

CALIFORNIA

HORSE RACING BOARD

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



FOR THE PERIOD
JULY 1, 1968 to
JUNE 30, 1970

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CALIFORNIA HORSE RACING BOARD

BOARD MEMBERS

J. R. Fluor, Chairman
John V. Newman, Member
Y. Charles Soda, Member
Charles L. Harman, Secretary

LOS ANGELES OFFICE

Suite 417, Civic Center Law Building
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NINETEENTH BIENNIAL REPORT

TO THE GOVERNOR AND THE LEGISLATURE
OF THE STATE OF CALIFORNIA

(For the Period July 1, 1968 to June 30, 1970)

To RONALD REAGAN, *Governor*

and to the Members of the Legislature:

The California Horse Racing Board herewith presents its final biennial report covering the period July 1, 1968 through June 30, 1970. Pursuant to Section 19441 of the Business and Professions Code of the State of California, as amended, effective November 23, 1970 this report will henceforth be issued annually. (Statutes 1970, Chapters 1572, 1581, 1609, 1612)

COMPOSITION OF THE CALIFORNIA HORSE RACING BOARD

The California Horse Racing Board consists of three members, appointed by the Governor. Each member holds his office for a four-year term, no more than one seat falling vacant during a single year. The Board meets periodically with its meetings open to the public.

HISTORICAL AND LEGAL BACKGROUND OF HORSERACING IN CALIFORNIA

Shortly after 1900 a number of new racetracks were built in California and California became a center of breeding and racing activities. However, with increased activity and success abuses developed and because of abuses in California, and reports of corrupt practices throughout the nation, California followed the lead of New York and in 1909 declared horseracing with wagering on its results to be illegal.

The period between 1909 and 1933, when an initiative measure passed to relegalize such racing, there were three unsuccessful attempts to have the people vote to reestablish racing on a legal basis. The 1933 measure, in order to get the support of the people, wrote many safeguards into the law and gave complete jurisdiction and supervision over all racing activities to the State of California acting through the California Horse Racing Board, a three-member commission appointed by the Governor. Whereas previously racetracks had acted autonomously and the stewards had complete and final authority over all meetings, the California law transferred this authority to the centralized body, the commission. It gave the commission full and final authority over all aspects of all race meetings upon the result of which pari-mutuel wagering was conducted. The law also gave the board wide discretion in rulemaking powers, and pursuant to these powers, the board passed rules establishing the authority of the stewards but making the stewards strictly and completely responsible to the board for all their actions.

Authority

The California Horse Racing Board was established pursuant to Section 25a of Article IV of the State Constitution and operates under the provisions of Section 19400 through 19664 of the Business and Professions Code.

OBJECTIVES

The California Horse Racing Board supervises all race meetings in the state where parimutuel wagering is conducted. Principal activities of the board are concentrated in:

Licensing of racing associations.

Sanctioning of every person who participates in any phase of horse-racing.

Designating racing days and charity days.

Acting as a quasi-judicial body in matters pertaining to horseracing.

Collecting the state's lawful share of revenue derived from horse-racing meets.

Enforcing laws, rules and regulations pertaining to horseracing in California.

LICENSING

Licensing of personnel connected with horseracing is performed by a license clerk in the board's mobile office. Processing of applications includes checking of files, obtaining approvals by stewards, receipt of payments for license fees, and typing of licenses.

Since licensing is performed at the racetracks, information on applicants must be available in the mobile offices for on-the-spot decisions. Therefore, license, ruling and intelligence card files are maintained at mobile offices and/or headquarters. License application and penalty files are kept at headquarters only. Various means are used to distribute source or duplicate information to the different locations in an effort to keep files up to date.

ENFORCEMENT

The enforcement arm of the California Horse Racing Board is the Bureau of Investigation, under the supervision of a chief investigator, who is a peace officer. The Bureau of Investigation is staffed by race-track investigators on field assignments at each operating race meeting. Racetrack investigators compile and maintain intelligence information on racing participants and on those persons whose presence within a racing enclosure is considered inimical to the interests of the State of California. The Bureau of Investigation maintains liaison between the board and other local and state enforcement agencies to coordinate a policy of enforcement against violators of the gaming laws of the state. Investigators obtain necessary information for administrative cases coming before the board including investigations of racing offenses, improper conduct of racing participants, and documents required for hearing before the board. Investigators inspect racing operations for compliance with the rules and regulations of the board, cause the ejections of known undesirables from racing enclosures, and keep the board informed of all racing matters.

