



a California joint powers agency

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AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
LIVE RACING COMMITTEE MEETING
JOHN ALKIRE, CHAIR
11:00 A.M., TUESDAY, MARCH 1, 2016

Notice is hereby given that a meeting of the California Authority of Racing Fairs Live Racing Committee will commence at 11:00 a.m., Tuesday, March 1, 2016. The meeting will be held in Sacramento. 1776 Tribute Road, Conference Room, Sacramento, CA 95815.

AGENDA

- I. Date, time and location of next meeting: April 5, 2016.
- II. Public Comment.
- III. Approval of minutes.
- IV. Report, discussion and action, if any, on 2016 Legislative Program.
- V. Discussion and action, if any, on Racing Dates for 2016 and beyond.
- VI. Discussion and action, if any, on Summer Racing Operations.
- VII. Update and planning for installation of new totalisator equipment (AmTote) in Racing Fair Grandstands.
- VIII. Discussion and update on TV Production Agreement.
- IX. Executive Director's Report.

**CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, February 2, 2016**

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, February 2, 2016. The meeting was hosted at the CARF Board Room, 1776 Tribute Road, Sacramento, California.

CARF Live Racing Committee members attending: Richard Conway, Jerome Hoban and Kelly Olds. Joining by conference call: John Alkire.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Jeanne Wasserman and John Quiroz. Joining by conference call: Louie Brown.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting is scheduled for March 1, 2016 in Sacramento.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Approval of Minutes. Mr. Hoban moved to approve the meeting minutes as presented. Mr. Conway seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on 2016 Legislative Program. Mr. Brown provided an update regarding the legislative calendar; Jan. 31, 2015 was the last day for bills introduced in 2015 to leave their house of origin and Feb. 19, 2016 is the deadline to introduce bills for the second year of the 2015-16 session.

Mr. Brown reported that CARF staff is continuing to have positive discussions with California Department of Food and Agriculture (CDFA) regarding the opportunity to reinvest license fees derived from horse racing handle back to the fairs that generate them. Mr. Quiroz reported that Fairs & Expositions (F&E) staff are working internally to develop a process to allocate those funds back to racing fairs through an annual request by CARF in either an memorandum of understanding (MOU) or letter of understanding (LOU) format.

Mr. Brown reported that Governor Brown released his proposed 2016-2017 state budget containing a \$3 million continuing allocation to F&E for the operation of fairs and a \$4 million allocation for deferred maintenance at fairs, down from \$7 million provided in 2015-16. Fairs

are working with legislators in districts containing county fairs to reestablish funding at a level that will benefit all California fairs. Budget hearings are scheduled to begin in March.

Mr. Brown reported that we can expect potential racing legislation to include the introduction of several spot bills as placeholders. CARF staff is seeking an author to introduce a mini-satellite spot bill and is in discussions with Assemblymember Jim Cooper to reintroduce the Northern California vanning and stabling language from the previous session. Assemblymember Adam Gray has circulated language regarding Internet Poker that will be introduced this session in a new bill. Assemblymember Gray feels that the racing industry will receive greater benefit from a mitigation fund than the opportunity to compete for a license. A mitigation fund would also serve as a compromise between the state's horse racing industry and key tribal gaming interests.

Mr. Brown reported that the daily fantasy sports (DFS) wagering bill AB 1437 (Gray) passed through the Governmental Organization Committee nearly unanimously. Assemblymember Marc Levine, who has been an outspoken critic of the DFS industry, was the only "no" vote. Mr. Korby reported that he met with Assemblymember Gray on January 25th in Turlock to discuss another variation of DFS, which is pari-mutuel DFS wagering, which could become an opportunity for satellites to provide an additional wagering option.

Agenda Item 5 – Discussion and Action, if any, on Racing Dates for 2017 and Beyond.

Mr. Korby stated that an initial draft calendar for 2017 is included in the meeting packets. Mr. Conway requested that the initial CARF supported calendar show Ferndale operating as the sole racing signal in Northern California from Aug. 23 through Sept. 4, 2017. The group discussed reclaiming a block of fair dates from mid-June to mid-October.

Mr. Conway moved to approve the 2017 race dates as presented with the modifications that Ferndale run as the sole signal in Northern California Aug. 23 through Sept. 4 and that a two week meet conducted at Pleasanton occur in September, thereby filling the gap between Ferndale and Stockton. Mr. Hoban seconded, unanimously approved.

Agenda Item 6 – Discussion and Action, if any, on Summer Racing Operations and Budget for 2016. Mr. Swartzlander reported that the CARF Race Track Safety and Maintenance Program (RTSM) expenditures in 2015 were significantly more than anticipated due to increasing equipment repairs for maintaining an aging tractor fleet. Mr. Swartzlander stated that options for funding the 2015 RTSM program include fairs paying the overage now in total or spreading the costs out over five years. The group discussed payment options and Mr. Alkire stressed to Mr. Quiroz the high costs of keeping fair racing surfaces safe and the critical need for additional funding.

Mr. Hoban moved to approve a five-year interest free payback loan floated by CARF to cover the 2015 RTSM program overage with the caveat that monies held in the reserve purse

overpayment fund be utilized to the greatest extent possible after the 2015 combined purse account has been reconciled. Mr. Conway seconded, unanimously approved.

Mr. Swartzlander reported that he has put together a \$500,000 five-year RTSP program that will include adding one new treaded tractor, replacing a water truck, upgrading a grater with hydraulics and a new engine, retrofitting a harrow, maintaining the existing equipment and trading in one tractor which will need major repairs. Mr. Swartzlander stated that he received bids from three tractor distributors and BelKorp Ag (formerly MidCal), with a National Thoroughbred Racing Association (NTRA) discount, was the most competitive bid for the new tractor. Mr. Swartzlander stated that he explored lease options and found them to be cost prohibitive.

Mr. Conway moved to approve the RTM Transportation & Maintenance, RTM Prior Year Repairs and RTM Support Costs budget line items and defer the RTM Capital Improvement Allocation pending further research/discussion. Mr. Hoban seconded, unanimously approved.

Agenda Item 7 – Update and Planning for Installation of New Totalisator Equipment (AmTote) in Racing Fair Grandstands. Mr. Korby reported that the totalisator conversion from Sportech Racing, LLC to Amtote International at satellite wagering facilities is now complete. Mr. Korby reported that the next step is to ready the racing grandstands for the conversion and an initial modification meeting will be conducted by the end of the month at Golden Gate Fields.

Agenda Item 8 – Discussion and Update on TV Production Agreement. Mr. Korby reported that Golden Gate Fields is working with Pegasus Communications to broadcast their racing signal in high-definition (HD). Mr. Swartzlander will conduct a site survey with Jim Porep to develop a proposal for HD production at fairs.

Agenda Item 9 – Executive Director's Report. Mr. Korby reported that an equine herpes outbreak has occurred in Arizona and New Mexico. Staff is monitoring the situation.

Respectfully submitted,
Heather Haviland

CA Authority of Racing Fairs Legislative Report - Last 10 Days 2/19/2016

IV.

[AB 1786](#) (Cooley D) Horse racing: the California Standardbred Sires Stakes Program.

Current Text: Introduced: 2/4/2016 [pdf](#) [html](#)

Introduced: 2/4/2016

Status: 2/18/2016-Referred to Com. on G.O.

