

A United Front



From the Executive Corner

by DOUG BURGE

The California Thoroughbred Breeders Association (CTBA) has joined with other state horsemen's groups, racing associations and the racing fairs in the formation of Horse Racing United (HRU). HRU provides a coalition in which the state's racing interests speak with one unified voice as it pertains to internet gaming legislation.

Currently, racing in California has the exclusive legal right to conduct internet wagering (Advanced Deposit Wagering) within the state. Therefore, any new legislation that removes racing's exclusive rights could severely encroach and harm our multi-billion dollar agribusiness.

Senate Bill 1463, which was recently introduced by Senators Steinberg and Wright, allows for the legislation of internet poker in California. While this legislation does include the potential for racing interest participation through obtaining a license to offer poker, the bill also provides for an unlimited number of participants while removing racing's current exclusivity with internet wagering.

Horse racing interests are not opposed to the prospects of internet gaming, if acceptable legislation were reintroduced. However, in its current form, we believe the bill could be extremely detrimental.

To the right, we have included a letter of "oppose unless amended" that was recently sent on behalf of the CTBA, Thoroughbred Owners of California (TOC) and California Authority of Racing Fairs (CARF) to the authors of SB 1463. We will keep the membership posted as to the status of this bill as it moves through the legislative process.

April 18, 2012

The Honorable Darrell Steinberg, President Pro Tempore
The Honorable Roderick Wright
State Capitol, Room 205
Sacramento, CA 95814

RE: SB 1463 (Wright) Oppose Unless Amended

To Senators Steinberg & Wright:


On behalf of California's Thoroughbred Horsemen, the Thoroughbred Owners of California (TOC), the California Thoroughbred Breeders Association (CTBA) and the California Association of Racing Fairs (CARF), we regretfully must oppose your bill as introduced. We believe that the bill in its current form would devastate California's racing industry.


As you may be aware, the Horse Racing Industry provides - directly or indirectly - over 50,000 jobs in California and is responsible for generating more than \$2.5 billion to the State's economy, annually. Horse Racing is the only form of legal Internet wagering in California (and the Nation). This exclusivity was granted to the racing industry by the California Legislature in 2001 following the 1999 compacts and the passage of Proposition 1A in 2000 as a means of mitigating their impacts on racing. It goes without saying, horse racing interests would be significantly negatively impacted, and the jobs we provide threatened, should there be an expansion to Internet wagering without a preference provided for horse racing. With this being said, horse racing members are not opposed to the prospects of Internet gaming which are contemplated in SB 1463. However, we are of the strong opinion that the bill, in its current form would be extremely detrimental to the State's Horse Racing industry, our partners and the citizens of the State that rely on our industry for their livelihood. TOC, CTBA, and CARF's specific concerns with Senate Bill 1463 include but are not limited to:

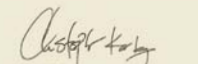
- As Horse Racing is the only entity which can legally conduct Internet gaming, we're opposed to the current language which allows for an unlimited number of participants. TOC, CTBA and CARF believe that in order for any licensee to be successful in California and to recoup the initial \$30 + million licensing investment, marketing operations costs, there must be a reasonable limit on the number of licenses granted.
- Per the point above, upon a mutually agreed to number of limited licenses, one (1) license shall be designated for horse racing. The only other entities eligible for (limited) licenses include the State's licensed Native American gaming tribes and Card Clubs. Given this request to limit the amount of licenses granted, our position is that Advance Deposit Wagering (ADW) entities are NOT eligible for license.
- Term - Section 19990.03 specifies a renegotiation to the terms and conditions of licenses with the licensees any time after three (3) years. The section goes on to describe a process that gives the State the "right" to make reasonable modifications to the terms and conditions... We believe three (3) years is insufficient time to recoup the State's \$30 million "up-front" fee. We must oppose this provision.

Much has been made of the financial impact Senate Bill 1463 would have upon the State's General Fund. Our members are keenly aware of the State's budget short-fall and realize the monetary assistance Senate Bill 1463 could provide for much needed State-run programs. However, we're of the strong opinion that the Legislature must also contemplate how the bill would impact existing California gaming entities and the jobs / economic impact which we provide. We look forward to working with all members of leadership in Sacramento on Internet gaming legislation that is beneficial and fair to all parties and protects the jobs of those Californians who depend on racing to provide for their families.

Regards,


Mike Pegram
Thoroughbred Owners of California


Doug Burge
California Thoroughbred Breeders Association


Chris Kirby
California Association of Racing Fairs