ADMINISTRATION

The board checks to determine compliance with the rules and regulations. Before each race horses are inspected, and after each race drug tests are made on horses under the supervision of a board-appointed veterinarian. The work of the board covers from the San Diego area to Ferndale. The headquarters office of the board is in Los Angeles. It also maintains two mobile offices in northern and southern California during conduct of race meetings. These mobile offices are staffed by the licensing and investigation personnel. Throughout a race meeting a certified public accountant, approved by the board, prepares an audited and certified statement covering the previous day's parimutuel sales, calculations and payouts. This statement, together with the association's check for the state's revenue, is presented to the license clerk in the mobile office. He deposits this check and all other fees in a special trust account the same day. Daily reports of deposits by the field offices are summarized. Funds are remitted weekly to the proper state funds based on a report issued by the board to the State Controller.

HORSERACING REVENUES

The State's revenue from horseracing is derived from licensee fees on a percentage of the parimutuel pool wagers at each racetrack, breakage of winning ticket amounts to the nearest 10 cents of each dollar, and escheated unclaimed parimutuel tickets. There is also a small amount of revenues from occupational licenses issued to owners, trainers, jockeys and others.

The proceeds from 4 percent of the parimutuel wagering and from occupational license fees are deposited in the Fair and Exposition Fund. Proceeds from parimutuel fees in excess of 4 percent, and all other revenues (i.e., breakage, unclaimed parimutuel tickets, fines and miscellaneous) are deposited in the General Fund.

In accordance with the provisions of the Horse Racing Law, the revenues deposited in the Fair and Exposition Fund are appropriated, first, for support of the Horse Racing Board and for costs incurred by the Department of Agriculture in supervising, and by the Department of Finance in auditing, all fairs. The Horse Racing Law also provides for annual appropriations totaling not to exceed \$8,015,000 for promotion and encouragement of agricultural fairs and citrus fruit fairs and expositions, to be expended in accordance with the specifications contained therein. The law further provides that revenues in excess of the amounts appropriated shall be transferred to the General Fund at the end of each calendar month.

The California Horse Racing Board was responsible for collecting \$59,839,346 and \$58,244,375 in State Revenue for the 1968-69 and 1969-70 fiscal years respectively. The chart below provides an accounting of the state's revenue with its resulting low cost of operations.

CALIFORNIA HORSE RACING BOARD

	1968-69	1969-70
TOTAL REVENUE _____	\$59,839,346	\$58,244,375 *
OPERATING COST _____	310,979	331,929
NET TO STATE _____	\$59,528,367	\$57,912,446
Cost of operation in relation to Revenue received	0.51%	0.52%
Number of Racing Days _____	712	656 *

* State lost approximately \$5.2 million due to work stoppages of 52 days.

CALIFORNIA HORSE RACING BOARD MEETINGS

July 1, 1968-June 30, 1969

July 12, 1968 _____	Los Angeles
August 6, 1968 _____	San Francisco
August 28, 1968 _____	Los Angeles
September 12, 1968 _____	Los Angeles
October 8, 1968 _____	Los Angeles
October 30, 1968 _____	Los Angeles
December 11, 1968 _____	Los Angeles
January 8, 1969 _____	Los Angeles
February 11, 1969 _____	San Francisco
March 12, 1969 _____	Los Angeles
April 9, 1969 _____	Arcadia
May 20, 1969 _____	Los Angeles
June 10, 1969 _____	Inglewood

July 1, 1969-June 30, 1970

July 15, 1969 _____	Inglewood
August 11, 1969 _____	San Diego
September 15, 1969 _____	San Francisco
October 27, 1969 _____	Los Angeles
November 24, 1969 _____	Los Angeles
January 26, 1970 _____	Los Angeles
February 24, 1970 _____	Albany
March 31, 1970 _____	Los Angeles
April 28, 1970 _____	Inglewood
May 25, 1970 _____	Los Angeles
June 30, 1970 _____	Los Angeles

