

**17 RULES ARE CURRENTLY BEING NOTICED TO THE PUBLIC FOR THE PERIOD
OCTOBER 12 THROUGH NOVEMBER 26, 2001:**

RULE #1 - NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO AMEND RULE 1467-PAYMASTER OF PURSES

The California Horse Racing Board (Board) proposes to amend the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to amend Rule 1467 of the California Code of Regulations, Title 4, Division 4. The proposed amendment requires the paymaster of purses to deduct and deposit into the trainer's account ten percent of the purse earned on any horse that finishes first, second, or third at a thoroughbred race meet. A horse owner may prevent the paymaster of purses from depositing the ten-percent of purse winnings into the trainer's account by submitting a written notification of exclusion.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **University of California at Davis Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, Davis, California.**

At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m. on November 26, 2001**. All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6397
Fax: (916) 263-6042
E-mail: HaroldA@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19420 and 19440 Business and Professions (B&P) Code.

Reference: Sections 19433 and 19434 B&P Code.

B&P Code section 19420 and 19440 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific sections 19433 and 19434 B&P Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Rule 1467 describes the duties of the paymaster of purses. The proposed amendment to Rule 1467

expands the duties of the paymaster to include disbursement of ten percent of the purse money earned on any horse that finishes first, second or third at a thoroughbred race meeting to the trainer's account. The new duties were added at the request of the industry to address complaints by some trainers that they were not being paid for their services in a timely manner. Where a thoroughbred places in a stakes race, the deductions made by a paymaster will be calculated after nominating or entry fees paid by the owner have been set aside. This will ensure that horse owners are fully reimbursed for such expenses. Horse owners may elect not to have the ten-percent deducted by the paymaster by filling out form CHRB-134 (New 9/01), Notification Of Exclusion To Trainer 10% Program, which is incorporated by reference into Rule 1467. The form directs the paymaster to refrain from deducting ten-percent of the purse earned by every horse in which the owner has an interest. This prevents an owner of multiple horses from "picking and choosing" and simplifies the work of the paymaster. The form is valid only at the track where it is submitted, as the same paymaster might not work at a subsequent meeting, and the owners' accounts are not electronically connected between the various racing associations. Revocation of the form CHRB-134 may be submitted in writing to the paymaster. An additional expansion of the paymaster's duties is a requirement that the paymaster estimate escrow accounts and receive, maintain and disburse funds as directed by the Board. This requirement has to do with purse funds that are in dispute. The paymaster would put the funds in escrow – where they would collect interest – until any hearings regarding the funds are over. The Board would then direct the paymaster to disburse the funds, with interest.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed amendment to Rule 1467 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed amendment to Rule 1467 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to amend Rule 1467 does not affect small businesses because thoroughbred horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The Rule sets forth the duties of the paymaster of purses at horse

racing associations.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to

Harold Coburn, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6397
E-mail: HaroldA@chr.ca.gov

If the person named above is not available, interested parties may contact:

Pat Noble, Regulations Analyst
Telephone: (916) 263-6033

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

Copies may be obtained by contacting Harold Coburn, or the alternate contact persons at the address, phone numbers, or e-mail address listed above.

AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to the attention of Harold Coburn at the address stated above.

BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #1 - INITIAL STATEMENT OF REASONS:

RULE 1467-PAYMASTER OF PURSES

SPECIFIC PURPOSE OF THE REGULATION

The amendment to Rule 1467, Paymaster of Purses, requires the paymaster of purses to deduct and deposit into the trainer's account ten percent of the purse earned on any horse that finishes first, second or third at a thoroughbred race meeting. A horse owner may prevent the paymaster of purses from deducting the ten-percent of purse winnings for deposit to the trainer's account by submitting a written notification of exclusion, form CHRB-134 (New).