Location: 2/18/2016-A. G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: The Horse Racing Law establishes the California Standardbred Sires Stakes Program for standardbred horses bred in California, and provides that an offspring of a registered California standardbred stallion standing in California during an entire breeding season is eligible to race in the program. This bill would expand eligibility to race in the program to include the offspring of registered standardbred stallions standing in Iowa, Wisconsin, Minnesota, Michigan, or Maine, or the Province of Alberta, Canada. This bill contains other related provisions and other existing laws.

Organization **Position**
CARF Watch

[AB 1882](#) (Williams D) Oil and gas: groundwater monitoring.

Current Text: Introduced: 2/11/2016 [pdf](#) [html](#)

Introduced: 2/11/2016

Status: 2/12/2016-From printer. May be heard in committee March 13.

Location: 2/11/2016-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Existing law requires the State Oil and Gas Supervisor to supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas production. Existing law authorizes the supervisor to require a well operator to implement a monitoring program, designed to detect releases to the soil and water, for aboveground oil production tanks and facilities. This bill would require the division to provide an opportunity and the information necessary for the State Water Resources Control Board and the appropriate regional water quality control board to review, comment on, and propose additional requirements for Class II underground injection well projects. The bill would require the state board or the appropriate regional water quality control board to review, comment on, and propose additional requirements it deems necessary for those projects to ensure that the injection of fluids will not affect the quality of water that is, or may reasonably be, used for any beneficial use. The bill would prohibit the division from approving those projects without written concurrence from the state board or the appropriate regional water quality control board and would require the written concurrence to describe the rationale for the concurrence and explanation as to why additional requirements were or were not required for those projects. This bill contains other existing laws.

Organization **Position**
CARF Watch

[AB 1890](#) (Dodd D) Discrimination: equal pay: state contracting.

Current Text: Introduced: 2/11/2016 [pdf](#) [html](#)

Introduced: 2/11/2016

Status: 2/12/2016-From printer. May be heard in committee March 13.

Location: 2/11/2016-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Existing law subjects an employer who is, or wishes to become, a contractor with the state for public works, or for goods or services, to various nondiscrimination requirements. Existing law authorizes requiring an employer to submit a nondiscrimination program to the Department of Fair Employment and Housing for approval and certification prior to becoming a contractor or subcontractor with the state, as well as requiring the provision of periodic reports of contractor or subcontractor compliance with that program. This bill would enact the Equal Pay for Equal Work Act of 2016. The bill would require an employer with 100 or more employees in the state and a contract with the state of 30 days or more to submit a description of its nondiscrimination program to the department and to submit periodic reports, no more than annually, on a schedule to be determined by the department, of its compliance with that program. The bill would authorize the department to require approval and certification of the program. The bill would permit the department to require an employer with fewer than 100 employees in state or a contract of less than 30 days to submit a nondiscrimination report. The bill would require the department to define an employee for these purposes. The bill would require the nondiscrimination program to include policies and procedures designed to ensure equal

employment opportunities for all applicants and employees, an analysis of employment selection procedures, and a workforce analysis, as specified. The bill would specify that its provisions are not to be construed to negate certain exemptions established by regulation that predate its enactment or to require the department to reevaluate the validity of these exemptions, as specified. The bill would make a statement of legislative findings.

Organization **Position**
CARF Watch

AB 2011 (Cooper D) Horse racing: thoroughbred racing: northern zone: auxiliary offsite stabling, training, and vanning.

Current Text: Introduced: 2/16/2016 [pdf](#) [html](#)

Introduced: 2/16/2016

Status: 2/17/2016-From printer. May be heard in committee March 18.

Location: 2/16/2016-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Horse Racing Law requires, when satellite wagering is conducted on thoroughbred races at associations or fairs in the northern zone, that an amount not to exceed 1.25% of the total amount handled by all of those satellite wagering facilities 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, to administer a fund to provide reimbursement for offsite stabling at California Horse Racing Board-approved auxiliary training facilities for additional stalls beyond the number of usable stalls the association or fair is required to make available and maintain, and for the vanning of starters from these additional stalls on racing days for thoroughbred horses. This bill would increase the amount that is required to be deducted to an amount not to exceed 2% and would provide that this amount, if adjusted by the board, may be a different percentage of the handle for different associations and fairs, but only if all the associations and fairs agree to the differing percentages. The bill would establish an auxiliary offsite stabling and training facility and vanning program for thoroughbred races in the northern zone. The bill would revise and recast the provisions governing the organization formed and operated to administer the fund to include, among other things, a 50-50 percentage allocation of specified voting interests on the board of the organization, the use of funds to pay the organization's expenses and compensate the provider of a board-approved auxiliary facility for offsite stabling and training of thoroughbred horses in the northern zone, and the requirement that the organization 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. This bill contains other related provisions and other existing laws.

Organization **Position**
CARF Sponsor

AB 2102 (Hernández, Roger D) Tribal gaming.

Current Text: Introduced: 2/17/2016 [pdf](#) [html](#)

Introduced: 2/17/2016

Status: 2/18/2016-From printer. May be heard in committee March 19.

Location: 2/17/2016-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature. Existing law ratifies a number of tribal-state gaming compacts between the State of California and specified Indian tribes. This bill would state the intent of the Legislature to enact legislation related to tribal gaming in California.

Organization **Position**
CARF Watch

SB 1019 (Berryhill R) Indian gaming compacts.

Current Text: Introduced: 2/11/2016 [pdf](#) [html](#)

Introduced: 2/11/2016

Status: 2/12/2016-From printer. May be acted upon on or after March 13.

Location: 2/11/2016-S. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law expressly ratifies specified tribal-state gaming compacts entered in accordance

with the federal Indian Gaming Regulatory Act of 1988. Existing law further sets forth the procedures by which a materially identical compact entered into between the State of California and any other federally recognized Indian tribe may be ratified. This bill would make technical, nonsubstantive changes to those provisions.

Organization	Position
CARF	Watch

Total Measures: 6

Total Tracking Forms: 6

BILL NUMBER: AB 2011 INTRODUCED
BILL TEXT

INTRODUCED BY Assembly Member Cooper

FEBRUARY 16, 2016

An act to amend Sections 19607.2 and 19607.3 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2011, as introduced, Cooper. Horse racing: thoroughbred racing: northern zone: auxiliary offsite stabling, training, and vanning.

(1) The Horse Racing Law requires, when satellite wagering is conducted on thoroughbred races at associations or fairs in the northern zone, that an amount not to exceed 1.25% of the total amount handled by all of those satellite wagering facilities 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, to administer a fund to provide reimbursement for offsite stabling at California Horse Racing Board-approved auxiliary training facilities for additional stalls beyond the number of usable stalls the association or fair is required to make available and maintain, and for the vanning of starters from these additional stalls on racing days for thoroughbred horses.

This bill would increase the amount that is required to be deducted to an amount not to exceed 2% and would provide that this amount, if adjusted by the board, may be a different percentage of the handle for different associations and fairs, but only if all the associations and fairs agree to the differing percentages. The bill would establish an auxiliary offsite stabling and training facility and vanning program for thoroughbred races in the northern zone. The bill would revise and recast the provisions governing the organization formed and operated to administer the fund to include, among other things, a 50-50 percentage allocation of specified voting interests on the board of the organization, the use of funds to pay the organization's expenses and compensate the provider of a board-approved auxiliary facility for offsite stabling and training of thoroughbred horses in the northern zone, and the requirement that the organization 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.