STATISTICAL INFORMATION

STATE OF CALIFORNIA
DISTRIBUTION BY FUND OF HORSE RACING REVENUE PAID TO THE STATE
July 1, 1968, to June 30, 1969

	Fair and Exposition Fund ¹	General Fund			Wild Life Restoration Fund ²	Total revenue
		Percentage of pool ³	Breakage	Total General Fund		
Thoroughbred Race Meetings						
Hollywood Turf Club—Inglewood						
Summer meeting 1968—last 19 days	\$2,321,732.84	\$1,671,732.84	\$985,417.90	\$2,267,150.80	\$750,000.00	\$5,328,883.64
Summer meeting 1969—first 57 days		12,334,733.72	1,902,686.68	14,237,320.30		14,237,320.30
Operating Co.—Del Mar						
Summer meeting 1968—42 days	1,493,049.24	820,236.03		820,236.03		2,313,886.17
California Jockey Club—Bay Meadows						
Fall meeting 1968—61 days	1,972,388.92	1,179,291.00		1,179,291.01		3,151,680.61
Pacific Racing Association—Albany						
Spring meeting 1969—55 days	432,143.96	3,091,255.37	40,806.84	3,102,122.21		3,534,266.17
Tanforan Racing Association						
Fall meeting 1968—28 days—Bay Meadows	884,051.44	603,488.68		603,488.68		1,548,140.02
Spring meeting 1969—25 days—Albany		1,368,303.42		1,368,303.42		1,368,303.42
Los Angeles Turf Club—Santa Anita						
Winter meeting 1968—69—75 days	5,593,555.44	8,303,805.49	2,134,622.84	10,438,428.33		16,031,983.77
Totals, Thoroughbred Race Meetings	\$12,098,121.84	\$29,302,848.04	\$4,763,491.22	\$34,066,342.26	\$750,000.00	\$47,514,464.10
Harness and Quarter Horse Race Meetings						
Harness racing meetings						
Western Harness Racing Association						
Fall meeting 1968—72 days	\$2,013,131.64	\$1,059,848.73	\$170,805.87	\$1,830,714.00		\$4,443,840.24
California Horse Racing Association—Bay Meadows						
Winter meeting 1969—47 days	547,019.24	173,059.02		173,959.02		721,878.80
Quarter horse race meetings						
Los Alamitos						
Summer meeting 1968—78 days	1,880,252.02	1,116,939.69		1,116,939.69		3,000,192.61
Summer meeting 1969—first 5 days		160,026.30		160,026.30		160,026.30
Peninsula Horse Racing Association						
Spring meeting 1968—last 13 days	118,750.80	29,687.70		29,687.70		148,438.60
Spring meeting 1969—37 days		420,578.15		420,578.15		420,578.15
Totals, Harness and Quarter Horse Race Meetings	\$5,109,054.00	\$3,561,040.19	\$170,805.87	\$3,731,906.00		\$8,000,960.00
Fairs						
Solano County—Vallejo 1968 meeting—last 2 days	\$41,888.44	\$10,472.11		\$10,472.11		\$52,360.55
1969 meeting—first 11 days		241,410.30		241,410.30		241,410.30
Alameda County—Pleasanton 1968 meeting—12 days	288,306.62	72,091.63		72,091.63		360,458.15
Sonoma County—Santa Rosa 1968 meeting—12 days	231,304.96	57,841.24		57,841.24		289,206.20
San Mateo County—Bay Meadows 1968 meeting—12 days	303,943.12	76,985.78		76,985.78		379,928.90
Humboldt County—Ferndale 1968 meeting—6 days	16,180.01	3,795.01		3,795.01		18,975.05
2nd District Agricultural Association—Stockton						
1968 meeting—10 days	163,440.72	38,301.08		38,301.08		191,808.40
California State Fair and Exposition—Sacramento						
1968 fair meeting—14 days	268,296.32	67,074.08		67,074.08		335,370.40
Los Angeles County—Pomona 1968 meeting—14 days	602,492.66	201,246.28		201,246.28		803,738.84
21st District Agricultural Association—Fresno						
1968 meeting—9 days	149,259.88	37,314.97		37,314.97		186,574.85
Total—Fairs	\$2,054,238.56	\$605,593.08		\$605,593.08		\$2,859,831.64
Totals—Track license fees	\$19,921,415.00	\$33,669,481.31	\$4,934,360.00	\$38,603,841.40	\$760,000.00	\$59,275,256.40
Miscellaneous licenses, jockeys, etc.	\$78,585.00			\$28,201.00		\$106,786.00
Fines and penalties ⁴				11,198.00		11,198.00
Unclaimed parimutuel tickets ⁵				445,967.60		445,967.60
Miscellaneous revenue				138.80		138.80
Transfer to General Fund ⁶	-11,568,283.89			+11,568,283.89		
Totals, revenue from horse racing	\$8,431,716.11			\$50,657,630.69	\$760,000.00	\$59,839,346.80

