



a California joint powers agency

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**AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOE BARKETT, CHAIR
12:30 P.M., TUESDAY, JUNE 3, 2008**

Notice is hereby given that a teleconference meeting of the California Authority of Racing Fairs' Board of Directors will commence at 12:30 P.M., Tuesday, June 3, 2008. The meeting will be held at the Kahn, Soares & Conway Sacramento office located at 1415 L Street, Suite 400, Sacramento, California 95814.

AGENDA

- I. Determination of Date, Time, and Location of Next Meeting.
- II. Approval of Minutes from May 6.
- III. Update on Equipment Replacement Fund.
- IV. Discussion and Action, if any, Regarding CARF By-Laws Language Regarding Eligibility to Serve on Board of Directors.
- V. Report, Discussion and Action, if any, on Sacramento Harness Association's Unpaid Satellite Commissions to Fair Satellite Wagering Facilities.
- VI. Discussion and Action, if any, on Legislative Matters.
- VII. Executive Director's Report.

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**Proposed
Satellite Wagering
Equipment Replacement Fund**

ECONOMIC MODEL



California Authority of Racing Fairs

ADOPTED BY CARF BOARD DECEMBER 1990



California Authority of Racing Fairs

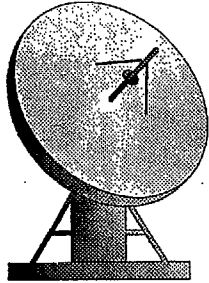
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- Pomona
- Sacramento
- San Bernardino
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- Santa Maria
- Santa Rosa
- Stockton
- Transportable
- Tulare
- Vallejo
- Ventura
- Victorville



Satellite Wagering Equipment Replacement Fund

PROPOSAL

Executive Summary

Establishment of a Satellite Wagering Equipment Replacement Fund, as proposed, accomplishes four objectives.

- Provides a *predictable, line-item expense* on Fair budgets that includes insurance, maintenance, and replacement of all satellite and television equipment
- Provides a *fixed asset inventory system* to identify assets, track maintenance and repair, forecast replacement expenditures, and support Fund administration
- Provides *scheduled replacement of equipment* that guarantees new, state of the art equipment on a *predictable interval*
- Provides a revenue and expense model to assure that Fairs can sustain a *self-perpetuating* Fund into the foreseeable future

Background

Preparation of a Fund model, consistent with the objectives listed above, required assembly and evaluation of data according to the following guidelines.

- Determine equipment investment, including installation, for each site
- Project maintenance and service costs
- Estimate insurance cost
- Project administrative costs
- Project anticipated equipment lifetimes

Fund Model

Once the requisite information had been assembled and evaluated, we set out to formulate a model that would achieve our objectives. After consultation with Coopers and Lybrand, we based the initial models on a straight-line depreciation over the interval of service with administration, insurance, and

maintenance costs factored in. These models revealed that certain Fairs, which had had equipment in service the longest, had accumulated depreciation in such amounts that the "catch-up" payments could represent a financial hardship. This circumstance was presented to the Division of Fairs and Expositions (F&E). After a review of the economic models, F&E agreed to 1) a non-refundable grant based on 25% of original equipment cost at all sites, and 2) a bridging loan to allow deferment of accumulated depreciation payments. Subsequently we prepared the model, here proposed, based on the following assumptions.

- *Cost* is based on equipment purchased and installed, classified by Effective Acquisition Date and by projected lifetime in months.
- *Replacement value* is cost plus inflation factor of 5% per annum over equipment lifetime.
- *Rate of return* is based on Fund Deposits at 6% simple interest. *Interest* begins when deferred payments have been made.
- *Deposit due* is 25% of original cost, funded by the Division of Fairs and Expositions as a non-refundable grant.
- *Replacement balance due* equals replacement cost of the equipment, less deposit of 25%.
- *Service fee* is based on 3% per annum of replacement value.

- *Administration fee* is based on 2% replacement value annually.
- *Insurance fee* is estimated at 1% per annum, based on replacement value.
- Model assumes *zero salvage value* on equipment.
- *Service life* is based on 48 or 84 months, and calculated using an effective date rather than the acquisition date. Model determines effective date as follows.

Actual Acquisition Date	Semi-Annual Effective Date
Jan 1 - Mar 31	Dec 31
Apr 1 - Jun 30	Jun 30
Jul 1 - Sep 1	Jun 30
Oct 31 - Dec 31	Dec 31

- *Funds to cover the deferment payments* have been allocated by F&E. Funds will be repaid on a semi-annual basis beginning June 30, 1992.

As the economic model line charts illustrate, the Fund will reach a state of equilibrium after deferred depreciation and the F&E refundable loans have been paid down. After this equilibrium has been reached, our model projects that Fund assessments will remain stable into the foreseeable future.

Example: Santa Barbara



Fixed Asset Inventory System

We have established a fixed asset inventory system to support administration of the Fund. This computerized system will provide ready identification of all assets, track maintenance and repairs, forecast replacement expenditures, and cross-reference any categories necessary or desirable for prudent management of satellite technical operations. The system combines the following features.

Identifies Assets

- Reports location of assets
- Records value of each item
- Marks assets with bar-coded asset tags
- Records the serial number of each item
- Provides portable bar-code readers for future inventory control

Tracks Maintenance and Repairs

- Provides for service chronology on each piece of equipment throughout its service life
- Calculates Mean Time Between Failures
- Cross-references trouble reports
- Reports on any equipment out for repair
- Logs service calls to each site

Cross-references Assets with Service Duration

- Classifies data entry for each item
- Generates reports by item, by cost, and by duration of service to forecast Fund expenditures
- Reports equipment purchase value and calculates depreciated value

Supports Fund Management

- Reports excessive failures of any single component
- Provides portable system hardware
- Reports on equipment approaching end of projected lifetime
- Reports and calculates in compliance with accepted accounting standards
- Provides an active data-base foundation for generation of reports not presently anticipated

Conclusion

The proposed economic model for a Satellite Wagering Equipment Replacement Fund meets the objectives set out for its establishment. It forecasts equipment replacement at predictable intervals, supports a fixed asset inventory system, provides a model for its own perpetuation into the foreseeable future, and assists Fairs in their budget forward planning.

Christopher Korby
23 November 1990



Richard P. Cain, Executive Director

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*Economic Model prepared by
Jim Oller*

*Documents prepared by
Mona Goodwin*

ECONOMIC MODEL



California Authority of Racing Fairs

California Authority of Racing Fairs
Equipment Replacement Fund

Shasta District Fair, Anderson (27th DAA)

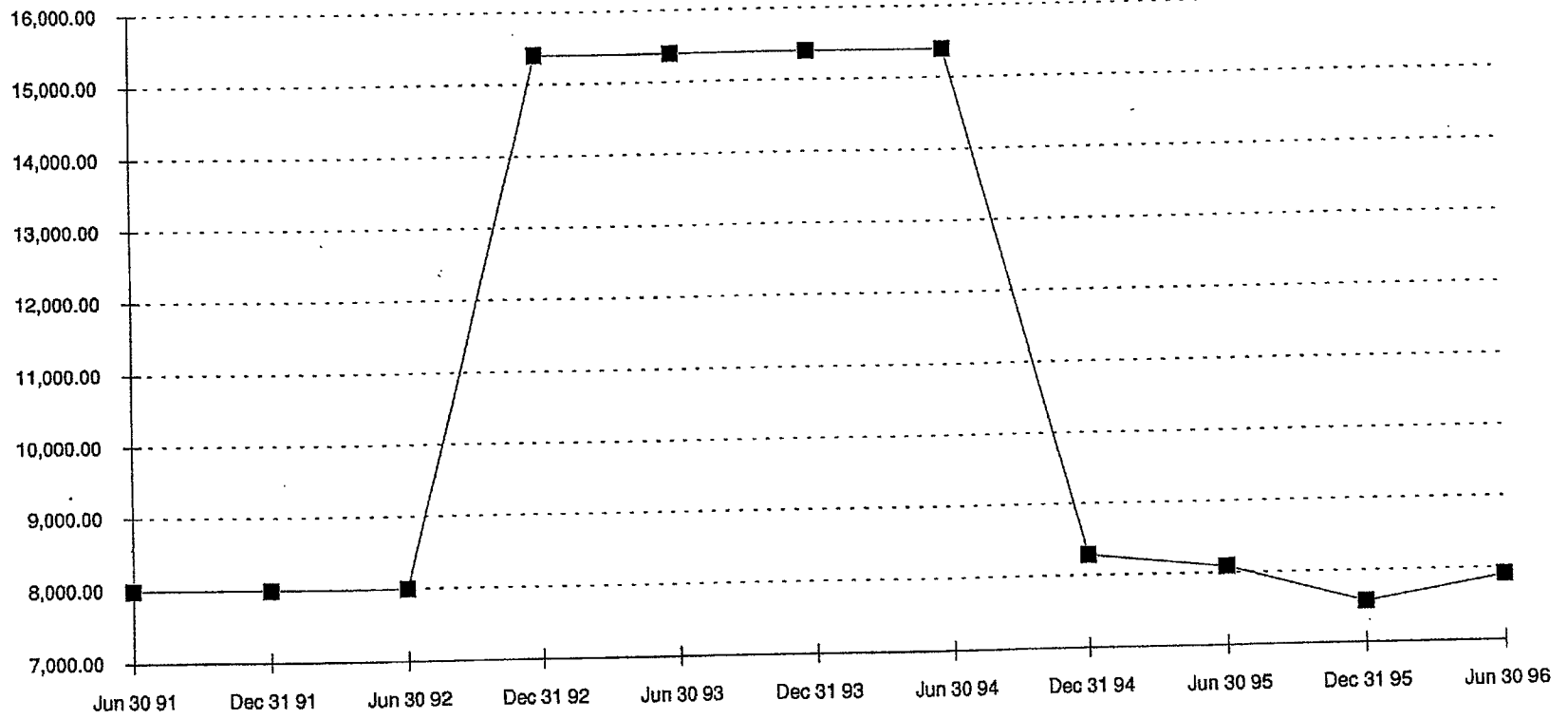
Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (6/88)(48)	38,673.97	47,008.60	9,668.49	37,340.11	13,856.96	13,856.96	13,856.96	7,286.33	7,286.33	7,286.33	7,286.33	7,286.33	7,286.33	7,286.33	7,286.33
Hardware (6/88)(84)	12,171.82	17,126.97	3,042.96	14,084.02	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	1,737.16	1,737.16
Electronics (12/89)(48)	217.91	264.87	54.48	210.39	43.01	43.01	43.01	43.01	43.01	43.01	41.05	41.05	41.05	41.05	41.05
Electronics (6/90)(48)	13.00	15.80	3.25	12.55	2.27	2.27	2.27	2.27	2.27	2.27	2.27	2.45	2.45	2.45	2.45

Credit-Simple Interest @ 6% annually														(1,126.51)	(1,316.52)	(1,501.31)	(1,156.50)
Deferred Payment					(7,990.47)	(7,990.47)	(7,990.47)	5,992.85	5,992.85	5,992.85	5,992.85						
Total	51,076.70	64,416.24	12,769.18	51,647.07	7,990.47	7,990.47	7,990.47	15,403.16	15,403.16	15,403.16	15,401.21	8,282.02	8,092.01	7,565.69	7,910.50		
Current Fund Balance			12,769.18		18,827.16	24,885.14	30,943.12	(2,594.80)	10,875.87	24,346.55	37,550.40	43,884.14	50,043.66	38,549.89	44,527.91		
Amount Disbursed							(47,008.60)			(264.87)	(15.80)		(17,126.97)		(47,008.60)		

Annual Fees	
Electronics (6/88)(48)	2,820.52
Hardware (6/88)(84)	1,027.62
Electronics (12/89)(48)	15.89
Electronics (6/90)(48)	0.95

SAMPLE

Equipment Replacement Fund Payment Schedule - Anderson



11/23/90 KORBAND

SAMPLE

DEPARTMENT OF FOOD AND AGRICULTURE



1010 Hurley Way, Suite 200
Sacramento, CA 95825

January 29, 1992

SW 92-1

TO: All Satellite Wagering Fairs

SUBJECT: Audio-Visual Equipment Fund

Any fairs receiving Division funding for audio-visual equipment are required to be involved in the CARF Audio-Visual Equipment Fund. Amounts due to this fund are to be delineated in the annual fair budget submitted to the Division and must be remitted to CARF in a timely manner.

