



# CITY OF SACRAMENTO



DEPARTMENT OF POLICE  
HALL OF JUSTICE  
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JOHN P. KEARNS  
CHIEF OF POLICE

June 7, 1985

Law and Legislation Committee  
Sacramento, California

Honorable Members in Session

SUBJECT: REQUEST FOR NON-SUPPORT OF SENATE BILL 590

## BACKGROUND

During the current session of the State Legislature, Senator Maddy proposed legislation that would authorize off track betting in a theater setting. The bill authorizes three theaters, one in the northern portion of the state with two others in the central/southern zone.

I am opposed to this legislation for several reasons.

First, Sacramento would undoubtedly receive serious consideration as the northern state site and if selected, the State Board of Racing would regulate the theater. Local control would only be in the zoning and land use area and local law enforcement would be contacted for comment only.

Second, the location of the theater in Sacramento will cause policing problems such as that of traffic control and attendant associated crime problems due to individuals carrying large sums of cash for betting purposes.

Thirdly, this type of betting operation will be a serious drain of manpower resources that are already stretched to the limit.

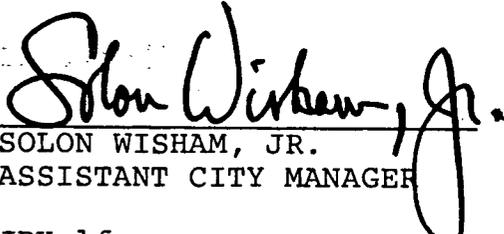
Lastly, I can see no benefit of any nature, monetarily or otherwise to this legislation. The major benefactor will undoubtedly be the large Horseracing Associations who derive the major portion of the profits from this type of betting operation.

RECOMMENDATION

I request that the Law and Legislation Committee object to this proposed legislation by corresponding with our elected representatives and request they vote against this bill.

  
JOHN P. KEARNS  
CHIEF OF POLICE

RECOMMENDATION APPROVED:

  
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SOLON WISHAM, JR.  
ASSISTANT CITY MANAGER

JPK:lf

REF: 6-21

AMENDED IN SENATE MAY 7, 1985  
AMENDED IN SENATE APRIL 17, 1985

**SENATE BILL**

**No. 590**

**Introduced by Senator Maddy**

February 26, 1985

An act to amend Sections 19590, 19591, 19593, 19594, ~~19595,~~  
~~and 19596.5 and 19595~~ of, to add Sections 19417.8, 19619.4,  
19619.5, and 19619.6 to, and to add Article 4.5 (commencing  
with Section 19500) to Chapter 4 of Division 8 of, the Business  
and Professions Code, relating to horseracing.

LEGISLATIVE COUNSEL'S DIGEST

SB 590, as amended, Maddy. Horseracing: wagering  
facilities.

(1) Under the Horse Racing Law, the California Horse  
Racing Board is authorized to adopt rules on parimutuel  
wagering on horseraces, and wagering is prohibited except  
within the horseracing enclosure.

This bill would authorize the board to license persons who  
apply to operate a racing theater, as defined, at which the  
public could wager in parimutuel pools on the outcome of  
horseraces run at a racetrack. The information in the license  
application would be specified. The racing theater would be  
required to make the deduction from the parimutuel pool in  
the same percentages as the association conducting the racing  
meeting and to pay the same license fees to the state. A  
specified percentage of the funds wagered would be retained  
by the operator and funds remaining would be distributed in  
a specified manner. Other related conforming changes would  
be made.

(2) Existing law authorizes the board to authorize an  
association licensed to conduct a racing meeting in the

northern zone to operate a satellite wagering facility at its racetrack inclosure during the time the association is not conducting a racing meeting if specified conditions are met. Existing law requires the association to retain 2% of the amount handled by the satellite facility as a commission.

This bill would increase the commission to 3% of the amount handled.

