



a California joint powers agency

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**AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOHN ALKIRE, CHAIR
12:30 P.M., TUESDAY, MARCH 3, 2009
VIA TELECONFERENCE**

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Board of Directors will commence at 12:30 P.M., Tuesday, March 3, 2009. The meeting will be held at the Kahn, Soares & Conway Sacramento office located at 1415 L Street, Suite 400, Sacramento, California 95814. Directors may participate by teleconference.

AGENDA

- I. Approval of Minutes.
- II. Determination of Date, Time, and Location of Next Meeting.
- III. Update, Discussion and Action, if any, on a Combined Fair Meeting.
- IV. Webcast.
- V. Update on Discussions with Golden Gate Fields for use of Golden Gate Fields for Fair Racing in 2009.
- VI. Update, Discussion and Action, if any, on Legislative Matters.
- VII. Update on Prospective New Satellite Facilities.
- VIII. Financials.
- IX. Executive Director's Report.

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CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors
Tuesday, February 3, 2009

Minutes

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, February 3, 2009. The meeting was conducted from the California Authority of Racing Fairs Conference Room located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

Board Directors attending: John Alkire, Kelly Baldwin, Norb Bartosik and Rick Pickering. Joining by conference call: Vince Agnifili and Dan Jacobs.

Staff and Guests attending: Chris Korby, Heather Haviland, Margot Wilson, Mike Treacy, Dan White and Debbie Cook. Joining by conference call: Ken Alstott, Chris Carpenter, Mike Paluszak, Scott Grieve and Tawny Tesconi.

Agenda Item 1 – Determination of Date, Time and Location of Next Meeting. The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, March 3, 2009 in Sacramento, location and time to be determined.

Agenda Item 2 – Approval of Minutes. Norb Bartosik moved to approve the meeting minutes as presented. Mr. Pickering seconded, unanimously approved.

Agenda Item 3 – Discussion and Action, if any, on Legislative Matters. Mr. Brown was unable to join the Board Meeting. Mr. Korby provided a recap of Mr. Brown's briefing from the Live Racing Committee Meeting.

[From Live Racing Committee Minutes]. Mr. Brown provided an update on budget activity at the Capitol, which has created very little movement for legislation. CARF is working on potential language to extend the workmen's compensation agreement for Emerging Breeds, takeout increase for Fair facility infrastructure improvements (2% of exotics) and an increase in satellite revenues/commissions.

At the Western Fairs Association Conference, Steven Chambers introduced the idea of a larger California Fair network stimulus package that would transfer the obligation of Fair funding from horse racing to future gaming compacts. The concept, brought forth by the California Fair Alliance, is in the discussion phase.

Agenda Item 4 – Informational Update on Discussions Regarding Night Harness Racing in Northern California. Mr. Bartosik reported that the state of Night Racing is not healthy. CalExpo currently does not have enough horses to move to a four-night-a-week schedule, a minimum of 360 starters are needed and 330 are presently on the backside. The Harness horsemen are requesting more purse money and CalExpo is already carrying a \$100,000 overpayment.

The horsemen's group, CHHA, is looking to sponsor legislation to allow Harness to operate at any California Fairgrounds on a year-round basis. Mr. Bartosik stated that CalExpo does make a slim profit as an operator, but their overall investment has been significant.

Mr. Korby asked if CalExpo has a position on the potential legislation posed by CHHA. Mr. Bartosik responded that he would be willing to have any and all conversations that might improve the health of the Harness Industry. He also stated that CARF should look at the possibilities of creating a year-round schedule at Fairs.

Mr. Pickering thanked Mr. Elliott for his early distribution of the Harness schedule to the satellite network which aided with Union negotiations.

Mr. Alkire reminded the group that they had voted several months ago to keep all individual conversations with the racing industry transparent by sharing them at the Board level, as in the case with Fresno's discussions with Harness representatives.

Agenda Item 5 – Discussion and Action, if any, on a Survey of Fair Satellite Wagering Facilities. Mr. Alkire reported that he had requested Staff begin the process of evaluating each of the satellite wagering facilities in the Network. With the progression of the "mini-satellite" concepts and Fair satellites facing closure due to economic issues, CARF needs to be proactive in surveying the satellites to protect the interests of F&E and Fairs.

Mr. Alkire suggested a third-party consultant be hired to independently survey the facilities. He also stressed the importance of Fair Managers sharing their profit and loss statements. It is important that CARF review the figures of the economically challenged satellites, validate those figures and compare them in a uniform manner so that we are able to address Industry concerns when they arise.

Mr. Jacobs agreed with Mr. Alkire's suggestion and added that reviewing the profit and loss statements and having hard data would be crucial in moving forward with the 3% legislation. Mr. Jacobs suggested that CFSA be contacted to develop the financials.

Mr. Korby referenced a survey in the meeting packets that was conducted by CARF in 1998. He suggested an updated survey of similar scope with financials would be suitable. Mr. Korby added that having this information would also help in reclassifying a satellite to a "mini" if that classification was desirable.

Mr. Grieve and Mr. Alstott stated they are currently employing a minimum staff and operations.

Mr. Pickering asked if there was protocol or policy in place for closing an existing satellite facility. No such policy is known to exist.

Ms. Baldwin moved that Fairs provide satellite profit and loss statements to CARF and that staff move forward with establishing the mechanics for a Network-wide survey. Mr. Pickering seconded, unanimously approved.

Agenda Item 6 – Discussion and Action, if any, on Prospective New Satellite Wagering Facilities. Mr. Korby reported that the industry is discussing the location of several mini-satellite locations in California. In Southern California, a card club called the Commerce Club has distributed a memorandum of understanding stating their intent to operate a mini-satellite, with application assistance from SCOTWinc., for a six month trial period.

It is agreed within the industry that the San Francisco area in Northern California is vastly underserved and opening a mini-satellite in that market would benefit Live Racing Fairs. Members of the racing industry are advocating Lucky Chance Casino, a card club in Colma which is south of San Francisco. Lucky Chance falls within a 20 mile radius of San Mateo and would need the Fair's approval to proceed.

Mr. Carpenter stated that he received a letter from Blonien & Associates, representatives of Lucky Chance, asking to operate a mini-satellite at the card club for a six month trial. The letter indicates that at the end of the six month trial the handle and impact on San Mateo would be evaluated and, depending on the results, the mini-satellite will either close or negotiations would commence with San Mateo. Mr. Carpenter expressed concern over the proximity of the card club and the newness of his operation. Mr. Korby asked Mr. Carpenter to keep CARF and F&E involved as the development of the first mini-satellite will set a significant precedence.

Mr. Treacy expressed concern for San Mateo and Cow Palace regarding a potential mini-satellite at Lucky Chance Casino.

Mr. Korby announced there is interest in a Cow Palace satellite project. Ms. Baldwin and Ms. Tesconi have also begun conversations with card clubs in their communities.

Mr. Korby reported that he is working with Gordon Gong to produce plans for three mini-satellite scenarios (200, 500 and 1,000 square-foot models).

Agenda Item 7 – Follow-Up on Discussions and Presentations at Western Fairs Conference. Mr. Alkire thanked Western Fairs Association for hosting the CARF presentation and meeting.

Mr. Korby announced the dates for one day Satellite Wagering Facility Meetings in the North and South. The Southern meeting will be Tuesday, March 31, 2009 at Lancaster. The Northern meeting will be Tuesday, April 31, 2009 at Monterey.

Ms. Baldwin stated potential topics for the meeting would include labor, general cost savings, the mini-satellite model and marketing/promotions. Ms. Tesconi asked if F&E could be present to further discuss options for satellite closure and bond obligations.

Mr. Pickering suggested that all Fairs request a copy of the Marketing Awards CD provided by WFA.

Agenda Item 8 – Financials. Mr. Jacobs congratulated the Board and Staff for the state of the year-end financials. Ms. Tesconi asked if non-board members could receive financials. Mr. Korby stated that they would be distributed.

Agenda Item 9 – Executive Director’s Report. Mr. Korby reported that the California Horse Racing Board recently distributed a letter regarding the collection of the F&E shortfall. The letter was from the CHRB to all live racing producers in California requesting each party’s share of the 2008 shortfall. There is concern that the figures requested by CHRB do not match the figures expected from F&E.

Mr. Pickering thanked everyone for their participation in the WFA Conference and their help in developing the California Fair Alliance presentation.

Respectfully submitted,

Heather Haviland

**CA Authority of Racing Fairs
3/3/2009**

AB 136 (Silva) Horse racing: harness or quarter horse races: imported races. (1-01/20/2009 [html](#) [pdf](#))
Introduced: 01/20/2009
Status: 02/26/2009-Referred to Com. on G.O.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would delete that limitation regarding the total number of harness or quarter horse races imported in a calendar year. This bill contains other existing laws.
Organization: CARF

AB 246 (Price) Horse racing: deductions and distributions: trust funds. (1-02/10/2009 [html](#) [pdf](#))
Introduced: 02/10/2009
Status: 02/11/2009-From printer. May be heard in committee March 13.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would require a person licensed to conduct a horse racing meeting to hold in trust the distributions required to be made pursuant to the Horse Racing Law until the funds are paid to the various distributees. The bill would provide that these required deductions, except for those that enure to the benefit of the racing association, are trust funds and shall not be used by the racing association for any purpose other than for payment to those distributees as directed by the Horse Racing Law. This bill contains other related provisions and other existing laws.
Organization: CARF

AB 446 (Niello) Public employees' retirement: benefits. (1-02/24/2009 [html](#) [pdf](#))
Introduced: 02/24/2009
Status: 02/25/2009-From printer. May be heard in committee March 27.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: The Public Employees' Retirement Law calculates service retirement allowances, in part, based on years of credited service. Members of the Public Employees' Retirement System may receive service credit for public service not otherwise subject to credit, upon payment of specified additional contributions. Existing law authorizes specified members of that system, including employees or officers of the state, the university, a school employer, or a contracting agency and certain legislative employees, to elect to make additional contributions and receive up to 5 years of additional retirement service credit, as defined, subject to specified limitations. This bill would make a technical, nonsubstantive change to that provision.
Organization: CARF

AB 512 (Yamada) Agricultural land: Williamson Act: compatible uses. (1-02/24/2009 [html](#) [pdf](#))
Introduced: 02/24/2009
Status: 02/25/2009-From printer. May be heard in committee March 27.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would also include horse breeding and training facilities as a compatible use of land under a Williamson Act contract.
Organization: CARF

AB 544 (Coto) Joint powers agreement: Tule River Tribal Council. (1-02/25/2009 [html](#) [pdf](#))
Introduced: 02/25/2009
Status: 02/26/2009-From printer. May be heard in committee March 28.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would amend the act to authorize the Tule River Tribal Council, as the governing body of the Tule River Indian Reservation of California, a federally recognized Indian tribe to enter into a joint powers agreement with the City of Porterville to create a joint powers agency, known as the Porterville Airport Area Development Authority (PAADA), for the sole purpose of developing approximately 1,200 acres of land in the vicinity of the Porterville Airport. The bill would specify the membership of the PAADA's 5-member board and require that all actions taken by PAADA be by an affirmative vote of 4 members of the board. The bill would authorize PAADA to take various actions, including jointly planning land use, incurring debt, making lease purchase arrangements, and issuing revenue bonds and certificates of participation. The bill would prohibit PAADA from authorizing or issuing bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985, unless the funded public improvements will be owned and maintained by PAADA or one or more public agency members, and the revenue streams pledged to repay the bonds derive from PAADA or one or more of its public agency members. The bill would repeal its provisions on January 1, 2039. This bill contains other related provisions.

Organization: CARF

AB 605 (Portantino) Horse racing: proposition parimutuel pool wagers. (1-02/25/2009 [html](#) [pdf](#))

Introduced: 02/25/2009

Status: 02/26/2009-From printer. May be heard in committee March 28.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would permit thoroughbred horse racing results to be included in proposition parimutuel pool wagers. This bill contains other existing laws.

