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CHRB NEWS RELEASE

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HORSE RACING LEGISLATION GOES TO GOVERNOR

SACRAMENTO, CA – The California Legislature approved two bills Tuesday that will provide a strong incentive for the Breeders' Cup to come to California, significantly boost purses in California, and in years to come provide a new wagering opportunity in the form of exchange wagering if the legislation is signed into law by Governor Arnold Schwarzenegger by September 30.

One of the bills, SB 1072, contains three major components:

- Provides an incentive for the Breeders' Cup Limited to run its world championship races at California racetracks by mandating that a portion of the takeout at the host track be designated for promotion of the Breeders' Cup.
- Increases purses at thoroughbred meets and fairs in order to encourage horse ownership, boost field sizes, and stimulate increased wagering on California. The additional purse money will be generated by increasing the amount withheld from the wagered dollar. The takeout rate for win, place, and show wagers will remain unchanged at 15.43 percent. Only wagers on exotic wagers will be affected, such as exactas, trifectas, and the Pick Six. Even with this takeout increase of 2 to 3 percent on exotic wagers, California's takeout rates will remain lower than those in some other states with comparable, high-quality racing. The statutorily defined takeout rate for exotic wagers at California thoroughbred meets currently is 20.68 percent. Under SB 1072, the takeout on wagers involving two horses (e.g. exactas) or two legs (e.g. daily double) will increase by 2 percent to 22.68 percent. The takeout on wagers involving three or more horses (e.g. trifecta) or legs (e.g. Pick Three) will increase by 3 percent to 23.68 percent. This compares with a takeout rate of 26 percent on many wagers involving three or more horses or legs in New York.
- Provides the legal authority for California to offer a wagering variation called exchange betting, subject to approval by California horsemen and racetracks. SB 1072 along with rules to be developed by the CHRB will provide ongoing checks and balances. Exchange Wagering can only be implemented following financial negotiations between horsemen and Advance Deposit Wagering (ADW) companies and is subject to approval by all parties, including horsemen and the CHRB. No exchange wagers can be accepted before May 1, 2012.

The second bill, AB 2414, provides legislative oversight with a sunset provision that will make the exchange wagering portion of SB 1072 inoperative if the Legislature does not approve new legislation before May 1, 2016.

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