The bill would also require that the funds be used to cover all or part of the cost of vanning thoroughbred horses in the northern zone from a board-approved auxiliary offsite stabling and training facility and would authorize the organization to enter into multiyear contracts for auxiliary facilities in the northern zone subject to specified conditions. The bill would authorize the organization to use the funds to pay back commissions, purses, and owners' premiums to the extent that the deductions made exceed in any year the amount

of the funds necessary to achieve the objectives of the organization. The bill would also authorize a thoroughbred racing association or fair in the northern zone to opt out of the auxiliary offsite stabling and training facility and vanning program, as specified. The bill would provide that the board shall reserve the right to adjudicate any disputes that arise regarding costs, or other matters, relating to the furnishing of offsite stabling, training, or vanning, as specified.

(2) By expanding the provisions of the Horse Racing Law, a violation of which is a crime, the bill would create new crimes and would thereby impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. Section 19607.2 of the Business and Professions Code is amended to read:

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 ~~1.25~~ 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, with each party having meaningful representation~~ 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, to administer, pursuant to~~ organization for ~~med and operated to supervision of~~ administer the board, a fund to provide reimbursement ~~for offsite stabling at board approved auxiliary training facilities of fund. The other 50 percent of all voting interests shall be allocated among thoroughbred racing associations or and fairs for additional stalls beyond the number of usable stalls the association is required to make available and maintain pursuant to Section 19535, conducting thoroughbred racing in a manner that provides meaningful representation on the governing board of the organization for starter fees thoroughbred racing associations and for the vanning of starters from these additional stalls on race days for thoroughbred horses.~~ fairs conducting thoroughbred racing, except as provided in subdivision (h) of Section 19607.3.

SEC. 2. Section 19607.3 of the Business and Professions Code is amended to read:

19607.3. (a) ~~The~~ Notwithstanding Section 19535, the funds distributed to the organization formed pursuant to Section 19607.2 shall be used to ~~reimburse racing associations that are operating~~ pay the organization's expenses and compensate the provider of a board-approved auxiliary offsite facility for stabling, training, and vanning of thoroughbred horses in the northern zone. The organization administering the auxiliary offsite stabling ~~providing additional stalls and training~~ facility and vanning program shall submit its proposed financial and operational plans for the ~~incremental increase in operating costs directly resulting from providing the stabling.~~ upcoming calendar year to the board for review no later than November 1 of the preceding year. Neither the organization administering the auxiliary offsite stabling and training facility and vanning program nor any of the entities forming and operating the organization, except the entity operating the auxiliary offsite stabling and training 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 auxiliary offsite stabling and training facility.

(b) The funds shall also be used to ~~reimburse horsemen~~ ~~for~~ cover all or part of the cost of vanning starting thoroughbred horses from a board-approved auxiliary ~~training facility operated by a racing association or fair~~ offsite stabling and training facility to the track ~~conducting the racing meeting. Horsemen may use carriers of their own choice, except that to start in a thoroughbred race at a thoroughbred or fair racing meeting in the~~ amount northern zone. The organization shall determine the extent of ~~reimbursement to horsemen is limited to the amount~~ and manner in which compensation will be paid for thoroughbred horses that ~~the organization determines is generally charged by carriers for vanning~~ are vanned from the auxiliary ~~training~~ facility to the track or the fair conducting the thoroughbred or fair racing meeting. Neither the organization administering the auxiliary offsite stabling and training facility and vanning program nor any of the entities forming and operating the organization, except ~~the~~ an entity actually engaged in vanning horses, is liable for any injury occurring to any individual or horse during vanning from an offsite stabling and training facility.

(c) The auxiliary offsite stabling and training facilities and the amenities provided for offsite stabling and training purposes shall be substantially equivalent in character to those provided ~~during~~ by the thoroughbred racing ~~meetings of~~ association or fair conducting the ~~association.~~ 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 the multiyear contracts that it enters into with providers of auxiliary

facilities for 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.

(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 the board.

~~—(d) Upon the request of any party within the organization, the board shall adjudicate any dispute regarding costs, or other matters relating~~

(f) In addition to the ~~furnishing uses of offsite stabling or vanning. The board may, if necessary, appoint an independent auditor to assist in the resolution of disputes. The auditor shall be reimbursed from the funds described in subdivisions~~ (a) and (b), the organization may use the funds for both of the ~~organization.~~ following:

~~—(c) The organization may maintain~~

(1) Maintain a reserve fund of up to 10 percent of the total estimated annual vanning and auxiliary offsite stabling and training facility costs. In addition to the reserve fund, if the funds generated for the auxiliary offsite stabling and training facilities and vanning are insufficient to fully ~~reimburse racing associations or fairs for expenses incurred during cover the offsite vanning and stabling program, expenses incurred, the organization may, in the future, accumulate sufficient funds to fully reimburse cover those associations or fairs for 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.

~~—(f)~~

(g) The amount initially deducted and distributed to the organization ~~shall be 0.5 percent of the total amount handled by satellite wagering facilities authorized under this article in the northern zone on thoroughbred racing, but that allocation may pursuant to Section 19607.2 may~~ be adjusted by the board, in its discretion. However, the adjusted amount may not exceed ~~1.25~~ 2 percent of the total amount handled by satellite wagering ~~facilities,~~ facilities. The amount deducted and distributed to ~~pay expenses and maintain the reserve fund for organization as adjusted by the continuing support board may be a different percentage of the program.~~ 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 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, training, or vanning. Notwithstanding any other law, the board shall maintain all powers necessary and proper to ensure that offsite stabling, training, and vanning, as provided for in this article, is conducted in a manner that protects the public and serves the best interests of horse racing.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

68175

01/20/16 08:39 AM
 RN 16 03487 PAGE 1
 Substantive

AMENDMENTS TO ASSEMBLY BILL NO. 431
 AS AMENDED IN ASSEMBLY MAY 4, 2015

Amendment 1

In the title, in line 1, after "add" insert:

Section 19619.8 to, and to add and repeal

Amendment 2

In the title, in line 1, strike out the second "to" and insert:

of

Amendment 3

In the title, in line 2, strike out "of" and insert:

of,

Amendment 4

In the title, in line 2, strike out "gambling." and insert:

gambling, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Amendment 5

On page 2, before line 1, insert:

SECTION 1. Section 19619.8 is added to the Business and Professions Code, to read:

19619.8. The first sixty million dollars (\$60,000,000) collected each fiscal year pursuant to subdivisions (a) and (b) of Section 19990.519 shall be deposited as follows:

(a) Ninety-five percent in the California Horse Racing Internet Poker Account, which is hereby created in the General Fund. Notwithstanding Section 13340 of the Government Code, the funds in the California Horse Racing Internet Poker Account are continuously appropriated to the board, which shall annually distribute the funds in the California Horse Racing Internet Poker Account according to both of the following:

(1) Two and three-tenths percent to the defined contribution retirement plan for California-licensed jockeys established pursuant to paragraph (1) of subdivision (i) of Section 19604 and administered as specified in this chapter.