NECESSITY

Rule 1467 describes the duties of the paymaster of purses. The proposed amendment to Rule 1467 expands the duties of the paymaster of purses to include disbursement of ten percent of the purse money earned on any horse that finishes first, second or third at a thoroughbred race meeting to the trainer's account. The new duties were added at the request of the industry to address complaints by some trainers that they were not being paid for their services in a timely manner. Where a thoroughbred places in a stakes race, the deductions made by the paymaster will be calculated after nominating or entry fees paid by the owner have been set aside. This will ensure that horse owners are fully reimbursed for such expenses. Horse owners may elect not to have the ten-percent deducted by the paymaster by filing form CHRB-134, Notification of Exclusion To Trainer 10% Program, which is incorporated by reference into Rule 1467. The form directs the paymaster to refrain from deducting ten-percent of the purse earned by every horse in which the owner has an interest. This prevents an owner of multiple horses from "picking and choosing" and simplifies the work of the paymaster. The form is valid only at the track where it is submitted, as the same paymaster might not work at a subsequent meeting, and the owners' accounts are not electronically connected between the various racing associations. Revocation of the form CHRB-134 may be submitted in writing to the paymaster at the meeting at which the form was initiated. An additional expansion of the paymaster's duties is a requirement that the paymaster estimate escrow accounts and receive, maintain and disburse funds as directed by the Board. This requirement has to do with purse funds that are in dispute. The paymaster would put the funds in escrow – where they would collect interest – until any hearing regarding the funds are over. The Board would then direct the paymaster to disburse the funds with interest.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the amendment to this regulation.

ALTERNATIVE TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY

ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be more effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #1 – PROPOSED AMENDED TEXT:

RULE 1467-PAYMASTER OF PURSES

(a) The association shall appoint a paymaster of purses who shall maintain records as the association and the Board direct. All records shall be separate from those of the Board and are subject to inspection by the Board at any time. The duties of the paymaster of purses or their assistants shall consist of the following:

(1) Maintain ~~The records which~~ shall include the name, address, state or country of residence, social security number or federal identification number, ~~and the state or country of residence~~ of each horse owner, trainer, driver, jockey or apprentice jockey participating at the race meeting who has funds due or on deposit in ~~his~~ their horsemen's account.

(2) The paymaster of purses shall keep the riding ~~Keep~~ jockey and driver accounts, ~~of jockeys, shall receive the~~ their fees ~~therefore, and shall disburse the received~~ said fees to the proper claimants.

(3) Deduct from the horse owner's account and deposit into the account of the horse owner's trainer, 10% of the purse earned on any horse that finishes first, second or third at thoroughbred race meetings. For purposes of this section "purse earned" means all amounts earned except in stakes races in which case "purse earned" means all amounts earned less any nomination, entry or starter fees paid by the owner. Such payments shall be disbursed to the trainer and will be available at the office of the Paymaster of Purses no later than seven days after the race was conducted. Any amounts so paid shall be repaid to the paymaster forthwith by the trainer upon any order requiring redistribution.

(a) Horse owners may elect not to have 10% of the purse earned deducted from their account by filing with the paymaster of purses at each racing association at which the owner wishes it to be in effect, a form CHRB-134 (New 9/01), Notification of Exclusion To Trainer 10% Program, which is hereby incorporated by reference. The form CHRB-134 is available at the office of the paymaster of purses at any race meeting.

(b) A form CHRB-134 may be filed with the paymaster of purses at any time during a race meeting, and

(1) Shall apply to all horses owned in whole or in part by the owner,

(2) Shall be binding on all licensed owners with an interest in the horse or horses,

(3) Shall apply to all trainers employed by the owner, and

(4) Shall remain in force until written revocation is submitted to the paymaster at the race meeting at which the form CHRB-134 was submitted.

(4) The paymaster of purses shall vVerify that the correct claiming price is on deposit with the association before any claim in a claiming race is accepted as official.

(5) He shall rReceive and disburse the purses and other awards of each race.

