



From the EXECUTIVE CORNER



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Solutions for Homelessness and Mental Health Support Act

California Solutions to Homelessness, Public Education Funding, Affordable Housing and Reduction of Problem Gambling Act

California Sports Wagering Regulation and Unlawful Gambling Enforcement Act

Three initiatives. Three different groups. All three hoping voters will support them in 2022 and legalize sports wagering since the United States Supreme Court eliminated the federal probation in May of 2018.

Only the tribal initiative known as the “Sports Wagering Regulation and Unlawful Gaming Act” has actually qualified for the 2022 ballot and is the only one supported by the California Thoroughbred Breeders Association. The tribal effort includes tribal casinos and approved race-tracks and is restricted to brick-and-mortar facilities. The measure would impose a 10% tax on sports wagering activity conducted on track. Tribal governments would be required to obtain compact approvals in California to allow for new tribal gaming.

The California Solutions to Homelessness, Public Education Funding, Affordable Housing and Reduction of Problem Gaming Act was amended in September from the original title “The California Sports Wagering and Consumer Protec-

tion Act” filed in August. It appears they forgot to add “world peace” to their title.

This initiative, sponsored by card rooms and local governments, provides a 15% tax on activity, a \$5 million initial licensing fee, and a \$1 million renewal fee every four years. The measure allows for mobile betting and authorizes the California Department of Consumer Affairs, beginning in 2023, to license an expanded number of “operators” to obtain a license. This measure also has a “conflicting initiative” clause, which could invalidate all conflicting initiatives should this measure obtain the most votes.

It is important to note that this initiative and the Solutions for Homelessness and Mental Health Support Act have only been submitted for proposed title and summary to the state attorney general. Such title and summaries are not official and will likely change from the official document prepared by the Attorney General. The next step is gathering the required number of valid signatures in time to appear on the ballot.

This third proposed initiative is sponsored largely by DraftKings, Betfair, and BETMGM. This coalition claims to have raised \$100 million to date for its effort and will likely have no problem gathering the signatures required to qualify. The measure authorizes online wagering for tribes and/or partner with qualified gaming entities. They propose to generate millions through a 10% tax on gross online gaming revenue and \$100 million license fees.

The online negative impacts to racing resulting from these two initiatives cannot be overstated. Horse racing has benefited from its exclusivity for ADW betting online, and these proposals will diminish our market share with almost no benefit.

It’s too soon to know what the 2022 ballot will look like, and some believe the competing effort is an attempt to get the legislature to step in and force a compromise ballot measure. I wouldn’t bet on the legislature solving this fight. One thing is certain, 2022 is a must-win for California racing. **CTB**