



1776 Tribute Road, Suite 205  
Sacramento, CA 95815  
Office: 916.927.7223 Fax: 916.263.3341  
[www.calairs.com](http://www.calairs.com)

**AGENDA**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**BOARD OF DIRECTORS MEETING**  
**JOHN ALKIRE, CHAIR**  
**11:00 P.M., TUESDAY, OCTOBER 7, 2014**

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Board of Directors will commence at **11:00 a.m.**, Tuesday, October 7, 2014. The meeting will be held at The Big Fresno Fair, 1121 S. Chance Avenue, Fresno, CA 93702 and via teleconference.

**AGENDA**

- I. Date, time and location of next meeting: Date TBD in Sacramento, CA
- II. Public Comment.
- III. Approval of minutes.
- IV. Report, discussion and action, if any, on CARF 2015 Legislative Program.
- V. Report, discussion and action, if any, on acceptance of independent auditor's report.
- VI. Report on contract for statewide totalisator services.
- VII. Financials
- VIII. Executive Director's Report



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**NOTICE**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**BOARD OF DIRECTORS MEETING**  
**JOHN ALKIRE, CHAIR**  
**11:00 P.M., TUESDAY, OCTOBER 7, 2014**

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**CARF Board of Directors Meeting**  
**Toll Free Dial In Number: (800) 791-2345**  
**Participant Code: 83711#**  
**Via Teleconference**

In order to ensure that all meeting participants are able to hear discussions during the teleconference, we ask that teleconference participants call from a land-line and **Please Place Phone on MUTE While Not Speaking.** The Public and members of the California Authority of Racing Fairs Board of Directors may participate from the following locations:

Antelope Valley Fair  
2551 West Ave. H, Suite 102  
Lancaster, CA 93536

Monterey County Fair  
2004 Fairground Road  
Monterey, CA 93940

Stanislaus County  
900 North Broadway  
Turlock, CA 95380

The Big Fresno Fair  
1121 S. Chance Avenue  
Fresno, CA 93702

San Mateo County Fair  
2495 So. Delaware Street  
San Mateo, CA 94403

California State Fair  
1600 Exposition Blvd.  
Sacramento, CA 95815

Solano County Fair  
900 Fairgrounds Drive  
Vallejo, CA 94589

CALIFORNIA AUTHORITY OF RACING FAIRS  
Board of Directors  
Tuesday, June 3, 2014

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Board of Directors was held at 1:00 P.M., Tuesday, June 3, 2014. The meeting hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

CARF Board Directors attending: Rick Pickering. Joining by teleconference: John Alkire, Chris Borovansky, Chris Carpenter, Mike Paluszak and Kelly Violini.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Amelia White, Raechelle Gibbons, Brian May and John Quiroz.

**Agenda Item 1 – Date, Time and Location of Next Meeting: Sept. 9, 2014 in Sacramento.** The next CARF Board of Directors meeting will be held Tuesday, September 9, 2014 in Sacramento.

**Agenda Item 2 – Public Comment.** None.

**Agenda Item 3 – Approval of Minutes.** Mr. Pickering moved to approve the meeting minutes as presented. Mr. Paluszak seconded, unanimously approved.

**Agenda Item 4 – Report, Discussion and Action, if any, on CARF 2014 Legislative Program.** Mr. Korby reported that at the last CARF Board of Director’s Meeting in May, directors voted to oppose AB 2005 and support AB 2592 if amended. AB 2005 (Chesbro) seeks to expand the CHRB Board membership to 11 members; 7 public members appointed by the Governor, 2 members of the Senate appointed by the Senate Committee on Rules and 2 members of the Assembly appointed by the Speaker of the Assembly. The members appointed from the Legislature would serve as nonvoting, ex-officio members for a term of two years. AB 2592 (Chesbro) would require the CHRB to conduct an economic analysis prior to any major changes in the Fair racing calendar (defined as three or more days).

Mr. Korby reported that CARF’s legislative advocate, Louie Brown, met with Chesbro’s Chief of Staff regarding AB 2005 and their response was to expressed surprise that the CARF Board would oppose the bill and felt that it was not in the best interests of racing Fairs to tell the Legislature that they should not be involved in a state board when there is no per-diem paid, the members would not vote and similar structures exist in other state-appointed boards. Mr. Brown reported that Chesbro’s

office might be open to amending AB 2592, the bill that would require the CHRB to conduct an economic analysis prior to any major changes in the Fair racing calendar (defined as three or more days), but that the opportunity to amend the bill diminishes if CARF continues to oppose AB 2005.

Mr. Korby reported that the CARF Live Racing Committee voted to recommend that the CARF Board of Directors oppose AB 2592 as the bill may unintentionally create obstacles to the expansion of Fair race dates. Mr. Borovansky stated that he felt this bill was a reaction to this discussion over racing dates that does not have a place in racing at this time.

Mr. Borovansky moved to oppose AB 2592. Mr. Paluszak seconded. YES VOTE: Mr. Alkire, Mr. Borovansky, Mr. Carpenter, Mr. Paluszak and Ms. Violini. ABSTAIN: Mr. Pickering.

Mr. Korby reported that significant time has been spent at the Capitol discussing Internet Poker. At this point, neither AB 2291 (Jones-Sawyer) nor SB 1366 (Correa) allow the horse racing industry the opportunity to compete for a license. Representatives of the racing industry have met with the Senate and Assembly G.O. Committees and made it clear that the horse racing industry as a whole will oppose the bills unless they are amended to give the racing industry the opportunity to secure a license. The official position of the tribes and casinos toward the racing industry has yet to be determined.

Mr. Korby reported that CARF is still a member of Horse Racing United (HRU) which is a collection of racing interests that have come together to keep the racing industry involved in the Internet Poker legislation. HRU is requesting additional funds to cover the cost of internet poker-specific lobbyists. Mr. Korby requested that the Board conditionally approve the expenditure of \$10,000 through HRU as specific needs arise.