(2) Two and three-tenths percent to supplement the pension plan for pari-mutuel employees administered on behalf of the labor organization that has historically



represented the employees who accept or process any form of wagering at the horse racing meetings and for other entities licensed to conduct wagering on horse races in California. Moneys distributed pursuant to this paragraph shall supplement, and not supplant, moneys distributed to that fund pursuant to this chapter or any other law.

(3) Ninety-five and four-tenths percent to racing associations or fairs as commissions, to horsemen participating in the racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned at each racing association or fair on races conducted or imported by that racing association or fair during the prior calendar year. Notwithstanding any other law, the distributions with respect to each breed of racing 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) Five percent to the State Treasury to the credit of the Fair and Exposition Fund, to be deposited in the separate account in the fund specified in Section 19606.1 to benefit state designated fairs as defined in Sections 19418, 19418.1, 19418.2, and 19418.3. Revenues deposited into the separate account in the fund pursuant to this section, notwithstanding Section 19606.1 or any other law to the contrary, shall be allocated only to fairs in Class I to IV, inclusive, as classified by the department pursuant to Section 4507 of the Food and Agricultural Code.

SEC. 2. Chapter 5.2 (commencing with Section 19990.101) is added to Division 8 of the Business and Professions Code, to read:

CHAPTER 5.2. THE INTERNET POKER CONSUMER PROTECTION ACT OF 2016

Article 1. Title and Legislative Declarations

19990.101. This chapter shall be known and may be cited as the Internet Poker Consumer Protection Act of 2016.

19990.102. The Legislature hereby finds and declares all of the following:

(a) In October 2006, the United States Congress passed the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) (31 U.S.C. Secs. 5361 et seq.), which generally prohibits the use of banking instruments, including credit cards, checks, and fund transfers, for interstate Internet gambling.

(b) UIGEA essentially prohibits online gambling by United States citizens, but includes exceptions that permit individual states to create a regulatory framework to enable intrastate Internet gambling, if the bets or wagers are made exclusively within a single state under certain circumstances.

Article 2. Definitions

19990.201. For the purposes of this chapter, the following words have the following meanings:

(a) "Authorized Internet poker game" means any of several card games, duly authorized by the department and played on an authorized poker Web site, that meet the definition of poker as specified by this section.

(b) "Authorized poker Web site" means a Web site on which authorized Internet poker games are offered for play by a licensed operator pursuant to this chapter.

(c) "Background investigation" means a process of reviewing and compiling personal and criminal history and financial information through inquiries of various law enforcement and public sources to establish a person's qualifications and suitability for any necessary license or employee work permit issued pursuant to this chapter.

(d) "Bet" means the placement of a wager in a game.

(e) "Card room" means a gambling enterprise, as defined in subdivision (m) of Section 19805.

(f) "Commission" means the California Gambling Control Commission.

(g) "Core functions" and "core functioning" mean any of the following:

(1) The management, administration, or control of bets on authorized Internet poker games.

(2) The management, administration, or control of the games with which those bets are associated.

(3) The development, maintenance, provision, or operation of a gaming system.

(h) "Corporate affiliate" means any person controlled by, controlling, or under common ownership with, another person or entity. A person or entity will be deemed to control another person or entity if it possesses, directly or indirectly, the power to direct the management or policies of the other entity, whether through ownership of voting interests or otherwise, or if, regardless of whether or not it has that power, it holds 10 percent or more of the ownership or control of the other entity, whether as a stockholder, partner, member, trust interest, or otherwise.

(i) "Department" means the Department of Justice.

(j) "Determination of suitability" or "suitability review" means the process, including, but not limited to, conducting a background investigation, to determine whether an applicant for a license or employee work permit issued pursuant to this chapter meets the qualification criteria described in this chapter or whether the applicant is disqualified on any of the grounds specified in this chapter.

(k) (1) (A) "Eligible entity" includes both of the following:

(i) A card room that operates pursuant to Chapter 5 (commencing with Section 19800) whose owner or owners have been authorized, subject to oversight by, and in good standing with, the applicable state regulatory authorities.

(ii) A federally recognized California Indian tribe that operates a gaming facility pursuant to a facility license issued in accordance with a tribal gaming ordinance approved by the Chair of the National Indian Gaming Commission and that is eligible to conduct real-money poker at that facility.

(B) An entity identified in this paragraph shall have operated its land-based gaming facility for at least five years immediately preceding its application to secure a license to operate an Internet poker Web site pursuant to this chapter, and shall be in good standing during that time period with the applicable federal, state, and tribal regulatory authorities.

(2) A group consisting of any combination of tribes and card rooms is eligible to jointly apply for a license pursuant to this chapter, through an entity organized under state or federal law, if each entity within the group independently satisfies the requisite eligibility requirements identified in this chapter.

REMAINING 34 PAGES

OF THIS BILL AB431

ARE AVAILABLE ON REQUEST

CALIFORNIA RACETRACKS OFFERED \$60M ANNUALLY TO GIVE UP ONLINE POKER

by Paulick Report Staff | February 14, 2016 1:54 pm

California assemblyman Adam Gray has filed a bill that is offering racetracks in the state an annual payment of \$60 million in exchange for giving up the opportunity to be a part of the proposed online poker market. He has begun to flesh out the bill, AB 431, according to *calvinayre.com*, detailing a 15 percent tax rate and \$15 million upfront deposit for poker licenses.

Over 95 percent of the \$60 million payment would go to California racetracks, to be split with horsemen for purse payments and breeders incentives on a formula similar to current revenue sharing. Racetrack employee pension funds would also benefit. The other five percent would support state agricultural fairs.

While the racetracks' participation in the online poker industry has been directly opposed by local tribal casinos, Gray has not been able to garner the full support of those tribes for his bill. A Thursday meeting with the tribes left some leaders feeling as though progress had been made, but others thought little had changed.

Bill AB 431 may be moot, however, according to assemblyman Mike Gatto, who set the odds of online poker legislation of any kind passing in California at just ten percent.

Read more at *calvinayre.com*[1].

Correction: An earlier version of this article incorrectly stated that 95 percent of the \$60 million would go to purses and employee pensions alone. Racetracks and breeding incentives would also share in the revenue if the legislation passes.

Endnotes:

1. calvinayre.com: <http://calvinayre.com/2016/02/14/business/california-online-poker-bill-offers-horseracing-60m-carrot/>

Source URL: <http://www.paulickreport.com/news/the-biz/california-racetracks-offered-60m-annually-to-give-up-online-poker/>

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PROPOSAL

CALIFORNIA RACING FAIRS *A NEW MODEL FOR THE FUTURE*

CONSIDERATIONS • BENEFITS • IMPLEMENTATION SCENARIOS

CHRISTOPHER KORBY
EXECUTIVE DIRECTOR
CALIFORNIA AUTHORITY OF RACING FAIRS

OCTOBER 2009

CALIFORNIA RACING FAIRS: A NEW MODEL FOR THE FUTURE

CONCEPT AND SUMMARY

The horse racing industry in California is undergoing profound changes. As a consequence, Fairs in the racing industry must consider significant structural changes in order to strengthen and preserve the racing industry and in order to more effectively manage their interests in horse racing. Therefore, we propose that those members of the California Authority of Racing Fairs which conduct live racing agree to re-structure certain aspects of their racing operations and revenue distributions consistent with the goals noted below. This new structure will be modeled on that of a sports league, in which the members engage in the conduct of a common activity and organize themselves to protect and improve their mutual interests in a manner that benefits all members and the racing industry as a whole.

