in law. Any amount deducted pursuant to this subdivision shall be distributed to the organization described in subdivision (e) to be used in accordance with the

provisions of subdivision (d). This additional deduction shall not be included in the amount on which license fees are determined pursuant to Section 19602.

(d) The amounts distributed to the organization described in subdivision (e) shall be deposited by that organization in a separate account and used to reduce the workers' compensation insurance costs for trainers who are racing horses at the applicable harness racing association meet. Any funds not expended for this purpose in the calendar year in which they are collected may either be used for the following year's workers' compensation costs, as specified above, or to benefit the harness purse pool at the track where the funds are generated.

(e) The harness racing association and the organization representing harness horsemen and horsewomen shall form an organization to which any funds deducted pursuant to subdivisions (b) and (c) shall be distributed. The harness associations collectively shall have representation equal to that of the organization representing harness horsemen and horsewomen on the governing board of the organization formed pursuant to this subdivision.

(f) If the harness racing association and the organization representing harness horsemen and horsewomen cannot agree on the manner for distributing these funds to defray the costs of workers' compensation insurance, the matter shall be submitted to the board for a decision consistent with subdivision (d), and the decision of the board shall be final.

#### **19605.78.**

(a) Notwithstanding Section 19610 and in addition to the deduction specified in subdivision (b) of Section 19605.75, a fair may deduct an additional 0.5 percent of the total amount handled in exotic parimutuel pools of races for any breed, other than races solely for thoroughbreds. This additional deduction shall only be permitted for a breed's races with the approval of the organization representing the horsemen and horsewomen of that breed at the fair.

(b) Any funds collected pursuant to subdivision (a) from exotic pari-mutuel pools on races within the inclosure of a racetrack, at satellite wagering facilities within this state, and through advance deposit wagering by residents of this state, shall be distributed to the organization described in subdivision (e) to be used in accordance with subdivision (d).

(c) Any fair that authorizes a betting system located outside of this state to accept exotic wagers on its races and to combine those wagers in the association's exotic parimutuel pools, including, but not limited to, a multijurisdictional wagering hub as to exotic wagers made by residents other than those of this state, may deduct the amount specified in subdivision (a) in addition to any other applicable deductions specified in law. Any amount deducted pursuant to this subdivision shall be distributed to the organization described in subdivision (e) to be used in accordance with the provisions of subdivision (d). This additional deduction shall not be included in the amount on which license fees are determined pursuant to Section 19602.

(d) The amounts distributed to the organization described in subdivision (e) shall be deposited by that organization in a separate account to defray workers' compensation insurance costs for trainers and owners who are racing breeds other than thoroughbreds at the applicable fair. Any funds not expended for this purpose in the calendar year in which they are collected may either be used for the following year's workers' compensation costs, as specified above, or to benefit the purse pool of each breed at the particular fair where the funds are generated in the same proportions as each breed generated at that fair in the year the funds are collected.

(e) The fairs and the organizations representing the horsemen and horsewomen of each breed for which deductions have been approved under subdivision (a) shall form an organization to which any funds

deducted pursuant to subdivisions (b) and (c) shall be distributed. The fairs collectively shall have representation equal to the collective representation of the organizations representing horsemen and horsewomen on the governing board of the organization formed pursuant to this subdivision.

(f) If the fairs and the organizations representing horsemen and horse- women cannot agree on the manner for distributing these funds to defray the costs of workers' compensation insurance, the matter shall be submitted to the board for a decision consistent with subdivision (d), and the decision of the board shall be final.

#### **19605.79.**

(a) Notwithstanding any other provision of law, in the event there are at any time uncommitted surplus funds in accounts created pursuant to Sections 19605.73 and 19605.75, those unexpended funds may, at the written request of the organization governing those funds and with the approval of the board, be reallocated to any other fund or account created pursuant to this chapter.

(b) Requests to the board to reallocate funds pursuant to subdivision (a) shall be accompanied by a report detailing all receipts and expenditures over the two prior fiscal years of the funds affected by the request.

(c) Initial board approval of a request to reallocate funds pursuant to subdivision (a) shall be limited to a one-year period. Approval of a real- location may be extended beyond one year upon a determination by the board that the extension is in the economic interest of thoroughbred racing.

(d) The organization whose written request pursuant to subdivision (a) has been approved by the board shall provide subsequent quarterly reports of receipts and expenditures of the affected funds if requested by the board.

(e) The organization whose written request pursuant to subdivision (a) has been approved by the board shall file a report with the board and the respective fiscal committees and committees on governmental organization of the Senate and the Assembly accounting for all receipts and expenditures in any of the affected funds. This report shall be filed within one year of initial board approval and annually thereafter if the approval is extended by the board.

#### **19605.8.**

(a) For thoroughbred meetings, the funds remaining after distribution of the amounts set forth in Sections 19605.7, 19605.71, and 19605.72 shall be distributed 50 percent as commissions to the association that conducts the racing meeting and 50 percent as purses to the horsemen participating in the racing meeting. From the amount distributed as purses, a sum equal to 0.07 percent of the 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.

#### **19605.9.**

(a) Except as provided in subdivision (b), in the central and southern zones, all of the funds distributed for purses from satellite wagering facilities shall go to the purse program of the association conducting the racing meeting.

(b) Notwithstanding subdivision (a), all funds for distribution as purses at satellite wagering facilities which are racing fairs in the County of Los Angeles from wagering on thoroughbred horse racing conducted at the 22nd District Agricultural Association Fairgrounds shall be paid to a racing fair in the

County of Los Angeles for supplementing purses at the fair meeting. Commencing January 1, 1992, the funds distributed for purses from satellite wagering facilities pursuant to this subdivision shall not exceed the amount distributed during the 1990 calendar year. Any funds in excess of this amount shall be distributed as purses at the racing meeting conducted by the association.

**19606.**

(a) For harness, quarter horse, Appaloosa, Arabian, mixed breed, and fair meetings, the funds remaining after the distribution of the amounts set forth in Sections 19605.7 and 19605.71 shall be distributed 50 percent as commissions to the association that conducts the racing meeting and 50 percent to the horsemen participating in the racing meeting in the form of purses. However, owners' premiums shall be paid from the amount distributed for purses in the same relative percentage as owners' premiums are paid at the racing meeting, except that for thoroughbred races the owners' premiums shall be as provided in subdivision (a) of Section 19605.8.

(b) In addition to funds distributed under Sections 19605.7 and 19605.71, from the amount that would be distributed to harness racing horsemen in the form of purses under this section, an amount equal to 0.1 percent of the amount handled on conventional and exotic wagers on standardbreds at satellite wagering facilities in California shall be distributed for the California Standardbred Sires Stakes Program pursuant to Section 19619.

**19606.1.**

(a) All revenues transferred pursuant to Section 19620.2 shall be deposited in a separate account in the fund and, notwithstanding Section 13340 of the Government Code, are continuously appropriated from that account to the Department of Food and Agriculture, for allocation by the Secretary of Food and Agriculture, at his or her discretion, for the purposes set forth in paragraphs (1) to (6), inclusive. The concurrence of the Director of Finance shall be required for allocations pursuant to paragraphs (1) and (2). Allocations pursuant to paragraphs (3) to (6), inclusive, shall be made with the concurrence of the Joint Committee on Fairs Allocation and Classification.

(1) For the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by a joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements at a fair's racetrack inclosure, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects at fairs or for the purpose of refunding bonds or other indebtedness incurred for those purposes. As used in this paragraph, "coverage factor" means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 percent more than the amount of that debt service, which a joint powers agency, pursuant to the resolution or indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness. Notwithstanding any other provision of law, the department may also commit any funds available for allocation under Article 10 (commencing with Section 19620) to complete projects funded under this paragraph in the priority described in this paragraph.

(2) For payment to the State Race Track Leasing Commission to be pledged for the repayment of debt



necessary to construct a racetrack grandstand at the 22nd District Agricultural Association fairgrounds. This payment shall be made only if the Secretary of Food and Agriculture determines, annually, that all other pledged revenues have been applied to the repayment of that debt and have been determined by the secretary to be inadequate for that purpose.

(3) For the payment of expenses incurred in establishing and operating satellite wagering facilities at fairs.

(4) For the support of an equipment and operating fund to produce and display a consolidated California signal at satellite wagering facilities and fairs.

(5) For health and safety repair projects at fairs, which includes fire and life safety improvement projects, California Code of Regulations compliance projects, and long-term deferred maintenance projects.

(6) For the development and payment of revenue generating projects, the establishment of pilot projects to restructure the current fair system, and for projects realizing a cost savings for more efficient utilization of existing fair resources.

(b) The Secretary of Food and Agriculture may not make an allocation for purposes of paragraphs (2) to (6), inclusive, of subdivision (a) until the payments required in any fiscal year pursuant to paragraph (1) of subdivision (a) have been funded.

(c) Pursuant to subdivision (a), the Joint Committee on Fairs Allocation and Classification shall review and concur, or not concur, with the secretary's determination of the allocations to be made pursuant to paragraphs

(3) to (6), inclusive, of subdivision (a) in total, and the committee may not add to, or delete projects or line items from, the proposed allocations.

(d) Approval of the Joint Committee on Fairs Allocation and Classification is deemed complete when one of the following conditions is met:

(1) The annual budget act is enacted.

(2) If the secretary's recommendations are received by the Joint Committee on Fairs Allocation and Classification after the enactment of the annual budget act, the recommendations shall be deemed approved 30 days after they are received unless they are rejected by the committee.

(e) If the Joint Committee on Fairs Allocation and Classification does not concur with the secretary's recommendations, the secretary may submit another set of recommendations to the committee pursuant to this section.

(f) The payments required in any fiscal year for the purposes of paragraphs (1) to (3), inclusive, of subdivision (a) shall be made before any transfer is made pursuant to subdivision (g).

(g) Except as otherwise provided in subdivision (f), when the revenues deposited in the separate account exceed eleven million dollars (\$11,000,000) in any fiscal year, the amount in excess of eleven million dollars (\$11,000,000) shall be transferred to the Fair and Exposition Fund for allocation in accordance with Sections 19620.1 and 19630.

(h) All of the costs of administering the accounts created by subdivision (a) and Section 19606.3 shall be charged to the respective accounts.

### **19606.3.**

(a) From all revenues transferred pursuant to Section 19620.2 and deposited in the Fair and Exposition Fund, an amount up to one million one hundred thousand dollars (\$1,100,000) may be allocated by the Secretary of Food and Agriculture, at his or her discretion, to supplement purses at fair meetings to achieve the purposes of Section 19606.4.

(b) All allocations made pursuant to this section shall be made part of the annual expenditure plan submitted to the Joint Committee on Fairs Allocation and Classification by the Secretary of Food and Agriculture as provided in Section 19621.

#### **19606.4.**

It is the intent of the Legislature that funds allocated pursuant to Section 19606.3 be used primarily at fair racing meetings in the northern zone with a daily average handle of more than three hundred thousand dollars (\$300,000). The Legislature further finds that its intent is that these allocations be used to bring the purses at these fairs, exclusive of purses for stakes races and special events, to a level of at least 80 percent of purses for similar classes of horses at private associations in the northern zone. The funds shall be used among all breeds. For fair racing meetings in the northern zone with a daily average handle of three hundred thousand dollars (\$300,000) or less, it is the intent of the Legislature to bring the purses to a level of at least 25 percent of purses for similar classes of horses at private associations in the northern zone. Any funds remaining after meeting the requirements of this section shall be used at fair meetings in the northern zone as additional purses.

#### **19606.5.**

Notwithstanding subdivision (b) of Section 19641, the state shall receive as additional license fees 50 percent of any redistributable money in a parimutuel pool arising from wagers at a satellite wagering facility in the central or southern zone, subject to payment to a claimant pursuant to Section 19598, but not successfully claimed within that period, and the funds shall be deposited in the General Fund. The remaining 50 percent of redistributable money in a parimutuel pool arising from wagers at a satellite wagering facility shall be paid to a welfare fund established by the horsemen's organization contracting with the association conducting the racing meeting for the benefit of horsemen, and that organization shall make an accounting to the board within one calendar year of the receipt of the payment.

#### **19606.6.**

Of the total breakage arising in a parimutuel pool which includes wagers at satellite wagering facilities in the central or southern zone, that percentage of breakage equal to the percentage that wagers placed at satellite wagering facilities constitute of the total parimutuel pool shall be distributed equally among the state as an additional license fee deposited in the General Fund, the track conducting the racing meeting as a commission, and the horsemen participating in the racing meeting in the form of purses. The remainder of the breakage shall be distributed in the same manner as breakage arising from wagers at the track conducting the racing meeting.

#### **19607.**

(a) Notwithstanding Sections 19605.8 and 19605.9, when satellite wagering is conducted on thoroughbred races at associations or fairs in the central or southern zone, an amount not to exceed 2 percent of the total amount handled by all of those satellite wagering facilities shall be deducted from the funds otherwise allocated for distribution as commissions, purses, and owners' premiums and instead distributed to an organization formed and operated by one licensed association from each facility in the central and southern zones at which a thoroughbred or fair racing meeting is conducted, and the organization representing thoroughbred horsemen and horsewomen, for use in accordance with Section 19607.1.

(b) A vote of the organization representing thoroughbred horsemen and horsewomen shall constitute 50 percent of all voting interests on the board of the organization formed and operated to administer the fund. The other 50 percent of all voting interests shall be allocated equally among the other members of the organization. Any use of funds by the organization shall be approved by the affirmative vote of both (1)

the organization representing thoroughbred horsemen and horsewomen, and (2) at least two of the licensed thoroughbred racing associations that are part of the organization formed pursuant to this section, provided, however, that, if there are only two licensed thoroughbred racing associations that are part of the organization formed pursuant to this section, the vote of at least one of those two licensed thoroughbred racing associations shall be sufficient.

**19607.1.**

(a) Notwithstanding Section 19535, the funds distributed to the organization formed pursuant to Section 19607 shall be used to pay the expenses of the organization and compensate the provider of a board-approved auxiliary facility for offsite stabling and training of thoroughbred horses in the central or southern zone. The organization administering the offsite stabling and vanning program shall submit its proposed financial and operational plans for the upcoming calendar year to the board for review no later than November 1 of the preceding year. Neither the organization administering the offsite stabling and vanning program nor any of the entities forming and operating the organization, except an entity operating the auxiliary offsite stabling facility where the injury occurred, shall be liable for any injury to any jockey, exercise person, owner, trainer, or any employee or agent thereof, or any horse occurring at any offsite stabling facility.

(b) The funds shall also be used to cover all or part of the cost of vanning thoroughbred horses from a board-approved auxiliary offsite stabling and training facility to start in a thoroughbred race at a thoroughbred or fair racing meeting in the central or southern zone. The organization shall determine the extent of and manner in which compensation will be paid for thoroughbred horses that are vanned from the auxiliary facility to the track conducting the thoroughbred or fair racing meeting, but the vanning shall be made available on a consistent and uniform basis for all thoroughbred and fair racing meetings in a given year. Neither the organization administering the offsite stabling and vanning program nor any of the entities that form and operate the organization, except an entity actually engaged in vanning horses, is liable for any injury occurring to any individual or horse during vanning from an offsite stabling facility.

(c) The auxiliary offsite stabling facilities and amenities provided for offsite stabling and training purposes shall be substantially equivalent in character to those provided by the thoroughbred racing association or fair conducting the racing meeting.

(d) In order to ensure the long-term availability of facilities for offsite stabling and training, the organization may enter into multiyear contracts for auxiliary facilities in either the central or southern zone. The organization shall submit to the board for its approval multiyear contracts it enters into with providers of auxiliary facilities for the offsite stabling and training. Contracts not disapproved by the board within 60 days of submittal to the board shall be deemed to have been approved by the board. Once a multiyear contract has been approved by the board, it shall be considered to have been approved for its duration.

(e) At the request of the board, the organization shall submit a report detailing all of its receipts and expenditures over the prior two fiscal years and, upon request of any party within the organization, those receipts and expenditures shall be audited by an independent third party selected by the board at the expense of the organization.

(f) In addition to the uses of funds described in subdivisions (a) and (b), the organization may use those funds to do both of the following:

(1) Maintain a reserve fund of up to 10 percent of the total estimated annual vanning and auxiliary offsite stabling costs. In addition to the reserve fund, if the funds generated for the auxiliary offsite stabling facilities and vanning are insufficient to fully cover the expenses incurred, the organization may, in the

future, accumulate sufficient funds to fully cover those expenses.

(2) Pay back commissions, purses, and owners' premiums to the extent the deductions made pursuant to Section 19607 exceed in any year the amount of funds necessary to achieve the objectives of the organization.

(g) The amount initially deducted and distributed to the organization shall be 2 percent of the total amount handled by satellite wagering facilities authorized under this article in the central or southern zone on thoroughbred racing, but that allocation may be adjusted by the board, in its discretion. However, the adjusted amount may not exceed 2 percent of the total amount handled by satellite wagering facilities.

(h) The board shall reserve the right to adjudicate any disputes that arise regarding costs or other matters relating to the furnishing of offsite stabling or vanning. Notwithstanding any other law, the board shall maintain all powers necessary and proper to ensure that offsite stabling and vanning, as provided for in this chapter, is conducted in a manner that protects the public and serves the best interests of horse racing.

### **19607.2.**

Notwithstanding Section 19605.8, when satellite wagering is conducted on thoroughbred races at associations or fairs in the northern zone, an amount not to exceed 2 percent of the total amount handled by all of those satellite wagering facilities shall be deducted from the funds otherwise allocated for distribution as commissions, purses, and owners' premiums and instead be distributed to an organization formed and operated by thoroughbred racing associations, fairs conducting thoroughbred racing, and the organization representing thoroughbred horsemen and horsewomen, for use pursuant to Section 19607.3. A vote of the organization representing thoroughbred horsemen and horsewomen shall constitute 50 percent of all voting interests on the board of the organization formed and operated to administer the fund. The other 50 percent of all voting interests shall be allocated among thoroughbred racing associations and fairs conducting thoroughbred racing in a manner that provides meaningful representation on the governing board of the organization for thoroughbred racing associations and fairs conducting thoroughbred racing, except as provided in subdivision (h) of Section 19607.3.