Mr. Pickering moved to approve the expenditure of \$10,000 through HRU pending review and approved by the CARF Finance Committee. Mr. Borovansky seconded, unanimously approved.

**Agenda Item 5 – Report on Preparation of Request for Proposals (RFP) for Statewide Totalisator System.** Mr. Korby reported that a working group of industry representatives have convened to draft a Request for Proposal (RFP) for distribution to candidate tote companies for bids on a statewide totalisator system. California tracks and satellites are currently served by Sportech Racing, LLC (previously known as Autotote).

Mr. Korby stated that presently there are three primary totalisator systems operating in North America: Sportech Racing, LLC, Amtote International and United Tote. The California RFP is scheduled to be distributed within the next 30 days and the resulting contract will be awarded later this year.

**Agenda Item 6 – Financials.** Mr. Korby reported that financials are included in the meeting packet and Ms. Gibbons is available to answer questions. Ms. Gibbons reported that on May 15 the California mutual departments annually purge all of the outstanding wagering tickets from the prior racing year. The payment back to live racing Fairs has been delayed by a timing issue in Southern California, but the monies will be distributed as soon as they are received by CARF. Ms. Gibbons will be in contact with the accounting staff at each

**Agenda Item 7 – Executive Director’s Report.** Mr. Korby reported that if California Chrome wins the Belmont Stakes and secures the Triple Crown, staff will seek legislative resolutions to honor the connections of California Chrome. Even if California Chrome does not win the Triple Crown, his accomplishments thus far deserve legislative recognition.

Mr. Alkire reported that the Big Fresno Fair will be celebrating California Chrome during Fair with support from Harris Ranch, including a California Chrome day dedicated to the superstar’s Fresno beginnings.

Respectfully submitted,  
Heather Haviland

**[AB 2005](#)**

**(Chesbro D) California Horse Racing Board: membership and per diem.**

**Current Text:** Vetoes: 9/18/2014 [pdf](#) [html](#)

**Introduced:** 2/20/2014

**Last Amend:** 8/14/2014

**Status:** 9/18/2014-Vetoed by the Governor

**Location:** 9/18/2014-A. VETOED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Existing law, the Horse Racing Law, provides for the operation of live horse racing in this state and for wagering on horse races, and for the operation of satellite wagering facilities, subject to regulation and oversight by the California Horse Racing Board, as specified. The Horse Racing Law provides that the board consists of 7 members appointed by the Governor and that the members of the board receive a per diem of \$100 for each day spent in attendance at official meetings and be reimbursed for traveling and other expenses necessarily incurred in the performance of official duties. This bill would expand the membership of the board to 9 members, 7 public members appointed by the Governor, one Member of the Senate appointed by the Senate Committee on Rules, and, one Member of the Assembly appointed by the Speaker of the Assembly. The bill would provide that Members of the Legislature appointed to the board shall serve as nonvoting, ex officio members of the board and for a term of 2 years, with no limit on the number of terms that may be served by any one Member. The bill would provide that legislative members are subject to certain requirements, including, among other things, ineligibility to serve on the subcommittees of the board. The bill would also prohibit a legislative member of the board from receiving per diem or reimbursement for traveling and other expenses from the board for his or her service on the board.

**Governor's Message:** This bill adds one Senator and one Assemblymember to the California Horse Racing Board as ex officio, non-voting members who are prohibited from serving on subcommittees of the Board. Members of the Legislature can already participate in the decision-making process of the Board through attendance at the public hearings, formal correspondence to the Board, or meeting with Commissioners or staff. Changing the composition of the Board as proposed would provide no additional benefits to the Legislature or the horse racing industry. For this reason I am returning Assembly Bill 2005 without my signature. Sincerely, Edmund G. Brown Jr.

**Organization**                      **Position**  
CARF                                      Oppose

**[AB 2170](#)**

**(Mullin D) Joint powers authorities: common powers.**

**Current Text:** Chaptered: 9/17/2014 [pdf](#) [html](#)

**Introduced:** 2/20/2014

**Last Amend:** 6/17/2014

**Status:** 9/17/2014-Chaptered by Secretary of State - Chapter 386, Statutes of 2014.

**Location:** 9/17/2014-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Existing law provides that 2 or more public agencies, by agreement, may form a joint powers authority to exercise any power common to the contracting parties, as specified. This bill would provide that the parties to the agreement may exercise any power common to the contracting parties, including, but not limited to, the authority to levy a fee, assessment, or tax, as specified.

**Organization**                      **Position**  
CARF                                      Watch

**[AB 2592](#)**

**(Chesbro D) California Horse Racing Board: fair horse racing calendar: economic analysis.**

**Current Text:** Vetoes: 9/18/2014 [pdf](#) [html](#)

**Introduced:** 2/21/2014

**Last Amend:** 4/28/2014

**Status:** 9/18/2014-Vetoed by the Governor

**Location:** 9/18/2014-A. VETOED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Existing law, the Horse Racing Law, provides for the operation of live horse racing in this state and for wagering thereon, and for the operation of satellite wagering facilities, subject to regulation and oversight by the California Horse Racing Board. That law also requires the board to allocate racing weeks to a fair and to hold a public hearing and take testimony when making all determinations on the allocation of racing dates to a fair. This bill would require the board, when it receives a proposal to make a substantial change, as defined, to the number of days a fair conducts races or to the weeks in the horse racing calendar allocated to that fair to conduct a specified economic analysis of the proposal's effect on those fairs whose horse racing calendar would be impacted and to consider all proposed alternative racing dates based on that economic analysis before the board votes on the proposal or any alternative option to the original proposal. The bill would make other, nonsubstantive changes to the Horse Racing Law.