If you have any questions regarding this letter please contact me at your convenience:

Thank you,

A handwritten signature in cursive script that reads "Norm Towne".

Norm Towne
Director of Horse Racing
and Satellite Wagering
Division of Fairs and Expositions
(916) 924-2232

cc: Rick Cain
Chris Korby
Stan Wirth

DEPARTMENT OF FOOD AND AGRICULTURE

1010 Hurley Way, Suite 200
Sacramento, CA 95825



August 6, 1998

TO: All Satellite Wagering Fairs

SUBJECT: Status of Equipment Replacement Fund and Creation of a Sinking Fund
for Satellite Wagering Facilities

The Division of Fairs and Expositions (F&E) has approved a proposal from the California Authority of Racing Fairs (CARF) to fund the equipment replacement fund (ERF) from the satellite wagering account (SWA). For the current year and all subsequent years, barring a change in state policy, F&E will allocate \$500,000 to the ERF. This allocation will become a standard feature of F&E's annual expenditure plan, replacing the contributions that CARF member fair organizations currently make into a pooled fund.

RATIONALE

The horse racing planning group (HRPG) discussed the policy implications of CARF's ERF proposal. The HRPG recommended that F&E approve this change in funding policy, in recognition that it is analogous to the state lottery commission's absorption of all costs for placing and maintaining lottery-playing equipment in all locations, statewide. In other words, CARF's proposal reflects the following realities:

- ⌘ The equipment in satellite wagering facilities (SWFs) is the most critical factor in enabling patrons to wager.
- ⌘ The state has a revenue interest to protect by ensuring that the technology available is appropriate and adequate to facilitate wagering.

Furthermore, all fair organizations in the statewide network have a revenue interest in the success and profitability of the racing and wagering enterprise. Thus, it makes sense to approve an annual allocation from the SWA to ensure that wagering equipment is maintained at a high technological standard throughout the system.

ELIGIBILITY

As before, CARF will administer the equipment replacement fund, including the replacement schedule and process. Any questions regarding administration or eligibility should be directed to CARF.

COMFORT AND AESTHETIC STANDARDS

CARF is currently conducting an inventory of satellite wagering facilities at 10 sites throughout the state. The inventory entails a detailed assessment of equipment and conditions in SWFs ("conditions" means furnishings, carpeting, paint colors, rest rooms, kitchens, and other amenities). When this study has been completed, which is projected to be in October 1998, CARF committees will collaborate with the HRPG to develop standards for SWF comfort and aesthetics. The purpose of this activity is, once again, to ensure that the facilities the network of California fairs maintains and operates are attractive and inviting to both new and regular patrons.

DEPRECIATION ACCOUNT

The annual allocation of \$500,000 from the SWA to the equipment replacement fund will free up funds that local fair organizations should have been paying to CARF for this purpose. Effective immediately, F&E will require fair organizations that operate SWFs to add a new line item to their operating budgets for satellite wagering. Specifically, the new line item will be a "sinking fund," or reserve account, for the exclusive purpose of maintaining the SWF at high comfort and aesthetic standards.

Budgeting for this line item should represent *not less than* the amount previously assessed by CARF for equipment replacement. The fair organization will retain control of the sinking fund account.

By this time next year, CARF and the HRPG will have completed work on a set of comfort and aesthetic standards. F&E will ensure that every fair organization with a SWF will receive these standards. Planning for SWF refurbishment can then proceed in keeping with a schedule -- similar in concept to the equipment replacement schedule -- and F&E will monitor those expenditures.

Satellite Wagering Fairs
August 6, 1998
Page 3

POLICY AND PROFITABILITY REVIEW

Over the next few months, a financial management consultant will conduct an analysis of profitability in the satellite wagering enterprise. We are undertaking this study to obtain information that will support a comprehensive review of current funding and oversight policies pertaining to satellite wagering. The HRPB believes that various current policies unnecessarily impede wagering's profitability at the site level. Before we can make policy changes that will further standardize financial management practices in SWFs, we need to know whether those practices currently vary from site to site and, if so, how and which ones should be replicated throughout the system.

CLOSING

You will receive additional details on the sinking fund account in the instructions for 1999 budgets. In the meantime, please call me or Rick Cain of CARF at 916-263-3346 if you have questions.

Respectfully,



Sharon Jensen, Director
Division of Fairs and Expositions
(916) 263-2952

cc: Darrell Guensler, CDEA
Rick Cain, CARF
Brian Davie, CFSA
Steve Chambers, WEA
Steve Lucas, CCA

**California Authority of Racing Fairs
Equipment Replacement Fund
Facility Inventories**

Inventory Ending:

	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007
Anderson	\$ 79,288.07	\$ 79,288.07	\$ 79,288.07	\$ 79,288.07	\$ 79,288.07
Bakersfield	\$ 58,105.60	\$ 58,105.60	\$ 58,105.60	\$ 71,747.24	\$ 76,311.27
Cal Expo	\$ 354,845.35	\$ 353,598.99	\$ 357,248.80	\$ 357,248.80	\$ 357,248.80
Del Mar	\$ 410,601.40	\$ 421,267.86	\$ 437,972.61	\$ 429,973.11	\$ 429,973.11
Eureka	\$ 65,235.18	\$ 65,235.18	\$ 65,235.18	\$ 65,235.18	\$ 65,235.18
Fresno	\$ 162,231.05	\$ 186,375.78	\$ 211,029.63	\$ 213,021.93	\$ 216,191.51
Indio	\$ 140,550.66	\$ 137,761.09	\$ 167,636.98	\$ 167,636.98	\$ 167,636.98
Lancaster	\$ 176,681.14	\$ 185,333.46	\$ 202,404.30	\$ 211,667.08	\$ 219,601.03
Monterey	\$ 158,495.54	\$ 157,776.94	\$ 174,904.94	\$ 174,904.94	\$ 174,904.94
National Orange Show	\$ 408,662.20	\$ 408,382.16	\$ 443,828.12	\$ 443,828.12	\$ 440,991.62
Perris	\$ 229,662.37	\$ 258,239.76	\$ 267,125.46	\$ 287,931.99	\$ 299,396.85
Pleasanton	\$ 333,799.26	\$ 333,799.26	\$ 327,812.51	\$ 326,311.31	\$ 342,721.93
Santa Barbara	\$ 138,108.22	\$ 138,198.82	\$ 154,341.80	\$ 153,997.40	\$ 153,419.46
Santa Maria	\$ 133,833.12	\$ 153,650.58	\$ 160,798.63	\$ 160,798.63	\$ 160,798.63
Santa Rosa	\$ 250,461.07	\$ 264,259.24	\$ 294,122.70	\$ 319,883.21	\$ 309,969.85
Stockton	\$ 307,167.38	\$ 307,381.63	\$ 306,626.88	\$ 306,626.88	\$ 305,205.91
Tulare	\$ 85,006.07	\$ 85,006.07	\$ 85,006.07	\$ 85,006.07	\$ 85,006.07
Turlock	\$ 207,719.63	\$ 234,008.11	\$ 234,301.73	\$ 234,301.73	\$ 224,243.38
Vallejo	\$ 154,325.31	\$ 190,725.98	\$ 190,725.98	\$ 190,725.98	\$ 190,725.98
Ventura	\$ 313,314.34	\$ 362,902.69	\$ 375,951.46	\$ 375,751.57	\$ 368,906.84
Victorville	\$ 109,152.15	\$ 109,999.07	\$ 127,947.81	\$ 127,947.81	\$ 119,617.59
Total Inventory	\$ 4,277,245.10	\$ 4,491,296.32	\$ 4,722,415.25	\$ 4,783,834.02	\$ 4,787,394.98