~~(6) Receive all All stakes, entrance money, fines, jockey fees, purchase money in claiming races and other monies that properly come into his the paymaster's possession, shall be received by the paymaster of purses or his deputy.~~

~~(7) He may accept forfeit money belonging to other associations or recognized meetings, provided prompt return is made to the association to which the money is due. He shall, within 30 days after the meeting, disburse all monies to the persons entitled to receive the same. At the same time he shall notify the Board of all arrears remaining unpaid and any arrears not so reported shall be deemed assumed by the association. Accept money belonging to another association, provided the money is returned within five working days to that association.~~

~~(8) The paymaster of purses shall dDisclose the Cal-bred awards to the respective breed agencies. And shall report to the Board at the conclusion of the meeting a complete accounting of such disbursements.~~

~~(9) The paymaster of purses shall aAccept and file all required statements of partnerships, assignments of interest, lease agreements, and registrations of authorized agents. All records of the paymaster of purses shall be separate from those of the Board and are subject to inspection by the Board at any time.~~

~~(10) Disburse all monies to the entitled individuals, unless otherwise provided in this section, within 30 calendar days after the meet ends.~~

~~(11) Estimate escrow accounts and receive, maintain and disburse funds as directed by the Board.~~

Authority: Sections 19420 and 19440, Business and Professions Code. Reference: Sections 19433 and 19434, Business and Professions Code.

RULE #2 - NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO AMEND RULE 1844-AUTHORIZED MEDICATION

The California Horse Racing Board (Board) proposes to amend the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to amend Rule 1844, Authorized Medication, of the California Code of Regulations, Title 4, Division 4. The proposed amendment will expand the list of authorized medications, to include clenbuterol as a medication that can be present in an official post race urine test sample at a level not to exceed 5.0 nanograms per milliliter of urine.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive on the University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001.**

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Jacqueline Wagner, Manager Policy and Regulations
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6397
Fax: (916) 263-6042
E-mail: JackieW@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440, 19562, and 19580 Business and Professions (B&P) Code.

Reference: Section 19580 and 19581, B&P Code.

B&P Code Section 19440, 19562 and 19581 authorizes the Board to adopt the proposed regulation, which would implement, interpret, or make specific Section 19580 and 19581 of the B&P Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

California does not allow the presence of any drug substance, other than authorized medications, in a post race test sample. Rule 1844, Authorized Medication identifies those authorized drug substances that, if detected in a post race test sample, at or below the established levels, do not represent a violation of the Board's rules.

In 1995, the Board recognizing that because testing methodology has become highly sensitive, laboratories in addition to detecting illicit drug substances, are also detecting residues of therapeutic drug substances, amended Rule 1844 to expand its authorized medications to include an additional eight drug substances, that can be present in an official post race urine test sample. The rule was adopted with the intent of adding additional drug substances when it was determined that those substances warranted placement.

The Kenneth L Maddy Equine Analytical Chemistry Laboratory (EACL) at the University of California, Davis has completed a review of the feasibility of establishing a decision level for clenbuterol a medication used to treat lower respiratory disease associated with airway constrictions, a common ailment, afflicting racehorses. In the United States clenbuterol (Ventipulmin) is currently the only product approved for the treatment of this disease. Unfortunately, when used for any length of time, according to label directions, clenbuterol accumulates in fatty tissues in the body. Once the medication is discontinued, the clenbuterol is slowly released from the tissues in very small amounts with urinary concentrations in the range of 0.1 to 1 ng/ml. Such small urinary concentrations of clenbuterol are not associated with any significant bronchodilating effect. However, the testing laboratories are capable of detecting these very small concentrations of clenbuterol, which can cause positive post race urine tests for weeks after the medication was last administered.

It is the recommendation of the faculty at the EACL that the Board adopt a decision level for clenbuterol and its metabolites in urine of 5.0 ng/ml. The preponderance of evidence indicates that this concentration will not produce bronchodilation and will not alter the athletic performance of a horse.