### **19607.3.**

(a) Notwithstanding Section 19535, the funds distributed to the organization formed pursuant to Section 19607.2 shall be used to pay the expenses of the organization and compensate the provider of a board-approved auxiliary facility for offsite stabling and training of thoroughbred horses in the northern zone. The organization administering the offsite stabling and vanning program shall submit its proposed financial and operational plans for the upcoming calendar year to the board for review no later than November 1 of the preceding year. Neither the organization administering the offsite stabling and vanning program nor any of the entities forming and operating the organization, except an entity operating the auxiliary offsite stabling facility where the injury occurred, shall be liable for any injury to any jockey, exercise person, owner, trainer, or any employee or agent thereof, or any horse occurring at any offsite stabling facility.

(b) The funds shall also be used to cover all or part of the cost of vanning thoroughbred horses from a board-approved auxiliary offsite stabling and training facility to start in a thoroughbred race at a thoroughbred or fair racing meeting in the northern zone. The organization shall determine the extent of and manner in which compensation will be paid for thoroughbred horses that are vanned from the auxiliary facility to the track or fair conducting the thoroughbred or fair racing meeting. Neither the organization administering the offsite stabling and vanning program nor any of the entities that form and operate the

organization, except an entity actually engaged in vanning horses, is liable for any injury occurring to any individual or horse during vanning from an offsite stabling facility.

(c) The auxiliary offsite stabling facilities and amenities provided for offsite stabling and training purposes shall be substantially equivalent in character to those provided by the thoroughbred racing association or fair conducting the racing meeting.

(d) In order to ensure the long-term availability of facilities for offsite stabling and training, the organization may enter into multiyear contracts for auxiliary facilities in the northern zone. The organization shall submit to the board for its approval multiyear contracts it enters into with providers of auxiliary facilities for the offsite stabling and training. Contracts not disapproved by the board within 60 days of submittal to the board shall be deemed to have been approved by the board. Once a multiyear contract has been approved by the board, it shall be considered to have been approved for its duration.

(e) At the request of the board, the organization shall submit a report detailing all of its receipts and expenditures over the prior two fiscal years and, upon request of any party within the organization, those receipts and expenditures shall be audited by an independent third party selected by the board at the expense of the organization.

(f) In addition to the uses of the funds described in subdivisions (a) and (b), the organization may use those funds to do both of the following:

(1) Maintain a reserve fund of up to 10 percent of the total estimated annual vanning and auxiliary offsite stabling costs. In addition to the reserve fund, if the funds generated for the auxiliary offsite stabling facilities and vanning are insufficient to fully cover the expenses incurred, the organization may, in the future, accumulate sufficient funds to fully cover those expenses.

(2) Pay back commissions, purses, and owners' premiums to the extent the deductions made pursuant to Section 19607.2 exceed in any year the amount of funds necessary to achieve the objectives of the organization.

(g) The amount initially deducted and distributed to the organization pursuant to Section 19607.2 may be adjusted by the board, in its discretion. However, the adjusted amount shall not exceed 2 percent of the total amount handled by satellite wagering facilities. The amount deducted and distributed to the organization as adjusted by the board may be a different percentage of the handle for different associations and fairs conducting thoroughbred racing meetings in the northern zone, but only if all the associations and fairs agree to the differing percentages.

(h) A thoroughbred racing association or fair in the northern zone that the board determines is able to provide the minimum number of stalls required by its racing meeting license without the use of any auxiliary offsite stabling and training facility and vanning program may opt out of that program, in which case the deduction described in Section 19607.2 shall not apply during the live racing meeting conducted by the association or fair until such time as the association or fair opts back into the auxiliary offsite stabling and training facility and vanning program. Any thoroughbred racing association or fair in the northern zone that opts out of the auxiliary offsite stabling and training facility and vanning program shall not have any voting interest therein until such time as the association or fair opts back into the program. The organization shall establish reasonable procedures and timelines for the giving of notice to the organization by a thoroughbred racing association or fair that elects to opt out of the auxiliary offsite stabling and training facility and vanning program.

(i) The board shall reserve the right to adjudicate any disputes that arise regarding costs, or other matters, relating to the furnishing of offsite stabling or vanning. Notwithstanding any other law, the board shall maintain all powers necessary and proper to ensure that offsite stabling and vanning, as provided for in this chapter is conducted in a manner that protects the public and serves the best interests of horse racing.

#### **19607.4.**

(a) Notwithstanding any other provision of law, any amount up to an amount equal to the difference between the maximum deduction authorized pursuant to Sections 19607 and 19607.2 and the amount actually deducted, not to exceed four million dollars (\$4,000,000) statewide annually, may be utilized to obtain, provide, or defray the cost of workers' compensation coverage for licensed thoroughbred stable employees and jockeys, and an amount not to exceed one million dollars (\$1,000,000) statewide annually, may be paid to the thoroughbred welfare fund described in subdivision (b) of Section 19641 from the funds described in Sections 19607 and 19607.2, provided (1) there is a written agreement between the owners' organization described in subdivision (a) of Section 19613 and those racing associations and fairs that annually conduct in California at least 75 percent of the thoroughbred races regarding the utilization of those funds; and (2) the agreement is filed with the board.

(b) The agreement shall be binding upon the owners' organization and all of the racing associations and fairs that conduct thoroughbred races in California and the board shall have the authority to enforce the terms of the agreement. The board shall not, however, have the authority to impose an agreement upon the owners' organization or the group of racing associations or fairs described herein.

#### **19607.5.**

(a) Notwithstanding any other provision of law, when both a fair and a thoroughbred association are licensed by the board to conduct live racing meetings within the northern zone during the same calendar period, signals of both racing programs shall be accepted at each live racing meeting within the northern zone and at all satellite wagering facilities eligible to receive these programs.

(b) Notwithstanding any other provision of law, in order to ensure that fairs which previously had an exclusive right to send their signals to satellite wagering facilities in the northern zone during periods of overlap do not lose commission revenues from satellite wagering, each fair that conducts its meeting during the period described in subdivision (a) shall receive the following satellite wagering commissions:

(1) With respect to the 2nd District Agricultural Association in Stockton, the commissions payable to the fair from satellite wagering during the period described in subdivision (a) shall be the greater of any of the following:

(A) The actual commission earned by the fair from satellite wagering on its live races during that period.

(B) Fifty percent of the total combined satellite wagering commissions payable to the thoroughbred association and the fair during that period.

(C) One hundred ten percent of the satellite wagering commissions paid to the fair during its live racing meeting in 1990.

If the satellite wagering commissions received by the 2nd District Agricultural Association are less than the greater of the amounts specified in subparagraph (B) or (C), the thoroughbred association shall pay to the fair from amounts deducted from satellite wagering on its meeting and before distribution of any satellite wagering commissions and purses on its meeting, an amount equal to the difference between the actual satellite wagering commissions received by the fair in that year and the applicable amount from subparagraph (B) or (C). No additional satellite wagering commission shall be paid to the fair by an association unless the fair conducts live racing during the period described in subdivision (a).

(2) With respect to the California Exposition and State Fair in Sacramento, the commissions payable to the fair from satellite wagering during the period described in subdivision (a) shall be the greater of either of the following:

(A) The actual commission earned by the fair from satellite wagering on its live races during that period.

(B) Sixty percent of the total combined satellite wagering commissions payable to the thoroughbred

association and the fair during that period.

If the satellite wagering commissions received by the California Exposition and State Fair are less than the amount described in (B), the thoroughbred association shall pay to the fair from amounts deducted from satellite wagering on its meeting and before distribution of any satellite wagering commissions and purses on its meeting, an amount equal to the difference between the actual satellite wagering commissions received by the fair in that year and the amount described in (B). No additional satellite wagering commission shall be paid to the fair by an association unless the fair conducts live racing during the period described in subdivision (a).

(c) During any periods described in subdivision (a), including periods of overlap for fairs not specified in subdivision (b), the thoroughbred association shall deduct the same percentage from the total amount wagered in its daily conventional and exotic parimutuel pools as the percentage deducted by the fair meeting. The amounts deducted shall be distributed as otherwise provided in this article, with the following exceptions:

(1) If the percentages deducted from the conventional and exotic pari-mutuel pools of the thoroughbred association under this subdivision exceed the percentages deducted from the association's pools during periods other than those described under subdivision (a), the amount deducted which is equivalent to the difference between those percentages shall be distributed by the thoroughbred association equally between commissions and purses.

(2) If a thoroughbred association and the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento both conduct live racing meetings during any period described in subdivision (a), the total amount deducted shall be distributed by both the association and fair in the percentages specified for fair meetings in subdivision (b) of Section 19605.7.

Nothing in this subdivision requires any portion of the additional deduction to be distributed pursuant to subdivision (c) of Section 19614.

(d) Notwithstanding any other provision of law, an association and fair that conduct their meeting pursuant to subdivision (b) shall combine the operating expenses incurred at satellite wagering facilities during the period described in subdivision (a). For purposes of this subdivision only, the combined satellite wagering operating expenses of the association and the fair during the period described in subdivision (a) shall not exceed the actual expenses, or 6 percent of the combined parimutuel pool at satellite wagering facilities, whichever is less.

(e) Notwithstanding Section 19606.4, it is the intent of the Legislature that during the period described in subdivision (a) the funds allocated pursuant to Section 19606.3 shall be used to bring purses at the fair racing meetings conducted by the 2nd District Agricultural Association and the California Exposition and State Fair to a level of at least 100 percent of purses for similar classes of horses at the private association which is conducting the simultaneous program.

### **19608.**

An association other than a fair that conducts a horseracing meeting with an average daily handle of one million five hundred thousand dollars (\$1,500,000) or more shall produce a live audiovisual signal of its racing program and shall make this signal available, in accordance with subdivision (a) of Section 19605.3 to any satellite wagering facility authorized to conduct wagering pursuant to Section 19605, 19605.1, 19605.2, or 19605.6.

### **19608.1.**

Unless the board finds it impractical to do so, any fair or any association with an average daily handle of less than one million five hundred thousand dollars (\$1,500,000) may produce, at its option, a live audiovisual signal of its racing program. If the fair or association produces a signal of its program, the signal shall be made available, in accordance with subdivision (a) of Section 19605.3 to any satellite wagering facility authorized to conduct wagering pursuant to Section 19605, 19605.1, 19605.2, or 19605.3.

### **19608.2.**

(a) In order to permit associations providing audiovisual signals the ability to do so without undue burden and expense, to avoid unnecessary duplication of facilities, to permit the associations to protect the security of their signals, and to permit the associations to protect the integrity of their parimutuel pools and to account for wagering proceeds included in those parimutuel pools, associations and fairs providing audiovisual signals pursuant to Section 19608 or 19608.1 may form an organization to operate, pursuant to board supervision, the audiovisual signal system.

(b) An organization operating under board supervision pursuant to this section may consist of any combination of associations and fairs.

(c) Nothing in this section precludes any other person or business entity from participating in, or holding a financial interest in, an organization formed by associations or fairs to operate satellite wagering, except that the person or business entity shall be approved by the board.

(d) Any organization formed shall provide horsemen's organizations contracting with associations and fairs for racing meetings and nonracing fairs operating satellite wagering facilities meaningful representation on its governing board, and shall administer the audiovisual signal and pari-mutuel operations at satellite wagering facilities.

(e) (1) An organization shall bear the costs of operating the audiovisual signal system, including the costs of leasing or purchasing and operation of equipment for transmission and decoding of audiovisual signals and wagering data, the costs of totalisator equipment, mutuel department labor and equipment charges, and the costs, including labor, and overhead of the organization administering the satellite wagering program.

(2) A satellite wagering facility shall bear the costs of satellite receiving dishes, head-end assemblies, television monitors or screens, facility buildings, labor at the satellite wagering facility other than mutuel department labor, and any and all other costs at the satellite wagering facility not specifically referred to in paragraph (1).

(3) The board shall approve all costs and resolve any differences between an organization and a satellite wagering facility as to which party is required to bear the costs for a disputed item.

19608.3. (a) Funds allocated by the Director of Food and Agriculture pursuant to paragraph (3) of subdivision (a) of Section 19606.1 for fire and life safety improvement projects, California Code of Regulations compliance projects, and long-term maintenance projects at fairs in the northern zone shall be allocated in accordance with a project schedule determined by the Department of Food and Agriculture in compliance with this section.

(b) The department shall prepare a three-year schedule of these projects which commences July 1, 1987, and shall annually update the schedule. The schedule shall list individual project costs, contain a project description, and specify estimated project completion dates.



**19608.4.**

A satellite wagering facility, an organization established pursuant to Section 19608.2 or any of their subcontractors or entities under contract to perform any of the functions specified in this article shall, as a condition of operating, enter into a written contractual agreement with the bona fide labor organization which has historically represented the same or similar classifications of employees at the nearest horseracing meeting. Permanent state or county employees and nonprofit organizations who have historically performed certain services at county, state, or agricultural district fairs may continue to provide those services notwithstanding this section.

**19608.5.**

All revenues payable to the state and deposited in a separate account in the fund pursuant to Section 19606.1 that are allocated by the Secretary of Food and Agriculture for the purposes of paragraph (1) of subdivision (a) of Section 19606.1 are hereby pledged for the repayment of the principal of, and interest on, bonds issued by a joint powers agency, or of other debt service or expense incurred for the purposes described in that paragraph (1).

**19608.6.**

(a) Any joint powers agency requesting money in connection with the issuance of bonds for the purposes described in paragraph

(1) of subdivision (a) of Section 19606.1 shall file an application with the Secretary of Food and Agriculture, in the form required by the secretary.

(b) The secretary shall, upon review of the applications, prepare a statement of allocation of money to the joint powers agency, in the priority the director deems appropriate.

(c) The secretary shall adopt regulations governing the allocation procedures to be followed in implementing this section.

**19608.7.**

It is the intent of the Legislature in enacting Sections 19608.5, 19608.6, and 19608.8 to provide the revenues necessary for the financing by joint powers agencies of the described facilities and projects which shall be deemed to be public capital improvements within the meaning of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code. Deposits into the account in the fund in accordance with paragraph (1) of subdivision (a) of Section 19606.1 shall continue through and including either the 20th year after the initial calendar year in which the revenues are collected, or whatever period of time is necessary to repay any borrowings of joint powers funding mechanism, including, but not limited to, retirement of bonded indebtedness, loan repayments, and monthly payments involving lease-purchase programs made by a joint powers agency to finance described facilities and projects, whichever time is longer.

**19608.8.**

The State of California does hereby pledge to and agree with the holders of any bonds or other indebtedness issued, and with those joint powers agencies which may enter into project agreements with fairs or other third parties or authorize bonds or other indebtedness to be issued, in reliance on the allocations set forth in subdivision (a) of Section 19606.1, that the state will not alter or change the

structure of funding and deposits set forth in, or the pledge of funds for debt service, security, including any coverage factors, and expenses, pursuant to that section until the bonds and other indebtedness are fully paid or discharged and the project is fully performed or discharged. However, nothing precludes any alteration or change, if and when, adequate provision has been made by law for the protection from impairment of the contracts represented by the bonds, other indebtedness and projects, and the right to so alter or change is hereby reserved. Joint powers agencies may include this pledge and undertaking of the state in the bonds, agreements evidencing other indebtedness, and project agreements.

## **ARTICLE 9.5. LICENSE FEES, COMMISSIONS, AND PURSES**

### **19610.**

Every association which conducts a racing meeting shall deduct 15 percent of the total amount handled in conventional parimutuel pools and 16.75 percent of the total amount handled in exotic parimutuel pools, except that any association conducting a harness racing meeting shall deduct 17.75 percent of the total amount handled in exotic parimutuel pools. The amounts as deducted shall be distributed as prescribed in this chapter.

### **19610.1.**

Every association which conducts a harness racing meeting and deducts 17.75 percent of the total amount handled in exotic parimutuel pools shall use 1 percent of the total amount handled in the exotic parimutuel pools to fund the California Standardbred Sires Stakes Program. The 1 percent shall be deposited into the separate trust account provided for in Section 19619.

### **19610.2.**

Every association that conducts a racing meeting shall deduct one-tenth of 1 percent of the total amount handled. From the amount deducted on wagers made on-track, thirty-three one hundredths of the amount deducted shall be distributed to the Center for Equine Health and shall supplement, and not supplant, other funding sources. Sixty-seven one hundredths of the amount deducted shall be distributed to the California Animal Health and Food Safety Laboratory to fund the equine drug testing program and laboratory at the University of California, Davis described in Section 19578.

### **19610.3.**

In addition to the amounts required or allowed to be deducted from the parimutuel pools as provided by this chapter, and except as otherwise provided in this section, every association that conducts a racing meeting may elect permanently to deduct an additional amount up to 0.33 of 1 percent from the total parimutuel wagers placed within its inclosure. This election is not available to the California Exposition and State Fair or to a county or district agricultural association fair unless, prior to January 1, 1984, the city or county in which the fair meeting was being conducted levied a license fee or excise tax pursuant to Section 19495 or imposed an admission tax on track patrons.

The amounts deducted pursuant to this section shall be retained by the association or fair for the payment of possessory interest taxes, if any, assessed against the organization described in Section 19608.2, the racing association, or fair, and after payment of these taxes shall be distributed to the city in which the racing meeting is conducted or, if the meeting is conducted outside the limits of any city, to the county in which the racing meeting is conducted. If a city or county has elected by ordinance to receive a distribution from a racing association under this section, it shall not at any time thereafter assess or collect, with respect to an event conducted by that racing association, or an event conducted by or by contract with that association or fair, any license or excise tax or fee, including, but not limited to, any admission, parking, or business tax, or any tax or fee levied solely upon the racing association conducting a racing meeting or any racing patron, participant, service-supplier, promoter, or vendor thereof. Further, a city or county electing to receive a distribution under this section shall continue to provide ordinary and traditional

municipal services, such as police services and traffic control, in connection with racing meetings. "Ordinary and traditional services," as used in this section, means those services provided by the city or county at no charge to the racing association in 1981. If an eligible city or county does not elect to receive a distribution under this section, the amount remaining after payment of possessory interest taxes, if any, as provided in this section shall be paid to the state as an additional license fee.

#### **19610.4.**

Notwithstanding Section 19610.3, any association that conducts a racing meeting pursuant to Section 19549.9, or any fair that operates a satellite wagering facility, may elect to deduct an additional amount of 0.33 of 1 percent from the total parimutuel wagers placed within its inclosure or at its satellite wagering facility.