**California Authority of Racing Fairs
Equipment Replacement Fund
Projected Equipment Replacement 2008 - 2014**

		12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Eureka	Replacement Equipment Needed	\$ 69,149.29	\$ 12,051.73	\$ 13,678.01	\$ 14,127.75	\$ 14,480.50	\$ 14,795.65	\$ 15,145.95
	Ending Inventory	\$ 69,149.29	\$ 73,298.25	\$ 77,696.14	\$ 82,357.91	\$ 87,299.39	\$ 92,537.35	\$ 98,089.59
Santa Barbara	Replacement Equipment Needed	\$ 162,624.80	\$ 28,343.18	\$ 32,167.85	\$ 33,225.53	\$ 34,055.14	\$ 34,796.31	\$ 35,620.13
	Ending Inventory	\$ 162,624.80	\$ 172,382.29	\$ 182,725.22	\$ 193,688.74	\$ 205,310.06	\$ 217,628.66	\$ 230,686.38
Vallejo	Replacement Equipment Needed	\$ 202,169.51	\$ 35,235.26	\$ 39,989.95	\$ 41,304.83	\$ 42,336.17	\$ 43,257.57	\$ 44,281.71
	Ending Inventory	\$ 202,169.51	\$ 214,299.68	\$ 227,157.66	\$ 240,787.12	\$ 255,234.34	\$ 270,548.41	\$ 286,781.31
Victorville	Replacement Equipment Needed	\$ 126,597.46	\$ 22,064.13	\$ 25,041.50	\$ 25,864.86	\$ 26,510.68	\$ 27,087.66	\$ 27,728.97
	Ending Inventory	\$ 126,597.46	\$ 134,193.31	\$ 142,244.91	\$ 150,779.61	\$ 159,826.38	\$ 169,415.96	\$ 179,580.92
Indio	Replacement Equipment Needed	\$ 36,953.66	\$ 187,753.36	\$ 29,476.28	\$ 33,520.91	\$ 34,749.51	\$ 35,599.49	\$ 36,501.65
	Ending Inventory	\$ 177,695.19	\$ 187,753.36	\$ 199,018.56	\$ 210,959.68	\$ 223,617.26	\$ 237,034.29	\$ 251,256.35
Santa Maria	Replacement Equipment Needed	\$ 35,426.46	\$ 180,120.77	\$ 31,392.48	\$ 35,628.62	\$ 36,856.49	\$ 37,669.01	\$ 38,534.16
	Ending Inventory	\$ 170,446.55	\$ 180,120.77	\$ 190,928.02	\$ 202,383.70	\$ 214,526.72	\$ 227,398.33	\$ 241,042.23
Stockton	Replacement Equipment Needed	\$ 67,279.08	\$ 341,830.63	\$ 59,576.20	\$ 67,615.49	\$ 69,945.73	\$ 71,487.70	\$ 73,129.58
	Ending Inventory	\$ 323,518.26	\$ 341,830.63	\$ 362,340.47	\$ 384,080.90	\$ 407,125.75	\$ 431,553.30	\$ 457,446.49
Anderson:	Replacement Equipment Needed	\$ 17,478.13	\$ 19,726.31	\$ 93,559.92	\$ 16,306.16	\$ 18,535.83	\$ 19,118.38	\$ 19,563.40
	Ending Inventory	\$ 84,045.35	\$ 89,088.08	\$ 93,559.92	\$ 99,173.52	\$ 105,123.93	\$ 111,431.36	\$ 118,117.25
National Orange	Replacement Equipment Needed	\$ 97,211.41	\$ 109,715.61	\$ 520,370.19	\$ 90,693.09	\$ 103,094.28	\$ 106,334.36	\$ 108,809.53
	Ending Inventory	\$ 467,451.11	\$ 495,498.18	\$ 520,370.19	\$ 551,592.41	\$ 584,687.95	\$ 619,769.23	\$ 656,955.38
Monterey	Replacement Equipment Needed	\$ 38,555.82	\$ 43,515.11	\$ 44,749.33	\$ 216,882.04	\$ 37,867.35	\$ 42,907.91	\$ 44,311.60
	Ending Inventory	\$ 185,399.24	\$ 196,523.19	\$ 208,314.58	\$ 216,882.04	\$ 229,894.96	\$ 243,688.66	\$ 258,309.98
Perris	Replacement Equipment Needed	\$ 65,998.96	\$ 74,487.80	\$ 76,600.45	\$ 371,251.49	\$ 64,820.07	\$ 73,448.34	\$ 75,851.13
	Ending Inventory	\$ 317,360.66	\$ 336,402.30	\$ 356,586.44	\$ 371,251.49	\$ 393,526.58	\$ 417,138.17	\$ 442,166.46
Tulare	Replacement Equipment Needed	\$ 18,738.60	\$ 21,148.91	\$ 21,748.76	\$ 105,407.53	\$ 18,404.03	\$ 20,853.81	\$ 21,536.02
	Ending Inventory	\$ 90,106.43	\$ 95,512.82	\$ 101,243.59	\$ 105,407.53	\$ 111,731.98	\$ 118,435.90	\$ 125,542.05
Fresno	Replacement Equipment Needed	\$ 47,656.69	\$ 53,786.94	\$ 55,312.53	\$ 56,361.37	\$ 281,049.29	\$ 48,982.88	\$ 55,592.70
	Ending Inventory	\$ 229,163.00	\$ 242,912.78	\$ 257,487.55	\$ 272,936.80	\$ 281,049.29	\$ 297,912.25	\$ 315,786.98
Santa Rosa	Replacement Equipment Needed	\$ 68,453.29	\$ 77,108.85	\$ 79,280.90	\$ 80,782.95	\$ 402,768.73	\$ 70,196.84	\$ 79,669.30
	Ending Inventory	\$ 328,568.04	\$ 348,282.12	\$ 369,179.05	\$ 391,329.79	\$ 402,768.73	\$ 426,934.85	\$ 452,550.95
Lancaster	Replacement Equipment Needed	\$ 48,571.58	\$ 54,622.75	\$ 56,152.31	\$ 57,215.39	\$ 58,374.64	\$ 298,393.22	\$ 52,005.68
	Ending Inventory	\$ 232,777.10	\$ 246,743.72	\$ 261,548.34	\$ 277,241.25	\$ 293,875.72	\$ 298,393.22	\$ 316,296.81
Pleasanton	Replacement Equipment Needed	\$ 83,738.29	\$ 87,074.22	\$ 88,798.24	\$ 90,418.61	\$ 92,263.55	\$ 468,559.40	\$ 81,663.21
	Ending Inventory	\$ 372,991.60	\$ 395,371.10	\$ 419,093.36	\$ 444,238.97	\$ 470,893.30	\$ 468,559.40	\$ 496,672.96
Turlock	Replacement Equipment Needed	\$ 49,431.85	\$ 55,790.17	\$ 57,372.55	\$ 58,460.45	\$ 59,644.56	\$ 24,821.81	\$ 318,425.59
	Ending Inventory	\$ 237,697.98	\$ 251,959.86	\$ 267,077.45	\$ 283,102.10	\$ 300,088.23	\$ 318,093.52	\$ 318,425.59
Ventura	Replacement Equipment Needed	\$ 81,599.04	\$ 91,760.23	\$ 94,329.26	\$ 96,115.07	\$ 98,062.48	\$ 40,827.97	\$ 523,377.82
	Ending Inventory	\$ 391,041.25	\$ 414,503.73	\$ 439,373.95	\$ 465,736.39	\$ 493,680.57	\$ 523,301.41	\$ 523,377.82

PROPOSED BY-LAWS REVISION

4.2 Number and Qualifications. The Board shall consist of seven Directors. Four Directors shall be elected by the Members. One Director shall be elected by the Live Racing Committee, who shall be the Chair of that Committee. One Director shall be elected by the Simulcast Wagering South Committee, who shall be the Chair of that Committee. One Director shall be elected by the Simulcast Wagering North Committee, who shall be the Chair of that Committee. One Director elected by the Members shall be designated as the WFA Representative. ~~= A members' fair manager is eligible to serve as a CARF Director, In addition to the fair manager, a fair employee or fair Director may serve as a CARF Director provided that the Member Fair's Board of Directors furnishes written verification that it has vested binding authority in that person to represent the Fair.~~ A Director who ceases to be a Member's fair manager or a Member's board member or a Member's employee shall cease to be a CARF Director.

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- Deleted: M
- Deleted: or its board members are
- Deleted: s

Christopher Korby

From: "Tom Varela" <tvarela@chrim.com>
To: <peter.tunney@goldengatefields.com>; "Ben Kenney" <benkenney@gmail.com>; "Craig Crampton" <ccrampton@chrim.com>; <craig@dm.com>; "dave elliott" <delliott@calexpo.com>; <dcouto@toconline.com>; "Dino Perez" <pcqhra@earthlink.net>; <drew@deposet.com>; <eallred@losalamitos.com>; <eualw@hollywoodpark.com>; <frank.demarco@santaanita.com>; <george.haines@santaanita.com>; <glamothe@toconline.com>; <jackliebaw@yahoo.com>; <joeh@dm.com>; <korby@calfairs.net>; <oaktreeracing@yahoo.com>; <rfornone@hotmail.com>; "Rick English" <rickmenglish@yahoo.com>; <seder@fairplex.com>
Sent: May 29, 2008 10:29 AM
Subject: sac harness update

Talked to Ivan Axelrod from Sac Harness this morning and he informed me that they have been in discussion with the CHRB's new attorney and they are hoping the CHRB instructs them to have SCOTWINC and/or NCOTWINC pay the statutory deductions before turning over the remainder to Sac Harness for their other debts. He said they should know by early next week. I'll keep you posted.

05/29/2008

KAHN, SOARES & CONWAY, LLP

ATTORNEYS AT LAW

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JAMES R. CUNNINGHAM
jcunningham@kscsacramento.com

April 17, 2008

APR 21 2008

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ivan Axelrod, President
Sacramento Harness Association
2335 American River Drive
Sacramento, California 95825

Re: Statutory Obligation to CARF Member Fairs for Live Simulcast Racing
Unpaid Commissions: \$197,597.65

Dear Mr. Axelrod:

This office represents the interests of California Authority of Racing Fairs ("CARF") and its member fairs relative to the referenced matter. As you are aware, Sacramento Harness Association ("SHA") conducted harness racing at Cal Expo from December 2007 to February 2008, under a lease agreement with California State Fair, as a night program. Pursuant to California Business and Professions Code Section 19605.3, SHA entered into an agreement with CARF satellite wagering facilities offering the racing as part of the night racing program presented at the California simulcast network. It has come to our attention that SHA has ceased operations and still owes CARF member fairs a total of \$197,597.65 in unpaid statutory commissions, pursuant to California Business and Professions Code Section 19605.7. Enclosed is an accounting showing a site-by-site and month-by-month comparison of December through February commissions generated, paid, and the net reckoning. Included in the accounting are calculations due from each site from Advanced Deposit Wagering.

The purpose of this letter is to demand you pay the above amounts, in full, within 14 days of this correspondence. Payment should be delivered to California Authority of Racing Fairs, attention Christopher Korby, Executive Director.

Please be advised this will not be the first in a series of demand letters. If you do not comply with the request contained herein, within the designated time frame, your next correspondence from this office will be in the form of a Appeal to the California Horse Racing Board for resolution of this matter. Assuming this becomes necessary, our client will seek and obtain a judgment

Ivan Axelrod, President
Sacramento Harness Association
April 17, 2008
Page 2

requiring you to pay the amount mentioned above, plus attorney's fees, costs and, if applicable, punitive damages.

If you wish to discuss this matter, please do not hesitate to contact me during normal business hours. If not, please ensure payment is made within the designated time frame.

Sincerely,

KAHN, SOARES & CONWAY, LLP

A handwritten signature in cursive script that reads "James R. Cunningham".

James R. Cunningham

Enclosed: Accounting of Unpaid Commissions

cc: Letter to NCOTW, Inc.
Letter to SCOTW, Inc.

Sacramento Harness 2% Commissions Paid Comparisions

Location	11/01/2007-11/30/2007			12/01/2007-12/31/2007			01/01/2008 - 01/31/2008			02/01/2008 - 02/29/2008			Total Due
	Amt. Owed	SHA Paid	Bal Due	Amt. Owed	SHA Paid	Bal Due	Amt. Owed	SHA Paid	Bal Due	Amt. Owed	SHA Paid	Bal Due	
Anderson	83.39	83.39	0.00	79.29		79.29	89.90		89.90	85.15		85.15	254.34
Bakersfield	1,884.18	1,884.18	0.00	1,579.30		1,579.30	1,783.43		1,783.43	2,118.65		2,118.65	5,481.38
Eureka	54.80	54.80	0.00	51.37		51.37	61.81		61.81	58.54		58.54	171.72
Ferndale	5.19			4.85		4.85	5.62		5.62	5.32		5.32	15.79
Fresno	1,324.08	1,324.08	0.00	1,188.32		1,188.32	1,530.75		1,530.75	1,222.13		1,222.13	3,941.20
Fresno Club One	1,051.24	1,051.24	0.00	734.58		734.58	744.90		744.90	940.27		940.27	2,419.75
Lake Perris	3,235.86			3,203.31	3,203.31	0.00	3,417.49		3,417.49	3,390.23		3,390.23	6,807.72
Lancaster	3,364.81			2,818.39	2,818.39	0.00	2,934.11	2,943.66	-9.55	2,832.30		2,832.30	2,822.75
Monterey	1,917.76	1,917.76	0.00	1,725.13		1,725.13	1,729.91		1,729.91	2,097.36		2,097.36	5,552.40
Pleasanton	8,438.01	8,438.01	0.00	6,735.85		6,735.85	6,750.08		6,750.08	8,287.99		8,287.99	21,773.92
Pomona	9,401.72			8,149.95		8,149.95	8,053.48		8,053.48	9,080.33		9,080.33	25,283.76
Sacramento	1,195.91			1,120.56		1,120.56	1,313.36		1,313.36	1,243.98		1,243.98	3,677.90
San Bernardino	6,754.57			5,376.24	5,376.24	0.00	5,279.43		5,279.43	6,002.97		6,002.97	11,282.40
San Jose	9,685.91			8,042.84		8,042.84	8,504.85		8,504.85	9,068.34		9,068.34	25,616.03
San Mateo County	28.54			26.43		26.43	29.50		29.50	27.94		27.94	83.87
Santa Barbara	862.76			771.75	771.75	0.00	693.62		693.62	725.10		725.10	1,418.72
Santa Maria	1,040.53	1,040.53	0.00	809.88		809.88	709.18		709.18	820.52		820.52	2,339.58
Santa Rosa	2,418.93	2,418.93	0.00	1,861.79		1,861.79	1,890.17		1,890.17	2,591.75		2,591.75	6,343.71
Shalimar (Indio)	459.06			458.74	497.57	-38.83	526.82		526.82	902.41		902.41	1,390.40
Stockton	5,737.25	5,737.25	0.00	4,805.24		4,805.24	4,750.24		4,750.24	5,392.85		5,392.85	14,948.33
Surfside Race Place	7,708.90	7,708.90	0.00	6,800.83		6,800.83	7,077.59		7,077.59	8,846.97		8,846.97	22,725.39
Tulare	367.57	367.57	0.00	374.01		374.01	267.77		267.77	329.73		329.73	971.51
Turlock	439.22	439.22	0.00	286.08		286.08	328.69		328.69	314.93		314.93	929.70
Vallejo	4,841.80	4,841.80	0.00	3,982.99		3,982.99	3,988.67		3,988.67	4,377.39		4,377.39	12,349.05
Ventura	4,622.18	4,622.18	0.00	4,065.33		4,065.33	4,041.76		4,041.76	4,448.86		4,448.86	12,555.95
Victorville	2,548.10	2,548.10	0.00	1,856.89		1,856.89	2,167.93		2,167.93	2,415.56		2,415.56	6,440.38
Totals	79,472.27	2,548.10		66,909.94	12,667.26	54,242.68	68,671.06	2,943.66	65,727.40	77,627.57	0.00	77,627.57	197,597.65