The proposed amendment to Rule 1844, Authorized Medication, will expand the list of authorized medications, to include clenbuterol at a level not to exceed 5.0 nanograms per milliliter of urine that can be present in an official post race urine test sample.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed amendment to Rule 1844 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed amendment to Rule 1844 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to amend Rule 1844 does not have an affect on small businesses because it does not apply to small businesses. The Rule identifies those authorized drug substances that, if detected in a post race test sample, at or below the established levels, do not represent a violation of the Board's rules.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other

information upon which the rulemaking is based should be directed to:

Jacqueline Wagner, Manager Policy and Regulations
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1010 Hurley Way, Suite 300
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If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Pat Noble, Regulations Analyst
Telephone: (916) 263-6033

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office, at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Jacqueline Wagner, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Jacqueline Wagner at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Jacqueline Wagner at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is: www.chrb.ca.gov.

RULE #2 - INITIAL STATEMENT OF REASONS: RULE 1844-AUTHORIZED MEDICATION

SPECIFIC PURPOSE OF THE REGULATION

The proposed amendment to Rule 1844, Authorized Medication establishes an acceptable level of the therapeutic drug substance, clenbuterol that can be present in an official post race urine test sample. The acceptable level is 5.0 nanograms of clenbuterol per milliliter of urine.

NECESSITY

The CHRB drug-testing program is directed to the goal of a scientifically current and comprehensive analytical testing program. The objective of the program is to identify foreign substances in the horse at the time of participation in a race which may affect the performance of the horse, or which would be harmful to the health and welfare of the horse. It is also the goal of the program to support the humane care and treatment of the horse through the use of modern veterinary therapeutic medication.

Drug detection is a complex science and the technology is continually improving. The professional expertise of the analytical chemist in the detection of illegal drugs is necessary to deter those who might attempt to alter a horse's performance for illegal purposes. New methodologies utilized by the Board's laboratories have significantly improved the detection of illegal drug substances. These improved methods, however, may also increase the sensitivity for the detection of therapeutic medications utilized in the health maintenance of the horse.

California does not allow the presence of any drug substance, other than authorized medications, in a post race test sample. In 1995, the Board recognizing that because testing methodology has become highly sensitive, laboratories in addition to detecting illicit drug substances, are also detecting residues of therapeutic drug substances, amended Rule 1844, to expand its authorized medications, to include an additional eight drug substances, that can be present in an official post race urine test sample. The rule was adopted with the intent of adding drug substances when it was determined that those substances warranted placement. Last year, the Board's Equine Medical Director, Board staff and UC Davis initiated research on clenbuterol and discussed the feasibility of establishing a decision level for clenbuterol to add to the list in Rule 1844.

Lower respiratory disease associated with airway constrictions is a common ailment, afflicting racehorses. In the United States clenbuterol (Ventipulmin) is currently the only product approved for the treatment of this disease. Unfortunately, when used for any length of time, according to label directions, clenbuterol accumulates in fatty tissues in the body. Once the medication is discontinued, the clenbuterol is slowly released from the tissues in very small amounts with urinary concentrations in the range of 0.1 to 1 ng/ml. Such small urinary concentrations of clenbuterol are not associated with any significant bronchodilating effect. However, the testing laboratories are capable of detecting these very small concentrations of clenbuterol, which can cause positive post race urine tests for weeks after the medication was last administered.

UC Davis has completed a review of the feasibility of establishing a decision level for clenbuterol and it is the recommendation of the faculty at the Kenneth L Maddy Equine Analytical Chemistry Laboratory (EACL) that the Board adopt a decision level for clenbuterol and its metabolites in urine of 5.0 ng/ml. The preponderance of evidence indicates that this concentration will not produce bronchodilation and will not alter the athletic performance of a horse.

The proposed amendment to Rule 1844, Authorized Medication, will expand the list of authorized medications, to include clenbuterol at a level not to exceed 5.0 ng/ml. that can be present in an official post race urine test sample.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS.