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

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

1 SECTION 1. Section 19417.8 is added to the Business  
2 and Professions Code, to read:

3 19417.8. "Racing theater" means an enclosed facility,  
4 other than a racetrack, at which the public may wager on  
5 the outcome of any horserace authorized by this chapter  
6 and at which live audio visual signals descriptive of these  
7 races are displayed.

8 SEC. 2. Article 4.5 (commencing with Section 19500)  
9 is added to Chapter 4 of Division 8 of the Business and  
10 Professions Code, to read:

11  
12 Article 4.5. Licenses for Racing Theater Operators  
13

14 19500. The board may issue a license to operate a  
15 racing theater to any person who applies in writing  
16 pursuant to this article, who has complied with this  
17 chapter, and who makes the deposit to secure payment  
18 of the license fee imposed by this article. Additionally, the  
19 board shall determine that issuance of the license will be  
20 in the public interest and will serve the purposes of this  
21 chapter.

22 19501. (a) The board may license a maximum of one  
23 racing theater in the northern zone and a maximum of  
24 two racing theaters in the combined central and southern  
25 zones, as those zones are defined in Section 19530.5. In  
26 implementing this section, the board may issue  
27 conditional licenses limiting the days and hours of  
28 operation of a racing theater if it finds that a limitation is

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### Racing Theater Operators

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1 in the public interest.

2 (b) No racing theater may be licensed in any location  
3 which is within 45 air miles of a racetrack where more  
4 than 15 weeks of racing was conducted in 1985, or which  
5 is within 45 air miles of the racetrack located on the  
6 fairgrounds of the 22nd District Agricultural Association.

7 19502. An application for a license to operate a racing  
8 theater shall contain all of the following information:

9 (a) The name and address of the applicant and, if the  
10 applicant is a partnership, corporation, or other  
11 association or organization, the names of all officers and  
12 directors, and the names of all individuals or stockholders  
13 having, owning, or controlling a financial interest of 5  
14 percent or more.

15 (b) A statement of the financial assets and liabilities of  
16 the applicant.

17 (c) A sworn statement executed by each officer,  
18 director, or other person with a present or future direct  
19 or indirect financial interest of 5 percent or more in the  
20 racing theater that he or she:

21 (1) Is not in default in the payment of any obligation  
22 or debt to the state under this chapter.

23 (2) Has never been convicted of a felony or  
24 gambling-related crime in any state or federal court and  
25 has no state or federal felony or gambling-related charges  
26 pending.

27 (3) Is not now and has never been connected with or  
28 engaged in any illegal business.

29 (4) Has never been found guilty of fraud or  
30 misrepresentation in connection with the racing or  
31 breeding of horses.

32 (5) Has never been found guilty of a violation of law  
33 or rule in any racing jurisdiction for which a license  
34 revocation has been or could have been imposed.

35 (6) Has never knowingly violated a rule or order of the  
36 board or a law of the state relating to horseracing.

37 19503. (a) Every license issued under this article  
38 shall specify all of the following:

39 (1) The name of the person to whom it is issued.

40 (2) The location of the racing theater.

1 (3) The days and hours of the day when the racing  
2 theater will be operated.

3 (b) The license shall also recite the payment to, and  
4 receipt by, the board of the deposit pursuant to Section  
5 19505 to secure payment of the license fee required by  
6 this article.

7 19504. A license issued under this article shall be  
8 renewed every five years and is not transferable unless  
9 approved by the board.

10 19505. Each application for a license to operate a  
11 racing theater shall be accompanied by a deposit to  
12 secure the payment of any license fee imposed by this  
13 chapter, in the form of a certified check payable to the  
14 Treasurer, in the amount of ten thousand dollars  
15 (\$10,000).

16 19506. No license to operate a racing theater shall be  
17 issued unless the board has notified the governing body  
18 and the chief law enforcement officer of the city or  
19 county within whose jurisdiction the facility is proposed  
20 to be located, and shall give the city or county, as the  
21 case may be, the opportunity to comment on the issuance  
22 of the license. The notification and comment required by  
23 this section shall be conducted pursuant to procedures  
24 established by the board.