¹ 4% of parimutuel pools plus miscellaneous fees for jockeys, trainers, etc., not to exceed \$20,000,000.

² 1% of first \$10,000,000, 2% of second \$10,000,000, 3% of next \$55,000,000, 3½% of next \$50,000,000, and 4% of all over \$125,000,000 handled in the parimutuel pools at any race meeting. The first \$750,000 paid into the State Treasury from this part of the license fee during the fiscal year is paid into the Wildlife Restoration Fund and the balance is paid into the General Fund. In addition, the 4% of parimutuel pools and the miscellaneous license fees in excess of \$20,000,000.

³ Money fines or penalties imposed by stewards at race meetings.

⁴ Unclaimed amounts payable on parimutuel tickets.

⁵ Unappropriated balance of Fair and Exposition Fund transferred to the General Fund.

STATE OF CALIFORNIA
DISTRIBUTION BY FUND OF HORSE RACING REVENUE PAID TO THE STATE
July 1, 1969, to June 30, 1970

	Fair and Exposition Fund ¹	General Fund			Wild Life Restoration Fund ²	Total revenue
		Percentage of pool ³	Breakage	Total General Fund		
Thoroughbred Race Meetings						
Hollywood Turf Club—Inglewood						
Summer meeting 1969—last 18 days.....	\$2,169,013	\$1,419,013	\$737,100	\$2,169,113	\$750,000	\$5,075,126
Summer meeting 1970—first 57 days.....		12,767,087	2,070,176	14,843,263		14,843,263
Operating Company—Del Mar						
Summer meeting 1969—42 days.....	1,050,155	942,110		942,110		2,508,271
California Jockey Club—Bay Meadows						
Fall meeting 1969—51 days.....	1,900,002	1,130,221		1,130,221		3,037,183
Oak Tree Racing Association—Santa Anita						
Fall meeting 1969—20 days.....	1,107,000	675,322		675,322		1,742,418
Pacific Racing Association—Albany						
Spring meeting 1970—55 days.....	712,047	2,014,680	69,022	2,083,702		3,695,749
Tanforan Racing Association						
Fall meeting 1969—27 days—Bay Meadows.....	894,155	670,616		670,616		1,564,771
Spring meeting 1970—26 days—Albany.....		1,428,558		1,428,558		1,428,558
Los Angeles Turf Club—Santa Anita						
Winter meeting 1970—48 days.....	3,810,004	5,303,930	1,513,117	6,907,047		10,726,051
Totals, Thoroughbred Race Meetings.....	\$12,324,432	\$27,241,543	\$4,395,415	\$31,030,058	\$750,000	\$44,711,390
Harness and Quarter Horse Race Meetings						
Harness racing meetings						
Western Harness Racing Association						
Fall meeting 1969—77 days.....	\$3,204,851	\$2,129,244	\$274,000	\$2,403,340		\$5,008,191
California Horse Racing Association—Bay Meadows						
Winter meeting 1970—18 days.....	237,051	50,488		50,488		297,439

