

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose

BILL NUMBER: SB 1227
AUTHOR: Negrete McLeod, Gloria

BILL SUMMARY: Horse racing: parimutuel pool funds.

This bill would redirect funding generated from the fair racing association's daily pools that currently goes to the California Department of Food and Agriculture (CDFA) to the live racing fairs and individuals who participate in the race.

FISCAL SUMMARY

According to the CDFA, this bill would reduce revenues by \$670,000 special fund annually by redistributing half of these funds to the six live racing fairs as commissions and half to the riders participating in the horse races as purses. The CDFA's Division of Fairs and Expositions currently uses these funds to support oversight and auditing activities for all 78 of the district agricultural association fairs, county fairs, and citrus fruit fairs within the state. As this funding accounts for nearly 30 percent of the CDFA's oversight budget of the fairs, its redirection would hamper CDFA's ability to perform this function.

The California Constitution requires the state to reimburse local entities for increased costs associated with any new program or higher level of service imposed by the state on local entities if the Commission on State Mandates determines that the new program or higher level of service is reimbursable and a state mandate.

Any local government costs resulting from the mandate in this measure would not be state-reimbursable because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

COMMENTS

The Department of Finance is opposed to this bill because it would reduce state revenues that are included in the Administration's current fiscal plan.

Existing law:

- Provides for the regulation of horse races and horse race meetings and wagering on the results.
Requires every association that conducts a racing meeting to deduct 15 percent of the total amount handled in conventional parimutuel pools and 16.75 percent of the total amount handled in exotic parimutuel pools and to distribute these funds as specified.
Requires any fair racing association to deduct an additional one percent from the total amount handled in its daily conventional and exotic parimutuel pools for deposit in the Fair and Exposition Fund, for expenditure for the construction or operation, including oversight and audit activities, of recreational and cultural facilities of the general public interest.

Analyst/Principal (0222) J.Carosone Date Program Budget Manager Lisa Ann Mangat Date
Department Deputy Director Date
Governor's Office: By: Date: Position Approved Position Disapproved
BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

AUTHOR**AMENDMENT DATE****BILL NUMBER**

Negrete McLeod, Gloria

Original

SB 1227

COMMENTS (continued)

This bill would:

- Reduce state revenues by redirecting funds dedicated to the CDFA for fair oversight.
- Require that the one percent deducted from the total amount handled in its daily pools be distributed to the fairs and to the participants in the race.
- Specify that 50 percent of this amount be distributed to the fairs and 50 percent to the participants as purses.

It appears that the intent of this measure is to benefit the horse racing industry by providing additional funding to the six racing fairs and the participants involved in racing the horses.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014
1109/Hors Rac Lic	RV	No	U	-670	U	-670	U	-670
8570/Food & Ag	SO	No		----	See Fiscal Summary	----		0191
8885/Comm St Mndt	LA	No		----	See Fiscal Summary	----		0001
<u>Fund Code</u>		<u>Title</u>						
0001		General Fund						
0191		Fair and Exposition Fund						