Organization: CARF

AB 662 (Hagman) California State Lottery: construction. (1-02/25/2009 [html](#) [pdf](#))

Introduced: 02/25/2009

Status: 02/26/2009-From printer. May be heard in committee March 28.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would make legislative findings regarding the proposed construction of a new lottery complex estimated to cost \$185,000,000. The bill would prohibit the commission from proceeding with the construction of the California State Lottery Complex project, or any similar project, and would authorize the use of up to \$40,000,000 for the renovation of any existing building used by the commission for lottery operations. The bill would require the commission to allocate for the benefit of public education the difference between \$185,000,000 and the amount expended for renovation pursuant to these provisions. This bill contains other related provisions and other existing laws.

Organization: CARF

AB 707 (Nestande) Tribal gaming: grants to local agencies. (1-02/26/2009 [html](#) [pdf](#))

Introduced: 02/26/2009

Status: 03/01/2009-From printer. May be heard in committee March 30.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Existing law provides for the distribution of moneys in the Indian Gaming Special Distribution Fund for grants to local government agencies impacted by tribal gaming. Existing law provides for the establishment of an Individual Tribal Casino Account for each tribe that operates a casino within a county that has gaming devices that are subject to an obligation to contribute to the Indian Gaming Special Distribution Fund. Existing law requires that 60% of each Individual Tribal Casino Account be available for nexus grants on a yearly basis to cities and counties impacted by tribes that are paying into the Indian Gaming Special Distribution Fund, according to a 4-part nexus test, as specified. This bill would make a technical, nonsubstantive change to these provisions.

Organization: CARF

AB 734 (Hill) Horse racing: satellite wagering facilities. (1-02/26/2009 [html](#) [pdf](#))
Introduced: 02/26/2009
Status: 02/27/2009-From printer. May be heard in committee March 29.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would increase by 1% the percentages that are used to determine the amount to be distributed as satellite wagering commissions. This bill contains other related provisions and other existing laws.
Organization: CARF

AB 763 (Chesbro) Horse racing: Humboldt County Fair. (1-02/26/2009 [html](#) [pdf](#))
Introduced: 02/26/2009
Status: 02/27/2009-From printer. May be heard in committee March 29.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would during calendar periods when a thoroughbred association or fair in the northern zone and the Humboldt County Fair simultaneously conduct live race meetings, permit the Humboldt County Fair and a thoroughbred association in the southern zone when conducting a live race meeting to accept wagers on the result of out-of-state thoroughbred horse races, if specified conditions are met. This bill contains other related provisions and other existing laws.
Organization: CARF

AB 813 (Hall) Gambling Control Act: administration. (1-02/26/2009 [html](#) [pdf](#))
Introduced: 02/26/2009
Status: 03/01/2009-From printer. May be heard in committee March 30.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would require that the examination and inspection of the equipment, supplies, documents, papers, books, and records of a gambling establishment take place during standard business hours.
Organization: CARF

AB 840 (Garrick) Horse racing. (1-02/26/2009 [html](#) [pdf](#))
Introduced: 02/26/2009
Status: 02/27/2009-From printer. May be heard in committee March 29.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Existing law expresses the Legislature's intent of the Horse Racing Law is to allow parimutuel wagering on horse races, while assuring protection of the public, among other matters. This bill would make a technical, nonsubstantive change to those provisions.
Organization: CARF

AB 945 (Committee on Agriculture) Equine drugs. (1-02/26/2009 [html](#) [pdf](#))
Introduced: 02/26/2009
Status: 02/27/2009-From printer. May be heard in committee March 29.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would delete the exemption from the provisions on the drugging of horses applicable to any horse show, competition, or sale certified by the secretary.
Organization: CARF

AB 1499 (Evans) Horse racing: workers' compensation. (1-02/27/2009 [html](#) [pdf](#))
Introduced: 02/27/2009
Status: 03/02/2009-Read first time.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would also authorize a fair to deduct an additional 0.5% of the total amount handled in exotic parimutuel pools of races for any breed, other than races solely for

thoroughbreds. This deduction would also be for similar purposes and subject to similar conditions as the quarter horse racing association and harness racing association authorizations discussed above. This authorization would also expire on January 1, 2014. This bill contains other related provisions.
Organization: CARF

AB 1505 (Smyth) Gambling: lotteries. (1-02/27/2009 [html](#) [pdf](#))
Introduced: 02/27/2009
Status: 03/02/2009-Read first time.

[Dead/2YR](#) | [1st Desk](#) | [1st Policy](#) | [1st Fiscal](#) | [1st Floor](#) | [2nd Desk](#) | [2nd Policy](#) | [2nd Fiscal](#) | [2nd Floor](#) | [Conf./Conc.](#) | [Enrolled](#) | [Vetoed](#) | [Chaptered](#)

Summary: Existing law defines a lottery as any scheme for the disposal or distribution of property by chance among persons who have paid or promised to pay valuable consideration for a chance to obtain that property or a portion, share, or interest therein, upon any agreement, understanding, or expectation that is to be so distributed or disposed of, whether it is called a lottery, raffle, gift enterprise, or any other name. This bill would make a technical, nonsubstantive change to these provisions.
Organization: CARF

ABX2 1 (Portantino) State employment: salary freeze. (1-12/11/2008 [html](#) [pdf](#))
Introduced: 12/11/2008
Status: 01/05/2009-Read first time.

[Dead/2YR](#) | [1st Desk](#) | [1st Policy](#) | [1st Fiscal](#) | [1st Floor](#) | [2nd Desk](#) | [2nd Policy](#) | [2nd Fiscal](#) | [2nd Floor](#) | [Conf./Conc.](#) | [Enrolled](#) | [Vetoed](#) | [Chaptered](#)

Summary: Would make findings and declarations regarding the budget deficit facing the state. The bill would, until January 1, 2012, prohibit a person employed by the state whose base salary on the effective date of the bill is greater than \$150,000 per year from receiving a salary increase while employed in the same position or classification, and from receiving payment for overtime work or a bonus. The bill would exempt from this prohibition a person whose compensation is governed by an operative memorandum of understanding, as described above, a person employed in a classification that is subject to oversight by a federal receiver, a person who has been exempted by executive order of the Governor, as specified, and a person whose salary is set pursuant to the California Constitution. This bill contains other related provisions.
Organization: CARF

HR 9 (Price) Relative to National Problem Gambling Awareness Week. (C-03/02/2009 [html](#) [pdf](#))
Introduced: 02/19/2009
Status: 03/02/2009-From committee: Be adopted. (Ayes 8. Noes 0.) (March 2).

[Dead/2YR](#) | [1st Desk](#) | [1st Policy](#) | [1st Fiscal](#) | [1st Floor](#) | [2nd Desk](#) | [2nd Policy](#) | [2nd Fiscal](#) | [2nd Floor](#) | [Conf./Conc.](#) | [Enrolled](#) | [Vetoed](#) | [Chaptered](#)

Summary:
Organization: CARF

SB 30 (Denham) State property. (1-12/02/2008 [html](#) [pdf](#))
Introduced: 12/02/2008
Status: 01/29/2009-To Com. on G.O.

[Dead/2YR](#) | [1st Desk](#) | [1st Policy](#) | [1st Fiscal](#) | [1st Floor](#) | [2nd Desk](#) | [2nd Policy](#) | [2nd Fiscal](#) | [2nd Floor](#) | [Conf./Conc.](#) | [Enrolled](#) | [Vetoed](#) | [Chaptered](#)

Summary: Would require the department to identify not less than \$1,000,000,000 worth of state property that can be sold immediately to pay for the retirement of outstanding general obligation bonds issued by the state, thereby helping to close the state's budget deficit. State agencies and departments that would be affected by the sale of land or structures would be required to determine the costs and benefits of leasing back their existing space or finding new space. This bill contains other related provisions.
Organization: CARF

SB 126 (Cedillo) Bingo: remote caller bingo. (1-02/05/2009 [html](#) [pdf](#))
Introduced: 02/05/2009

Status: 02/23/2009-To Com. on G.O.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would delete the reference to school districts in the provisions specifying the organizations that may conduct bingo games and would instead authorize charitable organizations affiliated with a school district to conduct bingo games. This bill contains other related provisions.

Organization: CARF

SB 213 (Flores) Gambling establishments: proposition players. (1-02/23/2009 [html](#) [pdf](#))

Introduced: 02/23/2009

Status: 02/24/2009-From print. May be acted upon on or after March 26.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would provide that nothing in the Gambling Control Act shall be construed to prohibit a 3rd-party provider of proposition player services, or a player employed by such a provider, from servicing more than one table at a time. This bill contains other related provisions.

Organization: CARF

SB 222 (Ducheny) Unemployment compensation: wages. (1-02/23/2009 [html](#) [pdf](#))

Introduced: 02/23/2009

Status: 02/24/2009-From print. May be acted upon on or after March 26.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would revise this provision to exclude remuneration in excess of \$21,000. This bill contains other related provisions and other existing laws.

Organization: CARF

SB 241 (Runner) Retail food facilities. (1-02/24/2009 [html](#) [pdf](#))

Introduced: 02/24/2009

Status: 02/25/2009-From print. May be acted upon on or after March 27.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would revise this definition to include the shell egg of an avian species, as specified, except a balut and an egg product. This bill contains other related provisions and other existing laws.

Organization: CARF

SB 243 (Harman) Gambling Control Act. (1-02/24/2009 [html](#) [pdf](#))

Introduced: 02/24/2009

Status: 02/25/2009-From print. May be acted upon on or after March 27.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. Existing law provides for the enforcement of those activities by the Department of Justice. This bill would make a technical, nonsubstantive change to those provisions.

Organization: CARF

SB 254 (Wiggins) Horses: sale, purchase, or transfer. (1-02/24/2009 [html](#) [pdf](#))

Introduced: 02/24/2009

Status: 02/25/2009-From print. May be acted upon on or after March 27.

Dead/2YR | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Would provide that it is unlawful for any person to act as a dual agent, as defined, unless certain conditions are met, and would make it unlawful for a person acting as an agent to receive in excess of \$500 in compensation or in other items of value, related

to that transaction, other than from the agent's principal, unless certain conditions are met. The bill would allow any person injured by a violation of its provisions to recover treble damages, plus other expenses. The bill would provide that the board may suspend or revoke the license of any person who violates its provisions.

Organization: CARF

SB 335 (Harman) State property. (1-02/25/2009 [html](#) [pdf](#))

Introduced: 02/25/2009

Status: 02/26/2009-From print. May be acted upon on or after March 28.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law requires the Department of General Services to maintain a complete and accurate statewide inventory of all real property held by the state, to categorize the inventory by agency and geographical location, to include specified information in the inventory, and to update the inventory annually. Existing law also requires the department to prepare a separate report of all properties declared surplus or properties with no identified current or projected use, and to update the report annually. This bill would make a technical, nonsubstantive change to this provision.

Organization: CARF

SB 357 (Ducheny) Tribal gaming: grants to local jurisdictions. (1-02/25/2009 [html](#) [pdf](#))

Introduced: 02/25/2009

Status: 02/26/2009-From print. May be acted upon on or after March 28.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would extend the operation of the above provisions relating to the administration and awarding of grants to local jurisdictions until January 1, 2020.

