

From the Executive Office



Fast Break, Drew Clear, Driving to the Finish

In the 1980's movie *A Field of Dreams*, the classic line was "If you build it, they will come." The same can be said for the recent Del Mar Yearling Sale.

The group of yearlings offered was arguably the best in the history of the sale. And the buyers came. They came from Nevada, Washington, Arizona, Florida, Kentucky and, of course, from California. It is good to know that the long term plans of the majority of yearlings shipped out of state are for them to race in California. This is of benefit to both the breeder(s), in the form of breeder awards, and the racetracks who need the horse inventory. With the demand for California-breds at an all time high, and the well-known successes of the recent graduates of the Del Mar Sale, buyers could easily justify the record amounts that were commanded. The average, median and gross sales were all superior to the previous highs set in 1999. In fact, the record average at this year's vendue was nearly twenty percent greater than that from 1999.

It's very gratifying to see the prices that were paid for California-breds, with nine fetching \$100,000 or more. People have come to realize that with the purse money, owners' bonuses, and extra conditions available to California-breds, six figures can be a bargain for such quality.

While we are very pleased with the results of the sale, we will still strive to make improvements for the future. The sales committee will evaluate all aspects of the sale, including the inspection process, the sale format and the newly installed pre-sale yearling parade. We plan on visiting with consignors in hopes of fine-tuning this prestigious event.

With the record results of this year, it is certain that any modification will be well thought out and discussed by all involved. We will soon be focusing on next year's sale and can't help but be excited about the future.

In the month of August we also witnessed another monumental occasion with the successful signing's of both Assembly Bill 471 and Assembly Bill 426.

AB 471 is legislation that legalizes Advanced Deposit Wagering (ADW) in California. Through the efforts of the entire industry, we were able to convince Governor Davis of the importance and potential benefit of ADW to horse racing.

Currently, millions of dollars are wagered illegally offshore. This legislation would remedy that situation, as well as allow those currently not venturing to the track or satellite facilities, to wager from home.

There is some risk involved in the cannibalization of existing dollars wagered on and off track. A wager made through the telephone or Internet would generate less revenue to purses, incentive awards and track commissions than those generated with a bet made at a track or satellite facility. However, there is tremendous upside, as the account wagering handle should more than offset any cannibalization. There is a huge potential market in California, and racing needs to take such a risk to compete with other forms of gaming, and thus hopefully show growth. The television expansions can also assist in exposing California horse racing to the general public.

The other key legislation signed into law was AB 426, which exempts the state portion of the sales and use tax on Thoroughbred breeding stock. This legislation puts us on a level playing field with other states. You can now bring a nice stallion or mare to California and not be subject to the state tax of nearly five percent. This should encourage people to both purchase in California as well as bring bloodstock into the state.

Assemblyman Mike Briggs, CTBA Legislative Chairman John Harris, and CTBA legislative advocate Bob Fox should be commended for their efforts in the successful passage of these important pieces of legislation.

The first eight months of the year have been spectacular, lets hope we finish the year in similar fashion.

— Doug Burge