

FIFTH BIENNIAL REPORT

CALIFORNIA HORSE RACING BOARD

TO THE GOVERNOR AND TO THE
LEGISLATURE OF THE STATE
OF CALIFORNIA



FOR THE PERIOD DECEMBER 1, 1940
TO NOVEMBER 30, 1942

21261

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5th Biennial
12/1/40-11/30/42

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C A L I F O R N I A
H O R S E R A C I N G B O A R D

TO THE GOVERNOR AND TO THE
LEGISLATURE OF THE STATE
OF CALIFORNIA



FOR THE PERIOD DECEMBER 1, 1940
TO NOVEMBER 30, 1942

CALIFORNIA HORSE RACING BOARD

BOARD MEMBERS

JERRY GIESLER, Chairman

CHARLES E. COOPER

GEORGE H. PAYNE

W. C. BUCHANAN, Secretary

OFFICES

Los Angeles Office

591 CHAMBER OF COMMERCE BUILDING
LOS ANGELES, CALIFORNIA

Sacramento Office

637 FORUM BUILDING
SACRAMENTO, CALIFORNIA

To the HONORABLE GOVERNOR, and
To the Legislature of the State of California.

Pursuant to the provisions of Section 7, Chapter 769, Statutes of the State of California, 1933, entitled "An act to provide for the regulation and licensing of horse racing, horse race meetings, and the wagering on the results thereof; to create the California Horse Racing Board for the regulation, licensing and supervision of said horse racing and wagering thereon; to provide penalties for the violation of the provisions of this act, and to provide that this act shall take effect upon the adoption of a constitutional amendment ratifying its provisions," the California Horse Racing Board presents herewith its biennial report covering the period from December 1, 1940, to November 30, 1942.

The receipts of this board from all sources during the period covered by this report totaled \$4,593,336.26. As provided by law the revenue received by the board has been forwarded to the State Treasurer to be credited, as provided by Statute, \$4,581,785.32 to Fair and Exposition Fund and \$12,050.94 to General Fund. The California Horse Racing Board derives its revenue from collection of percentages of pari-mutuel pools handled at licensed race meetings, from the fees collected for certain licenses and registrations and from fines levied against associations licensed to conduct race meetings. X

The revenue derived by the State for this biennium shows a decrease of \$1,611,603.78 over the biennium ending November 30, 1940. This loss of revenue resulted from curtailment of racing in 1942 by order of the United States military authorities on account of the war emergency.

The Racing Act passed in 1933 provided for an annual support appropriation of \$20,000 for the California Horse Racing Board. This support appropriation was increased to \$30,000 per annum at the 1937 session of the Legislature. At the 1941 session of the Legislature the support appropriation of the board was increased to \$75,000 per annum to provide for much needed increase in personnel owing to continued expansion of racing in the State. However, in view of the curtailment of racing, and in line with the general effort to reduce expenditures to the minimum during the war emergency, the board, by strict economy and reduction of personnel where possible, kept its expenditures well within the old support appropriation of \$30,000 per annum. The cost of administering the act for the biennium ending November 30, 1942,

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was \$57,881.19. (The members of this board receive no compensation for their services.) The net revenue to the State was ~~\$1,535,955.07.~~

As an indication of the progress of the sport of thoroughbred racing in California prior to the curtailment in 1942 there is shown below a statement of revenue received by the State each fiscal year since racing was legalized:

85th Fiscal Year, 1933-1934—Total revenue to State.....	\$250,657 36
86th Fiscal Year, 1934-1935—Total revenue to State.....	1,005,103 36
87th Fiscal Year, 1935-1936—Total revenue to State.....	1,587,373 44
88th Fiscal Year, 1936-1937—Total revenue to State.....	1,933,259 84
89th Fiscal Year, 1937-1938—Total revenue to State.....	2,661,142 32
90th Fiscal Year, 1938-1939—Total revenue to State.....	3,030,689 56
91st Fiscal Year, 1939-1940—Total revenue to State.....	2,832,230 66
92d Fiscal Year, 1940-1941—Total revenue to State.....	3,799,115 10
93d Fiscal Year, 1941-1942—Total revenue to State.....	1,515,435 18

Total \$18,624,006 82
94 *2372392.76* *1577685.21*

Owing to the uncertainties prevailing at this time as to the future of racing no estimate can be made as to the probable revenue for the present fiscal year.