Organization: CARF

SB 358 (Ducheny) Indian tribes: economic development. (1-02/25/2009 [html](#) [pdf](#))

Introduced: 02/25/2009

Status: 02/26/2009-From print. May be acted upon on or after March 28.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would require the secretary to establish the Native American Business Revolving Loan and Guarantee Program for the purpose of providing nongaming business loans and loan guarantees to qualified Indian tribes, as defined. The bill would create the Native American Business Revolving Loan and Guarantee Program Account within the California Small Business Expansion Fund, solely for the purpose of receiving state, federal, or local government moneys, other public or private moneys, and tribal government contributions. The bill would continuously appropriate the moneys in the account to the director for the purpose of implementing and administering the program. By authorizing the expenditure of funds from a continuously appropriated account, the bill would make an appropriation. The bill would require that the program and the steps necessary to implement it and make it operative not be undertaken until the secretary has determined that funds of a sufficient amount to create a loan pool and pay program administrative costs have been received into the account. The bill would require the director to provide for the development and implementation of the application review process for the program, subject to specified requirements. The bill would specify the maximum amount of a loan or loan guarantee granted under the program and would require a tribe applying for a loan to provide matching funds in a specified amount. The bill would create the Native American Business Finance Council, consisting of 9 members, who are appointed by, and serve at the pleasure of, the Governor, to provide policy and program guidance regarding the development and operation of the program. The bill would require the director to annually report to the secretary on the activities of the program, to include within that report information pertaining to the loss experience for loans and loan guarantees made pursuant to the program, and, no later than January 1, 2011, to report to the Governor and the Legislature the results of an independent audit of the program. The bill would enact other related provisions.

Organization: CARF

SB 495 **(Benoit) Tribal gaming: revenue sharing.** (1-02/26/2009 [html](#) [pdf](#))

Introduced: 02/26/2009

Status: 02/27/2009-From print. May be acted upon on or after March 28.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law creates in the State Treasury the Indian Gaming Revenue Sharing Trust Fund and the Indian Gaming Special Distribution Fund for the receipt and deposit of moneys received by the state from certain Indian tribes pursuant to the terms of gaming compacts entered into with the state, and authorizes moneys in those funds to be used for certain purposes. Existing law provides for the transfer of moneys from the Indian Gaming Special Distribution Fund to the Indian Gaming Revenue Sharing Trust Fund under certain circumstances. Existing law provides that, if that transfer results in a surplus, the funds shall remain in the Indian Gaming Revenue Sharing Trust Fund for disbursement in future years, and if necessary, adjustments shall be made to future distributions from the Indian Gaming Special Distribution Fund to the Indian Gaming Revenue Sharing Trust Fund. This bill would make technical, nonsubstantive changes to these provisions.

Organization: CARF

SB 517 **(Florez) Horse racing: fairs: capital outlay funding.** (1-02/26/2009 [html](#) [pdf](#))

Introduced: 02/26/2009

Status: 02/27/2009-From print. May be acted upon on or after March 28.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would instead require any racing association to make that additional 1% deduction. By increasing the amount to be deposited into the Fair and Exposition Fund, which is continuously appropriated, the bill would make an appropriation. This bill contains other related provisions.

Organization: CARF

SB 577 **(Denham) Horse racing: satellite wagering facilities.** (1-02/27/2009 [html](#) [pdf](#))

Introduced: 02/27/2009

Status: 03/02/2009-Read first time.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law, the Horse Racing Law, permits the California Horse Racing Board to authorize an association licensed to conduct a racing meeting also to operate a satellite wagering facility at its racetrack inclosure, under specified conditions that differ between the northern zone and the central and southern zones, and provides specific guidelines for the operation and location of these facilities. This bill would make technical, nonsubstantive changes to these provisions.

Organization: CARF

SB 586 **(Yee) State property: sale.** (1-02/27/2009 [html](#) [pdf](#))

Introduced: 02/27/2009

Status: 03/02/2009-Read first time.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would require the director, prior to an unspecified date, to sell, at fair market value, upon those terms and conditions determined by the director, a specified parcel of state property located in the County of San Mateo and the City and County of San Francisco to any interested party. The bill would exempt an "as-is" sale, exchange, sale, sale combined with an exchange, or transfer of this parcel from certain provisions of the California Environmental Quality Act (CEQA). If the sale, exchange, sale combined with an exchange, or transfer of the parcel is not an "as-is" sale and close of escrow is contingent on satisfying a local governmental approval for entitlement or land use requirements, including compliance by the local government with certain provisions of CEQA, then the execution of the purchase and sale agreement or exchange agreement would be exempt from those provisions of CEQA. This bill contains other related provisions.

Organization: CARF

SB 610 (Corbett) Gambling establishments: Santa Clara County. (1-02/27/2009 [html](#) [pdf](#))

Introduced: 02/27/2009

Status: 03/02/2009-Read first time.

Dead/2YR	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would provide that, notwithstanding the above provisions, a gambling establishment licensed by the commission and operating in the City of San Jose on January 1, 2010, may change its location within the County of Santa Clara by providing the commission with notice at least 3 months prior to that change. The bill would provide that these provisions do not supersede any local measure prohibiting or regulating gambling establishments.

Organization: CARF

Total rows: 32

DRAFT FOR INTERNAL USE ONLY

Two Percent Satellite Commission Raised to Three Percent

NOTE: This language adjusts the commission paid to satellite wagering facilities (also know as "location fees") from two percent to three percent, both for traditional totalisator wagers and for ADW wagers. It deletes the language that maintains the same take-out off-track and on-track.

19605.7. The total percentage deducted from wagers at satellite wagering facilities in the northern zone shall be distributed as set forth in this section. Amounts deducted under this section shall be distributed as follows:

Deleted: shall be the same as the deductions for wagers at the racetrack where the racing meeting is being conducted and

(a) For thoroughbred meetings, 1.3 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, 3 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, 2.5 percent or the amount of actual operating expenses, as determined by the board, whichever is less, shall be distributed to an organization described in Section 19608.2, and 0.54 percent shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2 and shall thereafter be distributed in accordance with subdivisions (b), (c) and (d) of Section 19617.2, and 0.033 percent distributed to the Center for Equine Health and 0.067 percent distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

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(b) For harness, quarter horse, Appaloosa, Arabian, or mixed breed meetings, 0.4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, for fair meetings, 1 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the fair association for payment to the state as a license fee, 3 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, and 6 percent of the amount handled by the satellite wagering facility or the amount of actual operating expenses, as determined by the board, whichever is less, shall be distributed to an organization described in Section 19608.2. In addition, in the case of quarter horses, 0.4 percent shall be deposited with the

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official registering agency pursuant to subdivision (b) of Section 19617.7 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7; in the case of Appaloosas, 0.4 percent shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9; in the case of Arabians, 0.4 percent shall be held by the association to be deposited with the official registering agency pursuant to Section 19617.8, and shall thereafter be distributed in accordance with Section 19617.8; in the case of standardbreds, 0.4 percent shall be distributed for the California Standardbred Sires Stakes Program pursuant to Section 19619; in the case of thoroughbreds, 0.48 percent shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2 and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2; and 0.033 percent shall be distributed to the Center for Equine Health and 0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

(c) In addition to the distributions specified in subdivision (a) and (b), for mixed breed meetings, 1 percent of the total amount handled by each satellite wagering facility shall be distributed to an organization described in Section 19608.2 for promotion of the program at satellite wagering facilities. For harness meetings, 0.5 percent of the total amount handled by each satellite wagering facility shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, and 0.5 percent of the total amount handled by each satellite wagering facility shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horsemen participating in the meeting. For quarter horse meetings 0.5 percent of the total amount handled by satellite wagering facility on races run in California shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, 0.5 percent of the total amount handled by each satellite wagering facility on out-of-state and out-of-country imported races shall be distributed to the official quarter horse registering agency for the purposes of Section 19617.75, and 0.5 percent of the total amount handled by each satellite wagering facility on all races shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horseman participating in the meeting.

(d) Additionally, for thoroughbred, harness, quarter horse, mixed breed, and fair meetings, 0.33 percent of the total amount handled by each satellite wagering facility shall be paid to the city or county in which the satellite wagering facility is located pursuant to Section 19610.3 or 19610.4.

(e) Notwithstanding any other provision of law, a racing association is responsible for the payment of the state license fee as required by this section.

19605.71. The total percentage deducted from wagers at satellite wagering facilities in the central and southern zone shall be distributed as set forth in this section. Amounts deducted by a satellite wagering facility under this section shall be distributed as follows:

Deleted: shall be the same as the percentage deducted from wagers at the racetrack where the racing meeting is being conducted and

(a) For thoroughbred meetings, 2 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, 3 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, 2.5 percent or the amount of actual operating expenses, as determined by the board, whichever is less, shall be distributed to an organization described in Section 19608.2, and 0.54 percent shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2 and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2, and 0.033 percent shall be distributed to the Center for Equine Health and 0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

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(b) For harness, quarter horse, Appaloosa, Arabian, or mixed breed meetings, 0.4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, for fair meetings, 1 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, 3 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, and 6 percent of the amount handled by the satellite wagering facility or the amount of actual operating expenses, as determined by the board, whichever is less, distributed to an organization described in Section 19608.2. In addition, in the case of quarter horses, 0.4 percent shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.7; in the case of Appaloosas, 0.4 percent shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.9 and shall thereafter be distributed in accordance with subdivisions (c), (d), and (e) of Section 19617.9; in the case of Arabians, 0.4 percent shall be held by the association to be deposited with the official registering agency, pursuant to Section 19617.8, and thereafter shall be distributed in accordance with Section 19617.8; in the case of standardbreds, 0.4 percent shall be distributed for the California Standardbred Sires Stakes Program pursuant to Section 19619; in the case of thoroughbreds, 0.48 percent shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2 and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2; and 0.033 percent shall be distributed to the Center for Equine Health and

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0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

(c) In addition, for Appaloosa and mixed breed meetings, 1 percent shall be distributed to an organization described in Section 19608.2 for promotion of the program at satellite wagering facilities. Notwithstanding any other provision of law, on wagers made in the Counties of Orange and Los Angeles on thoroughbred races conducted in the County of Orange or Los Angeles, or both, excluding the 50th District Agricultural Association, the amount deducted for promotion of the satellite wagering program at satellite wagering facilities shall be 0.5 percent. Any of the promotion funds that are not distributed in the year in which they are collected may be distributed in the following year. If promotion funds distributed in any year exceed the amount collected for that year, the funds distributed in the following year shall be reduced by the excess amount. For harness meetings, 0.5 percent of the total amount handled by each satellite wagering facility shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, and 0.5 percent of the total amount handled by each satellite wagering facility shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horsemen participating in the meeting. For quarter horse meetings 0.5 percent of the total amount handled by satellite wagering facility on races run in California shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, 0.5 percent of the total amount handled by each satellite wagering facility on out-of-state and out-of-country imported races shall be distributed to the official quarter horse registering agency for the purposes of Section 19617.75, and 0.5 percent of the total amount handled by each satellite wagering facility on all races shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horseman participating in the meeting.

(d) Additionally, for thoroughbred, harness, quarter horse, mixed breed, and fair meetings, 0.33 percent of the total amount handled by the satellite wagering facility shall be paid to the city or county in which the satellite wagering facility is located pursuant to Section 19610.3 or 19610.4.

(e) Notwithstanding any other provision of law, a racing association is responsible for the payment of the state license fee as required by this section.