**Governor's Message:** I am returning Assembly Bill 2592 without my signature. When considering the allocation of racing dates, the California Horse Racing Board actively solicits feedback from the horseracing community and the public at large. Often, spirited discussions occur at the hearings of the full Board, or in the smaller expert subcommittees. I am confident that the Commissioners consider all competing proposals before voting. Mandating a specific economic analysis before a decision could be made would add substantial costs to an already complex process without commensurate benefit. Sincerely, Edmund G. Brown Jr.

**Organization**                      **Position**  
CARF                                      Oppose

**Total Measures: 3**  
**Total Tracking Forms: 3**

**CA Authority of Racing Fairs  
9/26/2014**

[AB 25](#)

**(Campos D) Employment: social media.**

**Current Text:** Amended: 8/21/2014 [pdf](#) [html](#)

**Introduced:** 12/3/2012

**Status:** 8/31/2014-Failed Deadline pursuant to Rule 61(b)(17). (Last location was S. RLS. on 8/22/2014)

Desk	Policy	Fiscal	Floor	Desk	Dead	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law prohibits a private employer from requiring or requesting an employee or applicant for employment to disclose a username or password for the purpose of accessing personal social media, to access personal social media in the presence of the employer, or to divulge any personal social media. This bill would apply the provisions described above to public employers, as defined. Notwithstanding that, the bill would allow law enforcement agencies to access social media accounts of a new hire applicant or lateral transfer applicant, as defined, once during the background check for a position as a sworn peace officer, if specified requirements are met.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

[AB 2005](#)

**(Chesbro D) California Horse Racing Board: membership and per diem.**

**Current Text:** Vetoed: 9/18/2014 [pdf](#) [html](#)

**Introduced:** 2/20/2014

**Status:** 9/18/2014-Vetoed by the Governor

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would expand the membership of the California Horse Racing Board to 9 members, 7 public members appointed by the Governor, one Member of the Senate appointed by the Senate Committee on Rules, and one Member of the Assembly appointed by the Speaker of the Assembly, as specified. The bill would provide that Members of the Legislature appointed to the board shall serve as nonvoting, ex-officio members of the board and for a term of 2 years, with no limit on the number of terms that may be served by any one Member.

**Governor's Message:** This bill adds one Senator and one Assemblymember to the California Horse Racing Board as ex officio, non-voting members who are prohibited from serving on subcommittees of the Board. Members of the Legislature can already participate in the decision-making process of the Board through attendance at the public hearings, formal correspondence to the Board, or meeting with Commissioners or staff. Changing the composition of the Board as proposed would provide no additional benefits to the Legislature or the horse racing industry. For this reason I am returning Assembly Bill 2005 without my signature. Sincerely, Edmund G. Brown Jr.

Organization	Position	Priority	Assigned	Subject
CARF	Oppose			

**Notes 1:** 6/24/14: S/Governmental Organization - CARF Letter Sent to Committee and author on 6/17.

[AB 2066](#)

**(Hall D) Tribal gaming: local agencies.**

**Current Text:** Introduced: 2/20/2014 [pdf](#) [html](#)

**Introduced:** 2/20/2014

**Status:** 8/31/2014-Failed Deadline pursuant to Rule 61(b)(17). (Last location was S. INACTIVE FILE on 6/26/2014)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Dead	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law establishes an Indian Gaming Local Community Benefit Committee in each county in which gaming is conducted, specifies the composition and responsibilities of that committee, and requires that committee to make the selection of grants from the casino accounts. Among other things, the committee is responsible for establishing all application policies and procedures for grants from the casino accounts. This bill would delete the obsolete provisions relating to allocations made in specified fiscal years. This bill contains other existing laws.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

[AB 2170](#)

**(Mullin D) Joint powers authorities: common powers.**

**Current Text:** Chaptered: 9/17/2014 [pdf](#) [html](#)

**Introduced:** 2/20/2014

**Status:** 9/17/2014-Chaptered by Secretary of State - Chapter 386, Statutes of 2014.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law provides that 2 or more public agencies, by agreement, may form a joint powers authority to exercise any power common to the contracting parties, as specified. This bill would provide that the parties to the agreement may exercise any power common to the contracting parties, including, but not limited to, the authority to levy a fee, assessment, or tax, as specified.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

[AB 2291](#)

**(Jones-Sawyer D) Gambling: Internet poker: unlawful gambling activity.**

**Current Text:** Introduced: 2/21/2014 [pdf](#) [html](#)

**Introduced:** 2/21/2014

**Status:** 8/31/2014-Failed Deadline pursuant to Rule 61(b)(17). (Last location was A. G.O. on 3/17/2014)

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would establish a framework to authorize intrastate Internet poker, as specified. The bill would authorize eligible entities to apply to the California Gambling Control Commission for a 10-year nontransferable license to operate an intrastate Internet poker Web site offering the play of authorized Internet poker games to registered players within California, as specified.

Organization	Position	Priority	Assigned	Subject
CARF	Oppose			

**Notes 1:** 4/23: S/Governmental Organization - Non-KSC Coalition Letter Sent to Committee and Author on 4/22.

[AB 2592](#)

**(Chesbro D) California Horse Racing Board: fair horse racing calendar: economic analysis.**

**Current Text:** Vetoed: 9/18/2014 [pdf](#) [html](#)

Introduced: 2/21/2014

Status: 9/18/2014-Vetoed by the Governor

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require the California Horse Racing Board, when it receives a proposal to make a substantial change, as defined, to the number of days a fair conducts races or to the weeks in the horse racing calendar allocated to that fair to conduct a specified economic analysis of the proposal's effect on those fairs whose horse racing calendar would be impacted and to consider all proposed alternative racing dates based on that economic analysis before the board votes on the proposal or any alternative option to the original proposal. The bill would make other, nonsubstantive changes to the Horse Racing Law.

