

LEGISLATIVE UPDATE

By David Helmsin

With the exception of the Governor's race, which Schwarzenegger won by a wide margin, California again proved itself a true "blue" state in the November elections – all but one statewide office went Democratic. Because of the manner in which the state last drew its districts, not a single incumbent legislator was defeated, not one seat changed parties, and the Democrats retained a huge majority in both houses.

Thanks to legislative term limits, 36 new legislators were sworn into office on December 4th. The loss of so many termed-out legislators will be accompanied by major changes in committee chairs, vice-chairs, committee members and key committee consultants.

Shortly after the legislature reconvenes on January 3rd, the Governor will deliver his State-of-the-State Address and propose a state budget for 2007/08. According to the experts, California faces a structural budget deficit of \$5.5 billion in 2007 and \$5 billion in 2008.

While pledging to eliminate the budget deficit (without raising taxes), the Governor has also been very vocal about his intent to make health care reform his top priority in 2007. Efforts to establish coverage for California's 8 million uninsured could potentially create billions in new state costs.

The state's correctional system is also in a shambles, and the expenditures required to address deficiencies in inmate health care services and overcrowding in the general prison population will also add billions to the budget dilemma.

With respect to horseracing, the new legislature will pick up right where the last one left off. The tribal gaming com-

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pacts that stalled last year will be reconsidered early in the new legislative session, and TOC, along with the rest of the industry, will continue to advocate for the additional funding necessary to offset the impact of any tribal gaming expansion on the future of horseracing in California.

The statute authorizing advance deposit wagering will also be up for renewal in 2007. TOC will ask the Legislature to consider some adjustments to the construct of ADW systems, clarify the rights of the various entities involved, and explore a more equitable distribution of ADW wagering revenues and fees.

An assortment of other items, such as satellite wagering, the racing calendar, workers' compensation, and the use of emerging technologies may also be part of this year's legislative agenda. TOC is prepared to aggressively represent owners' interests in each of these areas as well.

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Tracking Trends

DAILY ATTENDANCE & WAGERING through Sunday, December 24, 2006

	Racedays	Reported Attendance		Pari-mutuel Wagering		Pari-mutuel Purse Revenues	
2006 Hollywood Park Fall - Final	36	12,466	-2.3%	\$9,734,868	13.3%	\$358,143	8.4%
On-Track		4,775	-8.2%	\$1,417,324	8.2%	\$95,966	6.2%
Off-Track		7,692	1.8%	\$2,793,566	7.9%	\$127,574	5.1%
CA ADW				\$1,082,174	7.5%	\$51,365	0.8%
Out-of-State (Reg. & ADW)				\$4,441,804	20.4%	\$83,208	22.8%
2006 Oak Tree Racing Association - Final	26	16,647	-1.9%	\$9,081,505	-2.2%	\$356,837	-2.0%
On-Track		9,003	6.0%	\$1,920,373	-1.5%	\$131,514	2.0%
Off-Track		7,644	-9.8%	\$2,335,693	-9.9%	\$108,683	-8.1%
CA ADW				\$915,642	-6.5%	\$43,702	-8.6%
Out-of-State (Reg. & ADW)				\$3,909,796	3.8%	\$72,938	5.3%