Quarter horse race meetings						
Los Alamitos						
Summer meeting 1969—last 73 days.....	1,940,580	1,223,950	24,784	1,248,734		3,105,320
Peninsula Horse Racing Association						
Spring meeting 1970—53 days.....		642,420		642,420		642,420
Totals, Harness and Quarter Horse Race Meetings	\$5,389,388	\$4,055,102	\$298,880	\$4,353,982		\$9,743,370
Fairs						
Solano County—Vallejo 1969 meeting—final day.....	\$20,386	\$7,346		\$7,346		\$36,732
1970 meeting—12 days.....		320,009		320,009		320,009
Alameda County—Pleasanton 1969 meeting—12 days.....	310,770	79,943		79,943		309,713
1970 meeting—first day.....		33,540		33,540		33,540
Sonoma County—Santa Rosa 1969 meeting—12 days.....	243,560	60,800		60,800		304,450
San Mateo County—Bay Meadows						
1969 meeting—12 days.....	342,416	85,604		85,604		428,020
Humboldt County—Ferndale 1969 meeting—7 days.....	18,002	4,500		4,500		22,502
2nd District Agricultural Association—Stockton						
1969 meeting—10 days.....	104,149	41,037		41,037		205,186
California State Fair and Exposition—Sacramento						
1969 meeting—14 days.....	311,754	77,939		77,939		389,693
Los Angeles County—Pomona 1969 meeting—14 days.....	551,771	175,880		175,880		727,657
21st District Agricultural Association—Fresno						
1969 meeting—9 days.....	101,977	40,494		40,494		202,471
Total—Fairs.....	\$2,142,785	\$927,788		\$927,788		\$3,070,573
Totals—Track license fees.....	\$19,850,605	\$32,224,433	\$4,094,205	\$30,918,728	\$750,000	\$57,525,333
Miscellaneous licenses, jockeys, etc.....	\$143,395			\$98,215		\$211,610
Fines and penalties ⁴				10,625		10,625
Unclaimed parimutuel tickets ⁵				490,744		490,744
Miscellaneous revenue.....				63		63
Transfer to General Fund ⁶	-11,840,105			+11,840,105		
Totals, revenue from horse racing.....	\$8,159,835			\$49,334,540	\$750,000	\$58,244,375

¹ 4% of parimutuel pools plus miscellaneous fees for jockeys, trainers, etc., not to exceed \$20,000,000.
² 1% of first \$10,000,000; 2% of second \$10,000,000; 3% of next \$55,000,000; 3½% of next \$50,000,000; and 4% of all over \$125,000,000 handled in the parimutuel pool at any race meeting. The first \$750,000 paid into the State Treasury from this part of the license fee during the fiscal year is paid into the Wildlife Restoration Fund and the balance is paid into the General Fund. In addition, the 4% of parimutuel pools and the miscellaneous license fees in excess of \$20,000,000.

³ Money fines or penalties imposed by stewards at race meetings.

⁴ Unclaimed amounts payable on parimutuel tickets.

⁵ Unappropriated balance of Fair and Exposition Fund transferred to the General Fund.

STATE OF CALIFORNIA
DISTRIBUTION OF FAIR AND EXPOSITION FUND REVENUE

July 1, 1968, to June 30, 1969

Revenue from horse racing.....	\$20,000,000.00
Proceeds from sale of real property, Sec. 4002., Agricultural Code.....	42,343.50
Total revenue.....	\$20,042,343.50
Less appropriation transferred to other funds:	
State Fair Fund:	
Support—State Fair and Exposition.....	\$265,000.00
Museum of Science and Industry Fund:	
Support.....	15,000.00
General Fund—Budget Act reappropriations.....	*706,330.00
Total transfers to other funds.....	\$986,330.00
Net total, Fair and Exposition Fund revenue.....	\$19,056,013.50
Less appropriations:	
Department of Agriculture.....	\$228,992.00
Department of Finance.....	121,095.00
Horse Racing Board.....	317,925.00
1-A District Agricultural Association.....	*225,000.00
48th District Agricultural Association.....	*112,500.00
Agricultural Associations—Capital Outlay.....	42,343.50
Los Angeles County Fair.....	*225,000.00
Total appropriations.....	\$1,272,855.50
First balance.....	\$17,783,158.00
Appropriations from first balance:	
Encouragement of citrus fairs.....	*\$162,000.00
Encouragement of district and county fairs.....	*4,054,170.00
Total encouragement of fairs.....	\$4,216,170.00
Second balance.....	\$13,566,983.00
Appropriation from second balance:	
Capital Outlay for fairs, Sec. 19630, Business and Professions Code.....	2,250,000.00
Balance.....	\$11,316,983.00
Reverting balances redistributed.....	251,295.89
Revenue for the General Fund.....	\$11,568,283.89

* Continuing appropriations reduced by Budget Act of 1968.