**Governor's Message:** I am returning Assembly Bill 2592 without my signature. When considering the allocation of racing dates, the California Horse Racing Board actively solicits feedback from the horseracing community and the public at large. Often, spirited discussions occur at the hearings of the full Board, or in the smaller expert subcommittees. I am confident that the Commissioners consider all competing proposals before voting. Mandating a specific economic analysis before a decision could be made would add substantial costs to an already complex process without commensurate benefit. Sincerely, Edmund G. Brown Jr.

Organization	Position	Priority	Assigned	Subject
CARF	Oppose			

**Notes 1:** 6/24/14: S/Governmental Organization - CARF Letter Sent to Committee and author on 6/17.  
9/05/14: Letter Sent to Governor

**ACR 161**

**(Logue R) California Chrome: thoroughbred horse racing.**

**Current Text:** Chaptered: 9/9/2014 [pdf](#) [html](#)

**Introduced:** 6/11/2014

**Status:** 9/9/2014-Chaptered by Secretary of State - Chapter No. 159

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** This measure would recognize the outstanding performance of California Chrome during his remarkable run for thoroughbred horse racing's Triple Crown, and, in particular, for his tremendous victories in the Kentucky Derby and the Preakness Stakes, would recognize and congratulate the many Californians who are part of the ownership group, breeding and training cadre, and other essential elements that led to his success, and would recognize the storied history of thoroughbred horse racing in California, the Cal-bred Program, and its contributions to job creation and the state's economy.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**SB 1356**

**(De León D) Tribal gaming: compact ratification.**

**Current Text:** Chaptered: 9/9/2014 [pdf](#) [html](#)

**Introduced:** 2/21/2014

**Status:** 9/9/2014-Chaptered by Secretary of State - Chapter 314, Statutes of 2014.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would ratify the amendment to the tribal-state gaming compact entered into between the State of California and the Viejas Band of Kumeyaay Indians, executed on August 12, 2014. The bill would provide that, in deference to tribal sovereignty, certain actions related to that amended compact are not projects for purposes of CEQA. This bill contains other related provisions and other existing laws.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**SB 1366**

**(Correa D) Internet gambling.**

**Current Text:** Introduced: 2/21/2014 [pdf](#) [html](#)

**Introduced:** 2/21/2014

**Status:** 8/31/2014-Failed Deadline pursuant to Rule 61(b)(17). (Last location was S. G.O. on 3/17/2014)

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would authorize intrastate Internet poker, as specified. The bill would authorize eligible entities to apply for a license to operate an intrastate Internet poker Web site offering the play of authorized games to players within California, as specified. The bill would prohibit the offer or play of any gambling game provided over the Internet that is not an authorized game permitted by the state pursuant to this bill.

Organization	Position	Priority	Assigned	Subject
CARF	Support with Amendments			

**Notes 1:** 4/23: S/Governmental Organization - Non-KSC Coalition Letter Sent to Committee and Author on 4/22.

**Total Measures: 9**  
**Total Tracking Forms: 9**





*a California joint powers agency*

1776 Tribute Road, Suite 205  
Sacramento, CA 95815  
Office: 916.927.7223 Fax: 916.263.3341  
www.calairs.com

September 5, 2014

The Honorable Jerry Brown  
Governor  
California State Capitol  
Sacramento, California 95814

RE: AB 2592 (Chesbro) – REQUEST FOR VETO

Dear Governor Brown:

On behalf of the California Authority of Racing Fairs (CARF) I write to express our opposition to AB 2592 by Assembly Member Wes Chesbro. CARF is a joint powers authority representing 17 fair associations that operate live horse racing and satellite wagering facilities on fairgrounds throughout California.

AB 2592 will require the California Horse Racing Board to complete an economic analysis when it receives a proposal to make a substantial change to the number of days a fair conducts horse racing. We believe the proposed requirement is a step in the wrong direction. The process to allocate racing dates is already complex. This will only add to its complexity and create additional costs.

Furthermore, the economic analysis is only applicable to Fairs, creating a singular and discriminatory hurdle that does not apply to other racing associations. Any Fair or racing association can already offer economic reasons for the racing dates that it might seek. Adding a requirement for economic studies will not necessarily add wisdom or good judgment to the deliberations.

For these reasons we oppose AB 2592 and respectfully ask you to veto this bill.

Respectfully submitted,

  
Christopher Korby  
Executive Director

AMENDED IN SENATE AUGUST 19, 2014

AMENDED IN SENATE JUNE 5, 2014

AMENDED IN ASSEMBLY APRIL 22, 2014

california legislature— 2013–14 regular session

**ASSEMBLY BILL**

**No. 2765**

**Introduced by Committee on Governmental Organization (Assembly Members Hall (Chair), Nestande (Vice Chair), Bigelow, Chesbro, Cooley, Dababneh, Gray, Jones, Levine, Medina, Perea, V. Manuel Pérez, and Wilk)**

March 28, 2014

An act to amend Section 19605.73 of, *and to add and repeal Section 19613.05 of*, the Business and Professions Code, relating to horse racing.

legislative counsel's digest

AB 2765, as amended, Committee on Governmental Organization. Horse racing: marketing ~~organization~~: *organizations*.

~~Existing law, operative until January 1, 2015,~~

(1) *Existing law, the Horse Racing Law*, authorizes, *until January 1, 2015*, thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing. If a marketing organization is formed, existing law requires an amount not to exceed 0.25% of the total amount handled by each satellite wagering facility to be distributed to the marketing organization, and imposes certain requirements on the marketing organization, including that the marketing organization submit, by November 1 of each year, a written report to the California Horse Racing

Board. Existing law also authorizes the marketing organization to utilize outside consultants.