GOALS

- Strengthen Northern California Summer racing through a re-structured racing program which combines and consolidates Fair racing dates June through October into a calendar featuring: 1) an appropriate number of racing dates based on optimal Fair dates and available horse population; 2) racing opportunities for all classifications of Thoroughbreds; and 3) carefully managed program for emerging breeds.
- Attract/retain owners, trainers and horses for NorCal racing June-October.
- Optimize racing program through 1) carefully structured purse/stakes schedule and 2) consolidated management of purse program through entire circuit.
- Optimize racing revenue to Fairs; provide investment capital for facility improvements.
- Provide for orderly consolidation of racing dates in a manner that assures continued revenues to Fairs which agree to reduce live racing dates or end their live racing program all together.

AGREEMENTS

- All CARF live racing Fairs agree to operate as a **combined Fair meeting** (per Ag Code 4058) so as to allow flexibility in selection of venues and dates going into the future.
- All CARF live racing Fairs agree to **consolidate the purse program** through the entire circuit to allow for 1) better management of purses; 2) closer tracking of purses paid to purses generated; which leads to 3) reduction of risk to any individual Fair. Such consolidation is already provided for in statute.
- All CARF live racing Fairs agree to enter into agreement(s) to facilitate orderly consolidation of racing dates by providing for **replacement revenues** to Fairs which agree to reduce racing dates or end their live racing program all together.
- CARF will continue to request a block of racing dates June-October. Racing dates not directly associated with traditional Fair dates will be run as part of the combined Fair meeting and managed by CARF for mutual benefit of CARF's Live Racing Members and the racing industry in Northern California.

CALIFORNIA RACING FAIRS: A NEW MODEL FOR THE FUTURE

CONSIDERATIONS • BENEFITS • IMPLEMENTATION SCENARIOS

A Combined Fair Meeting

- A combined Fair meeting strengthens Fairs' position for allocation of summer racing dates in Northern California.
- Allows Fairs to determine if, when and where Fair racing dates will be conducted during the summer. Allows flexibility and latitude as the racing landscape in California continues to evolve.
- Gives Fairs the flexibility to combine their traditional dates with other Fairs. "Insurance policy" to help preserve racing revenues for Fairs that may be challenged during the dates allocation or license application process.
- Allows for a platform on which to begin revenue-sharing or payment of replacement revenues, should participating Fairs elect to pursue that concept.
- Strengthens negotiating leverage in negotiations with horsemen, in management of purses and in formulating summer stakes program.
- Helps assure consistent management of racing program. Allows employment of the most capable available racing personnel.
- Allows Fairs to negotiate more consistent labor agreements applicable to entire meeting.
- A meeting lasting longer than two weeks will allow significant carry-overs to develop in the Pick Six bet, a very popular wager.
- Precedents have now been established with licensing of combined Fair meeting in 2007 (two Fairs) and again in 2009 (five Fairs + CARF). CARF has now been licensed as the entity authorized in Ag Code Section 4058, and may apply for the license to conduct the meeting. This has been confirmed by Legislative Counsel's opinion and, as of 2009, by precedent.
- A combined Fair meeting strengthens Fair racing in a time of transition and uncertainty.

CALIFORNIA RACING FAIRS: A NEW MODEL FOR THE FUTURE

CONSIDERATIONS • BENEFITS • IMPLEMENTATION SCENARIOS

Consolidated Purse Program

- Purses paid to horsemen represent one of the largest expenses to a Racing Fair and represents one of the largest potential risks in the event that purse generation is interrupted.
- Consolidating purses allows for a better-managed, more balanced overall racing program for all Fairs.
- Bomber: "A consolidated purse program will help me build momentum in our program through the summer. Over time, this will help our recruitment program attract more and better horses for a stronger overall program."
- In these changing economic times, it's no longer realistic to expect that we can accurately project purse generation for two-week meets, months in advance.
- Maintaining separate purses for each two week Fair meet increases risk to each individual Fair in the event of an occurrence that interrupts the normal racing schedule and purse generation. Consolidating purses represents a prudent move in time of economic uncertainty.
- Separate purses for each Fair makes it virtually impossible to adjust purses in the course of a single two-week meet. This means that we are forced to commit to purses months in advance without the flexibility to adjust once racing begins.
- Consolidated purse program spreads the risk and obligation for purses over multiple Fairs, thereby reducing the risk to any one Fair.
- Multiple purse programs, i.e., one per Fair, make it more difficult to negotiate a consistent racing program with horsemen's groups and to manage a consistent racing program through the Fair circuit.
- B&P Section 19542 of Horse Racing Law already allows a joint powers authority to administer and distribute purses for Fairs that conduct live horse racing meetings in the northern zone. The late Senator Ken Maddy was a proponent of Fairs consolidating purses.
- Racing Fairs have already taken the most significant step toward consolidation when they agreed on a common purse structure in 2006. Two years ago we hired a single Racing Secretary. A consolidated purse program is the next step in this progression of improving management of our racing program.
- Can be implemented immediately.
- Recommended by CARF management team.
- Gives Bomber a tool he needs to take our program to the next level.

CALIFORNIA FAIRS RACING LEAGUE

CONCEPT AND SUMMARY

DRAFT

The horse racing industry in California is undergoing profound changes. As a consequence, the role of Racing Fairs in the racing industry will also undergo changes. Therefore, in order to strengthen and preserve the industry in Northern California, and in order to more effectively manage their interests in horse racing, those members of the California Authority of Racing Fairs which conduct live racing agree to re-structure their racing operations and revenue distributions consistent with the goals noted below. This new structure will be modeled on that of a sports league, in which the members engage in the conduct of a common activity and organize themselves to protect and improve their mutual interests in a manner that benefits all members.

GOALS

- Strengthen Northern California Summer racing through a re-structured racing program which combines and consolidates Fair racing dates June through October into a calendar featuring: 1) an appropriate number of racing dates based on optimal Fair dates and available horse population; 2) racing opportunities for all classifications of Thoroughbreds; and 3) carefully managed program for emerging breeds.
- Attract/retain owners, trainers and horses for NorCal racing June-October.
- Optimize racing program through 1) carefully structured purse/stakes schedule and 2) consolidated management of purse program through entire circuit.
- Optimize racing revenue to Fairs; provide investment capital for facility improvements.
- Provide for orderly consolidation of racing dates in a manner that assures continued revenues to Fairs which agree to reduce live racing dates.

