



CALIFORNIA THOROUGHBRED TRAINERS

CTT Legislation Update – SB 1072 and AB 2414

Legislation to Increase Overnight Purses Awaits Governor's Signature; Exchange Wagering Slowed, To Be Studied, Subject to Sunset Clause (Reported September 1, 2010)

Two bills in the California Legislature intended to address the future of Thoroughbred racing have been passed by their respective chambers, Senate Bill 1072 and Assembly Bill 2414, and will soon await promised signatures by Governor Arnold Schwarzenegger.

Concerned over possible negative consequences to horsemen through the enactment of "exchange wagering" in California racing, California Thoroughbred Trainers (CTT) was forced to oppose the legislation vigorously when the originally agreed language relating to purses was suddenly amended to enable exchange betting, with no appropriate public debate about the detailed terms included in the bill and no wide understanding of the consequences it may have.

CTT's efforts, joining MI Development and Churchill Downs, resulted in a number of important changes to the original exchange wagering language in the legislation, including a delay in any possible implementation to at least May 2012, and a "sunset clause" for the exchange wagering language added the last day of the legislative session, August 31, to AB 2414. Without the concerted efforts involving CTT, the only horsemen's organization to express opposition, it is unlikely that these important protections would have been enacted. Moreover, through the efforts of CTT and its lobbyists, as well as MID and Churchill, many legislators learned for the first time about exchange betting, future risks to purses that may arise from it, and challenges for protecting the integrity of the sport. During the time between now and May 2012, CTT and others will undertake to study the concept and economics of exchange betting in the thorough and transparent manner required, to educate all racing's stakeholders about its potential impact.

Once the legislation is signed into law with an effective date of January 1, 2011, early in the Santa Anita winter/spring meeting, overnight purses throughout California Thoroughbred racing are expected to increase significantly due to a direct infusion of revenue from increased takeout on exotic wagers. While estimates range as high as \$35-million annually, CTT and others caution that owing to the takeout increase and the necessity of renegotiating Advance Deposit Wagering contracts, the actual increase in purses may be less. Nevertheless, CTT did not oppose the original purse legislation (absent the exchange wagering amendments) on the commitment that the bill would be "clean" and no additional complications would be added.

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