This bill would extend the operation of those provisions to January 1, 2019. ~~By extending the operation of provisions of the Horse Racing Law, a violation of which is a crime, the bill would create new crimes and would thereby impose a state-mandated local program.~~

The bill would also change the date for submission of the written report to the board to October 1 of each year and limit the authorization for the marketing organization to use outside consultants to those consultants with horse racing or other related experience, including experience in other gaming enterprises.

*(2) A former provision in the Horse Racing Law, which was repealed on January 1, 2014, required any racing association, including a fair, that conducts thoroughbred racing to pay to the owners' organization contracting with the association with respect to the conduct of thoroughbred racing an additional 1 3/4 % of the portion required to be deducted for purses for a national marketing program, as specified.*

*This bill would reenact this requirement, which would be effective until January 1, 2018, and repealed as of that date.*

*(3) By imposing requirements under the Horse Racing Law, the violation of which would be a crime, the bill would create new crimes and would thereby impose a state-mandated local program.*

~~The~~

*(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program : yes.

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

- 1 SECTION 1. Section 19605.73 of the Business and Professions
- 2 Code is amended to read:
- 3 19605.73. (a) Thoroughbred racing associations, fairs, and the
- 4 organization responsible for contracting with thoroughbred racing
- 5 associations and fairs with respect to the conduct of racing
- 6 meetings, may form a private, statewide marketing organization
- 7 to market and promote thoroughbred and fair horse racing,

1 including, but not limited to, the establishment and maintenance  
2 of an Internet Web site featuring California thoroughbred and fair  
3 racing, the establishment and administration of players incentive  
4 programs for those who wager on thoroughbred association and  
5 fair races, and promotional activities at satellite wagering facilities  
6 to increase their attendance and handle. While the promotional  
7 activities at satellite wagering facilities shall be funded by the  
8 marketing organization, they shall be implemented and coordinated  
9 by representatives of the satellite wagering facilities and the  
10 thoroughbred racing associations or fairs then conducting a live  
11 race meet. The marketing organization shall consist of the  
12 following members: two members, one from the northern zone  
13 and one from the combined central and southern zones, appointed  
14 by the thoroughbred racetracks; two members, one from the  
15 northern zone and one from the combined central and southern  
16 zones, appointed by the owners' organization responsible for  
17 contracting with associations and fairs with respect to the conduct  
18 of racing meetings; and two members, one from the northern zone  
19 and one from the combined central and southern zones, appointed  
20 by the organization representing racing and satellite fairs.

21 (b) The marketing organization formed pursuant to subdivision  
22 (a) shall, by October 1 of each year, submit a written report to the  
23 board on a statewide marketing and promotion plan for the  
24 upcoming calendar year. In addition, the marketing organization  
25 shall annually present to the board at the board's November  
26 meeting a verbal report on the statewide marketing and promotion  
27 plan for the upcoming calendar year. The plan shall be  
28 implemented as determined by the marketing organization. The  
29 marketing organization shall receive input from all interested  
30 industry participants and may utilize outside consultants with horse  
31 racing or other related experience, including experience in other  
32 gaming enterprises.

33 (c) In addition to the distributions specified in subdivisions (a)  
34 and (b) of Section 19605.7, subdivisions (a) and (b) of Section  
35 19605.71, and Section 19605.72, for thoroughbred and fair  
36 meetings only, from the amount that would normally be available  
37 for commissions and purses, an amount not to exceed 0.25 percent  
38 of the total amount handled by each satellite wagering facility shall  
39 be distributed to the marketing organization formed pursuant to  
40 subdivision (a) for the purposes set forth in subdivision (a). The

1 amounts initially distributed to the marketing organization formed  
2 pursuant to subdivision (a) shall be 0.2 percent of the total amount  
3 handled by satellite wagering facilities for thoroughbred and fair  
4 meetings only. The amount distributable to the marketing  
5 organization may be adjusted by the board, in its discretion.  
6 However, the adjusted amounts may not exceed an aggregate of  
7 0.25 percent of the total amount handled by satellite wagering  
8 facilities for thoroughbred and fair meetings only. Any of the  
9 promotion funds that are not expended in the year in which they  
10 are collected may be expended in the following year. If promotion  
11 funds expended in any one year exceed the amount collected for  
12 that year, the funds expended in the following year shall be reduced  
13 by the excess amount. The marketing organization, on a quarterly  
14 basis, shall submit to the board a written report that accounts for  
15 all receipts and expenditures of the promotion funds for the  
16 previous three months.

17 (d) This section shall remain in effect only until January 1, 2019,  
18 and as of that date is repealed, unless a later enacted statute, that  
19 is enacted before January 1, 2019, deletes or extends that date.  
20 Any moneys held by the marketing organization shall, in the event  
21 this section is repealed, be distributed to the organization formed  
22 pursuant to Section 19608.2, for purposes of that section.