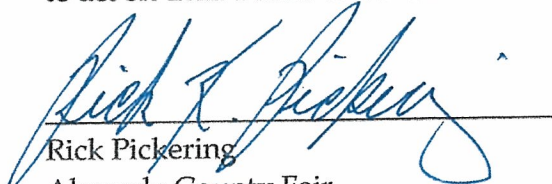
AGREEMENTS

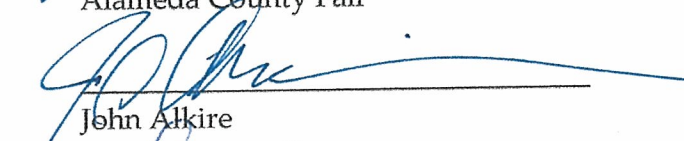
- All CARF live racing Fairs agree to operate as a combined Fair meeting (per Ag Code 4058) so as to allow flexibility in selection of venues and dates going into the future.
- All CARF live racing Fairs agree to consolidate the purse program through the entire circuit to allow for 1) better management of purses; 2) closer tracking of purses paid to purses generated; which leads to 3) reduction of risk in the event of problems at any individual Fair. Such consolidation is already in statute.
- All CARF live racing Fairs agree to enter into revenue-sharing agreement(s) to facilitate orderly consolidation of racing dates by providing for continued revenues to Fairs which agree to reduce racing dates.
- CARF will continue to request a block of racing dates June-October. Racing dates not directly associated with Fair dates will be run as part of the combined Fair meeting and managed by CARF for mutual benefit of members and the racing industry in Northern California.

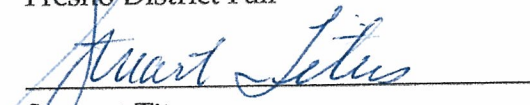
DRAFT


-AGREEMENT-
COMBINED FAIR HORSE RACING MEETING


The undersigned Fairs agree to and confirm their participation in a combined Fair horse racing meeting pursuant to California Food and Agriculture Code Section 4058 and Business and Professions Code Section 19549.1 ff. This agreement is effective April 24, 2009, and will remain in effect until a participating Fair gives notice in writing to CARF that withdraws from participation. These Fairs designate California Authority of Racing Fairs (CARF) to act on their behalf to conduct the combined Fair horse racing meeting.



Rick Pickering
Alameda County Fair


John Alkire
Fresno District Fair


Stewart Titus
Humboldt County Fair

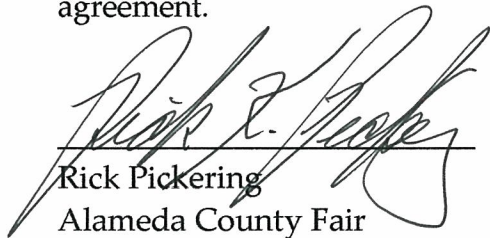

Debbie Cook
San Joaquin Fair

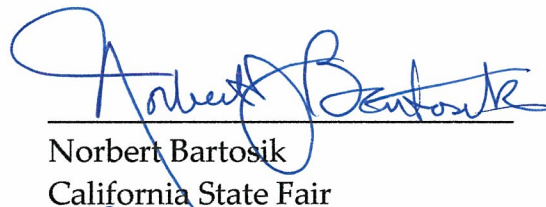

Chris Carpenter
San Mateo County Fair


Michael Paluszak
Solano County Fair

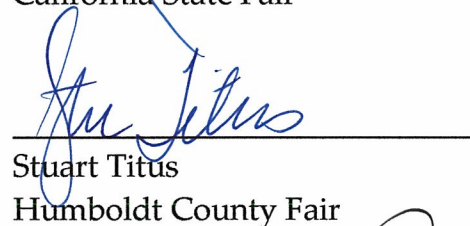
-AGREEMENT-
CONSOLIDATED ADMINISTRATION AND DISTRIBUTION OF PURSES

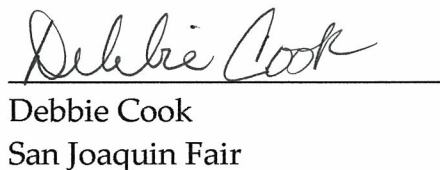
Pursuant to the authorization described in Business and Professions Code Section 19542 and Section 19606.4, the undersigned Fairs, each of which conducted live horse racing in 2009, agree to consolidate administration and distribution of purses, including consolidation of purse underpayments and overpayments for all Fair horse racing meetings conducted in Northern California. The agreement shall apply to purses generated by and purses paid to all breeds and shall also extend to purses generated and purses paid during a combined Fair meeting conducted pursuant to Food and Agriculture Code Section 4058. The undersigned Fairs hereby designate California Authority of Racing Fairs (CARF), a Joint Powers Authority, to act on their behalf for administration and distribution of purses, according to the authorization described in statute. The parties agree that this agreement applies to purses generated and purses paid at Fairs as of June 17, 2009, and will remain in effect from that date forward unless and until a participating Fair gives notice in writing to CARF by February 15 in any given year that it withdraws from the agreement.

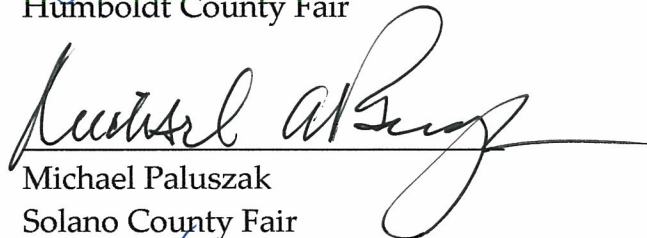

Rick Pickering
Alameda County Fair


Norbert Bartosik
California State Fair

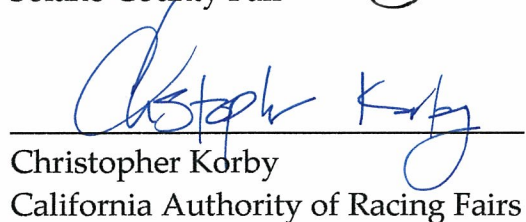

John Alkire
Fresno District Fair


Stuart Titus
Humboldt County Fair


Debbie Cook
San Joaquin Fair


Michael Paluszak
Solano County Fair


Tawny Tesconi
Sonoma County Fair


Christopher Korby
California Authority of Racing Fairs

EXCERPTS FROM
CALIFORNIA HORSE RACING BOARD
MEETING PACKET
APRIL 2009

AT THIS MEETING, THE CHRB ISSUED ITS APPROVAL OF
A COMBINED FAIR HORSE RACING MEETING
FOR THE RACE DATES SHOWN IN AGENDA ITEM 3

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



REGULAR MEETING

of the California Horse Racing Board will be held on Friday, April 24, 2009, commencing at 2:00 p.m., at the Hollywood Park Casino, 3883 West Century Blvd., Inglewood, California. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under "Webcasts."

AGENDA

Action Items:

1. Approval of the minutes of the regular meeting of March 19, 2009.
2. Approval of the minutes of the regular meeting of February 26, 2009.
3. Discussion and action by the Board on the request from the California Authority of Racing Fairs, (CARF) to designate the following allocated race dates as a combined fair horse racing meeting, pursuant to Business and Professions Code section 19549.1: San Joaquin County Fair, June 18, 2009 through June 28, 2009; Alameda County Fair, July 1, 2009 through July 19, 2009; Solano County Fair, July 22, 2009 through July 26, 2009; CARF at Golden Gate Fields, August 12, 2009 through August 23, 2009; CARF at Golden Gate Fields, September 9, 2009 through October 4, 2009 and the Big Fresno Fair, October 7, 2009 through October 18, 2009.
4. Discussion and action by the Board on the Application for License to Operate a Minisatellite Wagering Facility of the California Commerce Club Inc., for a period of up to but not exceeding two years.
5. Discussion and action by the Board regarding the 2009/2010-budget formula to be developed pursuant to Senate Bill 16 (Ashburn), Chapter 12, Statutes of 2009.
6. Discussion and action by the Board regarding an increase in the take-out on conventional and exotic wagers on races conducted by thoroughbred racing associations as permitted by Business and Professions Code section 19601.01 and the modification of California advance deposit wagering (ADW) distributions on thoroughbred races as permitted under Business and Professions Code section 19604(f) (5)(E).
7. Discussion and action by the Board regarding the update from the Los Angeles Turf Club Inc. operating at Santa Anita Park and the significance of the bankruptcy filing of Magna Entertainment Corporation on its racing operations.

