

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 18, 2008
POSITION: Oppose
SPONSOR: Rod Blonien

BILL NUMBER: SB 1570
AUTHOR: E. Vincent

BILL SUMMARY: Tribal Gaming: Satellite Wagering

This bill would require the Governor to use his/her best efforts to ensure that satellite wagering is one form of gaming offered under tribal-state gaming compacts. This bill would require that under any tribal-state gaming compacts, payments to the state for receiving the audio-visual signal on horse racing would be deposited into the Maddy-Vincent Fund for Horse Racing, a new fund established by this bill. Subject to appropriation in the annual Budget Act, the CHRB would be required to distribute the revenues of the fund for debt service to fair racing associations and to establish the Golden State Triple Crown series of races, as specified.

FISCAL SUMMARY

The CHRB indicates that this bill would have a significant fiscal impact on the state. At least three additional CHRB staff would be needed to establish and market the Golden State Triple Crown Series, which would cost approximately \$250,000 annually. This bill would also decrease General Fund revenues by redirecting revenues generated by satellite wagering facilities provided for in tribal-state gaming compacts from the General Fund to the Maddy-Vincent Fund for Horse Racing.

The CHRB also indicates that the takeout may need to be increased to fund the purses and bonuses prescribed by this bill. This may reduce the wagering handle because persons that wager often look for the lowest takeout to see where they can get the highest return on their dollar. If the handle is reduced, then wagering may decrease due to a migration of persons who wager to other, lower takeout states. To the extent that this bill reduces wagering activity, this bill would also decrease state revenues by an unknown amount.

COMMENTS

The Department of Finance is opposed to this bill because it would result in additional costs that are not included in the 2008-09 Budget Bill. This bill would also decrease General Fund revenues.

Existing law

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)								Fund Code
	SO	PROP			FC			FC	
	LA	CO	98	FC	2008-2009	2009-2010	2010-2011		
	RV				FC	FC	FC		
1109/Hors Rac Lic	RV	No			----- See Fiscal Summary -----				0001
8550/Horse Racing	SO	No	C		\$125	C	\$250	C	\$250 0191
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0191	Fair and Exposition Fund								

Analyst/Principal (0221) R. Baker	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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