The Board relied upon the following document in proposing the adoption of this regulation:

Baker, Cynthia Kollias-Baker DVM, PhD, DACVCP and Stanley, Scott PhD, K L Maddy

Equine Analytical Chemistry Laboratory, University of California, Davis (2001);

Clenbuterol: A Proposal to Set A Decision Level, et al.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulations.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #2 – PROPOSED AMENDED TEXT:

RULE 1844-AUTHORIZED MEDICATION

Consistent with the intent of these rules, drug substances and medications specifically authorized by the Board for use may be administered to safeguard the health of the horse entered to race provided that:

- (a) No person shall administer a drug substance to any horse entered to race except upon authorization of the official veterinarian in conformance with these rules.
- (b) No drug substance, other than authorized bleeder medication, shall be administered to a horse entered to race within 24 hours of the race in which entered.
- (c) Not more than one approved non-steroidal anti-inflammatory drug substance (NSAID) may be administered to a horse which is entered to race and shall be only one of the following authorized drug substances:
 - (1) Phenylbutazone in a dosage amount that the test sample shall contain not more than 5 micrograms of the drug substance per milliliter of blood plasma or serum.
 - (2) Flunixin in such dosage amount that the test sample shall contain not more than 0.5 micrograms of the drug substance, per milliliter of blood plasma or serum.
 - (3) Ketoprofen in a dosage amount that the test sample shall contain not more than 50 nanograms of the drug substance per milliliter of blood plasma or serum.
 - (4) Metabolites or analogues of approved NSAIDs may be present in post race test samples.
- (d) If the official chemist reports that a blood test sample contains an authorized NSAID in excess of the limit for that drug substance under this rule, the official veterinarian shall, in conjunction with the veterinarian who administered or prescribed the authorized drug substance, establish a dosage amount or time of administration of such drug substance which will comply with the limits specified under this rule; or the official veterinarian, may, if in his/her judgment no such reduced dosage amount or amendment to time of

administration will result in a test sample level within the limits of this rule, withdraw authorization for the use of any one NSAID.

(e) The official urine test sample may contain one of the following drug substances, their metabolites or analogs, in an amount that does not exceed the specified levels.

- (1) Acepromazine; 25 nanograms per milliliter
- (2) Mepivacaine; 10 nanograms per milliliter
- (3) Promazine; 25 nanograms per milliliter
- (4) Albuterol; 1 nanogram per milliliter
- (5) Atropine; 10 nanograms per milliliter
- (6) Benzocaine; 50 nanograms per milliliter
- (7) Procaine; 10 nanograms per milliliter
- (8) Salicylates; 750 micrograms per milliliter
- (9) Clenbuterol; 5 nanograms per milliliter

(f) Official blood test samples shall not contain any of the drug substances, or their metabolites or analogs listed in subsection (e) (1)-~~(8)~~ (9).

Authority: Sections 19440,19562, and 19580, and ~~19581~~ Business and Professions Code. Reference: Sections ~~19440,19562~~, 19580 and 19581, Business and Professions Code.

RULE #3 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO AMEND RULE 1858-TEST SAMPLE REQUIRED

The California Horse Racing Board (Board) proposes to amend the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to amend Rule 1858, Test Sample Required, of the California Code of Regulations, Title 4, Division 4. The proposed amendment eliminates the requirement that every horse claimed in a claiming race be tested. The amendment would also change the requirement that nine horses selected or designated from the racing program be tested. Instead, the stewards or the official veterinarian would designate not fewer than six, or more than nine horses for testing. Additionally, the requirement that horses finishing second and third in any stakes race with a gross purse of \$40,000 or more undergo testing has been revised to any horse finishing second or third in any stakes race with a gross purse of \$75,000 or more.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **University of California at Davis Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, Davis, California.**

At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m. on November 26, 2001**. All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

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Sacramento, CA 95825
Telephone (916) 263-6397
Fax: (916) 263-6042
E-mail: HaroldA@chrb.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440, 19562 and 19580, Business and Professions (B&P) Code.

Reference: B&P Code Section 19580(b), and Penal Code section 337(f), (g) and (h).

B&P Code sections 19440, 19562 and 19580 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific section 19580(b) of the B&P Code and section 337(f), (g) and (h) of the Penal Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Board Rule 1858 currently requires the winner of any race, and horses placing second or third in a stakes race with a gross purse of \$40,000 or more, and nine other horses selected from the racing program to provide blood and urine samples. In addition, blood samples shall be taken from every claimed horse. Increases in stakes purses over time, as well as the number of horses being claimed in California have resulted in greater numbers of horses being tested. This has caused logistical problems in the testing barns and has diverted resources that may be better used in other areas of equine drug testing.