8. Discussion and action by the Board regarding a revised allocation of race dates for the Del Mar Thoroughbred Club's (DMTC) July 22, 2009 through September 9, 2009, race meeting.
9. Review and discussion by the Board regarding the financial solvency of the Northern and Southern California Stabling and Vanning Funds and possible steps that may be taken to mitigate losses, including cutting subsidies paid to Fairplex Park at Pomona and San Luis Rey Downs.
10. Discussion and action by the Board regarding the feasibility of waiving CHRB Rule 1433(b), Application for License to Conduct a Horse Racing Meeting, on a case by case basis, when considering the construction of new race tracks, converting synthetic race tracks to dirt tracks and the use of existing dirt tracks for periods exceeding four weeks of thoroughbred racing.
11. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** Persons addressing the Board under this item will be restricted to three (3) minutes for their presentation.
12. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

CALIFORNIA HORSE RACING BOARD

John C. Harris, Chairman
David Israel, Vice Chairman
John Andreini, Member
Jesse H. Choper, Member
Bo Derek, Member
Jerry Moss, Member
Kirk E. Breed, Executive Director

DISCUSSION AND ACTION BY THE BOARD
ON THE REQUEST FROM CALIFORNIA AUTHORITY OF RACING FAIRS
(CARF), TO DESIGNATE THE FOLLOWING ALLOCATED RACE DATES AS A
COMBINED FAIR HORSE RACING MEETING, PURSUANT TO
BUSINESS AND PROFESSIONS CODE 19549.1:
SAN JOAQUIN COUNTY FAIR, JUNE 18, 2009 THROUGH JUNE 28, 2009;
ALAMEDA COUNTY FAIR, JULY 1, 2009 THROUGH JULY 19, 2009;
SOLANO COUNTY FAIR, JULY 22, 2009 THROUGH JULY 26, 2009;
CARF AT GOLDEN GATE FIELDS, AUGUST 12, 2009
THROUGH AUGUST 23, 2009; CARF AT GOLDEN GATE FIELDS, SEPTEMBER
9, 2009 THROUGH OCTOBER 4, 2009 AND THE BIG FRESNO FAIR, OCTOBER
7, 2009 THROUGH OCTOBER 18, 2009

Regular Board Meeting
April 24, 2009

BACKGROUND

Business and Professions (B&P) Code section 19549.1 states 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. B&P Code section 19549.1(a) provides the dates may only be allocated for a combined fair horse racing meeting between June 1 and October 31. The California Horse Racing Board (CHRB) approved the 2009 race dates calendar at the November 18, 2008 Regular Board Meeting. The following fairs were approved to conduct a mixed breed horse racing meeting:

- San Joaquin County Fair – June 18-28, 2009 (9 days)
- Alameda County Fair – July 1-19, 2009 (15 days)
- Solano County Fair – July 22-26, 2009 (5 days)
- CARF at Golden Gate Fields – August 12-23, 2009 (10 days)
- CARF at Golden Gate Fields – September 9-October 4, 2009 (19 days)
- Big Fresno Fair – October 7-18, 2009 (10 days)

ANALYSIS

The California Authority of Racing Fairs (CARF), a California joint powers authority operating on behalf of its member fairs, is requesting that the Board designate the above referenced racing dates as a combined fair horse racing meeting, for a total of 68 combined race dates, and that the “normal” license application process for each segment of the combined race meeting proceed as it has in the past. The Sonoma County Fair, Humboldt County Fair, and California Expositions and State Fair are not participants in the combined fair race meeting request.

Under current law, a fair may be allocated a maximum of four weeks of racing each year (B&P Code section 19549). The 2009 allocated fair race dates fall well beneath this maximum.

CARF in submitting its request for a combined fair race meeting maintains that a designation of "a combined fair horse racing meeting will allow Northern California racing Fairs the mechanism needed to conduct the dates allocated by the Board for 2009...[and] will allow flexibility in planning for a changing calendar in Northern California"

In 2007, the Board approved a request from the Solano and Sonoma County Fair to conduct a combined fair horse racing meeting. The Solano County Fair Association and the Sonoma County Fair and Exposition, Inc. entered into a Joint Powers Agreement to combine their fair dates and conduct a four-week mixed breed horse racing meet called the "Sonoma Solano Wine Country Racing." This proposal was introduced to increase handle and attendance. Additionally, the change in the Sonoma County Fair race dates gave fans one more week of turf racing in Northern California.

In granting the 2007 request, Sonoma Solano Wine Country Racing was billed and marketed as a combined race meeting. CARF's 2009 proposal for a combined race meeting does not include plans to promote the fair race dates as a combined race meeting.

Additionally, in 2007, Sonoma and Solano submitted individual license applications for their respective segments of the combined Sonoma Solano Wine Country Racing meeting. However, specific sections of the applications were modified to capture information reflecting information attributed to the "combined race meeting."

RECOMMENDATION

Staff recommends the Board hear from the CARF representative.



a California joint powers agency

1776 Tribute Road, Suite 205
 Sacramento, CA 95815
 Office: 916.927.7223 Fax: 916.263.3341
 www.calfairs.com

April 8, 2009

Mr. Kirk Breed, Executive Director
 California Horse Racing Board
 1010 Hurley Way
 Sacramento, CA 95815

VIA e-mail and USPS

Dear Kirk,

Pursuant to Ag Code Section 4058 and Business and Professions Code Section 19549.1 (attached), the California Authority of Racing Fairs (CARF) requests that the Board designate the following 2009 racing dates as a combined Fair horse racing meeting.

- San Joaquin Fair--June 18-28
- Alameda County Fair--July 1-19
- Solano County Fair--July 22-26
- CARF I at Golden Gate Fields--August 12-23
- CARF II at Golden Gate Fields--September 9-October 4
- Fresno Fair--October 7-18.

We are requesting that license applications for each segment of the Combined Fair Horse Racing Meeting be filed in the usual manner for those segments which will be conducted at a Fair race track. California Authority of Racing Fairs, a California joint powers authority operating on behalf of its member Fairs, will be the applicant for the two segments conducted at Golden Gate Fields.

A combined Fair horse racing meeting will allow Northern California racing Fairs the mechanism needed to conduct the dates allocated by the Board for 2009. In the future, it will allow flexibility in planning for a changing calendar in Northern California.

We note a precedent: In 2007, the Board declared the Solano and Sonoma County Fairs a combined Fair horse racing meeting.