23 *SEC. 2. Section 19613.05 is added to the Business and*  
24 *Professions Code, to read:*

25 *19613.05. (a) Any association, including a fair, that conducts*  
26 *thoroughbred racing shall pay to the owners' organization,*  
27 *contracting with the association with respect to the conduct of*  
28 *thoroughbred racing, an additional 1 3/4 percent of the portion*  
29 *deducted for purses, required by Section 19613, for a national*  
30 *marketing program. These funds shall be used exclusively for the*  
31 *promotion of thoroughbred racing in conjunction with a national*  
32 *thoroughbred racing marketing program. Funds that may not be*  
33 *needed for this effort shall be returned to the purse pool at the*  
34 *racing associations where these funds were raised in direct*  
35 *proportion to the amount in which they were initially raised. The*  
36 *owners' organization shall file a report with the board and the*  
37 *respective Senate and Assembly Committees on Governmental*  
38 *Organization, accounting for the receipt and expenditure of these*  
39 *funds on an annual basis. The board of directors of the owners'*  
40 *organization shall have the discretion to select the national*

1 *marketing organization that shall be the recipient of these funds.*  
2 *If the board of directors of the owners' organization decides at*  
3 *any time not to contribute to the national marketing organization,*  
4 *notice shall be given promptly to the respective racing association*  
5 *or associations and the 1¾ percent deduction shall cease until*  
6 *the owners' organization decides otherwise.*

7 *(b) This section shall remain in effect only until January 1, 2018,*  
8 *and as of that date is repealed, unless a later enacted statute, that*  
9 *is enacted before January 1, 2018, deletes or extends that date.*

10 ~~SEC. 2.~~

11 *SEC. 3.* No reimbursement is required by this act pursuant to  
12 Section 6 of Article XIII B of the California Constitution because  
13 the only costs that may be incurred by a local agency or school  
14 district will be incurred because this act creates a new crime or  
15 infraction, eliminates a crime or infraction, or changes the penalty  
16 for a crime or infraction, within the meaning of Section 17556 of  
17 the Government Code, or changes the definition of a crime within  
18 the meaning of Section 6 of Article XIII B of the California  
19 Constitution.



**California Authority of Racing Fairs  
Agency Income Statement  
June 30, 2014**

	2012 Year End Actual	2013 Year End Actual	2012 Jan-June YTD	2013 Jan-June YTD	2014 Jan-June YTD	2014 Annual Budget	2014 Budget Variance	2014 % Budget
<b>Revenue:</b>								
Other Revenue/OPEB trust Reimb	82	22,060	30	20,030	60,090	94,916	(34,826)	63%
Interest Income	9,141	(1,344)	4,990	(4,759)	2,434	2,500	(66)	97%
Member Dues	270,062	246,963	149,235	127,380	117,185	234,368	(117,183)	50%
CARF South Prog Admin Fee	18,841	16,259	10,476	8,924	7,935	17,987	(10,052)	44%
CARF Live Racing Agency Allocation	138,136	116,998	30,007	36,340	30,516	157,410	(126,895)	19%
<b>Total Revenue</b>	<b>436,272</b>	<b>400,936</b>	<b>194,738</b>	<b>187,915</b>	<b>218,159</b>	<b>507,181</b>	<b>(289,022)</b>	<b>43%</b>
<b>Expenses:</b>								
Salaries	250,529	201,085	113,231	84,279	84,356	185,098	100,742	46%
Employee Benefits	27,265	16,864	15,849	13,612	10,618	19,827	9,209	54%
Post Retirement Benefits	4,108	40,220	17,692	18,540	22,588	34,916	12,328	65%
Payroll Taxes	7,171	18,183	4,933	4,502	9,967	20,831	10,864	48%
Accounting Costs	16,579	16,395	8,159	8,125	8,125	16,250	8,125	50%
Audit Services	9,485	9,485	5,950	4,900	7,525	6,775	(750)	111%
Automobile Expense	7,690	218	1,932	36	118	3,000	2,882	4%
Contracted Services	11,770	9,071	1,861	8,824	4,162	9,500	5,338	44%
Depreciation	17,369	20,170	6,966	10,191	9,681	19,280	9,599	50%
Dues & Subscriptions	2,640	2,949	1,426	1,517	1,571	3,000	1,429	52%
Insurance Expense	44,196	47,930	21,474	23,348	25,657	48,000	22,343	53%
Legal Expenses	37,126	72,642	13,485	53,130	36,065	20,000	(16,065)	180%
Legislative Expenses	53,344	56,617	28,141	27,965	19,065	45,000	25,935	42%
Meetings Expense	2,189	2,730	1,687	1,676	1,360	3,000	1,640	45%
Misc. (Ag Day Sponsor)	326	349	196	131	155	0	(155)	0%
Office Supplies	31,394	24,815	17,877	9,394	12,873	20,000	7,127	64%
Postage & Shipping	3,849	2,693	1,752	1,162	1,519	3,600	2,081	42%
Rent (Tribute Road)	35,770	35,770	17,885	17,885	17,885	35,770	17,885	50%
Repairs & Maintenance	0	0	0	0	0	500	500	0%
Telephone Expense	9,481	8,592	4,660	4,191	4,099	10,000	5,901	41%
Training	350	0	350	0	0	1,000	1,000	0%
Travel Expense	26,767	15,188	11,957	3,944	6,518	15,000	8,482	43%
<b>Total Expenses</b>	<b>599,399</b>	<b>601,964</b>	<b>297,465</b>	<b>297,351</b>	<b>283,906</b>	<b>520,347</b>	<b>236,441</b>	<b>55%</b>
<b>Agency Income (Loss)</b>	<b>(163,127)</b>	<b>(201,028)</b>	<b>(102,727)</b>	<b>(109,436)</b>	<b>(65,747)</b>	<b>(13,166)</b>	<b>(52,581)</b>	
<b>Southern Prog Income (Loss)</b>	<b>8,444</b>	<b>3,510</b>	<b>5,998</b>	<b>1,526</b>	<b>1,519</b>	<b>2,533</b>	<b>(21,118)</b>	
<b>Total Bal Sheet Net Income (Loss)</b>	<b>(154,682)</b>	<b>(197,518)</b>	<b>(96,729)</b>	<b>(107,910)</b>	<b>(64,228)</b>	<b>(10,633)</b>	<b>(73,699)</b>	



