

CONCURRENCE IN SENATE AMENDMENTS
AB 1723 (Committee on Governmental Organization)
As Amended August 30, 2017
Majority vote

ASSEMBLY: 76-0 (May 4, 2017) SENATE: 40-0 (September 11, 2017)

Original Committee Reference: **G.O.**

SUMMARY: Extends the sunset date, until January 1, 2022, that requires any racing association or fair that conducts thoroughbred racing to pay a specified amount from owner's purses to help fund a national marketing program and repeals the requirement that the respective Senate and Assembly Committees on Governmental Organization receive an annual expenditure report related to these funds. Additionally, this bill authorizes moneys in the welfare fund to be used to provide treatment for and support the health care needs of specified persons within the horse racing industry.

The Senate amendments:

- 1) Authorizes, upon approval of the California Horse Racing Board (CHRB), moneys in the welfare fund to be used to provide treatment for, and support the health care needs of, licensees under the Horse Racing Law, 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.
- 2) Extends the sunset date from January 1, 2018, to January 1, 2022, on the provision in existing law requiring any racing association or fair that conducts Thoroughbred racing to pay a specified amount from owner's purses to help fund a national marketing program to promote Thoroughbred racing, as specified.

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

The National Thoroughbred Racing Association: The National Thoroughbred Racing Association (NTRA) is a broad-based coalition of more than 100 horse racing interests and thousands of individual stakeholders consisting of horseplayers, racetrack operators, owners, breeders, trainers and affiliated horse racing associations. The state's participation in the NTRA is intended to benefit California by promoting racing on a national level.

Funding for this program comes from racing interests outside of the state, as well as California's thoroughbred racing associations. Historically, the NTRA has been supported by most of California's racetracks and racing fairs. In 2015, California thoroughbred owners', through the Thoroughbred Owners of California, paid approximately \$158,784.00 to the NTRA for the purpose of marketing horse racing. Similarly, in 2016, the Thoroughbred Owners of California paid \$140,119.00 to the NTRA.

This bill addresses the state's participation in the NTRA, which is intended to increase interest in horse racing through national marketing and advertising. The legal authority for the Thoroughbred Owners of California to participate in the NTRA is set to expire on January 1, 2018. This bill extends the sunset date until January 1, 2022.

Additionally, existing law requires the owners' organization to file an annual report with the CHRB and the Governmental Organization Committees of both the Senate and the Assembly to account for the receipt and expenditure of these funds. This bill removes the requirement to file a report with the Governmental Organization Committees of both the Senate and the Assembly but maintains the requirement to file the report with the CHRB.

California Thoroughbred Horsemen's Foundation: The CHRB regulations require the establishment of a charitable corporation to administer the welfare fund established for the benefit of backstretch personnel.

The California Thoroughbred Horsemen's Foundation, Inc. (CTHF) is a 501 (c) (3) registered charitable trust. As a charitable foundation, it is the primary provider of medical, dental, and optometry services for eligible backstretch workers, who care for Thoroughbred and Quarter horses at racetracks and approved training centers throughout California, and their dependents.

According to their Web site, the CTHF has been available to eligible workers since 1983. CTHF has an annual budget of approximately \$2 million. The Foundation provides primary care at four clinics, where over 6,000 patients pass through their doors annually. While the vast majority of these patients can be treated at the clinic level, about 1,000 of these patients require more specialized treatment. After demonstrating economic need, those patients are referred to doctors, hospitals, imaging facilities, and other facilities as needed, at rates the CTHF negotiates with these outside providers. The CTHF covers the vast majority of these costs with the workers paying a small portion as a co-payment.

According to the Assembly Governmental Organization Committee, without the CTHF, patients would use hospital emergency rooms as their primary health care – a highly inefficient and costly system to the general public.

Under existing law, the welfare fund benefits only horsemen and backstretch personnel. The CTHF clinics currently only provide services to eligible backstretch workers and their dependents. This bill expands the clinic services by allowing moneys in the welfare fund to be used to provide treatment for, and support the health care needs of, several individuals within the horse racing industry including, licensees under the Horse Racing Law, employees of racing associations, and members of horsemen's and horsewomen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel.

The CTHF states that the future of the Foundation rests in the area of finding new ways to increase revenue. CTHF believes that by expanding their services to a broader group, they will modestly increase their revenue stream. The additional revenue generated would be dedicated to further support the healthcare needs of the backstretch workers CTHF has historically cared for.

Related/Prior Legislation: SB 165 (Portantino), of the current legislative session, extends the sunset date from January 1, 2018, to January 1, 2022, that requires any racing association or fair that conducts thoroughbred racing to pay a specified amount from owner's purses to help fund a national marketing program. (Pending on the Assembly Inactive File)

AB 2765 (Committee on Governmental Organization), Chapter 430, Statutes of 2014, among other things, reauthorized, until January 1, 2018, California's participation in the NTRA marketing program and extended the sunset date from January 1, 2015, to January 1, 2019, for the statewide marketing organization.

AB 2276 (Dymally), Chapter 99, Statutes of 2004, clarified that employment records for backstretch personnel may be submitted electronically as well as in writing, and upon request.

AB 471 (Hertzberg), Chapter 198, Statutes of 2001, among other things, established a legal framework for backstretch employees to exercise their right to unionize and stated that the health and welfare trust funds will be administered without prejudice and for the benefit of every eligible person.

SB 103 (Maddy), Chapter 10, Statutes of 1998, authorized, until January 1, 2004, the thoroughbred racing associations and fairs to set aside some money from purses for the purpose of joining the NTRA.

SB 525 (Maddy), Chapter 248, Statutes of 1995, eliminated the reference to a horsemen's organization as it pertains to the welfare fund.

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