With the exception of specific appropriation of \$75,000 for the support of the Racing Board and \$30,000 to the Department of Finance all revenue credited to the Fair and Exposition Fund is allocated to State, county, agricultural district and citrus fairs, and to our agricultural schools and colleges, for their support and improvement. Many of the organizations are largely dependent upon these funds for their support and continuation of activities so vital to the agricultural progress of the State.

The following taken from the Department of Finance report of distribution of revenue derived from racing for the fiscal year ending June 30, 1942, will be of especial interest to those citizens of the State who are engaged in agricultural, horticultural, live stock and other activities benefited by the operation of our fairs and colleges:

REPORT OF DEPARTMENT OF FINANCE

Distribution of Revenue Received, Ninety-third Fiscal Year, July 1, 1941, to June 30, 1942

Total Revenue for Distribution.....	\$1,836,959 26
Less Fixed Annual Appropriations:	
California Horse Racing Board—Support.....	\$75,000 00
Department of Finance—Supervision and Auditing of Fairs	30,000 00
California State Fair—Support.....	125,000 00
Los Angeles County Fair—Support.....	125,000 00
Sixth District Agricultural Association—Support.....	15,000 00
Contributions to State Employees' Retirement Fund	13,198 12
	383,198 12
First Balance	\$1,453,761 14

Less Allocations to Fairs:		
5% of First Balance to Citrus Fairs (National Orange Show)	\$72,688 04	
40% of First Balance to Agricultural Fairs.....	581,504 46	\$654,192 50
Second Balance		\$799,568 64
Less Other Allocations:		
25% for California Polytechnic School.....	\$199,892 16	
33% for University of California.....	263,857 66	
42% for Construction, Improvements and Purchase of Land at State, County, District and Citrus Fairs:		
For Support Agricultural		
District 1A	\$100,000 00	
For All Other Fairs.....	235,818 82	
		\$335,818 82
		\$799,568 64

The allocation of these funds to the State, county and agricultural district fairs of California carries out in a substantial manner the declared purpose of the Racing Act—encouragement of agriculture and breeding. Prior to the curtailment of racing, on account of the war emergency, the progress and expansion of the breeding industry in the State was highly gratifying, an estimated \$50,000,000 having been invested in the industry. The breeding stock of the State was being constantly improved by the addition of new stallions and brood mares from other sections of this country and abroad, and many new breeding farms were being established. The curtailment of racing is, of course, having a serious effect on the industry.

The provisions of the Racing Act that 10 per cent of the first money of every purse won by a horse bred in the State of California shall be paid to the breeder of such animal, and that there shall be at least one race each day limited to horses foaled in California has been strictly complied with. This bonus to breeders, together with many stakes established for California-bred horses ranging in value from \$2,500 added to \$20,000 added, constituted a splendid inducement to California breeders, and created a ready market for California-bred horses.

The record shows that for the biennium covered by this report the sum of \$3,726,863.75 was paid in purses and stakes by the licensed associations and fairs operating under license by this board and that by far the major portion was won by our Western breeders and owners. During that same period California-bred horses won ~~592~~ ¹⁰²⁵ races run on California tracks.

It is felt by the board that the avowed purpose of the Racing Act, "the encouragement of agriculture and the breeding of horses," is being substantially carried out.