**California Authority of Racing Fairs  
Southern Region Income Statement  
June 30, 2014**

	2012	2013	2012	2013	2014	2014	2014	2014
	Year End	Year End	Jan-June	Jan-June	Jan-June	Annual	Budget	% Budget
	Actual	Actual	YTD	YTD	YTD	Budget	Variance	
<b>Program Revenue:</b>								
Program Sales	262,545	221,902	139,695	118,971	106,787	239,828	(133,041)	45%
Other Revenue	0	0	0	0	0	0	0	0%
Royalties/Fees Due Host	(235,260)	(202,133)	(123,220)	(108,522)	(97,333)	(219,308)	121,975	44%
<b>Total Revenue</b>	<b>27,285</b>	<b>19,769</b>	<b>16,474</b>	<b>10,450</b>	<b>9,454</b>	<b>20,520</b>	<b>(11,066)</b>	<b>46%</b>
<b>Expenses:</b>								
Legal Expenses	0	0	0	0	0	0	0	0%
Meetings Expense	0	0	0	0	0	0	0	0%
Misc Exp.(Storage)	0	0	0	0	0	0	0	0%
Office Supplies	0	0	0	0	0	0	0	0%
Paper Expense	0	0	0	0	0	0	0	0%
Postage & Shipping	0	0	0	0	0	0	0	0%
Printing Supplies	0	0	0	0	0	0	0	0%
Rent & Utility Expenses	0	0	0	0	0	0	0	0%
Repairs & Maintenance	0	0	0	0	0	0	0	0%
Telephone Expense	0	0	0	0	0	0	0	0%
Travel Expense	0	0	0	0	0	0	0	0%
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
Operating Income (Loss)	27,285	19,769	16,474	10,450	9,454	20,520	(11,066)	46%
CARF Admin Fee	18,841	16,259	10,476	8,924	7,935	17,987	10,052	44%
Rebate								
<b>Income (Loss)</b>	<b>8,444</b>	<b>3,510</b>	<b>5,998</b>	<b>1,526</b>	<b>1,519</b>	<b>2,533</b>	<b>(21,118)</b>	<b>60%</b>





**California Authority of Racing Fairs  
Live Racing Income Statement  
June 30, 2014**

	2012= 61days <b>2012</b> Year End Actual	2013=43 days <b>2013</b> Year End Actual	<b>2012</b> Jan-June YTD	<b>2013</b> Jan-June YTD	2014=41 days <b>2014</b> Jan-June YTD	<b>2014</b> Annual Budget	<b>2014</b> Budget Variance	<b>2014</b> % Budget
<b>Revenues:</b>								
Reimb. From Live Racing Fairs	1,063,471	1,010,448	343,679	376,312	414,461	1,029,473	(615,012)	40%
<b>Operating Expenses:</b>								
Salaries	362,294	407,250	137,509	174,841	150,673	365,747	215,074	41%
Employee Benefits	41,443	66,112	21,360	31,892	22,101	45,196	23,095	49%
Payroll Taxes	15,317	33,228	3,843	11,535	18,226	42,070	23,844	43%
Accounting Costs	49,394	49,186	24,385	24,628	24,380	48,750	24,370	50%
Audit Services	17,615	17,615	11,050	9,100	13,975	20,325	6,350	69%
Automobile Expense	40	54	40	0	811	1,000	189	81%
Dues & Subscriptions, NTRA	0	0	0	0	0	0	0	0%
Insurance Expense	0	0	0	0	0	0	0	0%
Legal Expenses	811	0	811	0	0	5,000	5,000	0%
Meetings Expense	870	1,109	401	734	101	2,000	1,899	5%
Misc. Exp (Storage,Bank fee)	339	37	0	0	12	0	(12)	0%
Telephone Expense	5,794	4,547	1,552	2,311	1,989	5,000	3,011	40%
Travel Expense	40,923	38,090	6,188	3,582	4,356	25,000	20,644	17%
<b>Sub-Totals</b>	<b>534,841</b>	<b>617,227</b>	<b>207,139</b>	<b>258,623</b>	<b>236,625</b>	<b>560,088</b>	<b>323,463</b>	<b>42%</b>
<b>Racing Support Services:</b>								
Announcer	22,800	0	0	0	4,495	37,852	33,357	12%
Condition Bk/Program Cover	15,575	23,412	4,325	3,598	6,181	25,000	18,819	25%
Racing Operations Support	79,596	54,323	48,866	37,208	41,130	53,983	12,853	76%
TC02 Testing	6,915	5,235	995	0	500	6,500	6,000	8%
Marketing/Web Devel	120	331	60	84	60	1,000	940	6%
Network Management	260	0	260	0	0	0	0	0%
Paymaster Operations	7,383	6,292	2,585	2,914	3,743	6,500	2,757	58%
Program Production	179,919	128,370	19,966	244	22,607	110,000	87,393	21%
Racing Office System	38,120	26,995	5,689	4,636	5,988	50,000	44,012	12%
Recruitment	13,712	1,862	9,175	0	270	15,000	14,730	2%
Jumbo Screen	114,750	68,850	33,150	30,600	30,600	70,000	39,400	44%
Supplies	13,326	10,737	665	1,447	334	10,500	10,167	3%
Tattooing	16,313	11,741	4,636	5,712	7,329	17,000	9,671	43%
Timing/Clocker	0	0	0	0	2,909	14,712	11,803	20%
Transportation	1,915	1,700	0	0	0	3,500	3,500	0%
TV Production/Simulcast	42,916	53,206	23,138	17,650	31,500	55,000	23,500	57%
RTM ALLOCATION (TRANS.&MAINT)	0	73,689	0	0	0	91,528	91,528	0%
RTM SUPPORT COSTS	0	0	0	0	20,193	0	(20,193)	0%
<b>Sub-Totals</b>	<b>553,619</b>	<b>466,744</b>	<b>153,509</b>	<b>104,092</b>	<b>177,837</b>	<b>568,075</b>	<b>390,238</b>	<b>31%</b>
<b>Total Gross Expenses</b>	<b>1,088,459</b>	<b>1,083,971</b>	<b>360,648</b>	<b>362,715</b>	<b>414,461</b>	<b>1,128,163</b>	<b>713,702</b>	<b>37%</b>
Augmentation LRF	0	52,457	0	0	0	73,689	(73,689)	0%
NCOTWINC Reimbursement	25,000	25,000	0	0	0	25,000	(25,000)	0%
<b>Total Net Expenses</b>	<b>1,063,471</b>	<b>1,010,448</b>	<b>343,679</b>	<b>376,312</b>	<b>414,461</b>	<b>1,029,473</b>		