CALIFORNIA AUTHORITY OF RACING FAIRS

Legislative Report - Last 10 Days

5/23/2008

[AB 813](#) (Portantino) **Harness racing: first aid and emergency medical services: wager distributions.** (E-05/20/2008 [html](#) [pdf](#))

Status: 05/19/2008-Urgency clause adopted. Senate amendments concurred in. To enrollment. (Ayes 72. Noes 0. Page 5188.)

Current Location: 05/19/2008-A ENROLLMENT

Digest: Existing law requires every racing association and racing fair to maintain specified equipment and staff for an on-track first aid facility. Existing law requires a qualified and licensed physician to be on duty at all times during live racing, except for any quarter horse racing at the racetrack if certain conditions are met.

This bill would apply the exception to having a qualified and licensed physician on duty at all times during live racing to a quarter horse racing association rather than applying it to any quarter horse racing at the racetrack, and would also except a harness racing association if certain conditions are met.

Existing law requires that the total percentage deducted from wagers at satellite wagering facilities in the northern zone be the same as deductions for wagers at the racetrack where the racing meeting is being conducted and amounts deducted are to be distributed as specified.

Existing law provides that, for harness meetings, 0.5% of the total amount handled by satellite wagering shall be distributed to a specified organization for the promotion of the program at satellite wagering facilities and 0.5% 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.

This bill would provide that, with respect to harness meetings, if there are funds unexpended from this 1%, those funds may be expended for other purposes with the consent of the horsemen and the racing association to benefit the horsemen, or the racing association, or both, pursuant to their agreement.

This bill would declare that it is to take effect immediately as an urgency statute.

Laws: An act to amend Sections 19481.3 and 19605.7 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

History:

May 19 Urgency clause adopted. Senate amendments concurred in. To enrollment. (Ayes 72. Noes 0. Page 5188.)

May 15 From committee: With recommendation: That Senate amendments be concurred in. (Ayes 14. Noes 0.) (May 15).

May 12 Joint Rule 62(a), file notice waived.

May 5 Re-referred to Com. on G.O. pursuant to Assembly Rule 77.2.

Apr. 29 In Assembly. Concurrence in Senate amendments pending.

Apr. 28 Read third time. Urgency clause adopted. Passed and to Assembly. (Ayes 38. Noes 0. Page 3595.)

Mar. 12 Read second time, amended, and to third reading.

Mar. 11 From committee: Amend, and do pass as amended. (Ayes 8. Noes 0. Page 3105.) .

Feb. 7 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on G.O.

July 9 In committee: Hearing postponed by committee.

July 9 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on G.O.

June 20 In committee: Set, first hearing. Hearing canceled at the request of author.

June 7 Referred to Com. on G.O.

May 25 Read third time, passed, and to Senate. (Ayes 72. Noes 0. Page 1654.)

May 25 In Senate. Read first time. To Com. on RLS. for assignment.

May 21 Read second time. To third reading.

May 17 From committee: Do pass. (Ayes 17. Noes 0.) (May 16).

Apr. 26 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 14. Noes 0.) (April 25).

Mar. 8 Referred to Com. on G.O.

Feb. 23 From printer. May be heard in committee March 25.

Feb. 22 Read first time. To print.

Organization
CARF

Subject
Horse

Racing

Notes: OPPOSE UNLESS AMENDED letter dated 7-6-07 authored by TOC, Drew J. Couto, President

AB 865 (Davis) State agencies: live customer service agents. (A-01/22/2008 [html](#) [pdf](#))

Status: 05/13/2008-From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 8. Noes 0.) .

Current Location: 05/13/2008-S APPR.

Digest: Existing law requires each state agency to establish a procedure whereby incoming telephone calls on any public line shall be answered within 10 rings during regular business hours, subject to certain exceptions.

This bill would name these provisions the State Agency Live Customer Service Act. It would require each state agency to answer an incoming call on ~~any~~ its main public line with a live customer service agent or automated telephone answering equipment with an automated prompt that allows a caller to select the option to speak with a live customer service agent, subject to certain exceptions.

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

Laws: An act to amend Section 11022 of the Government Code, relating to state agencies.

History:

May 13 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 8. Noes 0.) .

Feb. 7 Referred to Com. on G.O.

Jan. 28 Read third time, passed, and to Senate. (Ayes 76. Noes 0. Page 3835.)

Jan. 28 In Senate. Read first time. To Com. on RLS. for assignment.

Jan. 24 From committee: Do pass. (Ayes 16. Noes 0. Page 3814.) (January 24). Read second time. To third reading.

Jan. 23 Re-referred to Com. on APPR.

Jan. 22 From committee chair, with author's amendments: Amend, and re-refer to Com. on APPR. Read second time and amended.

Jan. 18 Re-referred to Com. on APPR.

Jan. 17 Read second time and amended.

Jan. 16 From committee: Amend, do pass as amended, and re-refer to Com. on APPR. (Ayes 10. Noes 0.) (January 15).
Apr. 24 Re-referred to Com. on B. & P.
Apr. 23 From committee chair, with author's amendments: Amend, and re-refer to Com. on B. & P. Read second time and amended.
Apr. 17 In committee: Set, second hearing. Hearing canceled at the request of author.
Apr. 10 In committee: Set, first hearing. Hearing canceled at the request of author.
Mar. 12 Referred to Com. on B. & P.
Feb. 23 From printer. May be heard in committee March 25.
Feb. 22 Read first time. To print.

<i>Organization</i>	<i>Subject</i>
CARF	State

[AB](#) **(Galgiani) Horses: shows, competitions, and sales.** (I-
[1810](#) 01/16/2008 [html](#) [pdf](#))

Status: 05/13/2008-From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 10. Noes 0.) .

Current Location: 05/13/2008-S APPR.

Digest: Existing law regulates horse shows, competitions, and sales. Existing law defines "event manager" for those purposes to be the person in charge of an event, including the person responsible for registering the event with the Department of Food and Agriculture.

This bill would change that definition to be the person in charge of an event, including the entity or individual financially responsible for the event that is responsible for registering the event with the department. Under existing law, the Secretary of Food and Agriculture is required to appoint an advisory committee, comprised of representatives from various organizations with an interest in horse shows, competitions, and sales. The committee is required to meet at least twice per year.

This bill would require the committee to meet once per year, with additional meetings to be called as deemed necessary by the chairperson. Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Sections 24001 and 24013.5 of the Food and Agricultural Code, relating to horses.

History:

May 13 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 10. Noes 0.) .

May 1 Referred to Com. on G.O.

Apr. 24 Read third time, passed, and to Senate. (Ayes 68. Noes 0. Page 4841.)

Apr. 24 In Senate. Read first time. To Com. on RLS. for assignment.

Apr. 17 Read second time. To Consent Calendar.

Apr. 16 From committee: Do pass. To Consent Calendar. (April 16).

Apr. 3 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 8. Noes 0. Page 4480.) (April 2).

Feb. 7 Referred to Com. on AGRI.

Jan. 17 From printer. May be heard in committee February 16.

Jan. 16 Read first time. To print.

Organization

CARF

Subject

Horse

Racing

**[AB](#)
[1852](#)**

(Jeffries) Sports betting pools. (I-01/30/2008 [html](#) [pdf](#))

Status: 05/15/2008-Referred to Com. on PUB. S.

Current Location: 05/15/2008-S PUB. S.

Calendar Events: 06/10/08 8:30 a.m. - John L. Burton Hearing Room (4203) SUPPORT AND OPPOSITION LETTERS DUE NO LATER THAN 5 P.M. 5/30, IN ROOM 2031 SEN PUBLIC SAFETY

Digest: Existing law makes it either a misdemeanor or a felony, punishable by imprisonment in either a county jail or in the state prison, for a person, whether or not for gain, hire, or reward, to make a betting pool or place a bet or wager on the result of any contest or event, including a sporting event, as specified.

This bill would create an exception to that provision, making it an infraction, punishable by a fine not to exceed five hundred dollars (\$500), for a person, not for gain, hire, or reward, other than that at stake under conditions available to every participant, to participate in a bet, wager, or

betting pool with another person or group of persons who are not acting for gain, hire, or reward other than that at stake under conditions available to every participant, on the result of any contest or event, including a sporting event, as specified.

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

Laws: An act to amend Section 337a of, and to add Section 336.9 to, the Penal Code, relating to sports betting pools.

History:

May 15 Referred to Com. on PUB. S.

May 8 Read third time, passed, and to Senate. (Ayes 65. Noes 4. Page 5047.)

May 8 In Senate. Read first time. To Com. on RLS. for assignment.

May 5 Read second time. To third reading.

May 1 From committee: Do pass. (Ayes 16. Noes 0.) (April 30).

Apr. 16 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 5. Noes 1.) (April 15).

Apr. 10 From committee: Do pass, and re-refer to Com. on PUB. S. Re-referred. (Ayes 13. Noes 0.) (April 9).

Feb. 21 Referred to Coms. on G.O. and PUB. S.

Jan. 31 From printer. May be heard in committee March 1.

Jan. 30 Read first time. To print.

Organization

CARF

Subject

Betting

[AB 2026](#) (Levine) Gaming. (I-02/15/2008 [html](#) [pdf](#))

Status: 05/22/2008-Do pass as amended.

Current Location: 04/30/2008-A APPR. SUSPENSE FILE

Digest: 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 regulations by the Department of Justice.

This bill would direct the California Gambling Control Commission, in

conjunction with the Department of Justice, to perform a study and report its findings to the Legislature by June 30, 2009, regarding authorizing intrastate Internet poker, as specified.
Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act relating to gaming.

History:

Apr. 30 In committee: Set, first hearing. Referred to APPR. suspense file.
Apr. 17 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 11. Noes 0.) (April 16).
Feb. 28 Referred to Com. on G.O.
Feb. 19 From printer. May be heard in committee March 20.
Feb. 15 Read first time. To print.

Organization

CARF

[AB 2048](#) (Silva) **Horse racing: harness or quarter horse races: out-of-state or out-of-country.** (A-04/09/2008 [html](#) [pdf](#))

Status: 05/22/2008-Referred to Com. on G.O.

Current Location: 05/22/2008-S G.O.