ADW 2% LOCATION FEES ALSO ADJUSTED TO 3%

19604. Notwithstanding any other provision of law, in addition to parimutuel wagering otherwise authorized by this chapter, advance deposit wagering may be conducted upon approval of the board. The board may authorize any racing association or fair, during the calendar period it is licensed by the board to conduct a live racing

meeting in accordance with the provisions of Article 4 (commencing with Section 19480), to accept advance deposit wagers or to allow these wagers through a betting system or a multijurisdictional wagering hub in accordance with the following:

(a) Racing associations and racing fairs may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(b) As used in this section, "advance deposit wagering" means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with a licensee, a board-approved betting system, or a board-approved multijurisdictional wagering hub located within California or outside of this state, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the entity holding the account to place wagers on the account owner's behalf. An advance deposit wager may be made only by the entity holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The licensee, a betting system, or a multijurisdictional wagering hub shall ensure the identification of the account's owner by utilizing methods and technologies approved by the board. Further, at the request of the board, any licensee, betting system, or multijurisdictional wagering hub located in California, and any betting system or multijurisdictional wagering hub located outside of this state that accepts wagering instructions concerning races conducted in California or accepts wagering instructions from California residents, shall provide a full accounting and verification of the source of the wagers thereby made, including the zone and breed, in the form of a daily download of parimutuel data to a database designated by the board. Additionally, when the board approves a licensee, a betting system, or a multijurisdictional wagering hub, whether located within California or outside of this state, to accept advance deposit wagering instructions on any race or races from California residents, the licensee, betting system, or multijurisdictional wagering hub may be compensated pursuant to a contractual agreement with a California licensee, in an amount not to exceed 6.5 percent of the amount handled on a race or races conducted in California, and in the case of a race or races conducted in another jurisdiction, may be compensated in an amount not to exceed 6.5 percent, plus a fee to be paid to the host racing association not to exceed 3.5 percent, of the amount handled on that race or races. The amount remaining after the payment of winning wagers and after payment of the contractual compensation and host fee, if any, shall be distributed as a market access fee in accordance with subdivision (g). As used in this section, "market access fee" means the contractual fee paid by a betting system or multijurisdictional wagering hub to the California licensee for access to the California market for wagering purposes. As used in this section, "licensee" means any racing association or fair, or affiliation thereof authorized in subdivision (a).

(c) (1) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for licensees, betting systems, and multijurisdictional wagering hubs located in California. Betting systems and multijurisdictional wagering hubs located and operating in California shall be approved by the board prior to establishing advance deposit wagering accounts or accepting wagering instructions concerning those accounts and

shall enter into a written contractual agreement with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting. Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services, notwithstanding this requirement.

(2) The board shall develop and adopt rules and regulations requiring betting systems and multijurisdictional wagering hubs to establish security access policies and safeguards, including, but not limited to, the following:

(A) The betting system or wagering hub shall utilize the services of a board-approved independent third party to perform identity, residence, and age verification services with respect to persons establishing an advance deposit wagering account.

(B) The betting system or wagering hub shall utilize personal identification numbers (PINs) and other technologies to assure that only the accountholder has access to the advance deposit wagering account.

(C) The betting system or wagering hub shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable personal and account identification information.

(D) The betting system or wagering hub shall allow the board access to its premises to visit, investigate, and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(d) As used in this section, a "multijurisdictional wagering hub" is a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(e) As used in this section, a "betting system" is a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(f) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board to conduct advance deposit wagering, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool of the host racing association or fair under a contractual agreement with the applicable California licensee, in accordance with the provisions of this chapter.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(g) The amount received as a market access fee from advance

deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of Industrial Relations to cover costs associated with audits conducted pursuant to Section 19526 and for the purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this bill. However, if that amount would exceed the costs of the Department of Industrial Relations, the amount distributed to the department shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to 3 percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 2.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, and an amount equal to 2 percent of handle from all advance deposit wagers originating from within California in excess of five hundred million dollars (\$500,000,000) annually, shall be distributed as satellite wagering commissions. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. In the event of a reduction in the satellite wagering commissions, pursuant to this section, the benefits therefrom shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. For purposes of this section, the purse funds distributed pursuant to Section

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19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

Korby
January 16, 2009

DRAFT-For Internal Use Only
Korby—January 16, 2009

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:
Section 19605.74 is hereby added to the Business and Professions Code:

19605.74 (a) The Legislature finds and declares that the existence of high caliber thoroughbred racing in California is important to this state's agricultural economy and a source of employment for thousands of Californians. The California horse racing industry is being threatened by the potential closure of one or more thoroughbred racing venues with a consequent shortage of facilities at which thoroughbred race horses can race, stable and train. It is the intent of the Legislature to establish a fund to be utilized for the financing of capital improvements, for the acquisition of real property and for the development of infrastructure required for the racing, stabling and training of thoroughbred race horses in Northern California through the redistribution of the parimutuel handle on all exotic wagers made on thoroughbred races and emerging breed races run in the Northern Zone. This section shall be known as the California Racing Infrastructure Development and Economic Stimulus Act of 2009.

(b) Notwithstanding Section 19610, every thoroughbred association or fair that conducts a racing meet in the Northern Zone shall deduct an additional amount not to exceed two percent of the total amount handled in all parimutuel pools of exotic wagers on thoroughbred races or on emerging breed races at fairs to be used for the purposes set out in subdivision (a). The amount initially deducted and distributed pursuant to this section shall be two percent of the total amount handled in all parimutuel pools of exotic wagers on thoroughbred races or emerging breed races at Fairs run in the Northern Zone, but that allocation may be adjusted by the board, except that any adjustment by the board shall ensure funds sufficient to meet the intent of subdivisions (f)(3) and (f)(4) herein. In any event, however, the adjusted amount may not exceed two percent of the amount handled in all parimutuel pools of exotic wagers on thoroughbred races or emerging breed races run in the Northern zone, to finance capital improvements, to acquire real property or to develop infrastructure required for the racing, stabling and training of thoroughbred race horses in the Northern Zone.

(c) The funds collected pursuant to subdivision (b) from all parimutuel pools on exotic wagers on thoroughbred races or emerging breed races at fairs arising out of wagering activities within the inclosure of a thoroughbred association or fair conducting a race meeting, at all satellite wagering facilities within this state, and through advance deposit wagering by residents of this state, shall be distributed to the organization described in subdivision (e) to be used in accordance with subdivision (f).

(d) Any thoroughbred association or fair that authorizes a betting system located outside of this state to accept wagers on its races and to combine those wagers in the association's or fair's exotic wagers parimutuel pools, including, but not limited to, a multijurisdictional wagering hub as to wagers made by residents other than those of this state, shall deduct the amount specified in subdivision (b) in addition to any other

Comment [CC1]: Language modified from 19607 ff, the sections that set up the Stabling Funds North and South. Suggesting that the mechanism we use for adjusting the percentage be analogous to that already set out in 19607 for the Stabling Funds.

applicable deductions specified in law. The amount deducted pursuant to this subdivision shall be distributed to the organization described in subdivision (e) to be used in accordance with subdivision (f). This additional deduction shall not be included in the amount on which license fees are determined pursuant to Section 19602 or Section 19616.51.

(e) The organization shall be the California Authority of Racing Fairs, or its successor, a joint powers agency formed pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code. The organization shall account annually to the California Horse Racing Board with respect to the expenditure and distribution of funds received by the organization pursuant to subdivisions (c) and (d), and shall obtain an independent audit of fund generation and distribution. A copy of the completed audit shall be forwarded to the California Horse Racing Board within 45 days of its receipt by the organization.

(f) (1) The amount distributed to the organization described in subdivision (e) shall be deposited by that organization in separate accounts and such funds and any interest thereon shall be expended for the financing of such capital improvements as are deemed necessary and appropriate in the Northern zone by the organization described in Section 19607.2 to provide adequate stabling training and related facilities for thoroughbred horse racing in the Northern zone

Comment [CC2]: Decision on allocations made by Northern Stabling and Vanning Committee.

Comment [CC3]: Northern Stabling and Vanning Committee

(f) (2) Any financing plan or proposal shall be submitted to and approved by the organization described in subdivision (e) prior to any expenditure of funds, pursuant to this subsection. However, such approval may be withheld solely on the basis that funds generated pursuant to subdivision (b) are not sufficient for repayment of debt to finance the improvements determined by the joint resolution described in this subdivision.

Comment [CC4]: INTENT: The JPA may deny improvements recommended by Northern Stabling Committee ONLY IF the revenue is not sufficient to service the debt. The decision-making authority to determine actual, specific improvements is vested in the Northern Stabling Committee.

(f) (3) Such approval by such organization may provide for the payment of such amounts to one or more joint powers agencies for the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by such joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements or the purchase of real property to provide adequate facilities for racing, stabling and training thoroughbred race horses at fairgrounds in the Northern Zone or for the purpose of refunding bonds or other indebtedness incurred for those purposes.

(f) (4) As used in this subsection (f) “coverage factor” means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 per cent more than the amount of that debt service, which such joint powers agency, pursuant to the resolution of indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or as is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness.

(g) It is the intent of the Legislature in enacting this section to provide the revenues necessary for the financing by one or more joint powers agencies of the facilities and improvements described in subparagraph (f)(1) and (f)(3) of this section all of which shall be deemed to be public capital improvements within the meaning of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code. Payments described in paragraph (f)(1) of this section shall continue through whatever period of time is necessary to repay any borrowings of joint powers funding mechanism, including, but not limited to, retirement of bonded indebtedness, loan repayments, and monthly payments involving lease-purchase programs made by a joint powers agency to finance the improvements referenced in subparagraph (f)(1) of this section.

(h) The State of California does hereby pledge to the holders of any bonds or other indebtedness, and with those joint powers agencies which may enter into agreements with fairs or other third parties or authorize bonds or other indebtedness to be issued, in reliance on the allocations set forth in this section, that the State will not alter or change the structure of funding and deposits set forth in, or the pledge of funds for debt service, security, including any coverage factors, and expenses, pursuant to this section until the bonds and other indebtedness are fully paid or discharged. However nothing precludes any alteration or change, if and when, adequate provision has been made by law for the payment of debt service on the bonds and other indebtedness, and the right to so alter or change is hereby reserved. Joint powers agencies may include this pledge and undertaking of the State in the bonds or agreements evidencing other indebtedness.

(i) The approval described in (f)(3) shall provide for the disbursement to the organization described in Section 19607.2 of any funds over and above those necessary to accomplish the financing of improvements referred to subsection (f)(1) and (f)(3) including any required coverage factor and reserves. The organization described in Section 19607.2 shall thereafter annually disburse the total amount so received solely for any or all of the following purposes: the amount, if any, required to insure that stabling and vanning funds provided for in section 19607.1 of this code are sufficient to cover the expenses of vanning and stabling in the northern zone; and alternatively or additionally; to pay down the principal on any bonded indebtedness incurred to provide and maintain adequate racing, stabling and training facilities, including the purchase of real property, in the northern zone, and, additionally or alternately, to supplement thoroughbred purses paid in the northern zone; to promote and market thoroughbred racing in the northern zone, which purpose may include supplemental additions to parimutuel pools in order to promote racing events in the northern zone.

Comment [CC5]: Northern Stabling and Vanning Committee

Section 19606.1 is amended as follows:

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19606.1. (a) Except as otherwise provided in Section 19606.3, all revenues distributed to the state as license fees from satellite wagering facilities shall be deposited in a separate account in the fund and, notwithstanding Section 13340 of the Government Code, are continuously appropriated from that account to the Department of Food

and Agriculture, for allocation by the Secretary of Food and Agriculture, at his or her discretion, for the purposes set forth in paragraphs (1) to (6), inclusive. The concurrence of the Director of Finance shall be required for allocations pursuant to paragraphs (1) and (2). Allocations pursuant to paragraphs (3) to (6), inclusive, shall be made with the concurrence of the Joint Committee on Fairs Allocation and Classification.

(1) For the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by a joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements at a fair's racetrack inclosure, *a fair's race track grandstand, a fair's race track surface, a fair's race track barn and stable area*, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects at fairs or for the purpose of refunding bonds or other indebtedness incurred for those purposes. As used in this paragraph, "coverage factor" means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 percent more than the amount of that debt service, which a joint powers agency, pursuant to the resolution or indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness. Notwithstanding any other provision of law, the department may also commit any funds available for allocation under Article 10 (commencing with Section 19620) to complete projects funded under this paragraph in the priority described in this paragraph.

(2) For payment to the State Race Track Leasing Commission to be pledged for the repayment of debt necessary to construct a racetrack grandstand at the 22nd District Agricultural Association fairgrounds. This payment shall be made only if the Secretary of Food and Agriculture determines, annually, that all other pledged revenues have been applied to the repayment of that debt and have been determined by the secretary to be inadequate for that purpose.

