

LEGISLATIVE UPDATE

By David Helmsin

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The California Legislature recently wrapped up a relatively unproductive 2007/08 session, punctuated by an unprecedented amount of partisan bickering over how best to address the state's massive \$15.2 billion budget deficit. California is not the only state in financial trouble, but we are particularly hard hit by the economic crisis gripping the nation because our income tax-based revenue stream is extremely volatile during a downturn of this magnitude.

Ideological arguments over the right combination of spending reductions, revenue increases and/or systemic reforms continued well beyond the legislature's anticipated August 31 adjournment date. By the time a deal emerged, the budget was a record-breaking 85 days late and California had the dubious honor of being the only state in the Union operating without an approved spending plan.

It soon became clear that there would be another "get out of town" budget which would not resolve California's continuing structural problems. At one point, the Governor promised to veto the entire budget (as well as any other bills sent his way), legislative leaders were preparing for a potential veto override, organized labor groups threatened introduction of an initiative to invalidate the deal, and one group even mounted a drive to recall the Governor.

When the dust settled, fiscal experts agreed that the plan was fabricated from one-time accounting – gimmicks, overly optimistic assumptions and unrealistic projections. Before the ink was even dry, most had concluded that the budget-making process for the coming year will start with a deficit of \$11 billion.

The budget stalemate also had a negative impact on the end of session legislative process. The Governor's promise to veto any bills sent to him prevented the usual deal making on critical issues like prison construction and water bonds. Nearly 1,000 bills were in limbo for weeks and, up against a September 30 signing deadline, the Governor has been forced to veto many measures just because they were not "the highest priority for California."

Horseracing industry efforts to create the infrastructure necessary to cope with track closures at Bay Meadows and potentially Hollywood Park were delayed as a result of the legislative gridlock. Faced with late concerns over the measure's financing structure and distracted by more pressing issues, legislative leaders deferred action on SB 1635 (Negrete-McLeod) until next year. Horseracing legislation that did make it through this year's process and has been signed by the Governor includes:

- AB 2048 (Silva) which permits a harness/quarter horse association in the central zone to import two additional out-of-state races on live race days.
- AB 2103 (Plescia) which facilitates the continuation of the thoroughbred industry's successful workers' compensation insurance program.
- AB 2205 (Garrick) which allows additional flexibility over the allocation of racing dates in the central and southern zones – in the event of a track closure.
- AB 2258 (Evans) which ensures that racing venues pay license fees in an amount adequate to cover funding commitments to state fairs.
- AB 3073 (GO Committee) which adds trainers to the list of individuals held criminally accountable for using drugs to affect the result of a race.
- AB 3074 (GO Committee) which increases the cap on imported out-of-state thoroughbred races to 32 per day at a venue where live racing is being conducted.
- SB 561 (Margett) which allows additional flexibility in the number of race dates allocated to an association in the northern zone.

In addition to resolving the infrastructure issue in the coming year, TOC will also be working with industry stakeholders on other measures designed to increase the long-term financial stability of California horseracing. Owners are encouraged to contact Guy Lamothe, TOC Executive Director, for more information on legislation passed this year or contemplated for next year.

Legislative Profile: Assemblyman Felipe Fuentes

The grandson of Mexican immigrants, Assemblyman Felipe Fuentes was elected in May of 2007 to represent the 39th Assembly District in a special election. Located in the Northeast San Fernando Valley, the 39th Assembly District includes the communities of Arleta, Mission Hills, Pacoima, Panorama City, Sun Valley, and Sylmar.

Assemblyman Fuentes has deep roots in the 39th Assembly District. He attended local schools, graduating from San Fernando High School and later earning degrees from UCLA and the Graziadio School of Business at Pepperdine University.

Fuentes also has a long history of service to residents of the San Fernando Valley, as Deputy Mayor for the Valley and Chief of Staff to then Los Angeles City Council President Alex Padilla. His hard work helped launch successful construction projects for police and fire stations, libraries, and infrastructure improvements in the Northeast Valley. Fuentes also helped establish the "Safe Routes to Schools" program, and created effective anti-gang programs for the area.

In the Assembly, Fuentes' committee assignments include: Banking and Finance; Rules; Labor and Employment; Jobs, Economic Development and the Economy; and Natural



Resources. He is Chair of the Select Committee on the Census. During his first two years as an Assemblyman, Fuentes has authored key legislation dealing with affordable housing for veterans and priority for California-based firms when awarding public interest projects.

Fuentes has been an avid fan of horse racing since the days that he frequently accompanied his father and grandfather to Santa Anita Park. He fondly remembers when, as a 6-year old, he created quite a stir at the track by wandering away from the family. As he tells it, he wasn't really "lost," he was just on his own self-guided tour of the paddock area.

While working for Fremont Compensation Insurance Group later in life, Santa Anita was one of his favorite clients. While taking in this

year's Cal Cup, Fuentes assured TOC that he intends to do everything he can in the legislature to ensure that his grandchildren have the same opportunity he did to enjoy a day of live California Thoroughbred racing with their grandfather.

Assemblyman Fuentes now resides in Sylmar with his wife, Lena Wu-Fuentes, owner of a successful Los Angeles-based children's apparel company. Felipe and Lena are proud parents of their only child, Iliana Flor Fuentes.

California's November Election Highlights

President: California is considered a solid "blue state." As a result, neither candidate has campaigned much here (other than for fundraising purposes). Recent polls show Obama with a double-digit lead over McCain.

Congress: *CD 11* is a showdown between incumbent Jerry McNerney (D) and Dean Andal (R). Republicans view this seat as the only potential opportunity to increase their numbers in the state's Congressional delegation.

CD 04 is a match-up between Charlie Brown (D) and Tom McClintock (R) for John Doolittle's (R) seat. McClintock survived a very divisive primary, which paved the way to a very close campaign between the two opponents.

Senate: *SD 19* is likely to be the only contested Senate seat, with former Assembly Members Tony Strickland (R) and Hannah Beth Jackson (D) squaring off to fill the seat

vacated by Tom McClintock. Most pundits believe that this one is too close to call.

Assembly: *AD 15* is a race between Abram Wilson (R) and Joan Buchanan (D) to fill the seat vacated by Guy Houston (R). Democrats think they can reclaim this seat, which is the only Bay Area seat held by a Republican.

AD 30 features a face off between Danny Gilmore (R) and Fran Florez (D) to fill Nicole Parra's (D) seat. Republican Gilmore barely lost this race last election and he has Parra's Democratic endorsement this time around.

AD 78 has John McCann (R) in a contest with Marty Block (D) to fill Shirley Horton's (R) seat. Since Horton's 2002 election, the San Diego district has become more Democratic, making this a tough race to predict.

AD 80 pits Gary Jeandron (R) against

Manuel Perez (D) for Bonnie Garcia's (R) seat. Like *AD 78*, this district, once considered a GOP stronghold, has seen an increase in Democratic voter registration and is one of the state's most closely watched races.

Initiatives: *Proposition 8* would ban same sex marriage in California by overturning the State Supreme Court Decision that legalized same sex marriage earlier this year. Similar to a measure passed 8 years ago, the polls show support weakening this time around.

Proposition 11 would take redistricting out of the hands of legislators and give the responsibility to a specially formed commission comprised of 14 citizens. Passing this measure is the Governor's primary objective for the November ballot and he will be very visible in the effort.

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