The amounts deducted pursuant to this section shall be retained by the association or fair for the payment of possessory interest taxes, if any, assessed against the organization described in Section 19608.2, the racing association, or fair, and after payment of these taxes shall be distributed to the city or county in which the racing meeting or wagering is conducted, at the option of the association or fair. If a city or county has elected by ordinance to receive a distribution from a racing association or fair under this section, it shall not at any time thereafter assess or collect, with respect to an event conducted by that racing association or, an event conducted by or by contract with that fair, any license or excise tax or fee, including, but not limited to, any admission, parking, or business tax, or any tax or fee levied solely upon the racing association or fair conducting a racing meeting or satellite wagering, or any patron, participant, service-supplier, promoter, or vendor thereof. Further, a city or county electing to receive a distribution under this section shall provide ordinary and traditional municipal services, such as police services and traffic control, in connection with the racing meetings or satellite wagering. If an eligible city or county does not elect to receive a distribution under this section, the amount remaining after payment of possessory interest taxes, if any, as provided in this section shall be paid to the state as an additional license fee.

#### **19610.6.**

Notwithstanding Section 19605.71, and in lieu of any deduction under Section 19610.3 or 19610.4, the 22nd District Agricultural Association shall deduct an additional amount of 0.33 of 1 percent from the total parimutuel wagers placed at its satellite wagering facility.

Forty percent of the amount deducted pursuant to this section shall be distributed to the City of Del Mar and 40 percent shall be distributed to the City of Solana Beach, if the respective city has elected to receive a distribution under this section. The remaining amounts deducted pursuant to this section shall be distributed to the San Dieguito River Valley Regional Open Space Park Joint Powers Authority, which is established for the enhancement of the San Dieguito River Valley and Lagoon. If the San Dieguito River Valley Regional Open Space Park Joint Powers Authority is dissolved, the distribution of the remaining amounts deducted pursuant to this section shall be distributed to the County of San Diego. If the City of Del Mar or the City of Solana Beach has elected by ordinance to receive a distribution from a fair under this section, it shall not at any time thereafter assess or collect, with respect to an event conducted by that fair, any license or excise tax or fee, including, but not limited to, any admission, parking, or business tax, or any tax or fee levied solely upon the fair conducting satellite wagering or any patron thereof. Furthermore, a city electing to receive a distribution under this section shall provide ordinary and traditional municipal services, such as police services and traffic control, in connection with the satellite

wagering. If an eligible city does not elect to receive a distribution under this section, the amount deducted shall be paid to the state as an additional license fee.

#### **19610.8.**

Notwithstanding any other provision of law, and in lieu of any deduction and distribution provided for in this chapter, upon the joint request of the association or fair accepting the wager, and the organization representing the horsemen and horsewomen participating in the meeting of the association or fair accepting the wager, the board may set the total percentage deducted from the parimutuel pool for proposition wagers and any new type of wager introduced after January 1, 2004, in an amount of at least 10 percent and not more than 30 percent of the amount handled in the parimutuel pool for the wager. Three percent of the amount deducted shall be paid to the state as a license fee and, if the wager was placed at a satellite wagering facility or a location other than the host racing association, 8 percent of the amount deducted shall be paid to the satellite wagering facility or to the entity that processed the wager. Notwithstanding the foregoing and in lieu of the license fee set forth herein for proposition wagers, with regard to quarter horse racing only, the total wagers made in a proposition parimutuel pool are subject to the same licensee fee as exotic wagers on a live quarter horse race. In addition, with respect to thoroughbred racing only, 3 percent of the amount remaining after the payment of the state license fee and payment to a satellite wagering facility or an entity that processed the wager, if any, 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. Thereafter, for all kinds of racing, except quarter horse racing, the remaining amount shall be distributed 50 percent to the association conducting the racing meeting and 50 percent to the horsemen participating in the racing meeting as purses. With regard to quarter horse racing, commissions and purses shall be distributed in the amounts mutually agreed upon by the association conducting the meeting and the organization representing the horsemen and horsewomen.

#### **19611.**

(a) For every thoroughbred association conducting a live racing meeting in the northern zone, 1.3 percent of the total amount handled on live races, excluding wagering at a satellite facility, shall be retained by the association for payment to the state as a license fee.

(b) For every thoroughbred association conducting a live racing meeting in the central or southern zone, 2 percent of the total amount handled on live races, excluding wagering at a satellite wagering facility, shall be retained by the association for payment to the state as a license fee.

(c) Additionally, 0.54 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.

(d) After distribution of the applicable amounts set forth in subdivision (a), (b), or (c), and the payments pursuant to other relevant sections of this chapter, all funds remaining from the deductions shall be distributed 51.9 percent as commissions and 48.1 percent as purses. From the amount distributed as 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.

**19611.5.**

(a) In addition to the amounts otherwise deducted pursuant to this chapter, every association other than a fair that conducts a thoroughbred race meeting may deduct from the total amount handled in daily double, quinella, exacta, and other multiple wagering pools approved by the board up to 3 percent thereof to be distributed 50 percent as commissions and 50 percent as purses. From the amount distributed as 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.

(b) At least 30 days prior to the commencement of its meeting, the association shall file with the board a statement of the additional deduction to be made pursuant to subdivision (a). Except with the consent of the board, the amount of the deduction shall not be changed during the course of the meeting.

**19612.**

(a) Except as otherwise provided, every association which conducts a quarter horse race meeting or a harness horse race meeting shall pay a daily license fee at the rate of 0.4 percent of its daily conventional and exotic parimutuel handle.

(b) With respect to quarter horse meetings, all funds remaining from the deductions provided in Sections 19491, 19491.5, and 19610 after distribution of the license fee, shall be distributed 55 percent as commissions and 45 percent as purses. With respect to harness meetings, except for meetings conducted pursuant to Sections 19549.2 and 19549.6, the funds remaining from deductions provided in Section 19610, after distribution of the license fee, shall be distributed 59.5 percent as commissions and 40.5 percent as purses. For harness meetings conducted pursuant to Sections 19549.2 and 19549.6, the funds remaining from deductions provided in Section 19610, after distribution of the license fee, shall be distributed 50 percent as commissions and 50 percent as purses.

(c) Every association that conducted a quarter horse or Arabian horseracing meeting in the southern zone during the daytime prior to January 1, 1979, and thereafter conducts the meeting at night, shall be entitled to the following license fee adjustment:

For each 1 percent that the association's average daily handle in the 1981 year, during the period from the commencement of the meeting to December 25, falls below its 1980 average daily handle during the same period, the amount of the license fee as set forth in subdivision (a) shall be reduced by 2 percent.

(d) Any association qualified to operate its meetings pursuant to Section 19612.6 shall be entitled to continue to distribute license fees, commissions, and purses as provided by that section.

(e) Notwithstanding subdivision (b), for every association that conducts a quarter horse meeting in the northern zone, the amount remaining after deduction of the state license fee shall be distributed between commissions and purses as agreed to by the association conducting the meeting and the organization representing the horsemen participating at the meeting. Every association conducting a quarter horse meeting in the northern zone may deduct an additional amount up to 1 percent of its conventional and exotic parimutuel pools to be distributed as commissions. The association may also deduct an additional 1 percent from the exotic parimutuel pools to be distributed as commissions and purses as agreed to by the association conducting the meeting and the organization representing the horsemen participating at the meeting.

### **19612.1.**

(a) In addition to the amounts otherwise deducted pursuant to this chapter, every association with an average daily handle of more than seven hundred fifty thousand dollars (\$750,000) that conducts a harness, quarter, Arabian, or Appaloosa horse meeting may deduct from the total amount handled in daily double, quinella, exacta, and other multiple wagering pools approved by the board up to 3 percent thereof to be distributed as additional commissions and purses in the following percentage ratio: to the association as additional commissions, not more than 59.5 percent; and to the horsemen, as additional purses, not less than 40.5 percent, except that the association and the horsemen's organization may agree to a different distribution by percentage of these funds.

(b) From the amount deducted for quarter horse purses under subdivision (a), a sum equal to 25 percent thereof shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7.

The board shall designate the official registering agency representing quarter horse horsemen to administer this subdivision and to distribute premiums. The agency may, with the approval of the board, make a deduction for expenses not to exceed 10 percent of the total awards fund.

(c) From the amount deducted for Arabian horse purses under subdivision (a), a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency, pursuant to Section 19617.8, and thereafter shall be distributed in accordance with Section 19617.8. The board shall designate the officially recognized organization representing Arabian horsemen to administer this subdivision and to distribute premiums. The organization may, with the approval of the board, make a deduction for expenses not to exceed 10 percent of the total awards fund.

(d) From the amount deducted for Appaloosa purses under subdivision (a), a sum equal to 13.33 percent thereof shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9.

The board shall designate the official registering agency representing Appaloosa horsemen to administer this subdivision and to distribute premiums. The agency may, with the approval of the board, make a deduction for expenses of up to, but not to exceed, 10 percent of the total awards fund.

(e) At least 30 days prior to the commencement of its meeting, the association shall file with the board a statement of the additional deduction to be made pursuant to subdivision (a). Except with the consent of the board, the amount of the deduction shall not be changed during the course of the meeting.

(f) In addition to the amounts otherwise deducted pursuant to this section, every harness racing association shall deduct an additional 2 percent of its exotic parimutuel pools to be distributed equally as commissions and purses.

### **19612.2.**

(a) In addition to the amounts otherwise deducted pursuant to this chapter, every association with an average daily handle of seven hundred fifty thousand dollars (\$750,000) or less, except an association subject to Section 19614.2, which conducts a harness, quarter, Arabian, or Appaloosa horse meeting may deduct from the total amount handled in its daily exotic parimutuel pool up to 3 percent thereof to be distributed as additional commissions and purses as follows:

(1) For quarter horse meetings conducted other than pursuant to Section 19612.6 and for Appaloosa horse meetings, as agreed to by the association conducting the meeting and the organization representing the horsemen participating at the meeting.

(2) For harness and quarter horse meetings conducted pursuant to Section 19612.6, 50 percent as commissions and 50 percent as purses.

(b) From the amount deducted for quarter horse purses under subdivision (a), a sum equal to 25 percent thereof shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7.

The board shall designate the official registering agency representing quarter horse horsemen to administer this subdivision and to distribute premiums. The agency may, with the approval of the board, make a deduction for expenses not to exceed 10 percent of the total awards fund.

(c) From the amount deducted for Arabian horse purses under subdivision (a), a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency, pursuant to Section 19617.8, and thereafter shall be distributed in accordance with Section 19617.8.

The board shall designate the officially recognized organization representing Arabian horsemen to administer this subdivision and to distribute premiums. The organization may, with the approval of the board, make a deduction for expenses not to exceed 10 percent of the total awards fund.

(d) From the amount deducted for Appaloosa purses under subdivision (a), a sum equal to 13.33 percent thereof shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9.

The board shall designate the official registering agency representing Appaloosa horsemen to administer this subdivision and to distribute premiums. The agency may, with the approval of the board, make a deduction for expenses not to exceed 10 percent of the total awards fund.

(e) At least 30 days prior to the commencement of its meeting, the association shall file with the board a statement of the additional deduction to be made pursuant to subdivision (a) and its distribution between commissions and purses. Except with the consent of the board, the amount of the deduction and its distribution shall not be changed during the course of the meeting.

(f) In addition to any deductions pursuant to this section, every harness racing association shall also deduct an additional 2 percent of its daily exotic parimutuel pool to be distributed equally as commissions and purses.

### **19612.3.**

(a) Notwithstanding any other provision of law, with respect to harness racing associations other than those conducting a meeting pursuant to Section 19612.6, an additional 1 percent of the parimutuel pool shall be retained and shall be distributed equally between purses and commissions.

(b) With respect to harness racing associations conducting a meeting pursuant to Section 19549.2 or 19612.6, an additional 1 percent of the parimutuel pool shall be retained and shall be distributed as additional commissions.

### **19612.6.**

(a)(1) For harness meetings, the amount remaining after deduction of the state license fee shall be distributed equally between commissions and purses. For quarter horse, Appaloosa, and muleraing meetings, the amount remaining after deduction of the state license fee pursuant to Section 19612 shall be distributed between commissions and purses as agreed to by the association conducting the meeting and the organization representing the horsemen or mulemen participating in the meeting. For fair meetings



conducted pursuant to Section 19549, the amount remaining after deduction of the state license fee pursuant to Section 19612 shall be distributed 48 percent to commissions and 52 percent to purses.

(2) Every association which conducts a racing meeting pursuant to Section 19549 shall, in addition, deduct from its parimutuel pools the amount specified in subdivision (d) of Section 19614.

(b) If an association qualified to operate its meeting pursuant to this section conducts two separate programs of racing on any day, each such program shall be considered a separate racing day for purposes of determining the daily handle and computing the distribution of license fees, commissions, and purses thereon. For the purposes of this subdivision, a program shall consist of at least nine races.

(c) In addition to any deductions pursuant to this section, every association conducting a racing meeting pursuant to Section 19549.1 shall also deduct an additional 1 percent of its parimutuel pools to be distributed as commissions.

(d) In addition to any deductions pursuant to this section, every association conducting a racing meeting pursuant to Section 19549.1 shall also deduct an additional 2 percent of its exotic parimutuel pools to be distributed equally as commissions and purses.

#### **19612.7.**

With respect to a harness race meeting, in addition to any other distributions, a portion of the money allocated for purses pursuant to this chapter may be used to pay for obtaining, providing, or defraying the cost of workers' compensation coverage for stable employees and drivers of licensed standardbred trainers. This portion of the purse money, if any, shall be specified in a written agreement between the racing association that conducts the live harness race meeting and the organization representing the horsemen participating at the race meeting, and shall be jointly administered by the racing association and the organization representing the horsemen. This agreement is subject to the approval of the board.

#### **19612.8.**

Notwithstanding any other provision of law, any association conducting a racing meeting shall pay not less than the actual amount necessary to cover the costs for compensation, including any fringe benefits, to stewards and official veterinarians and to cover the costs for that racing meeting, as provided by the board under Section 19518.

#### **19612.9.**

(a) (1) Except as provided in subdivision (d) of Section 19601, unclaimed refunds shall be distributed to the organization that is responsible for negotiating purse agreements, satellite wagering agreements, and all other business agreements on behalf of the horsemen participating in the racing meeting for the purpose of negotiating, in good faith, an agreement of at least three years' duration with a jockeys' organization to provide health and welfare benefits to California licensed jockeys, former California licensed jockeys, and their dependents if those persons contribute to the plan and do not receive welfare benefits pursuant to Section 19613.

(2) The amount of money distributed annually pursuant to this section shall be held in trust solely for the purpose described in this section and shall not exceed four hundred fifty thousand dollars (\$450,000), adjusted annually for inflation. The board shall determine the inflation adjustment based on an index quantifying changes in the cost of health insurance benefits.

(3) If an agreement is not reached before the regular meeting of the board in November of any calendar

year, the board, on its own motion, shall provide that the provisions of the existing agreement, if any, shall remain in effect until a subsequent agreement is reached.

(b) The jockeys' organization referred to in subdivision (a) shall represent a majority of the jockeys licensed by the board, and the board shall initially certify that the organization represents the majority of those licensed jockeys. The organization shall maintain an office in this state. The organization certified by the board shall provide an annual audit of the health and welfare fund established pursuant to this section. The organization shall make available to the board all records and documents necessary for the performance of its duties.

(c) The jockeys' organization certified by the board shall develop reasonable nondiscriminatory criteria for eligibility for health and welfare benefits.

(d) The agreement shall be approved by the board and, if approved, no other entity licensed in this state shall be required to enter into an agreement for the purposes of this section.

### **19613.**

(a) Except as provided in subdivisions (b), (c), (d), (e), and (f), the portion deducted for purses pursuant to this chapter shall be paid to or for the benefit of the horsemen and horsewomen at the racing meeting, and may include obtaining, providing, or defraying the cost of workers' compensation coverage for stable employees and jockeys of licensed trainers. For purposes of this section, the trainers' organization referred to in subdivisions (b), (c), and (d), known as the California Thoroughbred Trainers, Inc., shall be the plan sponsor, consistent with the definition set forth in Section 3 of the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(16)(B)), as amended.

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

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

(d)(1) Notwithstanding subdivisions (b) and (c), any association conducting a fair racing meeting shall pay to the horsemen's organizations contracting with the association with respect to the conduct of races for their respective breeds of horses at the meetings for administrative expenses and services rendered to their respective horsemen those amounts out of the portion as determined by the horsemen's organization for the respective breeds with the approval of the board. Pursuant to this subdivision, amounts not to exceed 3 percent of the portion for the owners' and trainers' organizations shall be distributed to any thoroughbred owners' and trainers' organizations contracting with an association for a fair racing meeting or participating in mixed breed racing meetings as follows: two-thirds of 1 percent to the owners' organization and one-third of 1 percent to the trainers' organization for administrative expenses and services rendered to both owners and trainers, 1 percent for welfare funds, and 1 percent for a pension

program for backstretch personnel, to be administered by the thoroughbred trainers' organization.

(2) For purposes of subdivisions (b) and (c) and paragraph (1), the 1 percent amount for a pension plan or program may include all reasonable, documented administrative expenses attributable to the pension plan or program, including, but not limited to, the establishment, amendment, operation, or termination of the pension plan or program.

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

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

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

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

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

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

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

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

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

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

#### **19613.05.**

(a) Any association, including a fair, that conducts thoroughbred racing shall pay to the owners' organization, contracting with the association with respect to the conduct of thoroughbred racing, an additional 1 3/4 percent of the portion deducted for purses, required by Section 19613, for a national marketing program. These funds shall be used exclusively for the promotion of thoroughbred racing in conjunction with a national thoroughbred racing marketing program. Funds that may not be needed for this effort shall be returned to the purse pool at the racing associations where these funds were raised in direct proportion to the amount in which they were initially raised. The owners' organization shall file a report with the board accounting for the receipt and expenditure of these funds on an annual basis. The board of directors of the owners' organization shall have the discretion to select the national marketing organization that shall be the recipient of these funds. If the board of directors of the owners' organization decides at any time not to contribute to the national marketing organization, notice shall be given promptly to the respective racing association or associations and the 1 3/4 percent deduction shall cease until the owners' organization decides otherwise.