25 19507. (a) This article provides for the full regulation  
26 of racing theaters throughout the state. Except as  
27 provided in subdivision (b), no county, city, district, or  
28 other governmental body may regulate the location or  
29 operation of racing theaters and no governmental body  
30 may assess or receive a license fee or tax from the  
31 operator of a racing theater except pursuant to  
32 subdivision (b).

33 (b) A city or county has full zoning and land use  
34 control authority over racing theaters. A city or county  
35 may levy a business license tax or fee on racing theaters,  
36 but the fee or tax shall not be more than the fee or tax  
37 levied by the city or county, as the case may be, on other  
38 entertainment and sports facilities located within its  
39 jurisdiction.

40 SEC. 3. Section 19590 of the Business and Professions

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590 of the Business and Professions

1 Code is amended to read:  
2 19590. The board shall adopt rules governing,  
3 permitting, and regulating mutuel wagering on  
4 horseraces under the system known as the parimutuel  
5 method of wagering. This wagering shall be conducted  
6 only by a person licensed under this chapter.

7 SEC. 4. Section 19591 of the Business and Professions  
8 Code is amended to read:

9 19591. Every licensee conducting a horseracing  
10 meeting or operating a racing theater shall designate a  
11 place or places within the licensed premises where the  
12 licensee may conduct, operate, and supervise the  
13 parimutuel method of wagering upon the results of the  
14 races authorized by this chapter.

15 SEC. 5. Section 19593 of the Business and Professions  
16 Code is amended to read:

17 19593. No method of betting, pool making, or  
18 wagering other than by the parimutuel method shall be  
19 permitted or used by any person licensed under this  
20 chapter.

21 SEC. 6. Section 19594 of the Business and Professions  
22 Code is amended to read:

23 19594. Any person within the inclosure where a  
24 horseracing meeting or racing theater is authorized may  
25 wager on the result of a horse race authorized under this  
26 chapter by contributing money to the parimutuel pool  
27 operated by the licensee. This wagering is not unlawful,  
28 notwithstanding any other provision of law.

29 SEC. 7. Section 19595 of the Business and Professions  
30 Code is amended to read:

31 19595. Any form of wagering or betting on the result  
32 of a horse race other than that permitted by this chapter  
33 is illegal.

34 SEC. 8. Section 19596.5 of the Business and  
35 Professions Code is amended to read:

36 19596.5. (a) Notwithstanding any other provision of  
37 law, the board may authorize an association licensed to  
38 conduct a racing meeting in the northern zone to operate  
39 a satellite wagering facility at its racetrack inclosure  
40 during the time the association is not conducting a racing

1 meeting if all of the following conditions are met:

2 (1) The association operating the satellite wagering  
3 facility has executed an agreement approved by the  
4 board with the association conducting a racing meeting  
5 in the northern zone that authorizes parimutuel  
6 wagering at the satellite wagering facility. The  
7 agreement shall provide that the wagers made at the  
8 satellite wagering facility will be included in the  
9 appropriate conventional or exotic pool at the racetrack  
10 where the racing meeting is conducted.

11 (2) The horsemen's organization which represents the  
12 horsemen at the association which conducts the racing  
13 meeting on which wagers are accepted consents to the  
14 acceptance of wagers at the satellite wagering facility.

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

18 (4) The method used by the satellite wagering facility  
19 to transmit wagers, odds, results, and other data related  
20 to wagering has been approved by the board.

