

LEGISLATIVE UPDATE

By David Helmsin

It's midyear, and the Legislature is in full swing. Major issues under consideration in Sacramento include: crafting a 2007/08 budget with a multi-billion dollar structural deficit; establishing health care coverage for the uninsured; addressing massive prison overcrowding; spending the infrastructure bond funding approved last year; and, last but not least, developing a sellable plan for redrawing legislative districts and modifying legislative term limits.

Within the gaming world, legislative ratification of amended compacts for five Indian tribes has been the marquis issue. The compacts in question were successfully negotiated between the Governor and affected tribes over a year ago, passed by the Senate last August, but were soon stymied in the Assembly because of major objections from organized labor.

Horse racing capitalized on the Legislative debate over the compacts to underscore the huge challenges facing our own industry. A few horse racing interests even joined labor in their effort to block the compacts – hoping to leverage some mitigation funding for horse racing out of the compact ratification process.

After months of delay, it now appears that the Assembly will pass the compacts as originally amended by the Governor and tribes, without addressing the labor issue or taking any direct action to help horse racing compete with subsidized purses offered in many out-of-state jurisdictions.

Fortunately, a larger group of horse racing interests, including TOC, has been working on a broader package of ideas for enhancing the horse racing environment in California. The "California Horse Racing Revitalization Plan," supported by virtually everyone involved in California horse racing, encourages the Legislature to take a number of positive steps, including:

- Redirect \$40 million in annual license fees to purses and breeders' awards.
- Establish a stable funding source for Fairs and Expositions.

- Authorize limited utilization of electronic pari-mutuel horse racing games.
- Redirect about \$5.25 million of the State's portion of the annual sales tax on horses purchased and sold at auction or claiming races into purses.
- Establish a promotional partnership between racing associations/fairs and gaming tribes throughout the state.
- Utilize lottery outlets and other suitable locations for approved horse racing wagers.
- Eliminate overly restrictive and outdated provisions of current horse racing law.

This plan served as the focal point for discussions with Legislative leadership and other key decision-makers during the industry's June 11 Legislative Day at the Capitol. TOC and others will continue to advocate for immediate legislative action in the appropriate areas.

Other 2007 legislative measures aggressively being worked by TOC include:

- AB 241 (Price) – would authorize additional satellite wagering facilities in California.
- AB 813 (Portantino) – would extend the statutory sunset on ADW.
- AB 649 (Ma) – would increase minimum jockey mount fees.
- SB 249 (Negrete McLeod) – would allow additional sources for purse monies.

TOC will remain vigilant on these and other measures likely to pop up as the legislative process continues between now and the mid-September end of session. Owners with any questions or comments related to legislative activities are encouraged to contact TOC President Drew J. Couto or Executive Director Guy Lamothe.

Tracking Trends

DAILY ATTENDANCE & WAGERING through Sunday, June 10, 2007

| | Racedays | Reported Attendance | | Pari-mutuel Wagering | | Pari-mutuel Purse Revenues | |
|---|----------|---------------------|--------|----------------------|--------|----------------------------|--------|
| 2007 Los Angeles Turf Club - Final | 85 | 18,110 | -1.3% | \$11,642,760 | +4.7% | \$435,071 | +1.6% |
| On-Track | | 9,241 | +0.7% | \$2,139,965 | -4.7% | \$150,451 | -2.5% |
| Off-Track | | 8,869 | -3.3% | \$2,871,690 | -3.9% | \$134,515 | -3.9% |
| CA ADW | | | | \$781,631 | +5.2% | \$40,001 | +6.6% |
| Out-of-State (Reg. & ADW) | | | | \$5,849,474 | +13.7% | \$110,104 | +14.3% |
| 2007 Golden Gate Spring - Final | 35 | 6,963 | -5.4% | \$4,469,958 | +2.6% | \$166,058 | -2.0% |
| On-Track | | 2,830 | -15.4% | \$625,654 | -16.1% | \$41,070 | -16.7% |
| Off-Track | | 4,133 | +2.9% | \$1,562,501 | +5.7% | \$76,884 | +2.7% |
| CA ADW | | | | \$384,478 | -2.5% | \$19,045 | +3.4% |
| Out-of-State (Reg. & ADW) | | | | \$1,897,362 | +9.2% | \$29,059 | +8.1% |
| 2007 Bay Meadows Spring - Final | 48 | 6,260 | +7.3% | \$3,908,276 | +1.8% | \$149,733 | -1.7% |
| On-Track | | 3,062 | +44.5% | \$651,798 | +13.4% | \$43,999 | +12.5% |
| Off-Track | | 3,198 | -13.9% | \$1,201,653 | -15.8% | \$62,567 | -17.1% |
| CA ADW | | | | \$326,119 | +16.4% | \$16,552 | +20.3% |
| Out-of-State (Reg. & ADW) | | | | \$1,728,707 | +10.9% | \$26,615 | +11.8% |