(b) This section shall remain in effect only until January 1, 2022, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2022, deletes or extends that date.

#### **19613.1.**

(a) With respect to thoroughbred racing, except as provided in subdivision (b), the board shall determine which matters shall be the subject of negotiation and contract between the owners' organization and the association, and which matters shall be the subject of negotiation and contract between the trainers' organization and the association.

(b) The owners' organization shall generally be responsible for negotiating purse agreements, satellite simulcast agreements, and all other business agreements relating to the conduct of racing that affect the owners. The trainers' organization shall generally be responsible for negotiating issues relating to the backstretch, track safety, and the welfare of backstretch employees.

(c) The board shall resolve issues that are not settled between the associations and the organizations representing owners and trainers.

#### **19613.2.**

(a) Any horsemen's owners', or trainers' organization or organization representing horsemen, owners, or trainers shall be incorporated under the laws of the State of California in order to receive a distribution or deduction under this chapter. Each corporation shall represent a majority of the horsemen, owners, or trainers in the state with respect to the breed of horses the corporation represents. The board shall initially determine the organization that represents California horsemen with respect to each breed. Any distribution or deduction received by any of those organizations shall be used only for the benefit of California horsemen.

(b) No portion of the amount distributed pursuant to Section 19613 to an owners', trainers', or horsemen's organization shall be used for the purpose of making contributions to candidates for public office, or to urge or oppose any measure on the ballot. The organizations representing owners, trainers, and horsemen may expend no more than the amount reasonably necessary to represent its members before the Legislature and the board with respect to issues that directly affect services rendered to owners, trainers, and horsemen. The board shall annually review the budgets of the organizations representing owners, trainers, and horsemen and shall determine the appropriate amount to be expended for providing the representation authorized by this subdivision.

(c) If an owners', trainers', or horsemen's organization is conducting itself contrary to statute, regulation, or order of the board, the board may take disciplinary action against the organization, including ordering an association to withhold any distribution authorized pursuant to Section 19613.

(d) Upon recognition by the board of a successor horsemen's owners', or trainers' organization or organization representing horsemen, owners, or trainers, the board shall apportion those assets which were generated pursuant to Section 19613 for the benefit of the horsemen and the successor organization.

#### **19613.5.**

Notwithstanding any other provision of this chapter, of the amount deducted for license fees, commissions, and purses from parimutuel pools at a racing meeting an amount may be retained and distributed for payment of any actual losses sustained at the meeting on parimutuel minus pools prior to the distribution of license fees, commissions, and purses. The proportion of license fees, commissions, and purses distributed for payment of such parimutuel minus pools shall be in the same proportion as they would be

distributed in the provision under which they were deducted.

**19613.6.**

Notwithstanding any other provision of this chapter, the owners' organization referred to in subdivision (a) of Section 19613.2 that represents thoroughbred owners may elect to contribute the purses from one race conducted annually by each licensed thoroughbred racing association or fair to a welfare fund. The contribution shall be used for the benefit of horsemen, and the trainers' organization shall make an accounting to the board within one calendar year of the receipt of the contribution. The designation of a specific race from which the horsemen elect to contribute the purses is subject to the mutual agreement of the horsemen's organization and the racing association or fair that conducts the race.

**19613.8.**

Within 60 days of a statewide majority of backstretch workers having chosen to be represented by an exclusive collective bargaining agent pursuant to Article 2.5 (commencing with Section 19455) or any other law, and so long as a majority continues to be represented by the agent, that agent shall designate two representatives to replace two of the members if the CHBPA Pension Administrative Committee and the plan document shall be amended to provide for this representation.

**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.

#### **19614.2.**

(a) In addition to the amounts otherwise deducted pursuant to this chapter, a fair, or an association conducting its meeting pursuant to Section 19549.1, may deduct from the total amount handled in daily double, quinella, exacta, and other multiple wagering pools approved by the board up to 3 percent thereof to be distributed as additional commissions and purses in the current year of the fair meet. Of the amount deducted, if any, 52.5 percent shall be distributed as additional purses and 47.5 percent shall be distributed as additional commissions. From the amount distributed as thoroughbred purses, a sum equal to 0.07 percent of the total amount handled 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.

(b) At least 30 days prior to the commencement of its meeting, the association shall file with the board a statement of the additional deduction to be made pursuant to subdivision (a). Except with the consent of the board, the amount of the deduction shall not be changed during the course of the meeting.

(c) From the amount deducted for quarter horse purses under subdivision (a), a sum equal to 25 percent thereof shall be paid as breeder premiums and owners' and stallion awards as provided in Section 19617.7, shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7, and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7.

(d) From the amount deducted for Arabian horse purses under subdivision (a), a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency, pursuant to Section 19617.8, and thereafter shall be distributed in accordance with Section 19617.8. The board shall designate the officially recognized organization representing Arabian horsemen to administer this subdivision and to distribute premiums. The organization may, with the approval of the board, make a deduction for expenses of up to, but not to exceed, 10 percent of the total awards fund.

(e) From the amount deducted for Appaloosa horse purses under subdivision (a), a sum equal to 13.33 percent thereof shall be paid as breeder premiums and owners' and stallion awards as provided in Section 19617.9, and shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9, and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9.

(f) Amounts distributed pursuant to this section are derived from owners' purses.

### **19614.3.**

(a) Notwithstanding any other provision of law, a racing association and the organization representing horsemen may agree to reduce the portion deducted from the parimutuel pool for purses and commissions, provided that the change only affect funds available for purses and commissions.

(b) Any collective bargaining agreement that is premised in part on the amount of commissions earned shall continue to be calculated based on the amount of commissions that would have been earned had this section not become law.

(c) An agreement by a horsemen's organization and a racing association to reduce the portion deducted from the parimutuel pool for purses and commissions is subject to the approval of the California Horse Racing Board, and may not be approved unless notice has been given to any labor organization that could be affected by the agreement.

### **19614.4.**

(a) Notwithstanding any other provision of law and in addition to any amounts provided for purses by any other provision of this chapter, from the amount deposited with the official registering agency for distribution pursuant to Section 19617.2, the official registering agency shall make the following distributions as owners' premiums:

(1) An amount equal to 20 percent of the winner's share of the purse for a qualifying race, as defined in paragraph (2) of subdivision (b) of Section 19617, shall be distributed as an owner premium to the owner of a registered California-bred thoroughbred horse conceived by a registered eligible thoroughbred stallion, as provided in subdivision (d) of Section 19617, which finishes first in the race.

(2) An amount equal to 10 percent of the winner's share of the purse for a qualifying race, as defined in paragraph (2) of subdivision (b) of Section 19617, shall be distributed as an owner premium to the owner of a registered California-bred thoroughbred horse that finishes first in the race and that was not conceived by a registered eligible thoroughbred stallion as provided in subdivision (d) of Section 19617, which finishes first in the race.

(b) The official registering agency shall develop a policy for the payment of owner premiums pursuant to paragraphs (1) and (2) in the event of a dead heat that involves one or more registered California-bred horses.

(c) From the amounts distributed as purses pursuant to this chapter, the organization responsible for negotiating purse agreements on behalf of thoroughbred horsemen participating in racing meetings, at its discretion, may pay an owner's premium for a qualifying race, as defined by the organization, to the owner of a registered California-bred thoroughbred that finishes first through fifth in the qualifying race. Notwithstanding the foregoing, these payments shall be not less than the amount of the total payments made by the organization in 1998, and the discretion accorded the organization pursuant to this subdivision shall be exercised on a statewide basis for all racing meetings.

(d) The organization responsible for negotiating purse agreements on behalf of thoroughbred horsemen participating in racing meetings shall pay, from purse revenues generated, to the official registering agency for the purpose of the California-bred bonus program an amount equal to the amount determined in paragraph (3) of subdivision (b) of Section 19617.2, not to exceed two million dollars (\$2,000,000) annually, and that amount shall be used for California-bred incentive awards.

**19614.6.**

Notwithstanding Section 19614, any county fair in the central zone that conducted fair racing meetings prior to January 1, 1980, commencing with the 2006 racing season, may retain that portion of the license fee applicable to its live racing meeting that exceeds the amount of license fees paid during its 2004 live racing meeting for payment of a capital expense loan incurred for the purpose of improving its facilities for horse racing. The license fee retention shall be applicable only during the loan period, only in an amount equal to the loan payments, and only if all the moneys retained are used to pay off the loan for those capital expenses. Any portion of the license fee in excess of the amount needed to make loan payments pursuant to this section shall be deposited in the Fair and Exposition Fund. However, it after the effective date of this section, the rate of the license fee imposed on fairs is reduced, the county fair may retain that portion of the license fee applicable to its live racing meeting that exceeds the amount of the license fees that would have been paid on its 2004 live racing meeting at the reduced rate.

**19615.**

(a) The board shall provide a method for estimating the aggregate handle for each association's proposed race meeting. Estimates may be revised during the course of the meeting. Based upon the estimate, each association shall pay its license fee weekly, and purses shall be reasonably allocated over the period of the association's anticipated race meeting pursuant to a purse program developed by the association in consultation with the horsemen's organization contracting with the association with respect to the conduct of racing meetings subject to approval of the board.

(b) Within seven days after the close of a race meeting, an association shall pay any license fee theretofore unpaid, or shall have refunded to it any excess license fee theretofore paid.

(c) If, at the close of a thoroughbred racing meeting, it is determined that the association conducting the meeting has not made payments to or for the benefit of owners and breeders of horses in an amount equaling the percentages set forth in this chapter, any excess shall be deducted from, and any deficiency not in excess of an amount agreed upon between the association and the horsemen's organization contracting with the association with respect to the conduct of racing meetings shall be added to, the amount the association is required to pay to or for the benefit of owners and breeders of horses at its racing meeting in the following calendar year. Any deficiency in excess of the amount agreed upon shall be distributed as provided in the agreement.

(d) If, at the close of any other racing meeting, it is determined that the association conducting the meeting has not made payments to or for the benefit of owners and breeders of horses in an amount equaling the percentages set forth in this chapter, any excess shall be deducted from, and any deficiency shall be added to, the amount the association is required to pay to or for the benefit of owners and breeders of horses at its racing meeting in the following calendar year.

(e) Any two associations conducting a meeting pursuant to Section 19612 or 19612.6 may, with the approval of the board, combine their excesses or deficiencies from prior meetings if the associations and the organizations representing the horsemen all agree.

(f) Any associations conducting a harness meeting in the northern zone, including an association conducting any meeting pursuant to Section 19549.3, may, with the approval of the board, combine their excesses or deficiencies from prior meetings if the associations and the organizations representing horsemen all agree.



#### **19616.**

(a) Notwithstanding any other provision of law, wagers accepted on out-of-state or out-of-country races pursuant to Sections 19596 and 19596.2, or on any multiple race exotic wager involving out-of-state races that is designated as a national wager, but not included in the parimutuel pool or pools of the entity conducting the out-of-state or out-of-country racing, shall be placed in a separate parimutuel pool or pools and shall be distributed as provided by this section.

(b) Each association accepting wagers on an out-of-state or out-of-country race shall deduct a percentage of the amount handled in its conventional and exotic parimutuel pools that is equal to the percentage deducted from the amount handled by the association in its parimutuel pools at its racing meeting.

(c) Each association shall pay a state license fee and make other distributions in accordance with Section 19601.

(d) The amount remaining from the deduction under subdivision (b), after payment of the state license fee and the contractual payment to the out-of-state host racing association, shall be distributed in accordance with applicable provisions of Section 19601.

(e) From the amount distributed under subdivision (d) for Appaloosa purses, a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9, and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9.

(f) From the amount distributed under subdivision (d) for quarter horse purses, a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7, and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7.

(g) From the amount distributed under subdivision (d) for Arabian purses, a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency, pursuant to Section 19617.8, and shall thereafter be distributed in accordance with Section 19617.8.

#### **19616.1.**

(a) Notwithstanding any other provision of law, wagers accepted on out-of-state or out-of-country races pursuant to Section 19596 or 19596.2, or on any multiple race exotic wager involving races from out of state that is designated by the board as a national wager and included in the parimutuel pool or pools of the entity conducting the racing shall be distributed as provided in this section.

(b) From the amount handled by the association and included in the parimutuel pool or pools of the entity conducting the out-of-state or out-of-country racing, each association may, with the permission of the board, deduct a percentage equal to the percentage deducted by the entity conducting the out-of-state or out-of-country racing.

(c) From the amount deducted pursuant to subdivision (b), if any, each association shall pay a state license fee and make other distributions in accordance with Section 19601.

(d) The amount remaining from the deduction under subdivision (b), if any, after payment of the state license fee and the contractual payment to the out-of-state or out-of-country host racing association, shall be distributed in accordance with the applicable provisions of Section 19601.

(e) From the amount distributed under subdivision (d) for Appaloosa purses, a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9, and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9.

(f) From the amount distributed under subdivision (d) for quarter horse purses, a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7, and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7.

(g) For the purposes of subdivisions (a) and (b), with respect to any multiple race exotic wager involving races from out of state that is designated by the board as a national wager, the totalizator hub for the wager shall be considered the “entity conducting the racing.”

(h) Notwithstanding any other provision of law, if a thoroughbred association conducting a racing meeting in this state accepts wagers on a race that is part of a national wager as designated by the board, or acts as the totalizer hub pursuant to subdivision (g), the association shall not be required to pay a license fee to the state on those wagers. Amounts received by the association from the wagering shall be distributed 50 percent as commissions and 50 percent as purses to the horsemen and horsewomen participating in the racing meeting.

(i) From the amount distributed under subdivision (d) for Arabian purses, a sum equal to 13.33 percent thereof shall be held by the association to be deposited with the official registering agency, pursuant to Section 19617.8, and shall thereafter be distributed in accordance with Section 19617.8.

#### **19616.2.**

(a) Except as provided in Section 19616.1, an association conducting wagering on an out-of-state feature race that is included in the parimutuel pool of the out-of-state entity conducting the out-of-state racing shall deduct a percentage equal to the percentage deducted from the amount handled by the association in its parimutuel pools at its racing meeting.

(b) An association that accepts wagers in a common parimutuel pool on an out-of-state feature race and deducts a percentage equal to that deducted from the amount handled by the association in its parimutuel pool at its racing meeting, as specified in subdivision (a), shall calculate payments on winning tickets as provided in Section 19602.

#### **19616.51.**

(a) Notwithstanding any other law, and in lieu of any license fee payable to the state prescribed for or referred to in Section 19491, 19491.5, 19596.3, 19601, 19601.2, 19602, 19603, 19604, 19605.25, 19605.35, 19605.45, 19605.6, 19605.7, 19605.71, 19606.5, 19606.6, 19610.8, 19611, 19612, 19614, 19616, 19616.1, 19616.2, or 19641, any association or fair that conducts a racing meeting shall only pay its proportional amount, as determined by the formula devised pursuant to paragraph (1), as a license fee to the state, to be deposited into the Horse Racing Fund, which is hereby established, to fund the board and the equine drug testing program as follows:

(1) All racing associations and fairs including all breeds of racing shall participate in the funding of the board in accordance with a formula devised by the board in consultation with the industry.

(2) The baseline funding for the board and equine drug testing program in the first fiscal year after the enactment of this section shall be the amount approved in the 2008-09 Budget Act.

(3) Adjustments to the funding in subsequent budget years may only be made by an act of the Legislature.

(b) The license fee reductions resulting from subdivision (a), after payments to fund the board and the equine drug testing program, shall be distributed as follows:

(1) For thoroughbred racing only, 3 percent of the amount of the reduction 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. The remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(2) For quarter horse racing, 3 percent of the amount of the reduction shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7, and shall thereafter be distributed in accordance with subdivisions (c), (d), (e), and (f) of Section 19617.7, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(3) For harness racing, 6 percent of the amount of the reduction shall be distributed as specified in Section 19617.6, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(4) For all other breeds, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

#### **19616.52.**

Notwithstanding Section 19616.51, in lieu of all amounts payable prior to July 1, 2009, pursuant to Section 19616.51, as that section existed prior to July 1, 2009, from amounts generated by parimutuel wagering on horse races, the sum of five million five hundred thousand dollars (\$5,500,000) shall be paid by racing associations and fairs from the amount available for commissions, purses, and breeder awards, as determined by the board, into the State Treasury to the credit of the Fair and Exposition Fund over a period of six years. Commencing with the 2009–10 fiscal year, one-sixth of the sum shall be payable equally for six successive fiscal years. The proportionate share to be paid by each racing association and fair and the method of payment shall be determined by a formula approved by the board in consultation with the industry.

#### **19617.**

The following definitions shall govern the construction of this section and Section 19617.2:

(a) “Breeder” means a person who is registered as a breeder of a California-bred thoroughbred with the official registering agency and is named on the applicable Certificate of Registration issued by the Jockey Club of New York.

(b) “Qualifying race” means the following:

(1) In the case of breeder awards, all races in this state, all graded stakes races conducted within the United States, and other stakes races as designated by the official registering agency.

(2) As qualified by paragraph (5), in the case of owner premiums, certain claiming races, as defined by paragraph (4), and all allowance races, including maiden special weights. No owner premiums shall be paid on California-bred restricted races pursuant to Section 19568.

(3) As qualified by paragraph (5), in the case of stallion awards, all nonclaiming races and certain claiming races, if the nonclaiming races and the certain claiming races are conducted in this state during racing meetings where more than one-half of the races on every racing program are for thoroughbreds, all graded stakes races conducted within the United States, and other stakes races as designated by the official registering agency.

(4) "Certain claiming races" means thoroughbred races in the central and southern zone with a minimum claiming level of forty thousand dollars (\$40,000) for winners and thoroughbred races in the northern zone with a minimum claiming level of twenty thousand dollars (\$20,000) for winners.

(5) No owner premium or stallion award shall be paid on races with purses of less than fifteen thousand dollars (\$15,000). In determining whether a race complies with the definition in paragraph (4), the official registering agency shall base its determination on the actual amount of the purse at the time the race was conducted and shall not take into consideration any postrace adjustments to that purse.

(c) "Eligible earnings" means the following:

(1) In the case of breeder awards, the annual amount earned by a California-bred thoroughbred for finishing first, second, or third in qualifying races.

(2) In the case of owner premiums, the annual amount earned by a California-bred thoroughbred for winning qualifying races.