Respectfully submitted

/s/

Christopher Korby
 Executive Director

Attachments: 3

CODE SECTION EXCERPTS PERTINENT TO CONDUCT OF A COMBINED FAIR HORSE RACE MEETING

FOOD AND AGRICULTURAL CODE SECTION 4058

4058. (a) Notwithstanding Section 4052, the California Exposition and State Fair, a district agricultural association fair, or county fair in the northern zone, with the approval of the Department of Food and Agriculture, may form an entity for conducting combined fair horseracing meetings and utilize their racing facilities for conducting horseracing meetings, with parimutuel wagering, on days other than the days on which general fair activities are conducted. A combined fair horseracing meeting pursuant to this section shall be a general fair activity for the purpose of Section 19549 of the Business and Professions Code.

(b) The association shall designate certain days of a mixed breed meeting held pursuant to this section as charity days with the proceeds therefrom to be distributed in accordance with Sections 19550 and 19556 of the Business and Professions Code.

(c) The association shall encourage the racing of emerging breeds of horses.

Business and Professions Code Horse Racing Law

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.

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, except as follows:

(a) Dates may only be allocated for a combined fair horse racing meeting between June 1 and October 31.

(b) 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 standardbred meeting is being conducted at that facility during the month of June.

The mixed breed meetings shall be conducted by a person other than the fair and shall be subject to Section 19550. The mixed breed meetings shall encourage the racing of emerging breeds of horses.

2009 Racing Schedule

Location	Inclusive Dates
THOROUGHBRED MEETINGS - CENTRAL & SOUTHERN ZONES	
Santa Anita	12/26/08 - 04/19/09
Hollywood Park	04/22/09 - 07/19/09
Del Mar	07/22/09 - 09/09/09
Santa Anita	09/30/09 - 11/08/09
Hollywood Park	11/11/09 - 12/21/09
THOROUGHBRED MEETINGS - NORTHERN ZONE	
Golden Gate	12/26/08 - 06/14/09
Golden Gate	10/21/09 - 12/13/09
QUARTER HORSE MEETINGS - STATEWIDE	
Los Alamitos	01/01/09 - 12/20/09
HARNESS MEETINGS - STATEWIDE	
Cal-Expo	12/26/08 - 08/01/09
Cal-Expo	09/25/09 - 12/19/09
FAIR MEETINGS - STATEWIDE	
Stockton	06/18/09 - 06/28/09
Pleasanton	07/01/09 - 07/19/09
Solano	07/22/09 - 07/26/09
Santa Rosa	07/29/09 - 08/09/09
CARF(GGF)	08/12/09 - 08/23/09
Ferndale	08/13/09 - 08/23/09
State Fair/Cal Expo	08/26/09 - 09/07/09
CARF(GGF)	09/09/09 - 10/04/09
Pomona	09/10/09 - 09/28/09
Fresno	10/07/09 - 10/18/09

LEGISLATIVE COUNSEL

L. Dwyer-Vine

DEPUTIES

y A. Deland
el A. Weitzman

LEGAL DEPUTIES

an M. Johnston
ael J. Kersten
S. Louie
T. Studebaker
Ayala
ly M. Cardillo
ard Ned Cohen
E. Dale
D. Gress
icia Hart-Jorgensen
hael R. Kelly
nito L. Lopez
es A. Masala
laura K. Stark
Thom
hael H. Upson
hard B. Weisberg

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January 9, 2006

Honorable Gloria Negrete McLeod
Room 5016, State Capitol

HORSE RACING: LICENSES: JOINT POWERS ENTITIES - #0522003

Dear Ms. Negrete McLeod:

QUESTION

May an entity formed pursuant to a joint powers agreement for the purpose of conducting horse racing be issued a license to conduct horse racing and be eligible to receive racing dates?

OPINION

An entity formed pursuant to a joint powers agreement for the purpose of conducting horse racing may be issued a license to conduct horse racing and be eligible to receive racing dates.

ANALYSIS

The Horse Racing Law, contained in Chapter 4 (commencing with Section 19400) of Division 8 of the Business and Professions Code,¹ regulates horse racing in this state. The California Horse Racing Board (hereafter the board) is vested with the jurisdiction and supervision over horse racing (Sec. 19420). The board is authorized to issue a license to any person to conduct horse racing in accordance with the Horse Racing Law, as long as that person complies with the Horse Racing Law and pays a fee, and the board determines that the issuance of the license will be in the public interest (Sec. 19480). Further, the board is responsible for allocating racing dates to qualified associations (para. (5), subd. (a), Sec. 19440).

¹ All section references are to the Business and Professions Code, unless otherwise specified.

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Thus, the pertinent question is whether an entity formed pursuant to a joint powers agreement is considered a "person" for purposes of issuing a license for horse racing, and whether such an entity is a "qualified association" for purposes of receiving racing dates. In that regard, Section 19413 defines "person," for purposes of the Horse Racing Law, to include "any individual, partnership, corporation, limited liability company, or other association or organization." Section 19403 defines "association," for purposes of that law, as "any person engaged in the conduct of a recognized horse race meeting."

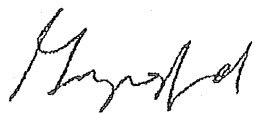
The Joint Exercise of Powers Act authorizes two or more public agencies to enter into a joint powers agreement in order to "jointly exercise any power common to the contracting parties" (Secs. 6500.1 and 6502, Gov. C.). Specifically, "two or more public agencies having the power to conduct agricultural, livestock, industrial, cultural, or other fairs or exhibitions shall be deemed to have a common power with respect to any such fair or exhibition conducted by ... an entity created pursuant to a joint powers agreement entered into by such public agencies." (Sec. 6502, Gov. C.). An entity formed pursuant to a joint powers agreement is a public entity separate from the parties to the agreement (Sec. 6507, Gov. C.).

Words in statutes should be construed according to the usual ordinary import of the words (*IT Corp. v. Solano County Bd. of Supervisors* (1991) 1 Cal.4th 81, 98). In our view, the ordinary construction of the word "association" or "organization" would include a situation where two or more agencies choose to associate or organize into a new entity by way of a contractual agreement. In the context of the Horse Racing Law, this would apply to an entity created for purposes of engaging in a horse racing meeting. Section 6502 of the Government Code grants no new powers to an entity created by a joint powers agreement, but merely sets up a procedure for the exercise of existing powers. As such, the statute cannot be said to enlarge the powers separately possessed by the individual member public agencies, but rather merely provides a procedure whereby this power may be exercised in cooperative action (*The City of Oakland v. Williams* (1940) 15 Cal.2d 542, 549). Thus, if the public agencies that enter into a joint powers agreement each individually are qualified to receive from the board racing dates and a license to conduct horse racing, the entity they form vis-à-vis the joint powers agreement will have the same authority. And, in our view, because such an entity would qualify as an organization or association, for purposes of the definition of "person" in the Horse Racing Law that entity would be eligible to receive racing dates and a license for horse racing.

Therefore, it is our opinion that an entity formed pursuant to a joint powers agreement for the purpose of conducting horse racing may be issued a license to conduct horse racing and be eligible to receive racing dates.

Very truly yours,

Diane F. Boyer-Vine
Legislative Counsel

By 
Gwynnae L. Byrd
Deputy Legislative Counsel

GLB:cob

Calendar for year 2016 (United States)

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Calendar for year 2017 (United States)

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