

Date of Hearing: June 21, 2017

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Adam Gray, Chair

SB 165 (Portantino) – As Introduced January 19, 2017

SENATE VOTE: 39-0

SUBJECT: Horse racing: national thoroughbred racing marketing program

SUMMARY: 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 to promote Thoroughbred racing, as specified.

EXISTING LAW:

- 1) Provides, under Article IV, Section 19(b) of the Constitution of the State of California, that the Legislature may provide for the regulation of horse races and horse race meetings and wagering on the results.
- 2) Provides that the intent of California's Horse Racing Law is to allow pari-mutuel wagering on horse racing while:
 - a) Assuring protection of the public;
 - b) Encouraging agriculture and the breeding of horses in this state;
 - c) Supporting the network of California fairs;
 - d) Providing for maximum expansion of horse racing opportunities in the public interest; and,
 - e) Providing uniformity of regulation for each type of horse racing.
- 3) Requires, until January 1, 2018, that any racing association, including fairs, which conduct thoroughbred racing to pay an additional 1.75% of the portion of the takeout distributed as owners' purses to the owners' organization contracting with the association for the purpose of promoting thoroughbred racing in conjunction with a national thoroughbred racing marketing program.
- 4) Stipulates that any funds not used for this purpose be returned to the respective purse pools of the racing association from where the contributions originated.
- 5) Authorizes the board of directors of the owners' organization to select the national marketing organization used for this program, and whether or not their funding for the program should continue.
- 6) 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.

FISCAL EFFECT: Unknown.

COMMENTS:

Purpose of the bill: According to the author's office, "The popularity of horse racing as both a sport and industry has suffered, due to the industry's inability to expand its market share and attract new customers. Moreover, the industry has experienced difficulty competing with other more popular forms of gambling, such as those games offered by the state lottery, card clubs and casino gambling in Nevada or Indian reservations. In 1998 to help address this decline, thoroughbred racing interests from across the country formed the National Thoroughbred Racing Association (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 (TOC) to participate in the NTRA is set to expire on January 1, 2018. The TOC serves as the CHRB-recognized representative of horse owners on matters pertaining to purse contracts, simulcast agreements, and legislative initiatives. The organization strives to improve and increase representation of horse owners in the day-to-day business activities of racing.

The National Thoroughbred Racing Association: The 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, charged with increasing the popularity, welfare and integrity of Thoroughbred racing through consensus-based leadership, legislative advocacy, safety and integrity initiatives, fan engagement and corporate partner development. 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. The NTRA is served by a board of directors that includes a representative from the TOC. In 2016, California thoroughbred owners', through the TOC, paid approximately \$140,119 to the NTRA to increase the popularity, welfare and integrity of Thoroughbred racing through consensus-based leadership, legislative advocacy, safety and integrity initiatives, fan engagement and corporate partner development.

Prior legislation: 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 2792 (Committee on Governmental Organization), Chapter 272, Statutes of 2010. Among other things, extended the sunset date, from January 1, 2011, to January 1, 2014, on California's participation in the NTRA.

AB 1736 (Committee on Governmental Organization), Chapter 444, Statutes of 2007. Among other things, extended the sunset date on California's participation in the NTRA and the statewide marketing organization.

AB 2502 (Wyland), Chapter 90, Statutes of 2002. Extended the sunset date until January 1, 2008, on California's participation in the NTRA.

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.

REGISTERED SUPPORT / OPPOSITION:

Support

California Thoroughbred Breeders Association
Thoroughbred Owners of California

Opposition

None one file

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