(3) In order for earnings from a qualifying race to be considered as eligible earnings, a California-bred thoroughbred shall be registered as such with the official registering agency before the date entries were taken by the association for the qualifying race in which that horse earned purse money.

(4) In the case of stallion awards, the annual amount earned by California- conceived or California-bred foals of an eligible thoroughbred stallion in winning qualifying races plus the amount earned by those foals for finishing second or third in a stakes race in this state, for finishing first, second, or third in a graded stakes race within the United States, and for finishing first, second, or third in other stakes races as designated by the official registering agency.

(5) For purposes of this section, the maximum purse considered earned in any qualifying race within this state shall be three hundred thirty thousand dollars (\$330,000) for a win, one hundred twenty thousand dollars (\$120,000) for a second, and ninety thousand dollars (\$90,000) for a third place finish and the maximum purse considered earned in any qualifying race outside of this state shall be one hundred sixty-five thousand dollars (\$165,000) for a win, sixty thousand dollars (\$60,000) for a second, and forty-five thousand dollars (\$45,000) for a third place finish.

(6) In determining the purse earned in any qualifying race that is a stakes race, the amount earned shall be based solely on the added money, with no consideration to be given to other sources of the purse, such as nomination, entry, or starting fees, bonuses, and sponsor contributions, or any combination thereof.

(7) On or before February 15 of any year, it is the ultimate responsibility of the stallion owner to advise the official registering agency of any and all purses earned during the preceding year that shall be considered in determining the amount of the stallion award to which the owner is entitled.

(8) On or before February 15 of any year, it is the ultimate responsibility of the breeder to advise the official registering agency of any and all purses earned during the preceding year in graded stakes races outside of this state by horses bred by breeder.

(d) "Eligible thoroughbred stallion" means a thoroughbred stallion that was continuously present in this state from February 1 to June 15, inclusive, of the calendar year in which the qualifying race was conducted, and if the sire left this state after June 15 of the calendar year in which the qualifying race was conducted, the sire returned to and was present in this state by February 1 of the following calendar year and thereafter remained until June 15 of that year. If a sire dies in this state and stood his last season at stud in this state, he shall thereafter continue to be considered an eligible thoroughbred stallion.

- (1) Notwithstanding any provision to the contrary, a thoroughbred stallion shall be considered an eligible thoroughbred stallion only if its owner has filed a claim for stallion award on or before February 15 of the calendar year immediately following the calendar year for which the awards are being distributed and is registered with the official registering agency.
- (2) The official registering agency shall establish procedures for the registration of stallions and may charge a fee for that registration.
- (3) This subdivision shall apply only to thoroughbred stallions standing at stud in this state before January 1, 2010, and as to foals conceived in this state before January 1, 2010.
- (e) "Eligible thoroughbred stallion" means a thoroughbred stallion that was continuously present in this state from February 1 to June 15, inclusive, of the year 2010 or any subsequent calendar year in which he stood at stud and fathered the participant in the race. If a sire dies in this state in the year 2010 or any subsequent year and stood his last season at stud in this state, or was standing at stud in this state on the date of his death in the year 2010 or any subsequent year, he shall thereafter continue to be considered an eligible thoroughbred stallion regarding a race participant fathered by him in that season.
- (1) Notwithstanding any provision to the contrary, a thoroughbred stallion shall be considered an eligible thoroughbred stallion only if the stallion owner has filed a claim for stallion award on or before February 15 of the calendar year immediately following the calendar year for which the awards are being distributed and the stallion and the stallion owner are registered with the official registering agency.
- (2) The official registering agency shall establish procedures for the registration of stallions and stallion owners and may charge a fee for that registration.
- (3) This subdivision shall apply only to thoroughbred stallions standing at stud in this state on or after January 1, 2010, and as to foals conceived in this state on or after January 1, 2010.
- (f) "Official registering agency" means the California Thoroughbred Breeders Association.
- (g) "Owner" means the person who is registered with the paymaster of purses on the date the qualifying race was conducted as the owner of the California-bred thoroughbred earning purse money in that race.
- (h) "Quotient," for any fund, means the amount allocated to that fund pursuant to subdivision (b) of Section 19617.2 divided by the aggregate eligible earnings of the horses applicable to that fund. In calculating the quotient for each of the funds, any retroactive purse payments with respect to a race shall not be considered after the disbursement of the fund.
- (i) "Stallion owner" means the person who is the owner of the eligible thoroughbred stallion as of December 31 of the calendar year in which that sire's foals had eligible earnings or the person who owned the eligible thoroughbred sire on the date that the stallion died. This subdivision shall only apply to thoroughbred stallions standing at stud in this state before January 1, 2010, and as to foals conceived in this state before January 1, 2010.
- (j) "Stallion owner" means the person who is the owner of the eligible thoroughbred stallion as of December 31 of each calendar year in which the eligible thoroughbred stallion stands at stud in this state as to all of that sire's foals (1) that were conceived in this state in that calendar year and (2) that thereafter have eligible earnings. If the eligible thoroughbred stallion dies prior to December 31 of a year in which that stallion stands at stud in this state, the person who owned the eligible thoroughbred stallion on the date that the stallion died shall be the stallion owner for that year. This subdivision shall only apply to thoroughbred stallions standing at stud in this state on or after January 1, 2010, and as to foals conceived in this state on or after January 1, 2010.

**19617.2.**

(a) Except as otherwise provided in this chapter, any association conducting a race meeting that includes thoroughbred racing shall deposit with the official registering agency 0.54 percent of the total amount handled ontrack in daily conventional and exotic parimutuel pools resulting from thoroughbred wagers made in this state. These deposits shall be made at the following intervals:

(1) For any meeting of 20 racing days or less, the requisite deposit shall be made not later than seven days immediately following the last day of that meeting.

(2) For any meeting of more than 20 racing days, the initial deposit shall be made not later than 27 racing days after the commencement of that meeting and every 20 racing days thereafter, with a final deposit made not later than seven days following the last day of that meeting. The initial deposit for that meeting shall be based upon the applicable amount handled during the first 20 racing days of the meeting, and deposits thereafter shall be based upon the applicable amount handled during the ensuing periods of 20 racing days with the last deposit being based upon the applicable amount handled from the end of the last 20-racing-day period for which a deposit has been made to the end of the meeting.

(b) After deducting a sum equal to 5 percent of the total deposits made pursuant to subdivision (a) and the total deposits made pursuant to Section 19602, the amount to compensate the official registering agency for its administrative cost and for expenses it incurs for educational, promotional, and research programs, the official registering agency shall for computational purposes distribute annually the balance of the deposits in the following manner:

(1) To the California-bred race fund, 10 percent to be used for the promotion of California-bred races and from which purses are to be provided or supplemented for California Cup Day, other California-bred races, and, upon the approval of the official registering agency, races featuring California-breds. This fund shall be administered by the official registering agency. Any funds not used for those purposes during any year, up to 1 percent of the total breeder, stallion, and owner award receipts, shall remain in the California-bred race fund to be distributed for the purposes of this paragraph the following year. Any funds remaining thereafter shall be redistributed to augment the funds referred to in subdivision (c), and shall be allocated to the breeder fund and to the stallion fund as provided in that subdivision. It is the intent of the Legislature that all funds used for purses shall supplement and not supplant existing purses for California-breds.

(2) To the owner fund for the purpose of owner premiums pursuant to Section 19614.4.

(3) To the California-bred bonus program, 15 percent of the amount remaining to be used for the payment of bonuses to California-bred horses in maiden allowance races in California. This bonus program shall be administered by the official registering agency.

(c) The funds remaining after the distributions made pursuant to subdivision (b) shall be distributed as follows:

(1) To the breeder fund 75 percent, from which breeder awards are to be paid.

(2) To the stallion fund 25 percent, from which stallion awards are to be paid.

(d) The official registering agency shall make the following payments to the owner, breeder, and stallion owner so as to encourage agriculture and the breeding of higher quality horses in this state:

(1) The owner shall be paid an owner premium pursuant to Section 19614.4.

(2) The breeder shall be paid a breeder award equal to the quotient for the breeder fund multiplied by the eligible earnings of the horse bred by the breeder.

(3) The stallion owner shall be paid a stallion award equal to the quotient for the stallion fund multiplied by the eligible earnings of the stallion owner's eligible thoroughbred stallion.

(4) Owner premiums for California-bred horses shall be listed in the racing program alongside the advertised purse, and shall be distributed to the owner pursuant to Section 19614.4 at the same time as the

purse.

(5) The breeder and stallion awards shall be paid not later than March 31 of the calendar year immediately following the calendar year for which the awards or premiums were earned.

### **19617.3.**

(a) The following definitions govern the construction of this section:

(1) "Breeder" means a person who is registered as the breeder of a California-bred paint horse with the official registering agency and is named on the applicable Certificate of Registration issued by the American Paint Horse Association.

(2) "Eligible earnings" means the following:

(A) In the case of breeder premiums, the annual amount earned by a California-bred paint horse for finishing first or second in qualifying races.

(B) In the case of owners' awards, the annual amount earned by a California-bred paint horse for finishing first or second in qualifying races.

(C) In the case of stallion awards, the annual amount earned by California-conceived or California-bred foals of an eligible paint horse sire for finishing first or second in qualifying races.

(D) In order for earnings from a qualifying race to be considered as eligible earnings, a California-bred paint horse shall be registered as such with the official registering agency before the entries were taken by the association for the qualifying race in which that horse earned purse money.

(E) For purposes of this paragraph, the maximum purse considered earned in any qualifying race within this state is two hundred thousand dollars (\$200,000) for a win, and eighty thousand dollars (\$80,000) for a second place finish.

(F) In determining the purse earned in any qualifying race that is a stakes race, the amount earned shall be based on the added money and other sources of the purse, such as nomination, entry, or starting fees, bonuses, and sponsor contributions, or any combination thereof.

(G) On or before February 1, of any year, the stallion owner shall verify with the official registering agency the eligibility of a stallion to receive the stallion award to which the owner is entitled.

(3) "Eligible paint horse sire" means a paint horse, thoroughbred, or quarter horse sire of a registered paint horse foal, where the sire was continuously present in this state from February 1 to July 15, inclusive, of the calendar year in which the qualifying race was conducted, as well as from February 1 to July 15, inclusive, of the following calendar year. If a sire dies in this state and stood his last seasons at stud in this state, he shall thereafter continue to be considered an eligible paint horse sire. Notwithstanding any other provision of law, a paint horse stallion shall be considered an eligible paint horse sire only if its owner has verified the stallion's eligibility with the official registering agency for stallion awards on or before February 1 of the calendar year immediately following the calendar year for which the awards are being distributed.

(4) "Official registering agency" means the Pacific Coast Quarter Horse Racing Association.

(5) "Owner" means the person who is registered with the paymaster of purses on the date the qualifying race was conducted as the owner of the California-bred paint horse earning purse money in that race.

(6) "Qualifying race" means all paint horse only races in this state.

(7) "Stallion owner" means the person who is the owner of the eligible paint horse sire as of December 31 of the calendar year in which that sire's foals had eligible earnings or the person who owned the eligible paint horse sire on the date that the sire died.

(b) Any association conducting a race meeting that includes paint horse racing shall deposit with the official registering agency 0.2 of 1 percent of the total amount handled ontrack, and 0.4 of 1 percent of the total amount handled offtrack, in daily conventional and exotic parimutuel pools and a sum equal to 25 percent of those funds specified for purses in Sections 19612.1, 19612.2, 19614.2, 19616, and 19616.1 and the sums specified in Sections 19567 and 19617.5, resulting from paint horse racing. The deposits shall be made at the following intervals:

(1) For any meeting of 20 racing days or less, the requisite deposit shall be made not later than seven days immediately following the last day of that meeting.

(2) For any meeting of more than 20 racing days, the initial deposit shall be made not later than 27 racing days after the commencement of that meeting and every 20 racing days thereafter, with a final deposit made not later than seven days following the last day of that meeting. The initial deposit for that meeting shall be based upon the applicable amount handled during the first 20 racing days of the meeting, and deposits thereafter shall be based upon the applicable amount handled during the ensuing periods of 20 racing days, with the last deposit being based upon the applicable amount handled from the end of the last 20-racing-day period for which a deposit has been made to the end of the meeting.

(c) After deducting a sum up to, but not to exceed, 10 percent of the total deposits made pursuant to subdivision (b) and the total deposits made pursuant to other provisions of this chapter, including Sections 19612.1, 19612.2, 19614.2, 19616, and 19616.1, to compensate the official registering agency for its administrative costs, the official registering agency shall distribute annually the balance of the deposits in the following manner:

(1) Sixty percent to the breeder fund from which breeder premiums are to be paid.

(2) Twenty-five percent to the owner fund from which owners' premiums are to be paid.

(3) Fifteen percent to the stallion fund from which stallion awards are to be paid.

(d) The official registering agency shall make the following payments to the breeder, owner, and stallion owner to encourage agriculture and the breeding of high quality horses in this state:

(1) The breeder shall be paid a sum based on a prorated share, but not less than 10 percent, of first and second place earnings from qualified races by a California-bred paint horse. If the sum paid to the breeder is less than 10 percent of the purse paid for a first or second place finish in a qualifying race, the owners' award and stallion award pools shall respectively contribute 62.5 percent and 37.5 percent of the moneys necessary to the breeder premium pool to raise the breeder premium to 10 percent minimum. In calculating the 10 percent breeder premium, the maximum purse considered earned in any qualifying race within this state is two hundred thousand dollars (\$200,000) for a first place finish, and eighty thousand dollars (\$80,000) for a second place finish.

(2) The owner shall be paid an owners' award, a sum based on a prorated share of first and second place earnings from qualified races by a California-bred paint horse.

(3) The stallion owner shall be paid a stallion award, a sum based on a prorated share of first and second place earnings from qualified races by a California-bred paint horse. Stallion awards shall not be made to the owner of a sire that has been out of the state for breeding purposes during the calendar year.

(4) The breeder premium and owners' and stallion awards shall be paid not later than March 31 of the calendar year immediately following the calendar year for which the awards or premiums were earned. Any payments for awards or premiums that are uncashed on December 31 of the year issued shall accrue to the following year for distribution on an equal basis.

(e) The amount remaining for distribution under this section, if any, after the payments are made under subdivision (d) shall be used for the payment of paint horse breeders premiums and owners' and stallion awards on a prorated percentage based on the win and second place shares of the purse exclusive of all



purse money not derived from the parimutuel pools, to the breeders, owners, and owners of sires of paint horses who have been officially placed first or second in one or more qualifying races.

(f) If there are insufficient funds to make all of the distributions in this section, there shall be no assessments made against any association to fund the deficiencies.

#### **19617.4.**

(a) The official registering agency shall invest the funds deposited with it, and the interest earned on those deposits shall be a part of the total deposits distributable under subdivisions (b) and (c) of Section 19617.2.

(b) In the event there are insufficient funds to make the distributions described in Section 19617.2, there shall be no additional assessments made against any association or the state to fund the deficiencies.

(c) Any award or premium remaining uncollected for two consecutive years from that date of disbursement shall be deemed null and void. The official registering agency shall deposit the amount of the uncollected award or premium into the breeder fund existing at that time.

(d) Any dispute with respect to a breeder award, owner premium, or stallion award shall be decided by the official registering agency, which may demand and inspect any registration certificate or record, or require the submission of claims forms, affidavits, and declarations or make that inspection and require submissions of that information. The decision of the official registering agency shall be subject to review by the board pursuant to subdivision (e).

(e) A decision made by the official registering agency with respect to a breeder award, owner premium, or stallion award may be appealed to the board. The appeal shall be submitted in writing to the board in such manner and at such time as to permit the board, in the exercise of reasonable diligence, to determine the appeal prior to the time at which distribution of that award or premium is to be made. The board's decision on this matter shall be final and binding upon all parties.

(f) The official registering agency shall report annually to the board, which in turn shall report annually to the Governor and Legislature, with respect to the funds deposited pursuant to subdivision (a) of Section 19617.2.

#### **19617.5.**

(a) Any association conducting a quarter horse or harness racing meeting shall pay the sums required to be paid by Section 19567 out of the amounts deducted from the parimutuel pool for license fees, commissions, and purses in the same proportion as the distribution of the license fees, commissions, and purses.

Those sums deducted for quarter horse meetings shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7.

(b) Notwithstanding subdivision (a), any association conducting a fair racing meeting other than a harness meeting or conducting a mixed breed meeting shall deduct an additional 0.34 of 1 percent of the total amount handled in its daily conventional and exotic parimutuel pools for all races for payment of breeder and stallion awards provided for in this chapter. Following the close of the meeting, the respective official registering agency or officially recognized horsemen's organization shall distribute the amounts so deducted as follows:

(1) With respect to thoroughbred races, the amounts deducted shall be paid as breeder awards, owners' premiums, and stallion awards as provided in Section 19617.2.

(2) With respect to quarter horses races, the amounts deducted shall be paid as breeder premiums, and

owners' and stallion awards, as provided in Section 19617.7.

(3) With respect to Arabian races, the amounts deducted shall be paid as breeder premiums, and owners' and stallion awards as provided in Section 19617.8.

(4) With respect to Appaloosa races, the amounts deducted shall be paid as breeder premiums, and owners' and stallion awards, as provided in Section 19617.9.

(5) With respect to paint races, the amounts deducted shall be paid as breeder and owners' premiums, and stallion awards, as provided in Section 19617.3.

#### **19617.6.**

(a) Since the purpose of this chapter is to encourage agriculture and the breeding of horses in this state, a sum equal to 10 percent of the first money of each purse won by a registered California-bred horse at a harness racing meeting shall be paid by the licensee conducting the meeting to the owner of the horse. This section applies to any California-bred standardbred horse for all races except the California Standardbred Sires Stakes races, other stakes races designed for California-bred standardbred horses, and late closing events and series conducted at the harness racing meetings in California.

(b) Each licensee conducting a harness race meeting shall pay the sums required to be paid in subdivision (a) out of the amount deducted for purses pursuant to subdivision (b) of Section 19612, Section 19612.6, and subdivision (d) of Section 19616.1.

(c) Funds paid to owners of California-bred standardbred horses pursuant to this section shall be distributed by the licensed harness racing association no later than 30 calendar days after the conclusion of the racing meeting.

