



CITY OF SACRAMENTO



DEPARTMENT OF POLICE
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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.

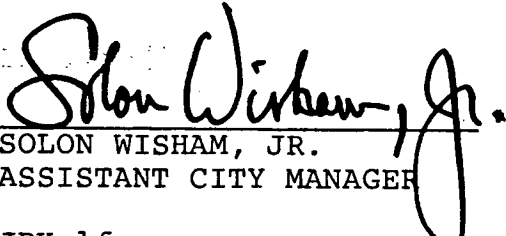
Lastly, I can see no benefit of any nature, monetarily or otherwise to this legislation. The major benefactor will undoubtedly be the large Horseracing Associations who derive the major portion of the profits from this type of betting operation.

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:



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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- 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.