Calendar Events: 06/24/08 9:30 a.m. - Room 3191 SEN
GOVERNMENTAL ORGANIZATION

Digest: *Under existing law, the California Horse Racing Board is authorized to permit a harness or quarter horse association conducting a race meeting to accept wagers on the results of out-of-state, out-of-country, and sometimes other harness or quarter horse races, if specified conditions are met, including that the association conducts at least 7 live races and imports not more than 6 races on live racing days.*

This bill would revise that provision to instead permit the association to import not more than 8 races on live racing days.

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.

By providing for the importation of additional out-of-state and out-of-country

racers, this bill would authorize additional wagering, and would increase the amount of continuously appropriated license fees, thereby making an appropriation.

~~Existing law gives the California Horse Racing Board the authority to regulate horse racing and parimutuel wagering on horse races in California. Existing law generally requires that any license granted to an association other than a fair shall be for only a single type of racing, except that the board may authorize the participation of thoroughbred and Appaloosa horses in quarter horse races subject to specified conditions. Existing law also provides that any association licensed to conduct quarter horse racing may apply to the board for, and be granted, the authority to conduct thoroughbred racing as part of its racing program, provided that specified conditions are met, including, among others, that the thoroughbred races are for a claiming price of not more than \$5,000.~~

~~This bill would increase the claiming price to not more than \$8,000.~~

~~Vote: majority 2/3 . Appropriation: ~~no~~ yes . Fiscal committee: ~~no~~ yes .~~

~~State-mandated local program: no.~~

Laws: An act to amend Section 19596.1 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

History:

May 22 Referred to Com. on G.O.

May 15 Read third time, passed, and to Senate. (Ayes 72. Noes 1. Page 5138.)

May 15 In Senate. Read first time. To Com. on RLS. for assignment.

May 5 Read second time. To third reading.

May 1 From committee: Do pass. (Ayes 16. Noes 0.) (April 30).

Apr. 17 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 11. Noes 0.) (April 16).

Apr. 10 Re-referred to Com. on G.O. In committee: Hearing postponed by committee.

Apr. 9 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Feb. 28 Referred to Com. on G.O.

Feb. 20 From printer. May be heard in committee March 21.

Feb. 19 Read first time. To print.

Organization

CARF

AB (Plescia) Horse racing; thoroughbred racing; workers' compensation.

2103 (A-04/23/2008 [html](#) [pdf](#))

Status: 05/22/2008-Referred to Com. on G.O.

Current Location: 05/22/2008-S G.O.

Calendar Events: 06/10/08 Anticipated Hearing SEN G.O.

Digest: Existing law, operative until January 1, 2009, provides that every thoroughbred association and fair that conducts a racing meet shall deduct a percentage of the total amount handled in exotic parimutuel pools of thoroughbred races, which shall be distributed to a thoroughbred racing association to defray costs of workers' compensation insurance in connection with thoroughbred horses that race in this state, as specified. Existing law provides that any funds that are not used to defray the cost of workers' compensation insurance shall either be carried forward to the subsequent year or used to reimburse racing associations for safety-related expenditures, as specified.

This bill would extend the operation of these provisions until January 1, 2014. The bill would also make conforming and technical, nonsubstantive changes.

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

Laws: An act to amend Section 19605.75 of the Business and Professions Code, relating to horse racing.

History:

May 22 Referred to Com. on G.O.

May 15 Read third time, passed, and to Senate. (Ayes 75. Noes 0. Page 5165.)

May 15 In Senate. Read first time. To Com. on RLS. for assignment.

May 12 Read second time. To Consent Calendar.

May 8 From committee: Do pass. To Consent Calendar. (May 7).

Apr. 24 Re-referred to Com. on APPR.

Apr. 23 Read second time and amended.

Apr. 22 From committee: Amend, and do pass as amended, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 8. Noes 0.) (April 16).

Apr. 10 From committee: Do pass, and re-refer to Com. on INS. with recommendation: To Consent Calendar. Re-referred. (Ayes 14. Noes 0.) (April 9).

Feb. 28 Referred to Coms. on G.O. and INS.

Feb. 20 From printer. May be heard in committee March 21.

Feb. 19 Read first time. To print.

<i>Organization</i>	<i>Position</i>
CARF	Support

AB (Garrick) Horse racing: racing weeks: 22nd District Agricultural
2205 Association. (A-04/23/2008 [html](#) [pdf](#))

Status: 05/22/2008-Referred to Com. on G.O.

Current Location: 05/22/2008-S G.O.

Calendar Events: 06/10/08 9:30 a.m. - Room 3191 SEN
GOVERNMENTAL ORGANIZATION

Digest: Existing law generally creates district agricultural associations, which are state institutions.

Existing law, the Horse Racing Law, generally regulates horse racing and vests the administration and enforcement of the Horse Racing Law in the California Horse Racing Board. Existing law requires the board to make allocations of racing weeks as it deems appropriate and specifies the maximum number of racing weeks that may be allocated for horse racing other than at fairs, including, for thoroughbred racing, a maximum of 44 weeks per year in the northern zone, 42 weeks per year in the central zone, and 7 weeks per year in the southern zone.

This bill would, *in the event a venue used for thoroughbred racing by an association licensed to conduct thoroughbred racing in the central zone in 2008 is not available for racing in 2009 or thereafter*, permit the board to authorize the 22nd District Agricultural Association to use allocations of racing weeks from the central zone and conduct thoroughbred racing throughout the year, whether or not those racing days coincide with an annual fair, so long as the aggregate racing weeks conducted in the southern and central zones do not exceed the total aggregate racing weeks allocated, as specified.

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

Laws: An act to add Section 19531.2 to the Business and Professions Code, relating to horse racing.

History:

May 22 Referred to Com. on G.O.

May 15 Read third time, passed, and to Senate. (Ayes 75. Noes 0. Page 5165.)

May 15 In Senate. Read first time. To Com. on RLS. for assignment.

May 12 Read second time. To Consent Calendar.

May 8 From committee: Do pass. To Consent Calendar. (May 7).

Apr. 24 Re-referred to Com. on APPR.

Apr. 23 Read second time and amended.

Apr. 22 From committee: Amend, do pass as amended, and re-refer to Com. on APPR. (Ayes 12. Noes 0.) (April 16).

Apr. 3 Re-referred to Com. on G.O.

Apr. 2 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Apr. 1 Referred to Com. on G.O.

Feb. 21 From printer. May be heard in committee March 22.

Feb. 20 Read first time. To print.

Organization

CARF

[AB 2258](#) (Evans) **Horse racing: license fees: shortfalls: pro rata assessment.** (A-04/03/2008 [html](#) [pdf](#))

Status: 05/22/2008-Referred to Com. on G.O.

Current Location: 05/22/2008-S G.O.

Digest: Existing law, the Horse Racing Law, provides that if the total amount paid to the state 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 are required to remit certain amounts, on a pro rata basis *according to the amount handled in-state by each association or fair*, in order to attain that \$40,000,000 total.

This bill would ~~make clarifying and technical changes to this provision~~ *specify instead 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 .

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

Laws: An act to amend Section 19616.51 of the Business and Professions Code, relating to horse racing.

History:

May 22 Referred to Com. on G.O.

May 15 Read third time, passed, and to Senate. (Ayes 75. Noes 0. Page 5157.)

May 15 In Senate. Read first time. To Com. on RLS. for assignment.

May 5 Read second time. To third reading.

May 1 From committee: Do pass. (Ayes 16. Noes 0.) (April 30).

Apr. 17 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 12. Noes 0.) (April 16).

Apr. 7 Re-referred to Com. on G.O.

Apr. 3 Referred to Com. on G.O. From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Feb. 22 From printer. May be heard in committee March 23.

Feb. 21 Read first time. To print.

<i>Organization</i>	<i>Position</i>
CARF	Sponsor

[AB 2353](#) (Garcia) Tribal gaming: local governments. (A-05/01/2008 [html](#) [pdf](#))

Status: 05/22/2008-From APPR. SUSPENSE FILE: Remains in APPR. SUSPENSE FILE.

Current Location: 05/23/2008-A APPR. SUSPENSE FILE

Digest: 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. Existing law authorizes moneys in the Indian Gaming

Special Distribution Fund to be used by the Legislature for certain purposes, including for ~~shortfalls in payments that occur in the Indian Gaming Revenue Sharing Trust Fund~~. Existing law requires that revenue contributions made to the state pursuant to the terms of specified tribal-state gaming compacts be deposited in the General Fund *grants to local government agencies impacted by tribal gaming*.

~~This bill would require that if there are insufficient funds in the Indian Gaming Special Distribution Fund to fully fund payments to eligible recipient tribes from the Indian Gaming Revenue Sharing Trust Fund, money from payments by tribes to the General Fund pursuant to any tribal-state compact be transferred to the Indian Gaming Revenue Sharing Trust Fund in an amount equal to the deficiency, in order to supplement the payments to be made from the Indian Gaming Special Distribution Fund to the Indian Gaming Revenue Sharing Trust Fund.~~ *This bill would appropriate \$30,000,000 from the Indian Gaming Special Distribution Fund to provide for grants to local government agencies pursuant to the provisions described above. The bill would state the intent of the Legislature that those funds be used for the workload associated with specified tribal-state gaming compacts.*

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

Laws: An act related to gaming, and making an appropriation therefor.

History:

May 7 In committee: Set, first hearing. Referred to APPR. suspense file.

May 5 Re-referred to Com. on APPR.

May 1 From committee chair, with author's amendments: Amend, and re-refer to Com. on APPR. Read second time and amended.

Apr. 24 Re-referred to Com. on APPR.

Apr. 23 Read second time and amended.

Apr. 22 From committee: Amend, do pass as amended, and re-refer to Com. on APPR. (Ayes 8. Noes 2.) (April 16).

Apr. 7 Re-referred to Com. on G.O.

Apr. 3 Referred to Com. on G.O. From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Feb. 22 From printer. May be heard in committee March 23.

Feb. 21 Read first time. To print.

Organization

CARF

[AB](#) (Mendoza) Gambling regulation. (A-04/03/2008 [html](#) [pdf](#))
[2627](#)

Status: 05/15/2008-Referred to Com. on G.O.

Current Location: 05/15/2008-S G.O.

Calendar Events: 06/24/08 9:30 a.m. - Room 3191 SEN

GOVERNMENTAL ORGANIZATION

Digest: (1) 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. ~~Existing law authorizes the department to summarily seize, remove, and impound any equipment, supplies, documents, or records from any premises licensed under these provisions for examination and inspection. This bill would delete the authorization for the department to take those actions summarily.~~

~~(2) Existing~~

~~Existing law provides that an owner of a gambling enterprise that is not a natural person shall not be eligible for a state gambling license unless certain persons individually apply for and obtain a state gambling license, except as specified.~~

~~This bill would require that, if the owner is a limited liability company, every officer, manager, member, or owner apply for and obtain a state gambling license as described above.~~

~~(3)~~

~~(2) Existing law requires the department to investigate an applicant for a gambling license. Existing law provides that, if denial of the application, or approval of the license with restrictions or conditions on the license, is recommended, the head of the entity within the department that is responsible for enforcing these provisions shall prepare and file with the commission his or her written reasons upon which the recommendation is based.~~

~~This bill would, in addition, require the head of that entity within the department to file with the commission the reasons for his or her recommendation if he or she recommends approval of the license with~~

restrictions or conditions.

~~(4)~~

(3) Existing law requires a limited partnership to comply with specified requirements in order to obtain a gambling license, including a requirement that the limited partnership be formed under the laws of this state.