#### **19617.7.**

(a) The following definitions govern the construction of this section:

(1) "Breeder" means a person who is registered as the breeder of a California-bred quarter horse with the official registering agency and is named on the applicable Certificate of Registration issued by the American Quarter Horse Association.

(2) "Eligible earnings" means the following:

(A) In the case of breeder premiums, the annual amount earned by a California-bred quarter horse for finishing first or second in qualifying races.

(B) In the case of owners' awards, the annual amount earned by a California-bred quarter horse for finishing first or second in qualifying races.

(C) In the case of stallion awards, the annual amount earned by California-conceived or California-bred foals of an eligible quarter horse sire for finishing first or second in qualifying races.

(D) In order for earnings from a qualifying race to be considered as eligible earnings, a California-bred quarter horse shall be registered as such with the official registering agency before the entries were taken by the association for the qualifying race in which that horse earned purse money.

(E) For purposes of this paragraph, the maximum purse considered earned in any qualifying race within this state is two hundred thousand dollars (\$200,000) for a win, and eighty thousand dollars (\$80,000) for a second place finish.

(F) In determining the purse earned in any qualifying race that is a stakes race, the amount earned shall be based on the added money and other sources of the purse, such as nomination, entry, or starting fees, bonuses, and sponsor contributions, or any combination thereof.

(G) On or before February 1 of any year, the stallion owner shall verify with the official registering agency the eligibility of a stallion to receive the stallion award to which the owner is entitled.

(3) “Eligible quarter horse sire” means a quarter horse, or thoroughbred stallion, bred to a quarter horse mare, where the sire was continuously present in this state from February 1 to July 15, inclusive, of the calendar year in which the qualifying race was conducted, as well as from February 1 to July 15, inclusive, of the following calendar year. If a sire dies in this state and stood his last season at stud in this state, he shall thereafter continue to be considered an eligible quarter horse sire. Notwithstanding any other provision of law, a quarter horse or thoroughbred stallion shall be considered an eligible quarter horse sire only if its owner has verified the stallion’s eligibility with the official registering agency for stallion awards on or before February 1 of the calendar year immediately following the calendar year for which the awards are being distributed.

(4) “Official registering agency” means the Pacific Coast Quarter Horse Racing Association.

(5) “Owner” means the person who is registered with the paymaster of purses on the date the qualifying race was conducted as the owner of the California-bred quarter horse earning purse money in that race.

(6) “Qualifying race” means all quarter horse races in this state.

(7) “Stallion owner” means the person who is the owner of the eligible quarter horse sire as of December 31 of the calendar year in which that sire’s foals had eligible earnings or the person who owned the eligible quarter horse sire on the date that the sire died.

(b) Any association conducting a race meeting that includes quarter horse racing shall deposit with the official registering agency 0.2 of 1 percent of the total amount handled ontrack, and 0.4 of 1 percent of the total amount handled offtrack, in daily conventional and exotic parimutuel pools and a sum equal to 25 percent of those funds specified for purses in Sections 19612.1, 19612.2, 19614.2, 19616, and 19616.1 and the sums specified in Sections 19567 and 19617.5, resulting from quarter horse racing. The deposits shall be made at the following intervals:

(1) For any meeting of 20 racing days or less, the requisite deposit shall be made not later than seven days immediately following the last day of that meeting.

(2) For any meeting of more than 20 racing days, the initial deposit shall be made not later than 27 racing days after the commencement of that meeting and every 20 racing days thereafter, with a final deposit made not later than seven days following the last day of that meeting. The initial deposit for that meeting shall be based upon the applicable amount handled during the first 20 racing days of the meeting and deposits thereafter shall be based upon the applicable amount handled during the ensuing periods of 20 racing days with the last deposit being based upon the applicable amount handled from the end of the last 20-racing-day period for which a deposit has been made to the end of the meeting.

(c) After deducting a sum up to, but not to exceed, 10 percent of the total deposits made pursuant to subdivision (b) and the total deposits made pursuant to other provisions of this chapter, including Sections 19612.1, 19612.2, 19614.2, 19616, and 19616.1, to compensate the official registering agency for its administrative costs, the official registering agency shall distribute annually the balance of the deposits in the following manner:

(1) Sixty percent to the breeder fund from which breeder premiums are to be paid.

(2) Twenty-five percent to the owner fund from which owners’ awards are to be paid.

(3) Fifteen percent to the stallion fund from which stallion awards are to be paid.

(d) The official registering agency shall make the following payments to the breeder, owner, and stallion owner to encourage agriculture and the breeding of high quality horses in this state:

(1) The breeder shall be paid a sum based on a prorated share, but not less than 10 percent, of first and second place earnings from qualified races by a California-bred quarter horse.

If the sum paid to the breeder is less than 10 percent of the purse paid for a first or second place finish in a qualifying race, the owners' award and stallion award pools shall respectively contribute 62.5 percent and 37.5 percent of the moneys necessary to the breeder premium pool to raise the breeder premium to 10 percent minimum. In calculating the 10 percent breeder premium, the maximum purse considered earned in any qualifying race within this state is two hundred thousand dollars (\$200,000) for a first place finish, and eighty thousand dollars (\$80,000) for a second place finish.

(2) The owner shall be paid an owners' award, a sum based on a prorated share of first and second place earnings from qualified races by a California-bred quarter horse.

(3) The stallion owner shall be paid a stallion award, a sum based on a prorated share of first and second place earnings from qualified races by a California-bred quarter horse.

Stallion awards shall not be made to the owner of a sire that been out of the state for breeding purposes during the calendar year.

(4) The breeder premium, and owners' and stallion awards shall be paid not later than March 31 of the calendar year immediately following the calendar year for which the awards or premiums were earned. Any payments for awards or premiums that are uncashed on December 31 of the year issued, shall accrue to the following year for distribution on an equal basis. All uncashed payments for premiums and awards that have accumulated as of December 31, 1994, shall be paid to the 1995 awards program in accordance with subdivision (c).

(e) The amount remaining for distribution under this section, if any, after the payments are made under subdivision (d) shall be used for the payment of quarter horse breeder premiums and owners' and stallion awards on a prorated percentage based on the win and second place shares of the purse, exclusive of all purse money not derived from the parimutuel pools, to the breeders, owners, and owners of sires of quarter horses who have been

officially placed first or second in one or more qualifying races.

(f) If there are insufficient funds to make all of the distributions in this section, there shall be no assessments made against any association to fund the deficiencies.

#### **19617.75.**

(a) The Legislature finds and declares that the breeding and ownership of quarter horses for racing is an industry that has proven to be beneficial to the welfare of the state's economic growth. The Legislature further finds and declares that an annual California-bred Quarter Horses Championship races program will further expand and improve the quality of mares bred to California stallions and promote ownership of quality breeding stock in the State of California, which thereby will establish a foundation for expanded investment in this great industry.

(b) It is the intent of the Legislature that in addition to the awards, premiums, and payments provided for in Section 19617.7, the official registering agency for quarter horses shall establish a separate, segregated account for the deposit of funds distributed to it pursuant to subdivision (c) of Section 19605.7 and subdivision (c) of Section 19605.71. Moneys in this fund shall be used to supplement purses in the annual California-bred Quarter Horse Championship races, to be established pursuant to regulation of the California Horse Racing Board. The distribution of these purse moneys among these races shall be made pursuant to mutual agreement between the quarter horse association and the registering agency. On June 1 of each year, the official registering agency shall provide the board with an annual report accounting for the current and projected balance of this separate fund. Furthermore, it is the intent of the Legislature that the authorization for this fund be retroactive from June 1, 2000, so as to enable the running of the 2001 California-bred Quarter Horse Championship races.

**19617.8.**

(a) The following definitions govern the construction of this section:

(1) "Breeder" means the person or persons listed as breeder of record by the Arabian Horse Registry of America and so indicated on the horse's registration papers.

(2) "Eligible earnings" means the following:

(A) In the case of breeder premiums, the annual amount earned by a California-bred Arabian horse for finishing first or second in qualifying races.

(B) In the case of owners' awards, the annual amount earned by a California-bred Arabian horse for finishing first or second in qualifying races.

(C) In the case of stallion awards, the annual amount earned by California-bred Arabian foals of an eligible Arabian horse sire for finishing first or second in qualifying races.

(D) In order for earnings from a qualifying race to be considered as eligible earnings, an Arabian horse shall be registered as a California-bred horse with the official registering agency before the date entries were taken by the association for the qualifying race in which that horse earned purse money.

(E) In determining the purse earned in any race that is a stakes race, the amount earned shall be based on the added money, with no consideration given to other sources of the purse, such as nomination, entry, or starting fees, bonuses, and sponsor contributions, or any combination thereof.

(F) On or before February 15 of any year, the stallion owner shall advise the official registering agency of any and all purses earned during the preceding year to be considered in determining the amount of the stallion award to which the owner is entitled.

(3) "Eligible Arabian sire" means an Arabian stallion that was continuously present in this state for the calendar year in which the qualifying race was conducted. If a sire dies in this state and stood his last season at stud in this state, he shall thereafter continue to be considered an eligible Arabian sire. Notwithstanding any other provision of law, an Arabian or stallion shall be considered an eligible Arabian sire only if its owner has registered the stallion with the official registering agency for the stallion awards on or before February 15 of the calendar year immediately following the calendar year for which the awards are being distributed. Stallion claim forms are due February 15, whether or not the official registering agency solicits them.

(4) "Official registering agency" means the officially recognized organization representing Arabian horsemen designated by the board.

(5) "Owner" means the person who is registered with the paymaster of purses on the date the qualifying race was conducted as the owner of the California-bred Arabian horse earning purse money in that race.

(6) "Qualifying race" means all Arabian horseraces in this state.

(7) "Stallion owner" means the person who is the owner of the eligible Arabian sire as of December 31 of the calendar year in which that sire's foals had eligible earnings or the person who owned the eligible Arabian sire on the date that the sire died.

(b) Any association conducting a race meeting that includes Arabian horseracing shall deposit with the official registering agency 0.2 of 1 percent of the total amount handled ontrack, and 0.4 of 1 percent of the total amount handled offtrack, in daily conventional and exotic parimutuel pools and a sum equal to 13.33 percent of those funds specified for purses in Section 19612.1 and the sums specified in Sections 19567 and 19617.5, resulting from Arabian horseracing. The deposits shall be made at the following intervals:

(1) For any meeting of 20 racing days or less, the requisite deposit shall be made not later than seven days immediately following the last day of that meeting.

(2) For any meeting of more than 20 racing days, the initial deposit shall be made not later than 27 racing

days after the commencement of that meeting and every 20 racing days thereafter, with a final deposit made not later than seven days following the last day of the meeting. The initial deposit for that meeting shall be based upon the applicable amount handled during the first 20 racing days of the meeting and deposits thereafter shall be based upon the applicable amount handled during the ensuing periods of 20 racing days with the last deposit being based upon the applicable amount handled from the end of the last 20-racing-day period for which a deposit has been made to the end of the meeting.

(c) After deducting a sum up to, but not to exceed, 10 percent of the total deposits made pursuant to subdivision (b) and the total deposits made pursuant to other provisions of this chapter, including Sections 19612.1 and 19612.2, to compensate the official registering agency for its administrative costs, the official registering agency shall distribute annually the balance of the deposits in the following manner:

(1) Fifty-five percent to the breeder fund from which breeder premiums are to be paid.

(2) Twenty percent to the owner fund from which owners' awards are to be paid.

(3) Fifteen percent to the stallion fund from which stallion awards are to be paid.

(4) Ten percent to the California-bred race fund to be used for the promotion of California-bred races and programs, which fund shall be administered by the official registering agency. Any funds not so used during the year shall augment the owner fund of that year and shall be distributable therefrom. It is the intent of the Legislature that all funds used for purses shall supplement and not supplant existing purses for California-breds.

(d) The official registering agency shall make the following payments to the breeder, owner, and stallion owner to encourage agriculture and the breeding of high quality horses in this state:

(1) The breeder shall be paid a sum based on a prorated share of first and second place earnings.

(2) The owner shall be paid an owners' award, a sum based on a prorated share of first and second place earnings from qualified races by a California-bred Arabian horse.

(3) The stallion owner shall be paid a stallion award, a sum based on a prorated share of first and second place earnings from the Arabian horses who placed first or second in one or more races at a fair meeting, mixed breed meeting, or other type of meeting.

Stallion awards shall not be made to the owner of a sire that has been out of the state for breeding purposes during the calendar year. Stallion awards shall not be made for any race run outside of the State of California.

(4) The breeder premium, and owners' and stallion awards shall be paid not later than March 31 of the calendar year immediately following the calendar year for which the awards or premiums were earned.

(e) The amount remaining for distribution under this section, if any, after the payments are made under subdivision (d) shall be paid at the end of the year on a prorated percentage basis to the owners of sires of Arabian horses who placed first in one or more races at a fair meeting, mixed breed meeting, or other type of meeting.

(f) If there are insufficient funds to make all of the distributions in this section, there shall be no assessments made against any association to fund the deficiencies.

(g) Any award remaining uncollected for one year from the date of disbursement is null and void. The official registering agency shall deposit the amount of the uncollected award into the award fund existing at that time.

**19617.9.**

(a) The following definitions govern the construction of this section:

(1) "Breeder" means a person who is registered as the owner of the dam at the time the mare foals.

(2) "Eligible earnings" means the following:

(A) In the case of breeder premiums, the annual amount earned by a California-bred Appaloosa horse for finishing first or second.

(B) In the case of owners' awards, the annual amount earned by a California-bred Appaloosa horse for finishing first or second in qualifying races.

(C) In the case of stallion awards, the annual amount earned by Appaloosa foals of an eligible Appaloosa sire for finishing first or second.

(D) In order for earnings from a qualifying race to be considered as eligible earnings, an Appaloosa horse shall be registered as such with the official registering agency before the date entries were taken by the association for the qualifying race in which that horse earned purse money.

(E) In determining the purse earned in any race that is a stakes race, the amount earned shall be based solely on the added money, with no consideration given to other sources of the purse, such as nomination, entry, or starting fees, bonuses, and sponsor contributions, or any combination thereof.

(F) On or before February 1 of any year, the stallion owner shall advise the official registering agency of any and all purses earned during the preceding year to be considered in determining the amount of the stallion award to which the owner is entitled.

(3) "Eligible Appaloosa sire" means an Appaloosa stallion that was continuously present in this state from February 1 to July 15, inclusive, of the calendar year in which the qualifying race was conducted, and, if the sire left this state after July 15 of the calendar year in which the qualifying race was conducted, the sire returned to and was present in this state by February 1 of the following calendar year and thereafter remained until July 15 of that year. If a sire dies in this state and stood his last season at stud in this state, he shall thereafter continue to be considered an eligible Appaloosa sire. Notwithstanding any other provision of law, an Appaloosa stallion shall be considered an eligible Appaloosa sire only if its owner has registered the stallion with the official registering agency for stallion awards on or before February 1 of the calendar year immediately following the calendar year for which the awards are being distributed.

(4) "Official registering agency" means the officially recognized organization representing Appaloosa horsemen designated by the board.

(5) "Owner" means the person who is registered with the paymaster of purses on the date the race was conducted as the owner of the California- bred Appaloosa horse earning purse money in that race.

(6) "Qualifying race" means all Appaloosa horseraces in this state for breeders and stallions; for owners' awards, a qualifying race must be equal to or above four thousand dollars (\$4,000) claiming.

(7) "Stallion owner" means the person who is the owner of the eligible Appaloosa sire as of December 31 of the calendar year in which that sire's foals had eligible earnings or the person who owned the eligible quarter horse sire on the date that the sire died.

(b) Any association conducting a race meeting that includes Appaloosa horseracing shall deposit with the official registering agency 0.2 of 1 percent of the total amount handled ontrack, and 0.4 of 1 percent of the total amount handled offtrack, in daily conventional and exotic parimutuel pools and a sum equal to 13.33 percent of those funds specified for purses in Section 19612.1, and the sums specified in Sections 19567 and 19617.5, resulting from Appaloosa horseracing. The deposits shall be made at the following intervals:

(1) For any meeting of 20 racing days or less, the requisite deposit shall be made not later than seven days immediately following the last day of that meeting.

(2) For any meeting of more than 20 racing days, the initial deposit shall be made not later than 27

racing days after the commencement of that meeting and every 20 racing days thereafter, with a final deposit made not later than seven days following the last day of that meeting. The initial deposit for that meeting shall be based upon the applicable amount handled during the first 20 racing days of the meeting and deposits thereafter shall be based upon the applicable amount handled during the ensuing periods of 20 racing days with the last deposit based upon the applicable amount handled from the end of the last 20-racing-day period for which a deposit has been made to the end of the meeting.

(c) After deducting a sum up to, but not to exceed, 10 percent of the total deposits made pursuant to subdivision (b) and the total deposits made pursuant to other provisions of this chapter, including Sections 19612.1 and 19612.2, to compensate the official registering agency for its administrative costs, the official registering agency shall distribute annually the balance of the deposits in the following manner:

(1) Sixty percent to the breeder fund from which breeder premiums are to be paid.

(2) Twenty-five percent to the owner fund from which owners' awards are to be paid.

(3) Fifteen percent to the stallion fund from which stallion awards are to be paid.

(d) The official registering agency shall make the following payments to the breeder, owner, and stallion owner to encourage agriculture and the breeding of high quality horses in this state:

(1) The breeder shall be paid a sum based on a prorated share of first

(2) The owner shall be paid an owners' award, a sum based on a prorated share of first and second place earnings from qualified races by a California- bred Appaloosa horse.

(3) The stallion owner shall be paid a stallion award, a sum based on a prorated share of first and second place earnings from Appaloosa horses who placed first or second in one or more races at a fair meeting or a mixed breed meeting.

Stallion awards shall not be made to the owner of a sire that has been out of the state for breeding purposes during the calendar year. Stallion awards shall not be made for any race run outside the State of California.

(4) The breeder premium, and owners' and stallion awards shall be paid not later than March 31 of the calendar year immediately following the calendar year for which the awards or premiums were earned.

(e) If there are insufficient funds to make all of the distributions in this section, there shall be no assessments made against any association to fund the deficiencies.

### **19618.**

(a) Except as provided in Article 9.2 (commencing with Section 19605), no person licensed under this chapter to conduct a racing meeting shall pay or distribute to, or on behalf of, any horse owner, any agent, or person or organization representing any horse owner or owners, purses, or any other type of consideration to, or for, the benefit of horsemen, other than that expressly provided in this chapter.