Stakes purses have risen to the point that a \$40,000 race is common. This has contributed to crowded testing barns. The proposed amendment to Rule 1858 would raise the gross purse level for testing to \$75,000. The winners of lesser stakes races would still be subject to testing, while only those horses placing second and third in higher valued stakes races would be tested. If the stewards or the official veterinarian felt a horse placing second or third in a lesser stakes race needed testing, they would still have the ability to designate the horse for testing under the rule.

Rule 1858 currently requires the stewards or the official veterinarian to designate nine other horses for testing. This requirement does not provide the official veterinarian or the stewards with flexibility in determining how many horses to select. Some associations may run as few as six races daily, while thoroughbreds generally run an average of 8.6 races per day. Racing officials may not feel the need to test nine additional horses, yet are forced to do so under the rule. The amendment to Rule 1858 will provide racing officials with some flexibility by allowing them to designate between six and nine horses per day.

Rule 1858 requires that every horse claimed in California provide a blood test sample, which are tested for non-steroidal anti-inflammatory drug substances (NSAID). Since fiscal year 93-94 the number of samples pulled from claimed horses has risen from 1,784 to 2,563 statewide, yet no claims have been rescinded due to the presence of a NSAID in a test sample, nor have any test samples revealed major violations of the Board's rules. The increase in the number of claimed horses has contributed to overcrowded and

dangerous conditions in test barn walking rings. The proposed amendment to Rule 1858 will eliminate the requirement that all claimed horses be tested. If racing officials determine that a claimed horse needs to be tested, they will have the discretion under the revised rule to select the horse for testing. All claimed horses that win their claiming race will be required to provide a test sample.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed amendment to Rule 1958 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed amendment to Rule 1858 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to amend Rule 1858 does not affect small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The Rule sets the parameters for which horses shall be tested after a race.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to

Harold Coburn, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6397
E-mail: HaroldA@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Pat Noble, Regulations Analyst
Telephone: (916) 263-6033

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION.

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

Copies may be obtained by contacting Harold Coburn, or the alternate contact persons at the address, phone numbers, or e-mail address listed above.

AVAILABILITY OF MODIFIED TEXT.

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS.

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to the attention of Harold Coburn at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #3 - INITIAL STATEMENT OF REASONS: RULE 1858-TEST SAMPLE REQUIRED

SPECIFIC PURPOSE OF THE REGULATION

The amendment to Rule 1858, Test Sample Required, eliminates the requirement that every horse claimed in a claiming race be tested. It would also change the requirement that nine horses selected or designated from the racing program be tested. Instead, the stewards or the official veterinarian would designate not fewer than six or more than nine horses for testing. Additionally the requirement that horses finishing second and third in any stakes races with a gross purse of \$40,000 or more undergo testing would be revised to any horse finishing second or third in any stakes race with a gross purse of \$75,000 or more.