(3) For the payment of expenses incurred in establishing and operating satellite wagering facilities at fairs.

(4) For the support of an equipment and operating fund to produce and display a consolidated California signal at satellite wagering facilities and fairs.

(5) For health and safety repair projects at fairs, which includes fire and life safety improvement projects, California Code of

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Regulations compliance projects, and long-term deferred maintenance projects.

(6) For the development and payment of revenue generating projects, the establishment of pilot projects to restructure the current fair system, and for projects realizing a cost savings for more efficient utilization of existing fair resources.

(b) The Secretary of Food and Agriculture may not make an allocation for purposes of paragraphs (2) to (6), inclusive, of subdivision (a) until the payments required in any fiscal year pursuant to paragraph (1) of subdivision (a) have been funded.

(c) Pursuant to subdivision (a), the Joint Committee on Fairs Allocation and Classification shall review and concur, or not concur, with the secretary's determination of the allocations to be made pursuant to paragraphs (3) to (6), inclusive, of subdivision (a) in total, and the committee may not add to, or delete projects or line items from, the proposed allocations.

(d) Approval of the Joint Committee on Fairs Allocation and Classification is deemed complete when one of the following conditions is met:

(1) The annual budget act is enacted.

(2) If the secretary's recommendations are received by the Joint Committee on Fairs Allocation and Classification after the enactment of the annual budget act, the recommendations shall be deemed approved 30 days after they are received unless they are rejected by the committee.

(e) If the Joint Committee on Fairs Allocation and Classification does not concur with the secretary's recommendations, the secretary may submit another set of recommendations to the committee pursuant to this section.

(f) The payments required in any fiscal year for the purposes of paragraphs (1) to (3), inclusive, of subdivision (a) shall be made before any transfer is made pursuant to subdivision (g).

(g) Except as otherwise provided in subdivision (f), when the revenues deposited in the separate account exceed eleven million dollars (\$11,000,000) in any fiscal year, 98 percent of the amount in excess of eleven million dollars (\$11,000,000) shall be transferred to the Fair and Exposition Fund for allocation in accordance with Sections 19620.1 and 19630.

(h) All of the costs of administering the accounts created by subdivision (a) and Section 19606.3 shall be charged to the respective accounts.

2009–10 SECOND EXTRAORDINARY SESSION
AMENDMENTS TO SENATE BILL NO. 16

Amendment 1

In line 1 of the heading, strike out “Ducheny” and insert:

Ashburn

Amendment 2

Below line 1 of the heading, insert:

(Principal coauthor: Assembly Member Galgiani)

Amendment 3

Strike out line 1 of the title and insert:

An act to amend Sections 19606.1, 19606.3, and 19620.1 of, to add Section 19620.2 to, and to repeal and add Section 19616.51 of, the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

Amendment 4

On page 1, before line 1, insert:

SECTION 1. Section 19606.1 of the Business and Professions Code is amended to read:

19606.1. (a) ~~Except as otherwise provided in Section 19606.3, all revenues distributed to the state as license fees from satellite wagering facilities~~ All revenues transferred pursuant to Section 19620.2 shall be deposited in a separate account in the fund and, notwithstanding Section 13340 of the Government Code, are continuously appropriated from that account to the Department of Food and Agriculture, for allocation by the Secretary of Food and Agriculture, at his or her discretion, for the purposes set forth in paragraphs (1) to (6), inclusive. The concurrence of the Director of Finance shall be required for allocations pursuant to paragraphs (1) and (2). Allocations pursuant to paragraphs (3) to (6), inclusive, shall be made with the concurrence of the Joint Committee on Fairs Allocation and Classification.

(1) For the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by a joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements at a fair’s racetrack inclosure, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects



at fairs or for the purpose of refunding bonds or other indebtedness incurred for those purposes. As used in this paragraph, "coverage factor" means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 percent more than the amount of that debt service, which a joint powers agency, pursuant to the resolution or indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness. Notwithstanding any other provision of law, the department may also commit any funds available for allocation under Article 10 (commencing with Section 19620) to complete projects funded under this paragraph in the priority described in this paragraph.

(2) For payment to the State Race Track Leasing Commission to be pledged for the repayment of debt necessary to construct a racetrack grandstand at the 22nd District Agricultural Association fairgrounds. This payment shall be made only if the Secretary of Food and Agriculture determines, annually, that all other pledged revenues have been applied to the repayment of that debt and have been determined by the secretary to be inadequate for that purpose.

(3) For the payment of expenses incurred in establishing and operating satellite wagering facilities at fairs.

(4) For the support of an equipment and operating fund to produce and display a consolidated California signal at satellite wagering facilities and fairs.

(5) For health and safety repair projects at fairs, which includes fire and life safety improvement projects, California Code of Regulations compliance projects, and long-term deferred maintenance projects.

(6) For the development and payment of revenue generating projects, the establishment of pilot projects to restructure the current fair system, and for projects realizing a cost savings for more efficient utilization of existing fair resources.

(b) The Secretary of Food and Agriculture may not make an allocation for purposes of paragraphs (2) to (6), inclusive, of subdivision (a) until the payments required in any fiscal year pursuant to paragraph (1) of subdivision (a) have been funded.

(c) Pursuant to subdivision (a), the Joint Committee on Fairs Allocation and Classification shall review and concur, or not concur, with the secretary's determination of the allocations to be made pursuant to paragraphs (3) to (6), inclusive, of subdivision (a) in total, and the committee may not add to, or delete projects or line items from, the proposed allocations.

(d) Approval of the Joint Committee on Fairs Allocation and Classification is deemed complete when one of the following conditions is met:

(1) The annual budget act is enacted.

(2) If the secretary's recommendations are received by the Joint Committee on Fairs Allocation and Classification after the enactment of the annual budget act, the recommendations shall be deemed approved 30 days after they are received unless they are rejected by the committee.

(e) If the Joint Committee on Fairs Allocation and Classification does not concur with the secretary's recommendations, the secretary may submit another set of recommendations to the committee pursuant to this section.

(f) The payments required in any fiscal year for the purposes of paragraphs (1) to (3), inclusive, of subdivision (a) shall be made before any transfer is made pursuant to subdivision (g).

(g) Except as otherwise provided in subdivision (f), when the revenues deposited in the separate account exceed eleven million dollars (\$11,000,000) in any fiscal year, 98 percent of the amount in excess of eleven million dollars (\$11,000,000) shall be transferred to the Fair and Exposition Fund for allocation in accordance with Sections 19620.1 and 19630.

(h) All of the costs of administering the accounts created by subdivision (a) and Section 19606.3 shall be charged to the respective accounts.

SEC. 2. Section 19606.3 of the Business and Professions Code is amended to read:

19606.3. The first one million one hundred thousand dollars (\$1,100,000) of ~~all revenues distributed to racing associations for payment to the state as license fees funds for distribution as purses generated at satellite wagering facilities statewide from wagering on thoroughbred horse racing~~ shall be deposited in a special account in the fund and, notwithstanding Section 13340 of the Government Code, are hereby continuously appropriated to the Department of Food and Agriculture for supplementing purses at fair meetings to achieve the purposes of Section 19606.4.

SEC. 3. Section 19616.51 of the Business and Professions Code is repealed.

~~19616.51. Notwithstanding any other provision of law, if the total amount paid to the state as license fees by racing associations and fairs pursuant to this chapter is less than forty million dollars (\$40,000,000) in any calendar year, beginning January 1, 2001, and thereafter, all associations and fairs that conducted live racing during the year of the shortfall shall remit to the state, on a pro rata basis according to the amount paid as license fees by each association or fair, the amount necessary to bring the total amount paid to the state as license fees to forty million dollars (\$40,000,000). The amounts due under this section, if any, shall be paid from the amount available for commissions, purses, and breeder awards, and shall be paid to the board prior to March 1 of the year following the year of the shortfall.~~

SEC. 4. Section 19616.51 is added to the Business and Professions Code, to read:

19616.51. (a) Notwithstanding any other provision of law, and in lieu of any license fee payable to the state prescribed for or referred to in Section 19491, 19491.5, 19596.3, 19601, 19601.2, 19602, 19603, 19604, 19605.25, 19605.35, 19605.45, 19605.6, 19605.7, 19605.71, 19606.5, 19606.6, 19610.8, 19611, 19612, 19614, 19616, 19616.1, 19616.2, or 19641, any association or fair that conducts a racing meeting shall only pay a license fee to the state to fund the board and the equine drug testing program as follows:

(1) All racing associations and fairs including all breeds of racing shall participate in the funding of the board in accordance with a formula devised by the board in consultation with the industry.

(2) The baseline funding for the board and equine drug testing program in the first fiscal year after the enactment of this section shall be the amount approved in the 2008–09 Budget Act.

(3) Adjustments to the funding in subsequent budget years may only be made by an act of the Legislature.

(b) The license fee reductions resulting from subdivision (a), after payments to fund the board and the equine drug testing program, shall be distributed as follows:

(1) For thoroughbred racing only, 3 percent of the amount of the reduction shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2, and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2. The remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(2) For quarter horse racing, 2.5 percent of the amount of the reduction shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7, and shall thereafter be distributed in accordance with subdivisions (c), (d), (e), and (f) of Section 19617.7, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(3) For harness racing, 6 percent of the amount of the reduction shall be distributed as specified in Section 19617.6, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(4) For all other breeds, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

SEC. 5. Section 19620.1 of the Business and Professions Code is amended to read:

19620.1. (a) From the total revenue received by the board, including revenues transferred from the Satellite Wagering Account pursuant to subdivision (g) of Section 19606.1, but excluding money received pursuant to Sections 19640 and 19641, the sum of two hundred sixty-five thousand dollars (\$265,000) plus an amount equal to $\frac{63}{100}$ of 1 percent of the gross amount of money handled in the annual parimutuel pool generated within this state, or the maximum amount received by the state from the parimutuel pool of a racing meeting held in this state, whichever is less, shall be paid into the State Treasury to the credit of the Fair and Exposition Fund. ~~If the revenues paid into the Fair and Exposition Fund under this section are in excess of thirteen million dollars (\$13,000,000) in any fiscal year, one-half of the amount in excess of the thirteen million dollars (\$13,000,000) shall be transferred to the General Fund.~~

(b) From the total revenue received by the board, exclusive of money received pursuant to Sections 19640 and 19641, and in addition to the funds paid into the State Treasury to the credit of the Fair and Exposition Fund as specified in subdivision (a), the Legislature shall annually appropriate and the board shall deposit to the credit of

the Fair and Exposition Fund, such sums as it deems necessary for the following purposes:

(1) For the support of the board, including any costs and expenses incurred by the Attorney General in the enforcement of this chapter as shall be authorized by the board, including, compensation including any fringe benefits paid to stewards and to the official veterinarian, and an amount not less than the amount expended in the 1994-95 fiscal year for the costs of laboratory testing related to horse racing pursuant to Section 19580.

(2) To the Department of Food and Agriculture for the oversight of the network of California fairs receiving money from the fund.

(3) To the Department of Food and Agriculture for the contributions, or the cost of benefits in lieu of contributions, payable to the Unemployment Fund by the network of California fairs receiving funds pursuant to this article, as a result of unemployment insurance coverage pursuant to Section 605 of the Unemployment Insurance Code.

(4) To the Department of Food and Agriculture for the auditing of all district agricultural association fairs, county fairs, and citrus fruit fairs.

SEC. 6. Section 19620.2 is added to the Business and Professions Code, to read:

19620.2. Notwithstanding any other provision of law, on July 1, 2009, and on each July 1 thereafter, 32 million dollars (\$32,000,000) shall be transferred from the General Fund and paid into the State Treasury to the credit of the separate account of the Fair and Exposition Fund specified in Section 19606.1 and shall be continuously appropriated for allocation as specified in that section and Section 19620.1 only for the financial support of the network of California fairs.

SEC. 7. This act shall become effective on July 1, 2009.