STATE OF CALIFORNIA
DISTRIBUTION OF FAIR AND EXPOSITION FUND REVENUE

July 1, 1969, to June 30, 1970

Revenue from horse racing.....	\$20,000,000
Miscellaneous revenue.....	2,801
Total revenue.....	\$20,002,801
Less appropriation transferred to other funds:	
State Fair Fund:	
Support—State Fair and Exposition.....	\$265,000
Museum of Science and Industry Fund:	
Support.....	15,000
General Fund—Budget Act reappropriations.....	*130,000
Total transfers to other funds.....	\$410,000
Net total, Fair and Exposition Fund revenue.....	\$19,592,801
Less appropriations:	
Department of Agriculture.....	\$236,859
Department of Finance.....	125,527
Horse Racing Board.....	348,351
1-A District Agricultural Association.....	250,000
48th District Agricultural Association.....	125,000
Agricultural Districts—Capital Outlay.....	2,801
Los Angeles County Fair.....	250,000
Total appropriations.....	\$1,338,538
First balance.....	\$18,254,263
Appropriations from first balance:	
Encouragement of citrus fairs.....	\$180,000
Encouragement of district and county fairs.....	4,550,000
Total, encouragement of fairs.....	\$4,730,000
Second balance.....	\$13,524,263
Appropriations from second balance:	
Capital Outlay for fairs, Sec. 19630, Business and Professions Code.....	2,250,000
Balance.....	\$11,274,263
Reverting balances redistributed.....	565,902
Revenue for the General Fund.....	\$11,840,165

* Continuing appropriation reduced by Budget Act of 1969.

CALIFORNIA HORSE RACING BOARD

REVENUE RECEIVED BY THE STATE EACH FISCAL YEAR
SINCE RACING WAS LEGALIZED

Fiscal year	Total revenue to state	Fiscal year	Total revenue to state
85th, 1933-1934-----	\$259,657	104th, 1952-1953-----	\$20,752,406
86th, 1934-1935-----	1,005,103	105th, 1953-1954-----	22,479,330
87th, 1935-1936-----	1,587,373	106th, 1954-1955-----	22,864,199
88th, 1936-1937-----	1,933,259	107th, 1955-1956-----	25,050,384
89th, 1937-1938-----	2,661,142	108th, 1956-1957-----	26,778,752
90th, 1938-1939-----	3,030,689	109th, 1957-1958-----	25,885,255
91st, 1939-1940-----	2,832,230	110th, 1958-1959-----	28,029,923
92nd, 1940-1941-----	3,799,115	111th, 1959-1960-----	36,117,012
93rd, 1941-1942-----	1,515,435	112th, 1960-1961-----	37,330,906
94th, 1942-1943-----	1,077,685	113th, 1961-1962-----	38,204,940
95th, 1943-1944-----	2,372,392	114th, 1962-1963-----	41,663,349
96th, 1944-1945-----	8,258,568	115th, 1963-1964-----	43,442,430
97th, 1945-1946-----	22,778,671	116th, 1964-1965-----	47,560,370
98th, 1946-1947-----	18,741,499	117th, 1965-1966-----	47,442,605
99th, 1947-1948-----	20,196,744	118th, 1966-1967-----	49,311,213
100th, 1948-1949-----	17,091,734	119th, 1967-1968-----	54,799,427
101st, 1949-1950-----	14,129,723	120th, 1968-1969-----	59,839,246
102nd, 1950-1951-----	16,264,097	121st, 1969-1970-----	58,244,375
103rd, 1951-1952-----	19,883,709		
		Total-----	\$845,216,098