This bill would delete the above requirement, and would impose on general partnerships the requirements for obtaining a gambling license that are applicable to limited partnerships. The bill would also require that limited liability companies comply with specified requirements in order to obtain a gambling license.

~~(5)~~

(4) Existing law requires that, to the extent required by specified provisions of law, certain persons associated with a limited partnership that holds or applies for a license to own a gambling enterprise be licensed individually.

This bill would include members and managers among the persons to whom the above requirement applies and would impose the requirement, in addition, on those persons if they are associated with a limited liability company that holds or applies for a license to own a gambling enterprise.

~~(6)~~

(5) Existing law prohibits certain security interests from being enforced without the prior approval of the commission and compliance with certain regulations, including a security interest in a security issued by a partnership, except as specified.

This bill would, in addition, prohibit enforcement of a security interest without the above approval if the security interest is in a security issued by a limited partnership or limited liability company.

~~(7)~~

(6) Existing law requires an order of the commission denying an application for a work permit ~~to~~ to be reviewed in accordance with specified provisions of law.

This bill would, in addition, apply the above requirement ~~on~~ to an order of the commission placing restrictions or conditions on a work permit.

~~(8)~~

(7) Existing law authorizes the commission to issue an order summarily suspending a person's work permit upon a finding that the suspension is necessary for the immediate preservation of the public peace, health, safety, or general welfare. Existing law provides that the person whose

work permit is summarily suspended has a right to a hearing to commence within a specified period.

This bill would require that a hearing described above be conducted in accordance with specified provisions governing the conduct ~~to~~ of hearings by the commission.

(9)

(8) Existing law provides that any person aggrieved by a final decision or order of the commission that limits, conditions, suspends, or revokes any previously granted license or approval, made after hearing by the commission, may petition the Superior Court for the County of Sacramento for judicial review pursuant to specified provisions of law. Existing law provides that the court may summarily deny the petition, or the court may issue an alternative writ directing the commission to certify the whole record of the department in the case to the court. Existing law requires that, if an alternative writ issues, the cause be heard on the whole record of the department as certified by the commission. This bill would, instead, with respect to the above alternative writ, authorize the court to issue that writ to certify the whole record in the case to the court, and would require that, if the alternative writ issues, the cause be heard on the whole record as certified by the commission. Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Sections 19852, 19868, 19890, 19893, 19900, 19912, 19913, and 19932 of, and to amend the heading of Article 6 (commencing with Section 19890) of Chapter 5 of Division 8 of, the Business and Professions Code, relating to gambling.

History:

May 15 Referred to Com. on G.O.

May 8 Read third time, passed, and to Senate. (Ayes 62. Noes 10. Page 5029.)

May 8 In Senate. Read first time. To Com. on RLS. for assignment.

Apr. 28 Read second time. To third reading.

Apr. 24 From committee: Do pass. (Ayes 16. Noes 1.) (April 23).

Apr. 10 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 11. Noes 0.) (April 9).

Apr. 7 Re-referred to Com. on G.O.

Apr. 3 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Mar. 13 Referred to Coms. on G.O. and JUD.
Feb. 25 Read first time.
Feb. 24 From printer. May be heard in committee March 25.
Feb. 22 Introduced. To print.

Organization

CARF

AB (Committee on Governmental Organization) Horse racing. (I-
3074 03/13/2008 [html](#) [pdf](#))

Status: 05/22/2008-Referred to Com. on G.O.

Current Location: 05/22/2008-S G.O.

Calendar Events: 06/24/08 9:30 a.m. - Room 3191 SEN
GOVERNMENTAL ORGANIZATION

Digest: Existing law provides that the California Horse Racing Board may authorize a California harness racing association conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Breeder's Crown Stakes, the Meadowlands Pace, the Hambletonian, or the North American Cup.

This bill would authorize the board to permit a California harness racing association conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Kentucky Futurity.

Under existing law, all 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. This bill would authorize additional wagering, and would increase correspondingly the amount of continuously appropriated license fees, thereby making an appropriation. This bill would also result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, thereby requiring a 2/3 vote for passage.

Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 19596 of the Business and Professions

Code, relating to horse racing, and making an appropriation therefor.

History:

May 22 Referred to Com. on G.O.

May 15 Read third time, passed, and to Senate. (Ayes 70. Noes 2. Page 5160.)

May 15 In Senate. Read first time. To Com. on RLS. for assignment.

May 5 Read second time. To third reading.

May 1 From committee: Do pass. (Ayes 16. Noes 0.) (April 30).

Apr. 17 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 11. Noes 0.) (April 16).

Mar. 24 Referred to Com. on G.O.

Mar. 14 From printer. May be heard in committee April 13.

Mar. 13 Read first time. To print.

Organization

CARF

[SB 157](#) (Wiggins) **Alcoholic beverages: winegrower's license.** (A-05/20/2008 [html](#) [pdf](#))

Status: 05/20/2008-From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

Current Location: 05/20/2008-A G.O.

Digest: (1) The Alcoholic Beverage Control Act authorizes the issuance of a wine sales permit to any licensee under a winegrower's license, which authorizes the sale of bottled wine produced by the winegrowers at specified events that are sponsored by an organization that is exempt from taxation, as specified.

This bill would expand the list of organizations that are exempt from taxation, as specified, that are authorized to sponsor specified events.

(2) The Alcoholic Beverage Control Act provides that nothing in that law prohibits a winegrower or a beer and wine wholesaler, as specified, from giving or selling wine to certain nonprofit organizations, as specified, at prices other than those contained in schedules filed with the Department of Alcoholic Beverage Control.

This bill would expand the list of nonprofit organizations that are authorized to receive or purchase wine at prices other than those contained in schedules filed with the Department of Alcoholic Beverage

Control.

(3) The Alcoholic Beverage Control Act provides that a violation of its provisions is a misdemeanor, unless otherwise specified. This bill, by changing the definition of an existing crime, imposes a state-mandated local program.

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.

Laws: An act to amend Sections 23399.6 and 25503.9 of the Business and Professions Code, relating to alcoholic beverages.

History:

May 20 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

Apr. 28 To Com. on G.O.

Jan. 30 Read third time. Passed. (Ayes 40. Noes 0. Page 2910.) To Assembly.

Jan. 30 In Assembly. Read first time. Held at Desk.

Jan. 24 To Special Consent Calendar.

Jan. 23 Read second time. To third reading.

Jan. 22 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

Jan. 14 Set for hearing January 22.

Jan. 9 Read second time. Amended. Re-referred to Com. on APPR.

Jan. 8 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 5. Noes 0. Page 2779.)

Jan. 7 Re-referred to Com. on G.O.

Dec. 18 Set for hearing January 8 in G.O. pending receipt.

Sept. 7 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on RLS.

Apr. 10 To Com. on RLS.

Jan. 31 From print. May be acted upon on or after March 2.

Jan. 30 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization
CARF

Subject
Tribal
Gaming

SB (Battin) Tribal gaming: gaming device licenses. (A-
1201 04/30/2008 [html](#) [pdf](#))

Status: 05/22/2008-In Assembly. Read first time. Held at Desk.

Current Location: 05/22/2008-A DESK

Digest: Existing federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature. Existing law ratifies a number of tribal-state gaming compacts between the State of California and specified Indian tribes executed in 1999. Those compacts set certain limits on the number of gaming device licenses available to each tribe. Existing law provides that any other tribal-state gaming compact entered into between the State of California and a federally recognized Indian tribe that is executed after September 10, 1999, is ratified if certain circumstances exist.

This bill would enact statutory provisions relating to matters addressed in the compacts ratified as described above. The bill would provide that the aggregate limit of gaming device licenses available for issuance under those compacts shall be 122,000, and would further provide that certain gaming device licenses available for issuance under subsequent compact amendments shall not be counted in determining whether that aggregate limit has been reached. The bill would require that, upon application by a tribe with a tribal-state gaming compact ratified as described above, the California Gambling Control Commission allocate gaming device licenses to the tribe in accordance with the tribe's gaming compact, but would prohibit the number of licenses allocated to a tribe from exceeding the maximum number of gaming device licenses allowed under the gaming compact.

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

Laws: An act to amend Section 12012.25 of the Government Code,

relating to gaming.

History:

May 22 Read third time. Passed. (Ayes 25. Noes 5.) To Assembly.
May 22 In Assembly. Read first time. Held at Desk.
May 21 Read second time. To third reading.
May 20 From committee: Do pass. (Ayes 8. Noes 2. Page 3838.)
May 12 Set, first hearing. Hearing canceled at the request of author.
May 12 Set for hearing May 19.
May 2 Set for hearing May 12.
May 1 Re-referred to Com. on APPR. pursuant to Joint Rule 10.5.
Apr. 30 Read second time. Amended. To third reading.
Apr. 29 From committee: Do pass as amended. (Ayes 8. Noes 1. Page 3549.)
Mar. 27 Hearing postponed by committee. Set for hearing April 22.
Mar. 25 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.
Mar. 13 Set for hearing April 8.
Feb. 20 To Com. on G.O.
Feb. 14 From print. May be acted upon on or after March 15.
Feb. 13 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

[SB](#) (Vincent) Tribal gaming: satellite wagering. (A-05/13/2008 [html](#) [pdf](#))
[1570](#)

Status: 05/22/2008-From APPR. SUSPENSE FILE: Do pass.

Current Location: 05/22/2008-S APPR. SUSPENSE FILE

Digest: Existing federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature.

This bill would provide that, when negotiating with a tribal government for a tribal-state gaming compact pursuant to those provisions of the

California Constitution, the Governor shall use his or her best efforts to ensure that satellite wagering on horse racing is one of the forms of gaming offered at any gaming facility authorized under the compact. The bill would require any payments to the state for receiving the audio-visual signal on horse racing to be deposited in the Maddy Fund for Horse Racing, as established by the bill, and would require certain amounts in that fund to be used for specified purposes. The bill would continuously appropriate all moneys in the Maddy Fund for Horse Racing to the Horse Racing Board for the benefit of the fair racing associations, racing associations, and the horsemen and horsewomen involved in horse racing, as specified.

By establishing a continuously appropriated fund, this bill would make an appropriation.

Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to add Section 12012.91 to the Government Code, relating to gaming, and making an appropriation therefor.

History:

May 15 Set for hearing May 22.

May 13 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on APPR.

May 5 Placed on APPR. suspense file.

Apr. 28 Set for hearing May 5.

Apr. 23 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on APPR.

Apr. 16 From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 8. Noes 1. Page 3431.) Re-referred to Com. on APPR.

Apr. 10 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

Apr. 3 Hearing postponed by committee. Set for hearing April 15.

Apr. 2 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

Mar. 13 Set for hearing April 8.

Mar. 6 To Com. on G.O.

Feb. 25 Read first time.

Feb. 24 From print. May be acted upon on or after March 25.

Feb. 22 Introduced. To Com. on RLS. for assignment. To print.

Organization

CARF

SB (Florez) Problem gambling: therapist training and treatment programs.

1616 (A-04/09/2008 [html](#) [pdf](#))

Status: 05/22/2008-From APPR. SUSPENSE FILE: Not heard.

Current Location: 05/22/2008-S APPR. SUSPENSE FILE

Digest: Existing law establishes the Office of Problem and Pathological Gambling in the State Department of Alcohol and Drug Programs. The office is responsible for developing a problem gambling prevention program and a program to support treatment services for California residents with problem and pathological gambling issues. Existing law requires that implementation of these programs be based upon allocation priorities established by the State Department of Alcohol and Drug Programs, subject to appropriation of funding for these purposes. The problem gambling prevention program is given first priority for funding appropriated to the office.