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RACING PERMITS GRANTED

Name	Number of days	Total Mutuel Pool	4% State Fair and Exposition Fund	1% State General Fund
Bay Meadows (Fall) December 1, 1940 - December 19, 1940	15	3,506,497.14	140,259.88	350,649.7
Golden Gate February 1, 1941 - February 6, 1941	5	537,533.00	22,301.52	
Santa Anita December 28, 1940 - March 10, 1941	51	35,939,180.00	1,439,566.64	
Bay Meadows (Spring) March 15, 1941 - May 10, 1941	56	8,670,941.00	345,958.64	
Selma County Fair May 17, 1941	25	4,616,166.18	184,646.64	
Hollywood Park May 27, 1941 - July 26, 1941	60	32,136,042.00	1,285,441.68	
Alameda County Fair July 3, 1941 - July 12, 1941	25	5,697,199.22	227,887.96	
Sonoma County Fair August 2, 1941 - August 9, 1941	7	281,282.00	11,251.28	
Humboldt County Fair August 14, 1941 - August 16, 1941	3	21,381.00	855.24	
San Joaquin County Fair August 15, 1941 - August 23, 1941	8	279,163.00	11,166.52	
California State Fair August 29, 1941 - September 6, 1941	8	723,353.00	29,034.12	
Del Mar August 1, 1941 - September 6, 1941	32	7,852,745.00	314,109.80	
Monterey County Fair September 11, 1941 - September 13, 1941	3	48,322.00	1,932.88	
41st District Agricultural Association September 18, 1941 - September 20, 1941	3	9,209.00	368.86	
Los Angeles County Fair September 12, 1941 - September 27, 1941	14	3,479,376.00	139,195.04	
Ninth District Agricultural Association September 24, 1941 - September 27, 1941	3	33,624.00	1,344.96	
Fresno District Fair September 30, 1941 - October 4, 1941	5	141,801.00	5,674.44	
Tanforan October 2, 1941 - December 6, 1941	12	8,971,878.00	358,875.12	
Bay Meadows (Fall) November 20, 1941 - November 29, 1941	10	890,119.00	35,604.52	
Selma County Fair May 12, 1942 - May 16, 1942	2	4,521.00	1,808.40	
Sonoma County Fair September 6, 1942 - September 12, 1942	10	544,139.00	21,767.56	
Bay Meadows (Spring) October 3, 1942 - November 30, 1942	19	11,205,094.00	448,203.76	\$12,050.94
Totals	351	311,011,332.00	31,361,519.92	\$12,030.94

Handwritten notes and corrections:

- 2/20 -
- 4/6 -
- 4/3/43
- 5/8/43
- 64 -
- 107/43 -
- 12/18/43
- 3/18 -
- 6/17/44
- 65 -
- 100000.00
- 142017.00
- 100000.00
- 145845.64

- 7 - *Springer*

PURSE AND STAKES DISTRIBUTION

Name	Total purse and stakes
Bay Meadows	192,500
Del Mar	235,300.00
Hollywood	928,060.00
Santa Anita	967,500.00
Tanforan	396,900.00
Golden Gate	58,100.00
Watts	202,298.75
Total	\$3,726,863.75

LICENSES AND REGISTRATIONS ISSUED

Owners' Licenses	\$1,608 00
Trainers	7,350 00
Special Trainers	179 00
Jockeys	1,790 00
Harness Horse Drivers	74 00
Apprentice Jockeys	91 00
Officials	114 00
Exercise Boys	443 00
Grooms	1,548 00
Pari-Mutuel Operators	1,801 00
Miscellaneous, Handlers, etc.	352 00
Jockey Agents	590 00
Authorized Agents' Recording Fees	2,020 00
Assumed Names Registered	2,150 00
Duplicate Licenses Issued	26 00
Total	\$20,136 00

FINES AGAINST ASSOCIATIONS ✓

None

4m
1912 SUSPENSION OF PERMITS ISSUED TO ASSOCIATIONS

LICENSEES SUSPENDED OR RULED OFF BY BOARD

Trainers -----
Groom

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Herewith is the financial statement of this board for the period
December 1, 1940, to November 30, 1942:

STATEMENT OF EXPENDITURES—FIFTH BIENNIAL REPORT

For the Period December 1, 1940, to November 30, 1942

Function	Salaries and wages	Materials and supplies	Service and expense	Property and equipment	Total
Administration:					
Board members					
traveling -----			\$2,084 55		\$2,084 55
Other traveling --			6,533 14		6,533 14
General office ----	\$31,264 25	\$1,322 94	12,379 00	\$275 13	45,441 32
Postage -----			700 00		700 00
Tel., Tel. & Tel.---			2,651 70		2,651 70
Freight, cartage, express -----			470 48		470 48
Totals -----	\$31,264 25	\$1,522 94	\$24,818 87	\$275 13	\$57,881 19