21 (b) The deductions from wagers at satellite wagering  
22 facilities shall be the same as the deductions for wagers  
23 at the racetrack where the racing meeting is being  
24 conducted. Notwithstanding any other provision of law,  
25 3 percent of the amount handled by the satellite  
26 wagering facility shall be retained as a commission. The  
27 funds remaining after distribution of the 3 percent  
28 commission shall be distributed in the same relative  
29 percentages (reduced pro rata for the 3 percent  
30 commission) as provided by Article 9.5 (commencing  
31 with Section 19610) for the association which conducts  
32 the racing meeting, except that commencing January 1,  
33 1988, the funds available for distribution to the association  
34 which conducts the racing meeting and for distribution  
35 to the horsemen, in the form of purses, shall be  
36 accumulated and shall be distributed equally between  
37 (1) the association which conducts the racing meeting  
38 and (2) the horsemen, in the form of purses, who  
39 participate in the racing meeting of the association which  
40 conducts the racing meeting.

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1 (e) All revenues paid to the state from satellite  
 2 wagering facilities located at fairs shall be deposited in a  
 3 separate account in the fund and shall be available to the  
 4 Department of Food and Agriculture, when  
 5 appropriated, for (1) repayment of principal and interest  
 6 on bonds issued by a joint powers agency for the purpose  
 7 of constructing improvements only at a fair's racetrack  
 8 inclosure, and (2) for allocation, upon approval of the  
 9 Director of Food and Agriculture, for support purposes of  
 10 fairs generally.

11 SEC. 9.

12 SEC. 8. Section 19619.4 is added to the Business and  
 13 Professions Code, to read:

14 19619.4. (a) The operator of a racing theater shall  
 15 deduct from the total amount handled in each  
 16 conventional and exotic parimutuel pool at the racing  
 17 theater the same percentages as provided in this article  
 18 for the association conducting the racing meeting upon  
 19 which that pool is based.

20 (b) Six and one-half percent of the total amount  
 21 handled shall be retained by the operator of the racing  
 22 theater, and the remaining funds deducted pursuant to  
 23 this section shall be distributed to the state, the  
 24 association conducting the racing meeting, the breeders,  
 25 and the horsemen participating in that association's  
 26 meeting. The funds received by the state and the  
 27 breeders shall be distributed in the same relative  
 28 percentages as provided in this article. Funds remaining  
 29 after distributions are made to the state and the breeders  
 30 shall be distributed equally between the association  
 31 conducting the racing meeting and to horsemen, in the  
 32 form of purses, who participate in the racing meeting.

33 (c) All breakage and unclaimed tickets shall be  
 34 distributed equally among the state, the association  
 35 conducting the racing meeting, and the horsemen, in the  
 36 form of purses, who participate in the racing meeting.

37 (d) The operator of a racing theater shall deduct 0.33  
 38 of 1 percent from the total parimutuel wagers placed at  
 39 the facility for distribution to the city in which the facility  
 40 is located, except that, if the facility is located outside a

1 city, the money deducted shall be distributed to the  
2 county. The money received by a city or county pursuant  
3 to this subdivision shall be used to provide police services  
4 and traffic control related to the operation of the racing  
5 theater.

6 ~~SEC. 10.~~

7 *SEC. 9.* Section 19619.5 is added to the Business and  
8 Professions Code, to read:

9 19619.5. In addition to the amounts specified in  
10 Section 19619.4, the operator of a racing theater may  
11 deduct from the proceeds of winning tickets purchased  
12 at a racing theater a surcharge of up to 5 percent as an  
13 additional commission. In calculating the surcharge, the  
14 operator shall round up to the nearest 10 cents (\$0.10).

15 ~~SEC. 11.~~

16 *SEC. 10.* Section 19619.6 is added to the Business and  
17 Professions Code, to read:

18 19619.6. Racing theaters shall offer the same types of  
19 wagers as are approved by the board for a racetrack, and  
20 wagering odds shall be the same as on-track odds.  
21 Amounts wagered at a racing theater shall be considered  
22 a part of the on-track parimutuel pool for purposes of  
23 computing amounts payable to holders of winning  
24 tickets, but shall not be considered part of the on-track  
25 parimutuel pool for purposes of computing license fees  
26 payable by the association conducting the horseracing  
27 meeting.