This bill would ~~authorize-require~~ the office, *subject to appropriation by the Legislature*, to establish a program, through grant or contract, to increase the number of qualified problem and pathological gambling treatment therapists and to establish a stepped-care plan of treatment to provide comprehensive care to problem and pathological gamblers and their families. The bill would require the office, *subject to appropriation by the Legislature*, to award funds to design therapist training and statewide treatment programs for problem and pathological gambling, together with a statewide training and treatment oversight system, as specified. The bill would require the office, beginning July 1, 2009, and annually each July 1 thereafter, subject to appropriation by the Legislature, to award grants in connection with the therapist training and treatment programs, and the oversight system. ~~The bill would require the Bureau of State Audits, beginning July 1, 2012, and every 3 years thereafter, to report to the Governor and the Legislature on the effectiveness and use of funding of the therapist training and treatment programs.~~

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

Laws: An act to amend Section 4369 of the Welfare and Institutions Code, relating to gambling.

History:

May 15 Set for hearing May 22.

Apr. 21 Placed on APPR. suspense file.

Apr. 10 Set for hearing April 21.

Apr. 9 Read second time. Amended. Re-referred to Com. on APPR.

Apr. 8 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 7. Noes 3. Page 3286.)

Mar. 19 Set for hearing April 2.

Mar. 6 To Com. on HEALTH.

Feb. 25 Read first time.

Feb. 23 From print. May be acted upon on or after March 24.

Feb. 22 Introduced. To Com. on RLS. for assignment. To print.

Organization

CARF

[SB](#) (Negrete McLeod) **Horse racing: out-of-state thoroughbred races:**
[1635](#) **number of races.** (I-02/22/2008 [html](#) [pdf](#))

Status: 05/22/2008-To Com. on G.O.

Current Location: 05/22/2008-A G.O.

Digest: Existing law, the Horse Racing Law, provides that a thoroughbred racing association or fair may distribute the audiovisual signal and accept wagers on the results of out-of-state thoroughbred races during the calendar period the association or fair is conducting a race meeting, provided that the total number of thoroughbred races on which wagers are accepted statewide in any given year does not exceed the total number of thoroughbred races on which wagers were accepted in 1998. Existing law further prohibits the total number of thoroughbred races imported by associations or fairs on a statewide basis from exceeding 23 per day on days when live thoroughbred or fair racing is being conducted in the state, except as provided.

This bill would eliminate the ceiling on the number of races as were wagered on in 1998 and would change the total number of thoroughbred races authorized to be imported by associations or fairs on a statewide basis to 40 per day.

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. This bill would authorize additional wagering and additional races, and would increase the amount of continuously appropriated license fees, thereby making an appropriation.

Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 19596.2 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

History:

May 22 To Com. on G.O.

May 13 In Assembly. Read first time. Held at Desk.

May 12 Read third time. Passed. (Ayes 32. Noes 3. Page 3751.) To Assembly.

May 7 Read second time. To third reading.

May 6 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

Apr. 28 Set for hearing May 5.

Apr. 16 From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 10. Noes 0. Page 3432.) Re-referred to Com. on APPR.

Apr. 3 Hearing postponed by committee. Set for hearing April 15.

Mar. 13 Set for hearing April 8.

Mar. 6 To Com. on G.O.

Feb. 25 Read first time.

Feb. 24 From print. May be acted upon on or after March 25.

Feb. 22 Introduced. To Com. on RLS. for assignment. To print.

Organization

CARF

[SB](#) (Florez) California State Lottery. (A-04/10/2008 [html](#) [pdf](#))

[1679](#)

Status: 05/19/2008-Set for hearing June 10.

Current Location: 04/10/2008-S G.O.

Calendar Events: 06/10/08 9:30 a.m. - Room 3191 SEN

GOVERNMENTAL ORGANIZATION

Digest: (1) The California State Lottery Act of 1984, enacted by initiative, authorizes a California State Lottery and provides for its operation and administration by the California State Lottery Commission and the Director of the California State Lottery, with certain limitations. Existing law establishes the State Lottery Fund, which is continuously appropriated for the purposes of the California State Lottery. Existing law requires that not less than 84% of the total annual revenues from the sale of state lottery tickets or shares be returned to the public in the form of prizes and net revenues to benefit public education, and that no more than 16% of those revenues be used for expenses of the lottery. Existing law requires that all unclaimed prize money revert to the benefit of public education, and that all of the interest earned upon funds held in the State Lottery Fund be allocated to the benefit of public education. This bill would require, instead, that not less than 87% of the total annual revenues from the sale of state lottery tickets or shares, plus the ~~unclaimed prize revenues and~~ interest earnings described above, be used for prizes and to benefit education, and no more than 13% be used for lottery expenses. By changing the purpose for which moneys in a continuously appropriated fund may be used, the bill would make an appropriation.

(2) Existing law requires that 50% of the total annual lottery revenues be returned to the public in the form of prizes, and that 34% of those revenues be used to benefit public education.

This bill would require, instead, that not less than 50% of the total annual lottery revenues be returned to the public in the form of prizes. The bill would delete the requirement that 34% of those revenues be used to benefit education, and would provide, instead, that the percentage of the total annual revenues to be allocated for public education shall be established by the commission, subject to the requirement that this percentage be set at a level designed to maximize the total net revenues for public education and to ensure that the total net revenues for public education during any fiscal year are not less than ~~\$1,200,000,000~~ \$1,280,000,000 .

(3) Existing law requires that, to the extent that expenses of the lottery are less than 16% of the total annual revenues, any surplus funds be allocated to the benefit of public education.

The bill would provide, instead, that, to the extent that expenses of the lottery are less than 13% of the total annual revenues, any surplus funds may be carried over from year to year upon a determination by the commission that the carryover furthers the purpose of the act, provided

that the aggregate amount of revenues allocated for expenses does not exceed 16% of the total annual revenues for that operating year.

The bill would require the commission, each fiscal year, to commit at least \$1,000,000 to the Office of Problem and Pathological Gambling within the State Department of Alcohol and Drug Programs for problem gambling awareness and treatment programs, and would require the director of that office to report to the commission on the effectiveness of problem gambling awareness and treatment efforts.

(4) Existing law authorizes the commission to offer lottery games, and defines "lottery game" for the purposes of these provisions.

This bill would provide that the definition of "lottery game" includes games in which prizes are determined on a parimutuel basis and games in which prizes are fixed in advance of the draw ~~but in which the total number of those prizes is not determined in advance of the draw, provided that a specified condition is met. By authorizing new sources of revenue to be deposited in a continuously appropriated fund, the bill would make an appropriation and the total number of those prizes is determined in advance of the draw .~~

~~(5) Existing law prohibits a lottery game offered by the California State Lottery from using the theme of roulette, dice, baccarat, blackjack, Lucky 7s, draw poker, slot machines, or dog racing. Existing law prohibits the commission from making certain changes in the types of games authorized or methods of delivery of those games unless specified conditions are met.~~

~~This bill would delete those prohibitions.~~

~~(6)~~

(5) Existing law prohibits changes from being made in the types of games or methods of their delivery that incorporate new technologies or media that did not exist, were not widely available, or were not commercially feasible at the time of the enactment of the act, unless specified conditions are met.

This bill would delete that prohibition.

~~(7)~~

(6) Existing law allows the commission to adopt regulations to authorize the use of an electronic or electromechanical device to dispense lottery tickets to be used in the play of any lottery game if the device satisfies certain specifications.

This bill would, instead, allow the commission to adopt regulations to authorize the use of an electronic or electromechanical device to dispense lottery tickets to be used in the play of any lottery game if the device

does not itself determine winning outcomes and thus become the object of play. *The electronic or electromechanical device would be prohibited from being a slot machine or video lottery terminal.*

~~(8)~~

(7) The California State Lottery Act of 1984, an initiative measure, specifies that none of its provisions may be changed except to further its purpose by a bill passed by a 2/3 vote of each house of the Legislature and signed by the Governor.

This bill would declare that it furthers the purpose of the act and would require a 2/3 vote.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Sections 8880.4, 8880.12, 8880.28, 8880.335, 8880.63, and 8880.64 of the Government Code, relating to the California State Lottery, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

History:

May 19 Set for hearing June 10.

Apr. 10 Set, first hearing. Hearing canceled at the request of author. From committee with author's amendments. Read second time. Amended. Referred to Com. on G.O.

Apr. 3 Hearing postponed by committee. Set for hearing April 15.

Mar. 19 Set for hearing April 8.

Mar. 13 To Com. on G.O.

Feb. 25 Read first time.

Feb. 24 From print. May be acted upon on or after March 25.

Feb. 22 Introduced. To Com. on RLS. for assignment. To print.

Organization

CARF

[SB](#) (Florez) Tribal gaming: casino location. (A-04/16/2008 [html](#) [pdf](#))
[1695](#)

Status: 05/13/2008-In Assembly. Read first time. Held at Desk.

Current Location: 05/13/2008-A DESK

Digest: Existing federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts with federally recognized tribes, subject to ratification by the Legislature.

This bill would prohibit the Governor from negotiating or concluding a gaming compact with a tribe that does not have land held in trust on which the gaming is to occur ~~and~~ or that is not federally recognized.

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

Laws: An act to add Section 12012.92 to the Government Code, relating to gaming.

History:

May 13 In Assembly. Read first time. Held at Desk.

May 12 Read third time. Passed. (Ayes 31. Noes 4. Page 3748.) To Assembly.

Apr. 29 Read second time. To third reading.

Apr. 28 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

Apr. 17 Set for hearing April 28.

Apr. 16 Read second time. Amended. Re-referred to Com. on APPR.

Apr. 15 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 9. Noes 1. Page 3432.)

Apr. 10 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

Apr. 3 Hearing postponed by committee. Set for hearing April 15.

Mar. 19 Set for hearing April 8.

Mar. 13 To Com. on G.O.

Feb. 25 Read first time.

Feb. 24 From print. May be acted upon on or after March 25.

Feb. 22 Introduced. To Com. on RLS. for assignment. To print.

Organization

CARF

SB (Florez) Gambling licenses: inactive status. (A-04/21/2008 [html](#) [pdf](#))
1697

Status: 05/22/2008-To Com. on G.O.

Current Location: 05/22/2008-A G.O.

Digest: 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 requires specified persons involved in those gambling activities to obtain and maintain gambling licenses or key employee licenses issued by the commission.

This bill would allow the holder of a gambling license or key employee license to petition the commission to place that license on an inactive status for no more than 3 years. The bill would prohibit a licensee, while his or her license is inactive, from ~~owning~~-working in ~~r~~-or operating ~~r~~-a gambling establishment pursuant to the inactive license. The bill would require a licensee, in order to place a license on inactive status and maintain that status, to pay to the commission, each year, 50% of the license fee that would be required for an active license.

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

Laws: An act to add Section 19851.5 to the Business and Professions Code, relating to gambling.

History:

May 22 To Com. on G.O.

May 13 In Assembly. Read first time. Held at Desk.

May 12 Read third time. Passed. (Ayes 25. Noes 8. Page 3751.) To Assembly.

May 7 Read second time. To third reading.

May 6 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

Apr. 28 Set for hearing May 5.

Apr. 21 Read second time. Amended. Re-referred to Com. on APPR.

Apr. 17 Joint Rule 62(a) file notice suspended. (Ayes 23. Noes 13. Page 3468.) From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 6. Noes 0. Page 3489.)

Apr. 14 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on RLS. Re-referred to Com. on G.O. Set

for hearing April 17 pending rules waiver.

Mar. 13 To Com. on RLS.

Feb. 25 Read first time.

Feb. 23 From print. May be acted upon on or after March 24.