Amendment 5

On page 1, strike out lines 1 and 2

Senate Bill No. 16

CHAPTER 12

An act to amend Sections 19606.1, 19606.3, and 19620.1 of, to add Section 19620.2 to, and to repeal and add Section 19616.51 of, the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

[Approved by Governor February 20, 2009. Filed with
Secretary of State February 20, 2009.]

LEGISLATIVE COUNSEL'S DIGEST

SB 16, Ashburn. Horse racing: license fees.

Existing law, the Horse Racing Law, provides that if the total amount paid to the state as license fees by racing associations and fairs is less than \$40,000,000 in any calendar year, all associations and fairs that conducted live racing during the year of the shortfall shall remit to the state, on a pro rata basis according to the amount paid as license fees by each association or fair, the amount necessary to bring the total amount paid to the state as license fees to \$40,000,000.

This bill would delete those provisions and instead provide that, notwithstanding any other provision of law and in lieu of any license fee payable to the state prescribed for or referred to in specified provisions of the Horse Racing Law, any association or fair that conducts a racing meeting shall pay a license fee to fund the California Horse Racing Board and the equine drug testing program in accordance with a formula devised by the board in consultation with the industry, as provided. The bill would provide that the license fee reductions resulting from these provisions, after payments to fund the board and the equine drug testing program, shall be distributed as specified for thoroughbred racing, quarter horse racing, harness racing, and all other breeds.

Existing law provides that revenues from satellite wagering are deposited in a separate account in the Fair and Exposition Fund and that, if those revenues exceed \$11,000,000 in a fiscal year, 98 percent of the excess is transferred to the Fair and Exposition Fund for specified allocations. Existing law also provides that, after the Fair and Exposition Fund receives more than \$13,000,000 in a fiscal year, half of the excess is transferred to the General Fund.

This bill would require, on July 1, 2009, and each July 1 thereafter, the transfer of \$32,000,000 from the General Fund to be paid into the State Treasury to the credit of the separate account of the Fair and Exposition Fund created for satellite wagering revenues, and would continuously appropriate those moneys for allocation for the financial support of the network of California fairs. The bill would require that all of the amount in

excess of \$11,000,000 be transferred to the Fair and Exposition Fund for allocation as specified in existing law, except that no part of this transferred money would be further transferred to the General Fund.

Existing law requires the first \$1,100,000 of all revenues distributed to racing associations for payment to the state as license fees to be deposited in a special account in the Fair and Exposition Fund and continuously appropriated to the Department of Food and Agriculture for supplementing purses at fair meetings to achieve certain specified purposes.

This bill would instead require the first \$1,100,000 of all funds for distribution as purses generated at satellite wagering facilities statewide from wagering on thoroughbred horse racing to be deposited in that special account for those purposes.

Under existing law, revenues distributed to the state as license fees from horse racing are required to be deposited in the Fair and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for various regulatory and general governmental purposes.

Because this bill would require that General Fund moneys be deposited into, and distributed from, that fund, the bill would make an appropriation.

This bill would become effective on July 1, 2009.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 19606.1 of the Business and Professions Code is amended to read:

19606.1. (a) All revenues transferred pursuant to Section 19620.2 shall be deposited in a separate account in the fund and, notwithstanding Section 13340 of the Government Code, are continuously appropriated from that account to the Department of Food and Agriculture, for allocation by the Secretary of Food and Agriculture, at his or her discretion, for the purposes set forth in paragraphs (1) to (6), inclusive. The concurrence of the Director of Finance shall be required for allocations pursuant to paragraphs (1) and (2). Allocations pursuant to paragraphs (3) to (6), inclusive, shall be made with the concurrence of the Joint Committee on Fairs Allocation and Classification.

(1) For the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by a joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements at a fair's racetrack inclosure, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects at fairs or for the purpose of refunding bonds or other indebtedness incurred for those purposes. As used in this paragraph, "coverage factor"

means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 percent more than the amount of that debt service, which a joint powers agency, pursuant to the resolution or indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness. Notwithstanding any other provision of law, the department may also commit any funds available for allocation under Article 10 (commencing with Section 19620) to complete projects funded under this paragraph in the priority described in this paragraph.

(2) For payment to the State Race Track Leasing Commission to be pledged for the repayment of debt necessary to construct a racetrack grandstand at the 22nd District Agricultural Association fairgrounds. This payment shall be made only if the Secretary of Food and Agriculture determines, annually, that all other pledged revenues have been applied to the repayment of that debt and have been determined by the secretary to be inadequate for that purpose.

(3) For the payment of expenses incurred in establishing and operating satellite wagering facilities at fairs.

(4) For the support of an equipment and operating fund to produce and display a consolidated California signal at satellite wagering facilities and fairs.

(5) For health and safety repair projects at fairs, which includes fire and life safety improvement projects, California Code of Regulations compliance projects, and long-term deferred maintenance projects.

(6) For the development and payment of revenue generating projects, the establishment of pilot projects to restructure the current fair system, and for projects realizing a cost savings for more efficient utilization of existing fair resources.

(b) The Secretary of Food and Agriculture may not make an allocation for purposes of paragraphs (2) to (6), inclusive, of subdivision (a) until the payments required in any fiscal year pursuant to paragraph (1) of subdivision (a) have been funded.

(c) Pursuant to subdivision (a), the Joint Committee on Fairs Allocation and Classification shall review and concur, or not concur, with the secretary's determination of the allocations to be made pursuant to paragraphs (3) to (6), inclusive, of subdivision (a) in total, and the committee may not add to, or delete projects or line items from, the proposed allocations.

(d) Approval of the Joint Committee on Fairs Allocation and Classification is deemed complete when one of the following conditions is met:

(1) The annual budget act is enacted.

(2) If the secretary's recommendations are received by the Joint Committee on Fairs Allocation and Classification after the enactment of the annual budget act, the recommendations shall be deemed approved 30 days after they are received unless they are rejected by the committee.

(e) If the Joint Committee on Fairs Allocation and Classification does not concur with the secretary's recommendations, the secretary may submit another set of recommendations to the committee pursuant to this section.

(f) The payments required in any fiscal year for the purposes of paragraphs (1) to (3), inclusive, of subdivision (a) shall be made before any transfer is made pursuant to subdivision (g).

(g) Except as otherwise provided in subdivision (f), when the revenues deposited in the separate account exceed eleven million dollars (\$11,000,000) in any fiscal year, the amount in excess of eleven million dollars (\$11,000,000) shall be transferred to the Fair and Exposition Fund for allocation in accordance with Sections 19620.1 and 19630.

(h) All of the costs of administering the accounts created by subdivision (a) and Section 19606.3 shall be charged to the respective accounts.

SEC. 2. Section 19606.3 of the Business and Professions Code is amended to read:

19606.3. The first one million one hundred thousand dollars (\$1,100,000) of all funds for distribution as purses generated at satellite wagering facilities statewide from wagering on thoroughbred horse racing shall be deposited in a special account in the fund and, notwithstanding Section 13340 of the Government Code, are hereby continuously appropriated to the Department of Food and Agriculture for supplementing purses at fair meetings to achieve the purposes of Section 19606.4.

SEC. 3. Section 19616.51 of the Business and Professions Code is repealed.

SEC. 4. Section 19616.51 is added to the Business and Professions Code, to read:

19616.51. (a) Notwithstanding any other provision of law, and in lieu of any license fee payable to the state prescribed for or referred to in Section 19491, 19491.5, 19596.3, 19601, 19601.2, 19602, 19603, 19604, 19605.25, 19605.35, 19605.45, 19605.6, 19605.7, 19605.71, 19606.5, 19606.6, 19610.8, 19611, 19612, 19614, 19616, 19616.1, 19616.2, or 19641, any association or fair that conducts a racing meeting shall only pay a license fee to the state to fund the board and the equine drug testing program as follows:

(1) All racing associations and fairs including all breeds of racing shall participate in the funding of the board in accordance with a formula devised by the board in consultation with the industry.

(2) The baseline funding for the board and equine drug testing program in the first fiscal year after the enactment of this section shall be the amount approved in the 2008–09 Budget Act.

(3) Adjustments to the funding in subsequent budget years may only be made by an act of the Legislature.

(b) The license fee reductions resulting from subdivision (a), after payments to fund the board and the equine drug testing program, shall be distributed as follows:

(1) For thoroughbred racing only, 3 percent of the amount of the reduction shall be deposited with the official registering agency pursuant to subdivision

(a) of Section 19617.2, and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2. The remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(2) For quarter horse racing, 2.5 percent of the amount of the reduction shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7, and shall thereafter be distributed in accordance with subdivisions (c), (d), (e), and (f) of Section 19617.7, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(3) For harness racing, 6 percent of the amount of the reduction shall be distributed as specified in Section 19617.6, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(4) For all other breeds, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

SEC. 5. Section 19620.1 of the Business and Professions Code is amended to read:

19620.1. (a) From the total revenue received by the board, including revenues transferred from the Satellite Wagering Account pursuant to subdivision (g) of Section 19606.1, but excluding money received pursuant to Sections 19640 and 19641, the sum of two hundred sixty-five thousand dollars (\$265,000) plus an amount equal to $\frac{63}{100}$ of 1 percent of the gross amount of money handled in the annual parimutuel pool generated within this state, or the maximum amount received by the state from the parimutuel pool of a racing meeting held in this state, whichever is less, shall be paid into the State Treasury to the credit of the Fair and Exposition Fund.

(b) From the total revenue received by the board, exclusive of money received pursuant to Sections 19640 and 19641, and in addition to the funds paid into the State Treasury to the credit of the Fair and Exposition Fund as specified in subdivision (a), the Legislature shall annually appropriate and the board shall deposit to the credit of the Fair and Exposition Fund, such sums as it deems necessary for the following purposes:

(1) For the support of the board, including any costs and expenses incurred by the Attorney General in the enforcement of this chapter as shall be authorized by the board, including, compensation including any fringe benefits paid to stewards and to the official veterinarian, and an amount not

less than the amount expended in the 1994–95 fiscal year for the costs of laboratory testing related to horse racing pursuant to Section 19580.

(2) To the Department of Food and Agriculture for the oversight of the network of California fairs receiving money from the fund.

(3) To the Department of Food and Agriculture for the contributions, or the cost of benefits in lieu of contributions, payable to the Unemployment Fund by the network of California fairs receiving funds pursuant to this article, as a result of unemployment insurance coverage pursuant to Section 605 of the Unemployment Insurance Code.

(4) To the Department of Food and Agriculture for the auditing of all district agricultural association fairs, county fairs, and citrus fruit fairs.

SEC. 6. Section 19620.2 is added to the Business and Professions Code, to read:

19620.2. Notwithstanding any other provision of law, on July 1, 2009, and on each July 1 thereafter, 32 million dollars (\$32,000,000) shall be transferred from the General Fund and paid into the State Treasury to the credit of the separate account of the Fair and Exposition Fund specified in Section 19606.1 and shall be continuously appropriated for allocation as specified in that section and Section 19620.1 only for the financial support of the network of California fairs.

SEC. 7. This act shall become effective on July 1, 2009.

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Page 1

(Without Reference to File)

SENATE THIRD READING
SB 16 X2 (Ashburn)
As Amended February 19, 2009
2/3 vote

SENATE VOTE : Vote not available

SUMMARY: Shifts the horse racing industry's obligation to fund the network of California (state and county) Fairs from license fees imposed on horse racing wagers to the General Fund (GF). Provides various measures of economic stimulus for the horse racing industry. Specifically, this bill :

- 1) Repeals an existing provision of law that addresses any shortfall in the guaranteed \$40 million funding for support of the California State Horse Racing Board (CHRB) and the network of California Fairs, and instead, require any racing association or fair that conducts a racing meet to only pay a license fee to the state to fund the CHRB and Maddy Lab.
- 2) Requires all racing associations and fairs including all breeds of racing to participate in the funding of the CHRB in accordance with a formula devised by the CHRB in consultation with the horseracing industry.
- 3) Establishes the baseline funding for CHRB and equine drug testing at the amount approved in the 2008-09 state Budget.
- 4) Provides that license fee reductions/savings resulting from this funding source change, after payment for the CHRB and the Maddy Lab, shall be distributed, as specified, for the Cal-bred incentive program for the various breeds - Thoroughbred, Quarter Horse, Harness, and all other breeds. (The language regarding the breeders' incentive program is intended to keep the incentive program whole, insofar as, breeders currently receive a percentage of license fees paid to the state.)