(b) Except as provided in Article 9.2 (commencing with Section 19605), no horse owner, any agent, or person or organization representing any horse owner or owners, shall receive, solicit, or obtain from any person licensed under this chapter to conduct a race meeting, purses, or any other type of consideration to, or for, the benefit of horsemen, other than that expressly provided in this chapter.

(c) No plaque, cup, tray, ribbon, trophy, or similar award given in recognition of achievement or special event is deemed to be consideration for the purpose of subdivisions (a) and (b).

(d) Subdivisions (a) and (b) do not apply to any payment by an association in connection with any match race or special racing event.

(e) Notwithstanding subdivision (a) or (b), or any other provision of law, the horsemen's organization that represents the horsemen participating in a racing meeting and a licensed racing association may enter into an agreement which provides for the division of, and sharing by the organization and the



association of, the interest earned on the association's paymaster accounts during racing meetings conducted prior to, during, or subsequent to, 1990, if both of the following conditions are satisfied:

(1) The agreement is filed with the board.

(2) The share of earned interest allocated to the horsemen's organization is used exclusively for the benefit of horsemen, including, among other purposes, purses.

(f) Notwithstanding subdivision (a) or (b), or any other provision of law, the horsemen's organization that represents the horsemen participating in a racing meeting and a licensed racing association may enter into an agreement that provides for the supplementing of purses due to the impact, if any, of activities regulated pursuant to the provisions of Chapter 5 (commencing with Section 19800) that are conducted on the association's property during a race meeting, if both of the following conditions are satisfied:

(1) The agreement is approved by the board.

(2) Any sum agreed to pursuant to this subdivision is used exclusively to supplement purses.

#### **19618.1.**

Subdivisions (a) and (b) of Section 19618 shall not apply to any payment by a licensed harness racing association in the northern zone, or by any fair, in connection with promotional contests or sponsorship contributions.

#### **19618.2.**

Subdivisions (a) and (b) of Section 19618 shall not apply to either of the following:

(a) Any payment by a licensed quarter horse racing association in the southern zone, to horsemen participating in its race meeting.

(b) Any payment by a licensed thoroughbred racing association in connection with funds contributed or authorized by the horsemen's organization responsible for negotiating purse agreements on behalf of the horsemen participating in the racing meeting, including purse supplements, sponsorship contributions, or promotional funds.

#### **19619.**

(a) Since the purpose of this chapter is to encourage agriculture and the breeding of horses in this state, a California Standardbred Sires Stakes Program is hereby established for standardbred horses bred in the State of California.

(b) Horses eligible to race in the California Standardbred Sires Stakes Program shall be the offspring of a registered California standardbred stallion standing in California during an entire breeding season, or the offspring of a registered standardbred stallion standing in Iowa, Wisconsin, Minnesota, Michigan, or Maine, or the Province of Alberta, Canada.

(c)(1) Responsibility for the California Standardbred Sires Stakes Program is with the board. Administration of the California Standardbred Sires Stakes Program is the responsibility of the California Standardbred Sires Stakes Committee. The committee shall consist of five members and one alternate selected from and by the California Harness Horsemen's Association.

(2) Administrative expenses of the committee in any given year shall not exceed 4 percent of that year's income to the California Standardbred Sires Stakes Program, and all expenses shall be approved by the board.

(d) The board may do all that is necessary to ensure that the California Standardbred Sires Stakes Program

is appropriately administered and shall prepare, issue, and adopt rules and regulations providing for all of the following:

- (1) Classes and divisions of races, eligibility of horses and owners therefor, and prizes and awards to be awarded.
- (2) Nominating, sustaining, and entry fees for horses and races.
- (3) Registration and certification of California stallions, mares bred to those stallions, and foals produced thereby.
- (4) Any other matter that is considered to be necessary and appropriate for the proper administration and implementation of the California Standardbred Sires Stakes Program.
- (e) The funds for the California Standardbred Sires Stakes Program made available pursuant to Section 19491.7 and the nominating, sustaining, and entry fees provided for in this section shall be deposited with the California Standardbred Sires Stakes Committee. The committee shall distribute the funds deposited with it in accordance with this section for the purposes of the program in the manner approved by the board.
- (f) Pursuant to Section 19491.7, the breakage used to fund the California Standardbred Sires Stakes Program and to increase purses shall be divided in accordance with the following criteria:

	California Standardbred Sires Stakes Program	Purses
1977.....	10%	90%
1978.....	20%	80%
1979.....	25%	75%
1980.....	50%	50%
January 1 to June 30, 1981.....	75%	25%
July 1, 1981, and thereafter.....	100%	0%

- (g) An amount equal to 10 percent of the total purses raced for in the California sires stakes races shall be awarded to the standardbred breeders of the horses that earned purse money in the California standardbred sires stakes races in proportion to the amount of purse money earned by each horse.
- (h) An amount equal to 2 percent of the total purses raced for in the California sires stakes races shall be awarded to the owners of the registered California standardbred stallions that sired horses that earned purse money in the California standardbred sires stakes races in proportion to the amount of purse money earned by each horse so sired.
- (i) Notwithstanding subdivision (b), the board may establish a series of races for two-year-old and three-year-old fillies that are wholly owned by a California resident on the first day of January of the year that they become two years old and are wholly owned by a California resident on the day of the race.
- (j) The balance of the remaining funds, including nominating, sustaining, and entry fees, and after the expenditures described in subdivisions (e), (g), (h), and (i) have been made, shall be allocated to purses for races comprising the California Standardbred Sires Stakes Program.
- (k) The schedule of races that shall comprise the California Standardbred Sires Stakes Program during each year shall be set by the board in accordance with the following criteria:
  - (1) California standardbred sires stakes races shall be scheduled for two-year-old or three-year-old trotters and two-year-old and three-year-old pacers at the discretion of the California Standardbred Sires Stakes

Committee, except that no two-year-old races shall be held before the first day of June of any year. Races for four-year-old or aged trotters and four-year-old or aged pacers may also be scheduled.

(2) Base purses for each set of races conducted during any given year at any race meeting shall be determined by the committee.

(3) In each division of each race in the California standardbred sires stakes races, the purse shall be divided in the following manner:

1st.....	50%
2nd .....	25%
3rd .....	12%
4th .....	8%
5th .....	5%

#### **19619.1.**

With respect to harness meetings, all funds that are not distributed to horsemen as purses pursuant to subdivision (b) of Section 19612, Section 19612.6, and subdivision (d) of Section 19616.1 or as breeder awards pursuant to Sections 19567 and 19617.5 within 180 days after the conclusion of a licensed harness race meet or a portion of a split harness meet, shall be deposited into the account for the California Standardbred Sires Stakes Program established pursuant to Section 19619.

#### **19619.2.**

Notwithstanding any other provision of this chapter, funds may be made available to supplement the purses distributed by the California Standardbred Sires Stakes Program from purse funds generated pursuant to Sections 19612, 19612.2, 19612.3, and 19612.6 upon agreement by the recognized harness horsemen's organization and the harness racing association conducting the live racing meeting.

#### **19619.6.**

Every association or fair that provides a live audiovisual signal of its program to a satellite wagering facility pursuant to Sections 19608 and 19608.1 shall cooperate with the operator of the satellite wagering facility with respect to arrangements with the ontrack totalizator company for access to its ontrack totalizator system for purposes of combining parimutuel pools.

#### **19619.7.**

Notwithstanding any other provision of this chapter, no later than July 1, 2008, the board shall provide that the jockey who rides the horse that finishes in fourth place in a thoroughbred horse race shall be entitled to a reasonable riding fee, not to exceed 2 percent of the owner's share of the purse, provided that the riding fee is no greater than that earned by the jockeys whose horses finish second and third in the same race.

## **ARTICLE 10. REVENUE**

### **19620.**

- (a) The Legislature finds and declares that the Department of Food and Agriculture is responsible for ensuring the integrity of the Fair and Exposition Fund, administering allocations from the fund to the network of California fairs, as defined in Sections 19418 to 19418.3, inclusive, and providing oversight of activities carried out by each California fair.
- (b) Oversight shall include, but not be limited to, the following:
- (1) Monitoring the solvency of the Fair and Exposition Fund.
  - (2) Distributing available state resources to the network of California fairs based on criteria for state allocations approved by the Secretary of Food and Agriculture. The criteria for the distribution of available state resources to the network of California fairs shall not include a consideration of the structure that governs the fair.
  - (3) Creating a framework for administration of the network of California fairs allowing for maximum autonomy and local decision making authority, and conducting, or causing to be conducted, annual fiscal audits and periodic compliance audits.
  - (4) Conducting fiscal and performance audits of county fairs and citrus fruit fairs that are requested by the fair that is the subject of the audit, and that the Department of Food and Agriculture deems to be necessary.
  - (5) Guiding and providing incentives to fairs to seek matching funds and generate new revenue from a variety of sources.
  - (6) Supporting continuous improvement of fair programming to ensure that California fairs remain highly relevant community institutions.

### **19620.1.**

From the total revenue received by the department, exclusive of money received pursuant to Sections 19640 and 19641, the Legislature shall annually appropriate to the department those sums as it deems necessary for the following purposes:

- (a) For the oversight of the network of California fairs receiving money from the fund.
- (b) For the auditing of all district agricultural association fairs, county fairs, and citrus fruit fairs.
- 19620.15. (a) Notwithstanding any other law, a return filed with the California Department of Tax and Fee Administration (CDTFA) to report gross receipts for sales and use tax purposes shall segregate the gross receipts of the seller and the sales price of the property on a line or a separate form as prescribed by the CDTFA when the place of sale in this state or for use in this state is on or within the real property of a state-designated fair or any real property of a state-designated fair that is leased to another party.
- (b) For purposes of this section, “state-designated fair” means a state-designated fair as defined in Sections 19418, 19418.1, 19418.2, and 19418.3.
- (c) The CDTFA shall add a line to a current return, or develop a separate form for purposes of this section.
- (d) The CDTFA shall report the amount of the total gross receipts segregated on the returns filed pursuant to subdivision (a) to the Department of Finance on or before November 1 of each year.
- (e) The CDTFA shall estimate the total gross receipts segregated for the 2019–20 fiscal year by January 31, 2019, based on the third quarter of 2018. An amount equal to three-quarters of 1 percent of this estimated amount shall be included in the Governor’s revised budget in May 2019 for allocation to fairs pursuant to Section 19620.2. The CDTFA shall reconcile this first-year estimate with actual return data from the full 2018–19 fiscal year, and then adjust this figure as appropriate as the amount to be reported

to the Department of Finance on November 1, 2019.

(f) An amount equal to three-quarters of 1 percent of the total amount of gross receipts reported to the Department of Finance specified in subdivision (d) shall be included in the next annual Governor's Budget for the Department of Food and Agriculture for allocation to fairs pursuant to Section 19620.2. Upon the enactment of the annual Budget Act, the amount appropriated by the Legislature to the Department of Food and Agriculture pursuant to this section shall be transferred by the Controller to the Fair and Exposition Fund in the State Treasury, and shall be continuously appropriated and allocated pursuant to Section 19620.2.

(g) The CDTFA shall be paid the actual cost for administering the provisions of this section from the funds appropriated pursuant to subdivision (f) before any allocation is made to fairs in accordance with Section 19620.2.

(h) (1) Any revenues deposited into the Fair and Exposition Fund pursuant to this section shall only be allocated to a state-designated fair if nonmanagement employees at that state-designated fair, or nonmanagement employees at any real property of that state-designated fair that is leased to another party, are provided the following working conditions:

(A) The employee receives a meal period of not less than 30 minutes for a work period of more than five hours per day, unless the work period per day of the employee is less than six hours and the meal period is waived by mutual consent of both the employer and the employee.

(B) The employee receives a second meal period of not less than 30 minutes for a work period of more than 10 hours per day, unless the work period per day of the employee is less than 12 hours, the second meal period is waived by mutual consent of both the employer and the employee, and the first meal period was not waived.

(C) Any work in excess of eight hours in one workday, any work in excess of 40 hours in any one workweek, and the first eight hours worked on the seventh day of work in any one workweek is compensated at the rate of no less than one and one-half times the regular rate of pay for an employee.

(D) Any work in excess of 12 hours in one day is compensated at the rate of no less than twice the regular rate of pay for an employee.

(E) Any work in excess of eight hours on any seventh day of a workweek is compensated at the rate of no less than twice the regular rate of pay for an employee.

(2) This subdivision shall not apply to full-time carnival ride operators employed by a traveling carnival.

(i) This section shall become operative on July 1, 2018.

#### **19620.15.**

(a) Notwithstanding any other law, a return filed with the California Department of Tax and Fee Administration (CDTFA) to report gross receipts for sales and use tax purposes shall segregate the gross receipts of the seller and the sales price of the property on a line or a separate form as prescribed by the CDTFA when the place of sale in this state or for use in this state is on or within the real property of a state-designated fair or any real property of a state-designated fair that is leased to another party.

(b) For purposes of this section, "state-designated fair" means a state-designated fair as defined in Sections 19418, 19418.1, 19418.2, and 19418.3.

(c) The CDTFA shall add a line to a current return form, or develop a separate form for purposes of this section.

(d) (1) The CDTFA shall report the amount of the total gross receipts segregated on the returns filed for the prior fiscal year pursuant to subdivision (a) to the Department of Finance on or before November 1 of each year.

(2) The total gross receipts shall be subject to review by the CDTFA for errors. The review may be a review of a sample of returns. The CDTFA shall note any errors identified in the review and the approximate impact of those errors on the total gross receipts in its report to the Department of Finance to allow an adjusted total gross receipt amount to be determined.

(e) An amount equal to three-quarters of 1 percent of the total amount of gross receipts, or adjusted gross receipts, for the prior fiscal year reported to the Department of Finance by the CDTFA as specified in subdivision (d) shall be included in the next annual Governor's Budget for the Department of Food and Agriculture for allocation to fairs pursuant to Section 19620.2. No later than 30 days after the enactment of the annual Budget Act, the amount appropriated by the Legislature to the Department of Food and Agriculture pursuant to this section shall be transferred by the Controller to the Fair and Exposition Fund in the State Treasury and shall be continuously appropriated and available to be allocated pursuant to Section 19620.2.

(f) The CDTFA shall be paid the actual cost for administering the provisions of this section from the funds appropriated pursuant to subdivision (e) before any allocation is made to fairs in accordance with Section 19620.2.

(g) (1) Any revenues deposited into the Fair and Exposition Fund pursuant to this section shall only be allocated to a state-designated fair if nonmanagement employees at that state-designated fair, or nonmanagement employees at any real property of that state-designated fair that is leased to another party, are provided the following working conditions:

(A) The employee receives a meal period of not less than 30 minutes for a work period of more than five hours per day, unless the work period per day of the employee is less than six hours and the meal period is waived by mutual consent of both the employer and the employee.

(B) The employee receives a second meal period of not less than 30 minutes for a work period of more than 10 hours per day, unless the work period per day of the employee is less than 12 hours, the second meal period is waived by mutual consent of both the employer and the employee, and the first meal period was not waived.

(C) Any work in excess of eight hours in one workday, any work in excess of 40 hours in any one workweek, and the first eight hours worked on the seventh day of work in any one workweek is compensated at the rate of no less than one and one-half times the regular rate of pay for an employee.

(D) Any work in excess of 12 hours in one day is compensated at the rate of no less than twice the regular rate of pay for an employee.

(E) Any work in excess of eight hours on any seventh day of a workweek is compensated at the rate of no less than twice the regular rate of pay for an employee.

(2) This subdivision shall not apply to full-time carnival ride operators employed by a traveling carnival.

(3) For purposes of this subdivision, an employee shall not include an employee covered by a valid collective bargaining agreement if that agreement expressly provides for all of the following:

(A) Wages, hours of work, and working conditions of the employees.

(B) Meal periods for the employees, including final and binding arbitration of disputes concerning application of its meal period provisions.

(C) Premium wage rates for all overtime hours worked, and a regular hourly rate of pay of not less than 30 percent more than the state minimum wage.

### **19620.2.**

(a) Any unallocated balance from Sections 19606.1 and 19620.1, revenue deposited into the Fair and Exposition Fund pursuant to Section 19614, and funding appropriated by the Legislature or otherwise designated for California fairs pursuant to this chapter or any other law is hereby appropriated without regard to fiscal years for allocation by the Secretary of Food and Agriculture for capital outlay to California fairs for fair projects involving public health and safety, for fair projects involving major and deferred maintenance, for fair projects necessary due to any emergency, for projects that are required by physical changes to the fair site, for projects that are required to protect the fair property or installation, such as fencing and flood protection, and for the acquisition or improvement of any property or facility that will serve to enhance the operation of the fair.

(b) A portion of the funds subject to allocation pursuant to subdivision (a) may be allocated to California fairs for general operational support. It is the intent of the Legislature that these moneys be used primarily for those fairs whose sources of revenue may be limited for purposes specified in this section.

### **19620.3.**

The Horse and Jockey Safety and Welfare Account is hereby created in the State Treasury. Notwithstanding Sections 19606.1, 19616.51, 19620, 19620.1, and 19632, Section 13340 of the Government Code, or any other law, moneys from license fees imposed pursuant to Article 3 (commencing with Section 19460) shall be deposited in the Horse and Jockey Safety and Welfare Account and be continuously appropriated without regard to fiscal years for allocation by the Department of Finance to the board for equine safety measures to improve the integrity and safety of horse racing that shall include, but are not limited to, contracting for additional state veterinarians, stewards, and infrastructure support related to the safety and welfare of racehorses and jockeys.

### **19621.**

Notwithstanding any other law, neither the state nor the Department of Food and Agriculture is liable for any contract or tort of, or any action taken or any failure to act by, any fair in the network of California fairs that does not comply with the requirements of Section 19622.2.

No member of the fair board, or any employee or agent thereof, is personally liable for the contracts or actions of the fair board, and no member of the fair board or employee or agent thereof is responsible individually in any way to any other person for error in judgment, mistakes, or other acts, either of commission or omission, as principal, agent, or employee, except for his or her own individual acts of dishonesty or crime. No member of the fair board shall be held responsible individually for any act or omission of any other member of the fair board. The liability of the members of the fair board is several and not joint, and no member is liable for the default of any other member.