NECESSITY

Rule 1858 provides direction regarding which horses shall be tested after the conduct of a race. The requirements spelled out in Rule 1858 are considered out of date and have contributed to over crowding in testing barns. The overcrowded conditions are dangerous for the horses, licensees who must be present and racing officials. Purses for stakes races have risen to the point that \$40,000 is common. The requirement that every horse placing second or third in a stakes race with a gross purse of \$40,000 contributes to the dangerous overcrowding in the testing barns. The Board has determined that the gross purse requirement can be raised to \$75,000 without damaging the integrity of the testing program. Thoroughbred racing associations generally run an average of 8.6 races per day. Some associations may run as few as six races daily. Given the wide range in the number of races that may be run daily, the requirement that stewards and official veterinarians designate from the racing program an additional nine horses per day for testing may seem inflexible. The Board has determined that stewards and racing officials should be given the flexibility to chose between six and nine additional horses for testing as they see fit. Board regulations provide that a claimed horse belongs to the person who claimed it no matter its condition at the time of claiming. However, if the claimant can prove extenuating circumstances, a claim may be rescinded. Rule 1858 requires that every horse claimed in California provide a blood test sample. The samples are tested for non-steroidal anti-inflammatory drug substances (NSAID). Since fiscal year 93-94 the number of samples pulled from claimed horses has risen from 1,784 to 2,563 statewide, yet no claims have been rescinded due to the presence of a NSAID in a test sample, nor have any samples revealed major violations of the Board's rules. The steady increase in the number of horses claimed has contributed to overcrowded and dangerous conditions in the testing barns. The Board has determined that all claimed horses need not be tested. Claimed horses that win their claiming race will still be automatically tested. If the stewards or official veterinarians feel a claimed horse that did not win its claiming race needs testing, they may designate such claimed horse for testing as one of the six to nine other horses so designated.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely upon any technical, theoretical, or empirical studies, or documents in proposing the amendment to this regulation. The Board did use its fiscal year '93-'94 and fiscal year '99-'00 Annual Reports in proposing this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #3 – PROPOSED AMENDED TEXT:
RULE 1858-TEST SAMPLE REQUIRED

Blood and urine test samples shall be taken daily from the winner of every race, from horses finishing second and third in any stakes race with a gross purse of ~~\$40,000~~ \$75,000 or more, and from not less than six or more than nine other horses selected or designated from the racing program designated for testing by the Stewards stewards or by the Official Veterinarian official veterinarian. ~~Additional horses may be selected at the discretion of the Stewards or the Official Veterinarian.~~ ~~Blood test samples shall be taken from every horse that is claimed in a claiming race.~~ Every horse within the inclosure or entered in any race is subject to testing and no owner, trainer or other person having the care of a horse shall refuse to submit ~~such horse~~ it for testing when directed by the ~~Stewards~~ stewards or the ~~Official Veterinarian~~ official veterinarian.

Authority: Sections 19440, 19562 and 19580, Business and Professions Code. Reference: Sections ~~19440, 19562 and~~ 19580**(b)**, Business and Professions Code; and Sections 337(f), (g) and (h), Penal Code.

RULE #4 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2070-DEFINITIONS

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2070 provides the definitions for terms that are used in Rule 2071 through Rule 2083 that govern advance deposit wagering.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California.** At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001.** All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033

Fax: (916) 263-6042

E-mail: PatN@chrb.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2070, Definitions, provides the definitions for the terms that are used in Rule 2071 through Rule 2083 that govern advance deposit wagering.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2070 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2070 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2070 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the definitions for terms used in Rule 2071

through Rule 2083 that govern advance deposit wagering.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
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Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date

on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #4 - INITIAL STATEMENT OF REASONS:

RULE 2070-DEFINITIONS

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2070, Definitions, provides the definitions for the terms that are used in Rule 2071 through Rule 2083 that govern advance deposit wagering.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2070 provides the definitions for the terms that are used in Rule 2071 through Rule 2083 that govern advance deposit wagering.

The definition provided in subsection (d) for Advance Deposit Wagering is pursuant to the provisions of Business and Profession (B&P) Code Section 19604 (b).

The definition provided in subsection (g) for Betting System is pursuant to the provision of B&P Code Section 19604 (e).

The definition provided in subsection (m) for Licensee is pursuant to the provisions of B&P Code Section 19604.

The definition provided in subsection (n) for Market Access Fee is pursuant to the provisions of B&P Code Section 19604 (b).

The definition provided in subsection (o) for Means of Personal Identification is pursuant to the provisions of B&P Code Section 19604 (c) (2) (B).

The definition provided in subsection (p) for Multi-jurisdictional Wagering Hub is pursuant to the provisions of B&P Code Section 19604 (d).

The definition provided in subsection (q) for Natural Person is pursuant to the provisions in B&P Code Section 19604 (c)(3) which prohibit any person under 18 years of age from opening or having access to an advance deposit wagering account.