In addition, the remaining amount of license fee reduction must be distributed to the association that conducts the meet and the horsemen participating in the meet as follows: 50% to the association as commissions, and 50% to the horsemen as purses.

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Page 2

- 5) Provides an annual continuous appropriation beginning on July 1, 2009 for \$32 million from the GF to support the network of California fairs.
- 6) Redirects \$1.1 million to fund purses at fair meetings in the northern zone from purse funds generated at satellite Thoroughbred horse wagering facilities in the state. This will maintain the current funding source for fairs who receive supplemental purse monies. In essence, state license fees will no longer be used to fund the account but instead monies retained and paid by the horse racing industry.

EXISTING LAW : Article IV, Section 19(b) of the Constitution of the State of California provides that the Legislature may provide for the regulation of horse races and horse race meetings and wagering on the results.

Existing law provides that the intent of California's Horse Racing Law is to allow pari-mutuel wagering on horse racing while:

- 1) Assuring protection of the public.
- 2) Encouraging agriculture and the breeding of horses in this state.
- 3) Supporting the network of California fairs.
- 4) Providing for maximum expansion of horse racing opportunities in the public interest.
- 5) Providing uniformity of regulation for each type of horse racing.
[Business and Professions Code 19401]

Existing law authorizes the CHRB to regulate the various forms of horse racing authorized in this state. [Business and Professions Code 19420, et al]

Existing law provides if the total amount paid to the state as license fees (handle) by racing associations and fairs is less than forty million dollars (\$40,000,000) in any calendar year, beginning January 1, 2001, and thereafter, all associations and fairs that conducted live racing during the year of the shortfall must remit to the state, on a pro rata basis according

to the amount paid as license fees by each association or fair, the amount necessary to bring the total amount paid to the state to \$40 million. The amounts due, if any, must be paid from the amount available for commissions, purses, and breeder awards, and shall be paid to CHRB prior to March 1 of the year following the year of the shortfall. [Business and Professions Code 19616.51]

Existing law provides the Legislature shall annually appropriate and CHRB shall deposit to the credit of the Fairs and Exposition (F&E) Fund, such sums as it deems necessary for the following purposes:

- 1) For the support of CHRB, including any costs and expenses incurred by the Attorney General, as defined;
- 2) To the California Department of Food and Agriculture (CDFA) for the oversight of the network of California fairs receiving money from the fund;
- 3) To CDFA for the contributions, or the cost of benefits in lieu of contributions, payable to the Unemployment Fund by the network of California fairs, as specified; and,
- 4) To CDFA for the auditing of all district agricultural association fairs, county fairs, and citrus fruit fairs. [Business and Professions Code 19620.1(b)]

Existing law requires any association conducting a race meeting that includes thoroughbred racing to deposit specific sums with the official registering agency for Thoroughbred horses, and requires that official registering agency to distribute a portion of those sums annually to the Cal-bred race fund for the promotion of Cal-bred races and for purses for California Cup Day and other Cal-bred races. [Business and Professions Code 19617.2]

Background . The sole source of state funding for the network of California fairs is from horse racing license fees, which have declined to the lowest level ever. The decline in license fees over the past several years has resulted in a deficiency in revenues generated to the Fairs & Exposition (F&E) Fund which is impacting fairs across the state. License fee revenues have fallen below the \$40 million guaranteed threshold for the last three years.

The F&E Fund is a continuously appropriated fund with the authority to issue bonds or other indebtedness or expenses for the purpose of constructing or acquiring improvements at a fair's racetrack enclosure, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects at fairs, and other specified purposes. It can be argued that the future of all fairs is being threatened by the declining revenue stream in the F&E Fund. Furthermore, due to shortfalls in fair funding, which are the direct result of the precipitous declines in horse racing revenues, there is a large backlog for health and safety repair projects, ADA compliance projects and general infrastructure improvement projects at fairs. SB 2X 16 is intended to provide a more stable funding source for the fairs, as stated above, and redirect the license fee savings to the horseracing industry to be distributed to breeders via the breeders' award program, racing associations as commissions and the horsemen as purses.

For 75 years, the fairs and racing industry have been tied. In fact, "Commitment for the continuous funding of the fairs of California," was one of the prime reasons for reestablishing wagering on horse racing in 1933. Racing, at that time, had a monopoly on gambling in California. There was no competition for the gambling dollar in this state (other than a few small card-clubs) and the industry had no trouble generating the money necessary to fund the fair. Fair funding was considered the cost for doing business by the industry in this state.

The horse racing industry contributes to California's economy by employing over 50,000 residents and generating, by some estimates, over \$4 billion in economic activity.

Prior legislation. SB 27 (Maddy) Chapter 335, Statutes of 1998 and SB 1825 (Kelley) Chapter 342, Statutes of 2000) granted substantial license fee relief (\$40 million, annually) to the California horse racing industry. This license fee relief essentially cut horse racing license fees in half and enabled the struggling industry to retain an additional \$40 million of its own money. As part of that license fee relief package, the racing industry agreed that it would provide a guaranteed minimum of \$40 million, annually, to the F&E Fund for the support of the network of California fairs. The bills also provided that if the annual license fees fall below \$40 million,

then all associations and fairs that conducted live racing

SB 16 X2
Page 5

meetings during that year, shall pay the state, on a pro rata basis according to the amount handled, a sum necessary to bring fees up to \$40 million.

AB 2258 (Evans) Chapter 453, Statutes of 2008 clarified that the \$40 million guarantee is based on the total amount paid to the state as license fees.

-

Analysis Prepared by : Keali'i Bright / BUDGET / (916) 319-2009

FN:0000163

**California Authority of Racing Fairs
Agency Income Statement
December 31, 2008**

	2006	2007	2008	2008	2008	2008	2009
	Year End	Year End	YTD	Annual	Budget	% Budget	Approved
	Actual	Actual	Actual	Budget	Variance		Budget
Revenue:							
Other Revenue	9,233	13,560	1,148	500	648	230%	500
Interest Income	48,441	92,352	96,705	50,000	46,705	193%	40,000
Member Dues	261,477	257,268	282,520	257,276	25,244	110%	282,520
CARF South Programs Admin Fee	39,146	34,731	29,295	34,425	(5,130)	85%	30,375
CARF Projects Admin Fee	126,364	158,277	175,639	195,000	(19,361)	90%	215,000
CARF Live Racing Admin Fee	132,433	155,333	148,506	143,958	4,548	103%	139,528
CARF @ Leased Facility Revenue	0	0	0	0	0	0%	0
Total Revenue	617,094	711,520	733,813	681,159	52,654	108%	707,923
Expenses:							
Salaries	204,210	207,576	245,914	286,912	40,998	86%	298,428
Employee Benefits	21,363	16,639	26,810	30,000	3,190	89%	30,000
Post Retirement Benefits	27,118	31,122	31,614	35,000	3,386	90%	93,193
Payroll Taxes	11,471	9,960	12,509	13,500	992	93%	13,500
Accounting Costs	16,965	16,270	16,337	16,250	(87)	101%	16,250
Advertising Expense	800	0	0	0	0	0%	0
Audit Services	4,815	5,875	6,188	5,875	(313)	105%	6,188
Automobile Expense	0	3,788	3,236	3,000	(236)	108%	4,000
Contracted Services	1,198	2,214	659	3,000	2,341	22%	3,000
Depreciation	16,682	13,195	13,729	13,000	(729)	106%	13,500
Dues & Subscriptions	30,475	29,509	14,388	31,000	16,612	46%	15,000
Insurance Expense	37,763	38,824	40,542	38,151	(2,391)	106%	41,000
Legal Expenses	6,620	5,575	1,740	10,000	8,260	17%	10,000
Legislative Expenses	49,888	56,089	54,869	60,000	5,131	91%	60,000
Meetings Expense	6,861	3,420	3,758	6,000	2,242	63%	5,000
Misc. Bank Fees	29	404	204	1,000	796	20%	1,000
Office Supplies	17,074	15,953	19,576	15,000	(4,576)	131%	18,000
Postage & Shipping	3,570	4,168	4,343	4,000	(343)	109%	5,000
Rent (Tribute Road)	35,777	35,770	39,413	35,770	(3,643)	110%	38,419
Repairs & Maintenance	370	359	0	1,000	1,000	0%	1,000
Telephone Expense	10,660	10,921	8,132	11,000	2,868	74%	11,000
Training	0	0	0	2,500	2,500	0%	2,500
Travel Expense	24,886	27,308	23,216	27,500	4,284	84%	27,500
Total Expenses	528,593	534,936	567,174	649,458	82,284	87%	713,477
Agency Income (Loss)	88,500	176,584	166,639	31,701	134,938		(5,555)
Southern Program Income (Loss)	14,398	16,026	9,592	2,475	(13,148)		6,925
Total Balance Sheet Net Income (Loss)	102,899	192,610	176,231	34,176	121,790		1,370
Total Restricted Reserves CARF @ Leased Facility	0	0	0	0	0		0

**California Authority of Racing Fairs
Southern Region Income Statement
December 31, 2008**

	2006	2007	2008	2008	2008	2008	2009
	Year End	Year End	YTD	Annual	Budget	% Budget	Approved
	Actual	Actual	Actual	Budget	Variance		Budget
Program Revenue:							
Program Sales	493,939	463,076	397,688	459,000	(61,312)	87%	405,000
Other Revenue	0	0	0	0	0	0%	0
Royalties/Fees Due Host	(440,394)	(411,359)	(358,703)	(417,000)	58,297	86%	(365,000)
Total Revenue	53,545	51,718	38,985	42,000	(3,015)	2	40,000
Expenses:							
Legal Expenses	0	0	0	2,500	2,500	0%	1,000
Meetings Expense	0	539	98	1,000	902	10%	1,000
Misc Exp.(Storage)	0	0	0	1,000	1,000	0%	500
Postage & Shipping	0	0	0	100	100	0%	100
Telephone Expense	0	0	0	500	500	0%	100
Travel Expense	0	422	0	0	0	0%	0
Total Expenses	0	961	98	5,100	5,002	2%	2,700
Operating Income (Loss)	53,545	50,757	38,887	36,900	(8,018)	105%	37,300
CARF Admin Fee	39,146	34,731	29,295	34,425	5,130	85%	30,375
Rebate							
Income (Loss)	14,398	16,026	9,592	2,475	(13,148)	388%	6,925

**California Authority of Racing Fairs
Project Management Income Statement
December 31, 2008**

	2006 Year End Actual	2007 Year End Actual	2008 YTD Actual	2008 Annual Budget	2008 Budget Variance	2008 % Budget	2009 Approved Budget
Revenue:							
CARF Admin Fee	126,419	158,277	175,639	195,000	(19,361)	90%	215,000
Project Management	76,158	79,648	67,608	78,522	(10,914)	86%	78,666
Total Revenue	202,578	237,925	243,247	273,522	(30,275)	89%	293,666
Expenses:							
Salaries Expense	56,190	58,942	49,043	54,172	5,129	91%	56,341
Employee Benefits	6,595	7,510	6,150	8,000	1,850	77%	8,000
Payroll Taxes	3,065	3,060	2,204	3,000	796	73%	2,500
Accounting Costs	6,780	6,500	6,500	6,500	(0)	100%	6,500
Audit Services	1,870	2,350	2,475	2,350	(125)	105%	2,475
Automobile Expense	0	0	0	1,000	1,000	0%	1,000
Contracted Services	0	0	0	1,000	1,000	0%	0
Telephone Expense	1,015	647	678	1,500	822	45%	1,000
Travel Expense	144	85	0	500	500	0%	250
Misc. Storage	555	555	558	500	(58)	112%	600
Total Expenses	76,214	79,648	67,608	78,522	10,914	86%	78,666
CARF Admin Fee	126,364	158,277	175,639	195,000	19,361	90%	215,000