Feb. 22 Introduced. To Com. on RLS. for assignment. To print.

Organization

CARF

Total Position Forms: 20

**California Authority of Racing Fairs
Agency Income Statement
April 30, 2008**

	2006	2007	2008	2008	2008	2008
	Year End	Year End	YTD	Budget	Variance	% Budget
Revenue:						
Other Revenue	9,233	13,560	299	500	(201)	60%
Interest Income	48,441	92,352	25,427	50,000	(24,573)	51%
Member Dues	261,477	257,268	128,634	257,276	(128,642)	50%
CARF South Programs Admin Fee	39,146	34,731	7,473	34,425	(26,952)	22%
CARF Projects Admin Fee	126,364	158,277	(1,084)	195,000	(196,084)	-1%
CARF Live Racing Admin Fee	132,433	155,333	(7,989)	143,958	(151,947)	-6%
Total Revenue	617,094	711,520	152,760	681,159	(528,399)	22%
Expenses:						
Salaries	204,210	207,576	70,644	286,912	216,268	25%
Employee Benefits	21,363	16,639	8,013	30,000	21,987	27%
Post Retirement Benefits	27,118	31,122	10,531	35,000	24,469	30%
Payroll Taxes	11,471	9,960	4,956	13,500	8,544	37%
Accounting Costs	16,965	16,270	5,427	16,250	10,823	33%
Advertising Expense	800	0	0	0	0	0%
Audit Services	4,815	5,875	0	5,875	5,875	0%
Automobile Expense	0	3,788	2,500	3,000	500	83%
Contracted Services	1,198	2,214	259	3,000	2,741	9%
Depreciation	16,682	13,195	2,034	13,000	10,966	16%
Dues & Subscriptions	30,475	29,509	6,836	31,000	24,164	22%
Insurance Expense	37,763	38,824	13,445	38,151	24,706	35%
Legal Expenses	6,620	5,575	1,273	10,000	8,727	13%
Legislative Expenses	49,888	56,089	18,672	60,000	41,328	31%
Meetings Expense	6,861	3,420	2,167	6,000	3,833	36%
Misc. Bank Fees	29	99	0	1,000	1,000	0%
Office Supplies	17,074	15,953	7,725	15,000	7,275	52%
Postage & Shipping	3,570	4,168	1,629	4,000	2,371	41%
Rent (Tribute Road)	35,777	35,770	11,923	35,770	23,847	33%
Repairs & Maintenance	370	359	0	1,000	1,000	0%
Telephone Expense	10,660	10,921	2,278	11,000	8,722	21%
Training	0	0	0	2,500	2,500	0%
Travel Expense	24,886	27,308	4,098	27,500	23,402	15%
Total Expenses	528,593	534,631	174,408	649,458	475,050	27%
Agency Income (Loss)	88,500	176,889	(21,648)	31,701	(53,349)	
Southern Program Income (Loss)	14,398	16,026	11,978	2,475	9,503	
Total Balance Sheet Net Income (Loss)	102,899	192,915	(9,670)	34,176	(43,846)	

California Authority of Racing Fairs
Southern Region Income Statement
April 30, 2008

	2006	2007	2008	2008	2008	2008
	Year End	Year End	YTD	Budget	Variance	% Budget
Program Revenue:						
Program Sales	493,939	463,076	129,964	459,000	(329,036)	28%
Other Revenue	0	0	0	0	0	0%
Royalties/Fees Due Host	(440,394)	(411,359)	(110,416)	(417,000)	306,584	26%
Total Revenue	53,545	51,718	19,548	42,000	(22,452)	47%
Expenses:						
Legal Expenses	0	0	0	2,500	2,500	0%
Meetings Expense	0	539	98	1,000	902	10%
Misc Exp.(Storage)	0	0	0	1,000	1,000	0%
Postage & Shipping	0	0	0	100	100	0%
Telephone Expense	0	0	0	500	500	0%
Total Expenses	0	961	98	5,100	5,002	2%
Operating Income (Loss)	53,545	50,757	19,451	36,900	(17,449)	53%
CARF Admin Fee	39,146	34,731	7,473	34,425	26,952	22%
Rebate						
Income (Loss)	14,398	16,026	11,978	2,475	9,503	484%

**California Authority of Racing Fairs
Project Management Income Statement
April 30, 2008**

	2006	2007	2008	2008	2008	2008
	Year End	Year End	YTD	Budget	Variance	% Budget
Revenue:						
CARF Admin Fee	126,419	158,277	4,422	195,000	(190,578)	2%
Project Management	76,158	79,648	20,428	78,522	(58,094)	26%
Total Revenue	202,578	237,925	24,850	273,522	(248,672)	9%
Expenses:						
Salaries Expense	56,190	58,942	19,820	54,172	34,352	37%
Employee Benefits	6,595	7,510	2,644	8,000	5,356	33%
Payroll Taxes	3,065	3,060	1,079	3,000	1,921	36%
Accounting Costs	6,780	6,500	2,167	6,500	4,333	33%
Audit Services	1,870	2,350	0	2,350	2,350	0%
Automobile Expense	0	0	0	1,000	1,000	0%
Contracted Services	0	0	0	1,000	1,000	0%
Telephone Expense	1,015	647	224	1,500	1,276	15%
Travel Expense	144	85	0	500	500	0%
Misc. Storage	555	555	0	500	500	0%
Total Expenses	76,214	79,648	25,933	78,522	52,589	33%
CARF Admin Fee	126,364	158,277	(1,084)	195,000	196,084	-1%

Meeting Handouts

Agenda

June 2, 2008

1. Governor's Racing Initiative
 - a. License Fee Relief – Severing ties between fair funding and racing by backfilling fair funding requirement from other sources, 2009-10 fiscal year and beyond
 - b. De-regulation – Racing weeks, product distribution, wagers, pricing; leaving business decisions to industry constituents
 - c. Lottery bet – Administrative assistance in establishing a business relationship with the lottery to distribute a horse racing wager
 - d. ADW / Satellite Wagering Expansion - Day accounts in venues restricted to adult patrons
 - e. Facility improvements – see item 2

2. Financing of capital improvements required for stabling and training in Northern California and Southern California. Potential license fee increase, Attachment A.

3. Review of pending bills, Attachment B

AB 2103, as amended, Plescia. Horse racing: thoroughbred racing: workers' compensation.

Existing law, operative until January 1, 2009, provides that every thoroughbred association and fair that conducts a racing meet shall deduct a percentage of the total amount handled in exotic pari-mutuel pools of thoroughbred races, which shall be distributed to a thoroughbred racing association to defray costs of workers' compensation insurance in connection with thoroughbred horses that race in this state, as specified. Existing law provides that any funds that are not used to defray the cost of workers' compensation insurance shall either be carried forward to the subsequent year or used to reimburse racing associations for safety-related expenditures, as specified.

This bill would extend the operation of these provisions until January 1, 2014. The bill would also make conforming and technical, non substantive changes.

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

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 19605.75 of the Business and Professions Code is amended to read:

19605.75. (a) The Legislature finds and declares that the existence of high caliber thoroughbred racing in California is important to this state's agricultural economy. The California horseracing industry is being threatened by the escalating costs of doing business in California, including, but not limited to, workers' compensation insurance costs, and by the pending closure of major tracks for the purpose of real estate development. It is the intent of the Legislature to provide ongoing relief from escalating costs and to establish a fund to be utilized for the financing of capital improvements required for the stabling and training of horses in California through the redistribution of the parimutuel handle on all wagers.

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(b) Notwithstanding Section 19610, every thoroughbred association and fair that conducts a racing meet shall deduct an additional ___ percent (___ %) of the total amount handled in all parimutuel pools on thoroughbred races.

(c) The funds collected pursuant to subdivision (b) from parimutuel pools on thoroughbred races within the inclosure of a thoroughbred association or fair conducting a race meeting, at 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 (g) to be used in accordance with subdivisions (e) and (f).

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

shall be distributed to the organization described in subdivision (g) to be used in accordance with subdivisions (e) and (f). This additional deduction shall not be included in the amount on which license fees are determined pursuant to Section 19602.

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(e) One half of the amount distributed to the organization described in subdivision (g) shall be deposited by that organization in a separate account to defray the costs of workers' compensation insurance incurred in connection with thoroughbred horses that race in this state at thoroughbred associations and racing fairs through the payment of supplemental premiums that reduce rates, payment to or for the benefit of trainers and owners of such thoroughbreds, based on the number of such thoroughbreds they start, in order to reimburse them for the costs of workers' compensation insurance directly or indirectly incurred by them, and other appropriate payments. Any funds that are not used for the purposes set forth in this subdivision shall, after an affirmative vote of at least 25 of the voting interests of the organization described in subdivision (g), either be carried forward to the subsequent year, or be used to reimburse racing associations for the actual cost of health and safety programs, research or safety equipment, or making capital improvements that are designed to prevent workplace accidents and increase the safety of jockeys, exercise riders, backstretch employees, and other racetrack personnel. Those capital improvements shall include, but not be limited to, safety improvements to racing and training surfaces. All requests for reimbursements shall be approved by the board. In developing proposals for approval by the board, the association shall confer with their horsemen's organizations and all affected labor organizations or associations.

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(f) The remaining one-half of the amount distributed to the organization described in subdivision (g) shall be deposited by that organization in a separate account to finance capital improvements deemed necessary and appropriate by the organization to provide stabling and training facilities for thoroughbred racing in the Northern Zone and the combined Central and Southern Zones, respectively. Any such funds shall be allocated between the Northern Zone and the combined Central and Southern Zones based upon the proportion of funds in such account generated in the respective zones. Any financing plan or proposal shall be submitted to and approved by the board prior to any expenditure of funds, pursuant to this subsection.

(g) The thoroughbred racing associations and the owners' organization described in subdivision (b) of Section 19613 shall form an organization to which funds shall be distributed pursuant to subdivisions (c) and (d). This organization shall have a total of 34 voting interests, of which 16 shall be allocated to the organization representing thoroughbred owners pursuant to Section 19613, one shall be allocated to the official registering agency for thoroughbreds in California, and one shall be allocated to the organization representing thoroughbred trainers pursuant to Section 19613. The remaining 16 votes shall be allocated among the licensed racing associations and racing fairs in the state. Each racing association and fair shall receive the portion of these remaining votes represented by the sum of wagering on its races divided by the statewide total of wagering in the preceding calendar year, excluding Breeders Cup races. Fractional voting shall be permitted. Any decision of this organization with respect to the allocation of funds pursuant to subdivisions (c) and (d) shall require the affirmative vote of 25 of these voting interests. In the event that the required number of affirmative votes

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cannot be obtained, the matter shall be submitted to the board for a decision consistent with subdivision (e) and (f), and the decision of the board shall be final.

(h) (1) The organization formed pursuant to this section shall account annually to the 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 board within 45 days of its receipt by the organization.

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Deleted: (2) No earlier than 18 months and no later than two years following the effective date of this section, the organization described in subdivision (f) shall commission an independent evaluation of the effectiveness of the distributions under this section along with recommendations for any improvements or modifications regarding the program created in this section. A copy of that evaluation along with a report detailing the organization's response to the evaluation shall be filed with the board within 30 days of the receipt of the final evaluation.¶

¶ (h) Between January 1, 2014, and July 1, 2014, any unexpended funds collected under this section shall be distributed to organizations formed and operated pursuant to Sections 19607 and 19607.2 based upon the total thoroughbred handle in their respective zones in the year ~~2008~~ 2013.¶

¶ (i) Except for subdivision (h), this section shall become inoperative on January 1, 2014, and as of January 1, 2015, this entire section is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.¶