STATEMENT OF INCOME—FIFTH BIENNIAL REPORT

From 4 per cent of Total Mutual Pools, \$114,041,233.00	
Fair and Exposition Fund-----	\$4,561,649 32
From 1 per cent—General Fund-----	12,050 94
From License Fees, Registrations, etc.-----	20,136 00
Total -----	\$4,593,836 26

Handwritten calculations and notes:

4722 737.76
 920 036 61

 17 811.50

920036.61
 2794.00

 4722737.76 + 920036.61 = 5642774.37

5642774.37
 17811.50

 5660585.87

2794

 5660585.87

4722737.76
 17811.50

 4740549.26

4740549.26
 920036.61

 5660585.87

2794

 5660585.87

2794

 5660585.87

RECOMMENDATIONS OF CALIFORNIA HORSE RACING BOARD TO LEGISLATURE

Owing to the present curtailment of racing due to the war emergency, the board is limiting its recommendations to amendments which would make more elastic the application of the law relating to the allocation of racing dates to racing associations whose tracks are not available, and to correct certain inequalities and deficiencies in the Racing Act and Penal Code as now constituted.

1. Section 337f of the Penal Code: Experience in attempting to prosecute under this section revealed certain deficiencies with reference to the commission or attempted commission of the offense and in its limitation and description of drugs. It is therefore recommended that this section be changed and amended to read as follows:

337f. Any person:

(a) Who influences, or induces, or conspires with or solicits, or who attempts to influence, or induce, or conspire with or solicit, any person, or with any owner, trainer, jockey, groom or other person associated with or interested in any stable, horse, or race in which a horse participates, to affect the result of such race by stimulating or depressing a horse through the administration of any hypnotic, or narcotic, or any chemical substance, natural or synthetic in origin, to such horse, or by the use of any electrical device or any electrical equipment or by any mechanical or other device not generally accepted as regulation racing equipment, or

(b) Who so stimulates or depresses a horse, or

(c) Who knowingly enters any horse in any race within a period of 24 hours after any hypnotic, or narcotic, or any chemical substance, natural or synthetic in origin, has been administered to such horse for the purpose of increasing or retarding the speed of such horse, is guilty of a felony and punishable by a fine of not more than five thousand dollars (\$5,000), or by imprisonment in a State prison or a county jail for not less than one nor more than two years or by both such fine and imprisonment, or

It is further recommended that a new section to be known as Section 337g be added making it a misdemeanor to possess, transport or use any local anaesthetic of the cocaine group, including but not limited to natural or synthetic drugs of this group, such as allocaine, apothesine, alypine, benzyl carbinok, butyn, procaine, nupercaine, beta-eucaine, novol or anestubes, within the racing inclosure, except upon a bona fide veterinarian's prescription with complete statement of uses and purposes of same on the container. A copy of such prescription

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shall be filed with the Stewards of a meeting being conducted under license of the California Horse Racing Board, and such substances may be used only with approval of the Stewards and under the supervision of the veterinarian representing the board.

2. Section 19598, Chapter 4, Division 8, Business and Professions Code (The California Horse Racing Law), sets up a legal statute of limitation of 60 days for the cashing by the public of pari-mutuel tickets not cashed prior to the close of the race meeting at which purchased. Prior to the enactment of this section in 1941 racing associations honored and cashed pari-mutuel tickets whenever presented, feeling that they in effect occupied the position of stakeholder and that no statute of limitation should apply. It is felt by the board that this section, as at present constituted, is inequitable and unfair to the public, and therefore recommends that it be changed and amended to read as follows:

19598. From and after the effective date of this section, any person claiming to be entitled to any part of a redistribution from a pari-mutuel pool operated by a licensee under this chapter, who fails to claim money due him prior to completion of the racing meet at which such pool was formed, may, within one year after the close of such meet file with the licensee conducting the meet a verified claim in such form as the board shall prescribe setting forth in detail the claim of such person and such other information as may be necessary to identify the particular pool and the amount claimed therefrom and, if allowed, the licensee shall pay the amount due to claimant. Unless the claimant satisfactorily establishes his right to participate in such pool, such claim shall be rejected. One year and 30 days after the close of any racing meet hereafter conducted any moneys subjected to this section not theretofore successfully claimed, shall be paid to the board and the board shall immediately pay such money into the State Treasury to the credit of the Special Deposit Fund, to be held therein and disposed of in the manner provided by law for other deposits in this fund.

This proposed amendment would not result in any increase in revenue to the racing associations and is designed wholly for the benefit of the public.

3. It is the understanding of this board that a large sum of money is frozen in the Fair and Exposition Fund owing to the curtailment of operation of State, County and Agricultural District Fairs as a result of the war emergency, and that further sums will be deposited in this fund from racing meets hereafter conducted.

Since these funds can not be distributed as provided by statutes, it is the recommendation of this board that appropriate legislation be enacted which would permit the investment of such funds in United

States Treasury Certificates until such time as they could be allocated and distributed to beneficiaries in accordance with existing provision of the Racing Act and Agricultural Code.

Section 19621 of the Racing Act provides an annual support appropriation of \$75,000 for the California Horse Racing Board. Owing to the curtailment of racing in the State the board has submitted its budget for the forthcoming biennium on a basis of \$30,000 per annum, its minimum requirement as long as any racing is being conducted. The board likewise recommends that the excess of \$45,000 be invested in United States Treasury Certificates until such time as the unexpended excess reverts to the Fair and Exposition Fund.

4. In view of the fact that some of the race tracks in the State are occupied by the United States Military Forces, while others are open and available for racing, it is the recommendation of the board that a temporary amendment to the California Horse Racing Law be enacted authorizing and empowering the California Horse Racing Board to allocate racing days allotted to Alameda County (county of one and one-half class) so as to permit franchise holder of said county to use said days, or such part of them as may be permitted, at any available and open track in the San Francisco area (county of second class) at such time as shall not interfere with franchise holders of that area and, likewise, that a franchise holder in Los Angeles County (District No. 1), whose racing plant is not available for use owing to the war emergency, be permitted the use of the track of another franchise holder in said county whose racing plant is available.

5. The board is sincerely and earnestly of the opinion that racing in California during the war emergency should be permitted where tracks are available and when approved by the military authorities and not in conflict with the National policy. It feels, however, that such racing should be conducted primarily as an all-out war effort for the benefit of the various service agencies of the armed forces, and their related organizations. The racing association immediately concerned is in full accord with the desires of the board in this respect.

Owing to the fact that a legal question has arisen with reference to the amount of the earnings of an association which may be allocated to such agencies, free of income tax, it is the recommendation of the board that emergency legislation be enacted, effective for the duration of the war, providing that the California Horse Racing Board be authorized to allocate and designate at least one-half of all racing days allotted as Charity Days, five of which may be for the benefit of recognized charitable organizations, local and National, and the remainder in excess of five, and up to one-half of the total number of days allotted, to be designated "War Effort Days" for the benefit of the various war

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service agencies and their related organizations, and on which days the racing associations would operate the track as the agent of such agencies and organizations as shall be proposed by the association and approved by the board.

This recommendation is not made with any thought of depriving the Government of any legitimate taxes which might accrue from such meetings but from a sincere desire to aid the war effort in every possible way. While, as stated herein, the board feels that racing for the duration should be primarily for the benefit of the war effort, due consideration should be given to other benefits to be derived, such as revenue to the State, distribution of purse and stakes money, encouragement of our great breeding industry, and the sale of war bonds and stamps.

All of which is respectfully submitted.

CALIFORNIA HORSE RACING BOARD,
JERRY GIESLER, Chairman
C. E. COOPER, Member

W. C. BUCHANAN, Secretary

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