**California Authority of Racing Fairs
Live Racing Income Statement
December 31, 2008**

	2006 Year End Actual	2007 Year End Actual	2008 YTD Actual	2008 Annual Budget	2008 Budget Variance	2008 % Budget	2009 Approved Budget
Revenues:							
Change Fund Admin Fee	42,690	53,293	46,470	40,000	6,470	116%	30,000
Racing Fairs Admin Fee	67,743	80,040	80,036	81,958	(1,922)	98%	87,527
Supplemental Purses Admin Fee	22,000	22,000	22,000	22,000	0	100%	22,000
NCOTWINC Reimbursement	29,000	29,000	29,000	29,000	0	100%	29,000
Racing Fairs Reimbursement	959,886	1,120,049	#####	#####	13,116	101%	#####
Advertising Revenue	3,425	4,827	5,010	4,000	1,010	125%	4,000
Total	1,124,744	1,309,208	#####	#####	18,674	102%	#####
Expenses:							
Salaries	137,045	138,623	201,995	120,448	(81,547)	168%	229,015
Employee Benefits	32,501	35,050	40,485	35,000	(5,485)	116%	44,376
Payroll Taxes	9,178	23,536	10,824	10,500	(324)	103%	13,500
Accounting Costs	44,070	42,250	42,250	42,250	0	100%	42,250
Audit Services	12,155	15,275	16,088	15,275	(813)	105%	16,088
Automobile Expense	811	4,065	742	3,000	2,258	25%	4,500
Dues & Subscriptions, NTRA	28,125	28,125	13,596	30,000	16,404	45%	15,000
Legal Expenses	9,232	23,520	2,101	6,000	3,899	35%	6,000
Meetings Expense	3,429	3,643	1,803	5,000	3,197	36%	5,000
Misc. Exp (Harness,Storage,Bank fee)	0	80,000	0	0	0	0%	0
Telephone Expense	932	582	1,773	1,000	(773)	177%	1,500
Travel Expense	28,650	48,187	55,224	35,000	(20,224)	158%	40,000
Sub-Totals	306,128	442,855	386,881	303,473	(83,408)	127%	417,229
Racing Support Services:							
Announcer	33,513	24,870	26,000	30,000	4,000	87%	30,000
Condition Bk/Program Cover	19,540	15,237	27,509	23,000	(4,509)	120%	27,000
Racing Operations Support	73,176	74,441	101,776	78,000	(23,776)	130%	92,000
TC02 Testing	50,341	56,200	60,010	72,000	11,990	83%	72,000
Marketing	2,095	3,432	3,025	20,000	16,975	15%	20,000
Network Management	2,748	4,817	3,105	5,000	1,895	62%	5,000
Paymaster	8,860	5,160	10,825	10,000	(825)	108%	10,000
Program Production	169,347	196,134	191,389	205,000	13,611	93%	205,000
Racing Office System	60,889	56,097	55,840	60,000	4,160	93%	60,000
Recruitment	13,257	16,385	17,970	15,000	(2,970)	120%	15,000
Jumbo Screen	151,025	137,700	137,700	175,000	37,300	79%	153,000
Supplies	17,968	15,316	15,478	9,500	(5,978)	163%	7,000
Tattooing	16,724	21,741	17,057	16,800	(257)	102%	16,800
Timing/Clocker	29,472	26,010	21,851	30,000	8,149	73%	30,000
Transportation	3,350	4,660	2,900	5,000	2,100	58%	5,000
TV Production/Simulcast	33,879	52,822	27,582	35,000	7,418	79%	35,000
Sub-Totals	686,183	711,020	720,018	789,300	69,282	91%	782,800
Total Expenses	992,311	1,153,876	#####	#####	(14,126)	101%	#####
CARF Admin Fee	132,433	155,333	148,506	143,958	(4,548)	103%	139,528
Net Income(Unbilled Expenses)	0	0	0	0	0	0%	0

**California Authority of Racing Fairs
 CARF @ Leased Facility
 December 31, 2008**

	2006	2007	2008	2008	2008	2008	2009
	Year End	Year End	YTD	Annual	Budget	% Budget	Proposed
	Actual	Actual	Actual	Budget	Variance		Budget
Revenues:							
Leased Facility Racing Revenue	0	0	0	0	0	0%	0
Leased Facility Racing Reimbursement	0	0	0	0	0	0%	0
Total	0	0	0	0	0	0%	0
Expenses:							
Salaries	0	0	0	0	0	0%	0
Employee Benefits	0	0	0	0	0	0%	0
Payroll Taxes	0	0	0	0	0	0%	0
Accounting Costs	0	0	0	0	0	0%	0
Audit Services	0	0	0	0	0	0%	0
Automobile Expense	0	0	0	0	0	0%	0
Depreciation	0	0	0	0	0	0%	0
Dues & Subscriptions	0	0	0	0	0	0%	0
Insurance Expense	0	0	0	0	0	0%	0
Legal Expenses	0	0	0	0	0	0%	0
Meetings Expense	0	0	0	0	0	0%	0
Telephone Expense	0	0	0	0	0	0%	0
Travel Expense	0	0	0	0	0	0%	0
Sub-Totals	0	0	0	0	0	0%	0
Racing Support Services:							
Announcer	0	0	0	0	0	0%	0
Condition Bk/Program Cover	0	0	0	0	0	0%	0
Courier Service (Pgm Distribution)	0	0	0	0	0	0%	0
Racing Operations Support	0	0	0	0	0	0%	0
TC02 Testing	0	0	0	0	0	0%	0
Marketing	0	0	0	0	0	0%	0
Network Management	0	0	0	0	0	0%	0
Paymaster	0	0	0	0	0	0%	0
Program Production	0	0	0	0	0	0%	0
Racing Office System	0	0	0	0	0	0%	0
Recruitment	0	0	0	0	0	0%	0
Jumbo Screen	0	0	0	0	0	0%	0
Supplies	0	0	0	0	0	0%	0
Tattooing	0	0	0	0	0	0%	0
Timing/Clocker	0	0	0	0	0	0%	0
Transportation	0	0	0	0	0	0%	0
TV Production/Simulcast	0	0	0	0	0	0%	0
Sub-Totals	0	0	0	0	0	0%	0
Total Expenses	0	0	0	0	0	0%	0
CARF @ Leased Facility Net Income	0	0	0	0	0	0%	0

Some Magna Entertainment units in default

-  Article
-  Comments (2)
- >

THE CANADIAN PRESS
FEBRUARY 27, 2009 AT 6:56 PM EST

Magna Entertainment Corp. [MEC.A-T] said Friday that it has received notice from its lenders that several of its subsidiaries are in default.

The company said that Pimlico Racing Association Inc., Laurel Racing Association LP, Laurel Racing Assoc. Inc. and the Maryland Jockey Club of Baltimore City Inc. are in default under the PNC Bank loan agreement.

The horse racing and gambling company said PNC Bank has told the company that it has chosen not to exercise its rights under the agreement at this time, but may choose to in the future.

MEC also said that it has told Wells Fargo Bank, National Association and a Canadian chartered bank with which it has a \$40-million (U.S.) credit facility that MEC has not met certain financial covenants of the loan agreements.

Magna Entertainment



Last week, MI Developments Inc. cancelled plans that would have seen the company disentangle itself from Magna Entertainment.

MID, the property management spinoff of Magna International Inc., said it was unlikely that it would be able to arrange the new debt financing associated with the proposal given the turmoil in the financial markets and the automotive industry.

MID said it was in talks with Magna Entertainment concerning alternatives.

Investors in MI Developments have been fighting for years to jettison heavily indebted Magna Entertainment.

The deal would have seen all of MID's corporate ownership of Magna Entertainment spun off to MID shareholders, with Frank Stronach holding control of the company.

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Headlines | Posted 2/19/2009, 5:07 pm

Failed plan results in Magna's loans coming due

By Matt Hegarty

MI Developments has abandoned a complex proposal to spin-off the troubled racing company Magna Entertainment Corp., according to both companies, a decision that leaves Magna with few options to retire a crushing debt load.

In a release, MI Developments said it had canceled the plan because of "current global economic conditions." The plan, which was announced in late November but was immediately opposed by several large shareholders, would have transferred all of MI Development's stock in Magna Entertainment to a company controlled by Magna's founder, Frank Stronach.

Magna Entertainment owes MI Developments approximately \$175 million under three loans. As a result of the cancellation, a loan worth \$75 million will become due on March 13, and a \$100 million loan will now become due on March 20, 2009. Under the spin-off plan, Magna Entertainment would not have had to begin to repay the loans until the end of the year.

According to the companies, if Magna Entertainment defaults on any of those loans, all of its other long-term debt will immediately become due.

Magna Entertainment, which owns 10 tracks, including Santa Anita Park and Gulfstream Park, has lost more than \$500 million over the past five years and holds \$500 million in debt. It recently hired a company specializing in bankruptcy reorganizations as an advisor.

Magna Entertainment was spun-off in 2000 from the auto-parts company Magna International. In 2003, MI Developments, a property-holding company, was spun-off from Magna International as well, and became Magna Entertainment's parent.

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[Print](#)**Another director leaves MEC**by [Frank Angst](#)

For the second time in less than a week, a board member of financially strapped racetrack owner Magna Entertainment Corp. has resigned.

Anthony Campbell, of Knott Partners, has resigned from the Magna Entertainment board. Magna Entertainment is in danger of defaulting on loans worth a total of \$275-million in March.

Magna issued a press release about Campbell's resignation late Wednesday night. Chairman Frank Stronach wished Campbell success in his future endeavors.

Campbell's resignation follows the February 20 resignation of Jerry Campbell. Jerry Campbell, who is chairman of Citizens Republic Bancorp, had served as a member of Magna's audit committee. As a result of his departure, Magna Entertainment is not in compliance with requirements to maintain its listing on the NASDAQ exchange.

The two resignations this month follow the January 26 resignation of Magna director Charlie Williams.

Magna Entertainment has failed to carry out a debt elimination plan it announced in September 2007 that called for the sale of Great Lakes Downs, Thistledown, Portland Meadows, and Remington Park. Since then, the track also has looked at selling at least shares in its top tracks Gulfstream Park and Santa Anita Park.

On February 18, Magna Entertainment's parent company MI Developments announced it would not proceed with a reorganization plan that would have infused another \$125-million into Magna Entertainment. The plan had been favored by Stronach, who also chairs MI Developments.

Frank Angst is senior writer for Thoroughbred Times

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Laurel argues bid should be reconsidered

by [Frank Angst](#)

Attorneys for the Laurel Racing Association argued Thursday that its license bid to operate slot machines at Laurel Park should be reconsidered.

Because Laurel Racing Association, a subsidiary of financially troubled racetrack owner Magna Entertainment Corp., did not submit a \$28.5-million initial license fee to the Maryland Education Trust Fund, the Maryland Video Lottery Facility Location Commission denied the license bid on February 12.

Alan Rifkin, attorney for Laurel Racing Association, argued Thursday that Maryland did not outline refund procedures for the fee if the bid was not approved. Rifkin said that because the refund procedures were not included by the state, the fee request was unconstitutional.

Magna has since put \$28.5-million in an escrow account to cover its application for 4,750 video lottery terminals. Also, the facility location commission has granted a standstill agreement on any decision until the Anne Arundel Circuit Court makes a ruling.

Judge William Mulford II said he would make a ruling in about three weeks.

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