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**BALANCE SHEET**  
**June 30, 2014**

**ASSETS**

	<b>CURRENT YTD</b>	<b>PRIOR YTD</b>
	<b>06/30/14</b>	<b>06/30/13</b>
<b>Current Assets</b>		
CASH - LAIF & INVESTMENTS	1,869,073	1,053,946
CASH - OPERATING/MM	582,542	100,571
CASH - TRUST & TOC	690,839	751,660
MARKETABLE SECURITIES	1,435,120	2,410,296
A/R - DUES	18,000	22,914
A/R - PROGRAMS	54,516	62,554
A/R - RACING FAIRS & SETTLEMNT	219,680	402,392
A/R - OTHER A/R	30,642	337,688
PREPAIDS/DEPOSITS	30,863	29,923
OPEB ASSETS	126,118	130,340
<b>Total Current Assets</b>	<b>5,057,393</b>	<b>5,302,284</b>
<b>Fixed Assets</b>		
AUTOMOBILE	37,440	54,194
FURNITURE & EQUIPMENT	0	20
COMPUTER HARDWARE/SOFTWARE	2,422	4,343
TRACK EQUIPMENT	50,078	100,156
<b>Total Fixed Assets (Net of Depr.)</b>	<b>89,941</b>	<b>158,713</b>
<b>TOTAL ASSETS</b>	<b>5,147,333</b>	<b>5,460,997</b>

**LIABILITIES & NET ASSETS**

<b>Current Liabilities</b>		
A/P & WITHHOLDINGS	764,760	805,306
COMPENSATED LEAVE ACCRUALS	121,851	117,043
A/P - PROGRAM ROYALTIES TO HOST	50,592	56,038
RACING DISTRIBUTIONS	(204,840)	(271,299)
PURSES	560,814	596,711
TRACK SAFETY/MAINT.	58,981	154,886
HORSEMENS RECRUITMENT PROGRAMS	14,113	41,643
LOU-5 - SYMPOSIUM	3,805	3,805
REV GEN PROJECT FUNDS	475,866	422,114
AUGMENTATION FUNDS	616,526	150,021
<b>Total Current Liabilities</b>	<b>2,462,469</b>	<b>2,076,268</b>
<b>Non-Current Liabilities</b>		
CHANGE FUND	1,014,000	1,014,000
FAIRS - EQUIP REPLACEMENT FUNDS	1,067,409	1,471,012
<b>Total Non-Current Liabilities</b>	<b>2,081,409</b>	<b>2,577,359</b>
<b>TOTAL LIABILITIES</b>	<b>4,543,878</b>	<b>4,653,627</b>
<b>Net Assets</b>		
FUND EQUITY	617,606	815,124
F&E Net Assets	50,078	100,156
NET INCOME/LOSS	(64,228)	(107,910)
<b>Total Net Assets</b>	<b>603,456</b>	<b>807,370</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>5,147,333</b>	<b>5,460,997</b>



August 8, 2014

**Delivered Via E-mail**

Christopher Korby  
California Authority of Racing Fairs  
1776 Tribute Road  
Suite 205  
Sacramento, California 95815  
United States of America

Dear Mr. Korby:

Over the past several years, there has been much discussion and concern within the Thoroughbred industry as well as from the public in regards to a ban on the use of race-day medication.

As you know, I have been a long-time proponent of such a ban. This topic has been addressed by The Jockey Club, Breeders' Cup, The New York Racing and Wagering Board, Kentucky Horse Racing Commission, and two committees of the United States Congress. Although these efforts may have produced tighter regulations, they have failed to eliminate the use of race-day medication.

The Horse, which was once an integral part of American agriculture and used for general transportation, is now viewed as a companion animal and the welfare issues affecting the Horse are more important to the public than ever before.

In the thoroughbred industry, the use of race-day Lasix is now common to all racehorses. United States and Canada stand alone in the world as nations that allow the administration of Lasix on race-day. There is, at best, debatable scientific evidence to support that horses need Lasix so they can run, and since Lasix was legalized the average number of starts made each year by horses in training has dropped dramatically.

The overuse of this drug has facilitated in creating the weakest collection of horses we have ever seen and is becoming a public relations problem for our sport.

I believe, given all of the above, that we as racetrack operators are the only ones who can make a change happen, but only if we work together. I am asking that as stakeholders



with shared interests, we work on a plan to phase-in a ban on all race-day medication at our tracks.

I feel strongly the sport of Thoroughbred racing will not only endure the elimination of race-day medication, but will flourish and invigorate itself while cultivating new fans from around the world. The breeding will become more vigorous, our horses will become stronger and our jockeys will be safer.

We as track operators must do everything we can to eliminate race-day medication. The integrity of our sport and the safety of our athletes, both human and equine, should and must always be of paramount concern. I hope you join me in planning the implementation and promoting the elimination of all race-day medications.

I would like to discuss this important issue in person with yourself and other race track operators, please let me know if you would be available to meet in Saratoga on Aug 12<sup>th</sup> or Aug 14<sup>th</sup>.

Sincerely,

Frank Stronach  
Founder & Honorary Chairman  
The Stronach Group