

LEGISLATIVE UPDATE

By David Helmsin

Other than ushering in a new freshman class, the legislature's transition from 2008 to 2009 was virtually seamless. The reason: the legislature was embroiled in an extended battle to pass the mid-year budget adjustments necessary to avoid a complete fiscal meltdown. It was mid-February, 106 days into the second "special" session on the budget, before the legislature, the Democratic majority and a handful of Republicans finally agreed to a deal.

The controversial spending package addressed the state's projected \$42 billion deficit with an unprecedented combination of new revenue, program reductions, and additional borrowing. It also included a couple of long overdue "structural reforms" and some economic stimulus provisions.

- **Revenue:** Sales tax increase of 1%; vehicle license fee increase to 1.5% of value; and personal income tax increase of .25%.
- **Reductions:** Billions of dollars in cuts for all major program areas; hardest hit were Education, Health, and Social Services.
- **Borrowing:** Securitization of future state lottery earnings; sale of additional bonds, a number of transfers and shifts within special funds.
- **Reforms:** Implementation of a hard "Spending Cap" and a "Rainy Day" fund; switch to an open primary; and suspension of legislative pay increases during a budget delay.
- **Stimulus:** Tax credits for new homebuyers, small business, and the motion picture industry; reformulation of the tax for companies with out-of-state sales; incentives and exemptions for large public construction projects; and a new appropriation for the Fair and Exhibitions Fund (which provides \$32 million per year in horse racing fee relief).

The revenue (tax) increases are temporary – two-years, unless extended to four years by popular vote on a series of propositions scheduled for a special statewide election on May 19. Passage of the six propositions on the May ballot is also essential for enactment of the above referenced structured reforms. While early polling indicates that several of these measures are struggling, the governor and legislative leaders have made passage their top priority.

Even if the propositions all pass and the State receives its fair share of funding from the federal stimulus bill recently enacted by Congress, experts agree that California will be facing a

new multibillion dollar deficit by this summer. Dismal tax revenues for the first part of this year clearly demonstrate that the global economic slide continues to take a giant toll on the Golden State.

On a brighter note, the horse racing license fee relief secured in the budget deal will produce more per year in purses beginning in July. This increase will help make California purses more competitive with those featured in out-of-state racing venues.

Special thanks to Senator Roy Ashburn (R-Bakersfield) for recognizing the urgency of the situation and taking advantage of a brief "window of opportunity" by authorizing related legislation (SBx2 16) in the final round of budget negotiations. His effort not only provides fairs with a more stable funding source, it will also help offset current deficiencies and temper the decline in horse racing revenue for the immediate future.

Legislative support and the governor's buy-in to this appropriation reflect a culmination of past efforts on the part of everyone in the horse racing community to educate policymakers on horse racing's challenges. All of the lobbying, meetings, hearings, events and private conversations with elected officials over the last couple of years finally paid some dividends.

While we are starting off the year on a positive note, there is still much to be done to stabilize and stimulate the State's horse racing industry. To this end, organizations representing owners, breeders, trainers and tracks recently formed a new *California Horse Racing Alliance*. With assistance from former CHRB Chair, Richard Shapiro, the Alliance will help develop a common agenda for 2009 and beyond, formulate related strategy and ensure an integrated advocacy effort on the part of industry lobbyists.

It is anticipated that the Alliance will initially focus on measures designed to enhance horse racing wagering options, manage current revenue deficiencies, restructure the regulatory environment, and streamline industry offerings. Ultimately, the Alliance may be the catalyst for the planning necessary to reinvent the game, redefine our relationship with other major stakeholders, rethink our business plan, reshape the horseracing infrastructure, and reposition the sport for future generations.

TOC expects to play a major role in the Alliance and hopes to build on our early achievement with SBx2 16 to make 2009 a truly successful year for California horse racing. Owners who have comments or questions in this regard are encouraged to contact Drew J. Couto, TOC president, or Guy Lamothe, TOC Executive Director, in the Associations' main office.

Legislative Profile:

Assemblyman Joel Anderson

Assemblyman Joel Anderson was first elected to the California Legislature in 2006, representing more than 420,000 people in Assembly District 77. His district encompasses East San Diego County, including all or portions of El Cajon, La Mesa, Santee, Jamul, Lakeside, Ramona, Alpine, Borrego Springs, and the City of San Diego.

As a freshman Republican Assemblyman, Anderson successfully shepherded legislation with international implications through the Democratically controlled California State legislature. His AB 221 was the first Iran divestment legislation in the United States; similar laws are pending (or now passed) in 17 other states. Even more astonishing is the fact that the legislation, impacting billions of dollars, was unanimously passed by both the California State Senate and State Assembly and ultimately signed by Governor Schwarzenegger.

After re-election in 2008, Anderson also authored ACR 79 which calls upon the University of California to similarly divest from companies with holdings in Iran.

Assemblyman Anderson was recently named Vice-Chair of the Governmental Organization (GO) Committee which oversees horse racing, gaming, alcoholic beverages, and other issues. He looks forward to working with TOC and states, "We have a great tradition of horse racing



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in California. Beyond entertaining a group of dedicated fans, it is an important industry generating thousands of jobs and billions in revenues for state and local government."

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Before joining the legislature, Anderson owned and operated a small printing company, which he turned into a million-dollar operation within three years. Believing that work is the best solution to poverty, he moved his operation to an Enterprise Zone and hired from local neighborhoods in order to bring jobs to a high unemployment area.

Anderson has also worked alongside San Diego's leading business and community leaders raising money for scholarships for underprivileged children, the US Justice Foundation, Kiwanis, and Santa Fe Christian School.

Joel Anderson is the youngest of 8 children and a husband of 19 years to his wife, Kate, a nurse practitioner, and a father to three children – Mary, Maura, and Michael. They reside in Alpine, which is not too far from one of California's most historic racing venues – the Del Mar Thoroughbred Club.

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