### **19621.1.**

(a) The Secretary of Food and Agriculture shall prepare and submit to the Department of Finance an estimate of revenue to be deposited in the fund and allocations to be made from the fund for each fiscal year. The Director of Finance may authorize short-term, cashflow loans from the unappropriated surplus of the General Fund to the Fair and Exposition Fund if all of the following conditions are met:

(1) The loan will be repaid during the same fiscal year in which it is made.

(2) No loan exceeds the amount remaining to be allocated in any fiscal year or 75 percent of the revenue

estimated to be deposited in the Fair and Exposition Fund during the remainder of the fiscal year.

(b) The Secretary of Food and Agriculture shall notify the Controller when loans under this section are no longer required and any unnecessary loan funds shall be returned to the General Fund.

### **19622.**

(a) In order to maintain their eligibility to receive funds or to utilize state assets, the fairs specified in Section 19418 shall do all of the following:

(1) File an annual statement of operations with the Department of Food and Agriculture.

(2) Conduct an annual fair that includes agriculture and other community- relevant exhibits and competitions.

(b) The Department of Food and Agriculture may withhold or restrict allocations to fairs that do not comply with this section or the fiscal standards or administrative standards established by the department. The department shall establish an appeal process for fairs regarding funds that are withheld or restricted.

### **19622.1.**

(a) The authority of the Department of Food and Agriculture shall include, but is not limited to, requiring the California Exposition and State Fair to meet all applicable standards prescribed by the department.

(b) The department may delegate approval authority for such matters as the department may determine to the Board of Directors of the California Exposition and State Fair if the fair complies with this section.

(c) Notwithstanding any other law, the department may assume all rights, duties, and powers of the Board of Directors of the California Exposition and State Fair if the department determines there is insufficient fiscal or administrative control. The board of directors shall again exercise these rights, duties, and powers when the department determines that the fair has been restored to solvency and is in compliance with this section.

(d) The department may petition a court of competent jurisdiction for an order appointing the department, or a person designated by the department, as a receiver if it determines that the California Exposition and State Fair is insolvent, or is in imminent danger of insolvency. The court shall appoint a receiver upon showing that the fair is insolvent, or is in imminent danger of insolvency.

(e) For the purposes of this section, “insolvency” means that the California Exposition and State Fair is unable to discharge its debts as they become due in the usual course of business.

(f) The General Fund and the Fairs and Exposition Fund shall be held harmless from any debts, liabilities, settlements, judgments, or liens incurred by the California Exposition and State Fair, including any deficiency in operating funds.

### **19622.2.**

(a) The authority of the Department of Food and Agriculture shall include, but is not limited to, requiring district agricultural associations to meet all applicable standards prescribed by the Department of Food and Agriculture.

(b) The department may delegate approval authority for such matters as the department may determine to the board of directors if the board complies with this section.

(c) Notwithstanding any other law, and in order to protect the integrity of the Fair and Exposition Fund, the department may assume any or all rights, duties, and powers of the board of directors of a district agricultural association if the department reasonably determines that there is insufficient fiscal or



administrative control. The board of directors shall again exercise these rights, duties, and powers when the department determines that the fair is in compliance with this section.

(d) The department may petition a court of competent jurisdiction for an order appointing the department, or a person designated by the department, as a receiver if it determines that the fair is insolvent, or is in imminent danger of insolvency. The court shall appoint a receiver upon a showing that the fair is insolvent, or is in imminent danger of insolvency.

(e) For the purposes of this section, "insolvency" means that the district agricultural association is unable to discharge its debts as they become due in the usual course of business.

### **19622.3.**

The authority of the Department of Food and Agriculture shall include, but is not limited to, requiring county fairs and citrus fruit fairs to do all of the following:

(a) Meet all applicable standards prescribed by the Department of Food and Agriculture.

(b) Submit to the department for review and approval every five years a written agreement specifying the operational, financial, and administrative responsibilities between the entity producing the fair and the host county, or the host agency.

### **19623.**

Funds appropriated from the Fair and Exposition Fund may be expended for the payment of premiums, for capital outlay purposes, including the purchase of land and equipment for construction and improvements, and for the general support and maintenance of the network of California fairs and for the department's oversight of the network of California fairs.

### **19627.5.**

Notwithstanding Section 19623, any unanticipated revenues, other than any allocation from the state, which are in excess of the approved budget for any fiscal or calendar year of any California fair shall be retained by that fair.

These funds may be expended, without regard to any fiscal year, by any fair to which Section 19623 applies, upon approval by the board of directors of that fair, which shall be recorded in the official minutes of the fair approving a plan of expenditure.

### **19628.**

If any California fair does not hold a fair in any year because of war conditions, or because the grounds or buildings of the fair have been taken over and occupied by the United States or its armed forces, or that fair is not held due to an act of God, or any unavoidable catastrophe, natural or human made, the fair shall nevertheless submit an annual statement of operations and shall not resume operations without a budget that has been approved by the Department of Food and Agriculture.

**19629.**

The Department of Food and Agriculture may make and may administer loans from the Fair and Exposition Fund to any fair in the network of California fairs according to agreements that are specific to the circumstances that gave rise to a receiving fair's need for a loan, subject to the fair's demonstrated ability to repay the loan.

**19630.**

Notwithstanding any other law, any fair qualified to receive an allocation that has complied with the requirements set forth in subdivision (b) of Section 19622, with the approval of the Department of Food and Agriculture, may expend available funds for the construction or operation of recreational and cultural facilities of general public interest.

**19631.**

Notwithstanding any other provision of law, the 1-A District Agricultural Association may, with the approval of the Department of Food and Agriculture, expend any money available for expenditure by it, for construction, repairs, and equipment.

**19632.**

All license fees for conducting horseracing meetings, other than those attributable to breakage, not payable into the Fair and Exposition Fund shall be paid as follows:

(a) During each fiscal year there shall be paid into the Wildlife Restoration Fund, which fund is hereby continued in existence, to carry out the provisions of the Wildlife Conservation Act of 1947, the sum of seven hundred fifty thousand dollars (\$750,000).

(b) During each fiscal year there is appropriated to the Department of Education the sum of five hundred thousand dollars (\$500,000), or so much thereof as may be requested by the Superintendent of Public Instruction, to maintain and strengthen statewide secondary vocational student organizations authorized and sponsored by the Department of Education in agriculture, business, home economics, and industrial education. The Superintendent of Public Instruction shall develop a budget procedure for the disbursement of funds appropriated under this section to ensure equal treatment of participating students and to further ensure that such funds do not supplant existing money currently provided from other public sources. The appropriated money shall be used for the following purposes:

(1) Improving the ability of the Department of Education to equip vocational education students with competencies necessary to enter the labor market and to assume successful roles in society by conducting leadership development programs for student officers; preparing instructional materials for teacher advisors; maintaining student membership and financial records; giving in-service training to the vocational teachers who advise the student organizations; maintaining affiliation with national vocational student organizations; and supplying support services necessary to carry out these activities.

(2) Training and preparing new and future vocational education teachers to organize, manage, and conduct vocational education student organization activities as an instructional strategy in the vocational curriculum by providing an opportunity for their involvement in actual participatory experiences in vocational student organization activities and by conducting college and university workshops to accomplish this purpose.

(3) Training and preparing vocational students to take an active part in developing and participating in

vocational fairs and other activities related to fairs for the purpose specified in Section 51004 of the Education Code by cooperating with the Department of Food and Agriculture to conduct annually a statewide workshop for this purpose.

The Department of Education shall include within the report required pursuant to subdivision (a) of Section 8007.5 of the Education Code, a report on the activities funded pursuant to this subdivision.

(c) Except as otherwise provided by this article, the remainder shall be paid into the General Fund in the State Treasury.

#### **19636.**

All money appropriated pursuant to this article to the California Exposition and State Fair, the Los Angeles County Fair, the Sixth District Agricultural Association, known and designated as the California Science Center, the citrus fruit fairs defined in Section 4603 of the Food and Agricultural Code, and the 1-A District Agricultural Association, is exempt from Section 16304 of the Government Code, and shall remain available for expenditure from year to year until expended.

#### **19637.**

Appropriations and allocations from the Fair and Exposition Fund made pursuant to this article, other than those made under subdivision (b) of Section 19620 are exempt from the provisions of Section 16304 of the Government Code. The date of such executive order is deemed to be the date when the appropriation becomes available for expenditure.

All appropriations and allocations made by this article which are not exempted by this section from the provisions of Section 16304 of the Government Code are subject to those provisions.

#### **19638.**

The books and records of any county or citrus fruit fair or exposition receiving an appropriation or an allocation from the Fair and Exposition Fund, insofar as they relate to revenues and expenditures for fair or exposition purposes, may be audited by the Department of Finance.

When any county or citrus fruit fair or exposition receiving an appropriation or allocation from the Fair and Exposition Fund contracts with an association to conduct such fair or exposition, the contract shall include a provision that the books and records of such association shall be subject to audit by the Department of Finance at the discretion of the department.

#### **19640.**

All money representing penalties or fines imposed by the stewards of a horse race meeting shall be collected by the licensee of the meeting and paid to the board within 10 business days after its close, and the board shall deposit all those moneys in the Horse and Jockey Safety and Welfare Account established pursuant to Section 19620.3, and be continuously appropriated without regard to fiscal years for allocation by the Department of Finance to the board for horse welfare and safety measures. The board shall publicly disclose on its internet website the horse welfare and safety measures it funds with these moneys. For purposes of this section, horse welfare and safety measures shall include all of the following:

(a) Contracting for additional state veterinarians.

(b) Adding additional stewards.

(c) Improving or adding race track infrastructure to directly improve the safety and welfare of horses and riders.

**19641.**

(a) (1) Except as provided in subdivision (b), any redistributable money in a parimutuel pool subject to payment to a claimant pursuant to Section 19598, but not successfully claimed within that period, shall be paid to the board, as follows:

(A) An estimated payment equal to 20 percent of the preceding year's unclaimed redistributable money paid pursuant to this paragraph shall be paid to the board on July 1, October 1, January 1, and April 1, or the next business day thereafter.

(B) On May 30, or the next business day thereafter, of the year following the close of a horse racing meeting, the association shall pay to the board all of the redistributable funds that are owed it pursuant to this paragraph, less estimated payments made pursuant to subparagraph (A).

(2) The money received by the board under this subdivision resulting from thoroughbred, harness, or quarter horse meetings, but excluding the meetings of the California Exposition and State Fair or of a county, district agricultural association, or citrus fruit fair, shall be used by the board to support research on matters pertaining to horse racing and racetrack security, but the money shall be subject to annual budgetary review by the Legislature. All of the redistributable money received by the board from other meetings shall be paid immediately into the State Treasury to the credit of the General Fund.

(b) (1) One-half of the redistributable money resulting from the thoroughbred, harness, or quarter horse meetings, but excluding the meetings of the California Exposition and State Fair or county, district agricultural association, or citrus fruit fair meetings, shall be distributed to a welfare fund established for the benefit of horsemen and horsewomen and back- stretch personnel, as follows:

(A) An estimated payment equal to 20 percent of the preceding year's unclaimed redistributable money distributed pursuant to this paragraph shall be distributed to the welfare fund on July 1, October 1, January 1, and April 1, or the next business day thereafter.

(B) On May 30, or the next business day thereafter, of the year following the close of a horse racing meeting, the association shall pay to the welfare fund all of the redistributable funds that are owed it pursuant to this paragraph, less estimated payments made pursuant to subparagraph (A).

(2) The welfare fund shall make an accounting to the board within one calendar year of the receipt of the payment.

(3) Upon approval of the board, moneys under this subdivision may be used to provide treatment for, and support the health care needs of, licensees under this chapter, employees of racing associations, and members of horsemen's and horsewomen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel, if the need for the treatment and support is related to the person's participation in the horse racing industry.

(c) Except as provided in subdivision (a) or (b), any remaining redistributable money in a parimutuel pool subject to payment to a claimant pursuant to Section 19598, but not successfully claimed within the period specified in that section, shall be distributed one-half to the board, for the purposes specified and in the manner specified in subdivision (a), and one-half to the welfare fund established by the horsemen's and horsewomen's organization described in subdivision (b) in the manner specified in subdivision (b).

**19641.2.**

(a) The nonprofit foundation authorized to receive funds pursuant to Section 19641 shall use those funds to administer a health and welfare trust fund without prejudice and for the benefit of every eligible person.

The officers and directors of the health and welfare trust fund shall have a fiduciary responsibility to manage the fund for the benefit of the beneficiaries.

(b) Every employer of backstretch workers shall, upon request, submit in writing or electronically to the administrator of the welfare program for backstretch workers any employment records necessary for prompt payment of benefits and proper administration of the program. Upon request, employers shall also provide to the administrator access to any employment records necessary for prompt payment of benefits and proper administration of the program.

(c) At least one member of the health and welfare fund board shall be a member without financial interest in the horse racing industry appointed from a list of nominees submitted jointly by the California State Council of the Service Employees International Union, the Jockey's Guild, and the California Teamsters Public Affairs Council.

(d) Nothing in this section is intended to affect the status of the welfare fund as a charity under Section 501(c)(3) of the federal Internal Revenue Code or its compliance with the Charitable Purposes Act (Article 7 (commencing with Section 12580) of Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code).

#### **19642.**

Cash vouchers that are not redeemed within 365 days of the close of the racing meeting at which the voucher was purchased shall be distributed to a nonprofit organization designated by the board for purposes of maintaining a data base of horseracing information to further the purposes of Section 19444.

#### **19642.1.**

In addition to the distributions specified in Sections 19605.7, 19605.71, and 19605.72, from the amounts that would normally be available for commissions and purses from wagering on all breeds, an amount not to exceed 0.05 percent of the total amount handled by each satellite wagering facility shall be distributed to the nonprofit organization designated by the board for purposes of maintaining a database of horse racing information to further the purposes of Section 19444. The amount distributable to the nonprofit organization initially shall be 0.05 percent of the total amount handled by each satellite wagering facility and may be adjusted by the board, in its discretion. The nonprofit organization shall annually submit its budget for the ensuing calendar year to the board at its November meeting and shall file quarterly financial statements with the board.

## **ARTICLE 11. PENALTIES**

### **19660.**

Any person who, without first having procured a license under Article 4 of this chapter, directly or indirectly holds or conducts any meeting where there is horse racing and betting on its results by the parimutuel method of wagering, or otherwise, is guilty of a misdemeanor.

### **19661.**

(a) Any person who violates any of the provisions of this chapter for which a penalty is not herein expressly provided, is guilty of a misdemeanor.

(b) Unless otherwise expressly provided, the board may impose a monetary penalty of not more than one hundred thousand dollars (\$100,000) for a violation of any of the provisions of this chapter.

### **19662.**

Any person who bets upon the results of a horse race except by a parimutuel method of wagering conducted by a person licensed under Article 4 of this chapter is punishable as provided in the Penal Code.

### **19663.**

It is unlawful for an individual performing services as a jockey, or any person representing or purporting to represent such individual, to compel or attempt to compel the State, while conducting horse racing, either directly itself or through a state agency or state instrumentality, to pay money into any fund to which it has no legal obligation to contribute.

### **19664.**

It is unlawful for any person, for the purpose of selling or offering to sell predictions on horse races, to advertise that he has predicted the outcome of a horse race which has been run in this state, unless such person has notified in writing the California Horse Racing Board, at any of its offices, of his predictions at least three hours prior to the race involved on forms prescribed by the board. No person shall advertise the fact that he has notified the board or use the name of the board in any way whatsoever to promote the activities described in this section.

For the purposes of this section the term "advertise" includes the use of a newspaper, magazine or other publication, book notice, circular, pamphlet, letter, handbill, tip sheet, poster, bill, sign, placard, card, label, tag, window display, store sign, radio or television announcement, or any other means or methods now or hereafter employed to bring to the attention of the public information concerning the outcome of horse races.

Nothing herein contained shall apply to any daily newspaper of general circulation which is regularly entered in the United States mail, or any other daily publication carrying complete past performances of horses entered in races, or to any regularly published magazine or periodical devoted to racing news, which magazine or periodical has been published for at least two years.

Violation of this section is a misdemeanor.

**19665.**

The board shall establish such rules and regulations for horse sales or horse auction sales of racehorses or breeding stock that is used in the production of racehorses which are held or conducted on the premises of any racing association under the jurisdiction of the board as are reasonably necessary to provide the horses, owners, and general public with adequate protection. Such rules and regulations shall provide for regulation of the medication or drugging of racehorses sold at horse sales or horse auction sales as provided in this section.

**19666.**

A person shall not alter or counterfeit, or attempt to alter or counterfeit, any parimutuel ticket.

**19667.**

No person shall knowingly have in his possession any altered, forged, or counterfeit parimutuel ticket.

**19668.**

(a) On and after July 1, 1995, it shall be unlawful for any person to enter or accept the entry of a horse in a race upon which there is parimutuel wagering until two years after the horse's foaling date.

(b) Every person who violates this section is guilty of a misdemeanor. The board may suspend the license of any person who violates this section for a period of not more than one year.

**BUSINESS AND PROFESSIONS CODE,**  
**DIVISION 8. SPECIAL BUSINESS REGULATIONS,**  
**CHAPTER 4.5. MULE RACING**

**19700.**

“Board” as used in this chapter means the California Horse Racing Board.

**19701.**

Notwithstanding any other provision of law, a mule racing meeting or mule races may be conducted by any fair.

**19702.**

The board shall administer this chapter and shall issue a license for the conducting of a mule racing meeting or mule races.

**19703.**

The board, in cooperation with American Mule Association representatives, shall adopt rules governing, permitting, and regulating mule racing and wagering on the races under the parimutuel system. Such wagering shall be conducted only by a person licensed under this chapter to conduct a mule racing meeting, and only within the inclosure, and on the dates for which mule racing has been authorized.

**19704.**

The board shall issue a license for owners, trainers, jockeys, and other participants in mule racing. The license shall be limited to mule races only.

**19705.**

Associations licensed pursuant to this chapter shall deduct the applicable license fees, commissions, and purses in the same percent- ages as provided for in Article 9.5 (commencing with Section 19610) of Chapter 4. Associations may also deduct an additional amount of up to 3 percent on multiple wagering pools in the same manner as provided for by Section 19614.2.