Definition for Withdrawal provided in Subsection (t) is pursuant to the provisions of B&P Code Section 19604 (c) (2) (C).

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #4 – PROPOSED TEXT ADDITION:

RULE 2070-DEFINITIONS

As used in this article:

(a) “Account” means an Advance Deposit Wagering Account used to record credits, debits, deposits and withdrawals.

(b) “Account Holder” means a natural person that has established an Account.

(c) “Account Number” means a unique identification number designated by the Licensee, Betting System, CA Hub or out-of-state Hub.

(d) “Advance Deposit Wagering” means a form of pari-mutuel wagering in which an Account Holder residing within or outside California establishes an Account and then authorizes a Board approved Licensee, Betting System, CA Hub or out-of-state Hub by telephone or Other Electronic Media to place wagers on horse racing on the Account Holder’s behalf. Only the Licensee, Betting System, CA Hub or out-of-state Hub that holds the Account can make an advance deposit wager for the Account Holder. Wagering instructions that concern funds held in an Account shall be deemed issued within the inclosure of the Licensee.

(e) “Applicant” means any entity including, but not limited to, corporations, partnerships, limited liability companies, limited partnerships, or individuals that file an Application to conduct Advance Deposit Wagering.

(f) “Application” means the CHR-132 application that must be Board-approved prior to a Licensee, Betting System or CA Hub being licensed or the CHR-133 application that must be Board-approved

prior to an out-of-state Hub being approved.

(g) “Betting System” means a business conducted exclusively in California that facilitates pari-mutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(h) “Board” means the California Horse Racing Board.

(i) “Confidential Information” means the following:

(1) The amount of money credited to, debited from, or present in any particular Account Holder’s Account;

(2) The amount of money wagered by a particular Account Holder on any races or series of races;

(3) The Account Number and secure Means of Personal Identification of an Account Holder;

(4) The identities of particular entries on which the Account Holder is wagering or has wagered;

(5) Unless otherwise authorized by the Account Holder, the name, address, and other information in possession of the Licensee, Betting System, CA Hub or out-of-state Hub that would identify the Account Holder to anyone other than the Board, Licensee, Betting System, CA Hub or out-of-state Hub.

(j) “Credits” means all positive inflow of money from a winning wager to an Account.

(k) “Debits” means all negative outflow of money when placing a wager from an Account or for the purchase of horse racing related merchandise and services.

(l) “Deposit” means a credit of money to an Account from an Account Holder.

(m) “Licensee” means an association or fair licensed to conduct a horse racing meeting only within the inclosure and on the dates the Board authorized horse racing.

(n) “Market Access Fee” means the contractual fee paid by a Betting System, CA Hub or out-of-state Hub to the California Licensee for access to the California market for wagering purposes. The fee shall be distributed in accordance with Section 19604 (g) of the Business and Professions Code.

(o) “Means of Personal Identification” means the unique number, code or other secure technology designated by an Account Holder to assure that only the Account Holder has access to his or her Account

(p) “Multi-jurisdictional Wagering Hub” means a business conducted in more than one jurisdiction that facilitates pari-mutuel wagering on races it simulcasts and other races it offers in its wagering menu. The term “CA Hub” will be used for locations in California and “out-of-state Hub” for locations outside California.

(q) “Natural Person” means any person at least 18 years of age.

(r) “Other Electronic Media” means any electronic communication device or combination of devices including, but not limited to, personal computers, the Internet, private networks, interactive television and

wireless communication technologies or other technologies approved by the Board.

(s) "Proper Identification" means a form of identification that establishes the person making a transaction is the Account Holder.

(t) "Withdrawal" means a payment from an Account by the Licensee, Betting System, CA Hub or out-of-state Hub to the Account Holder.

(u) "Withdrawal Slip" means the form provided by the Licensee, Betting System, CA Hub or out-of-state Hub to an Account Holder to withdraw funds.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #5 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2071-LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING BY A CALIFORNIA APPLICANT

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant, provides the procedures and conditions a California applicant must comply with to be licensed to conduct advance deposit wagering. Additionally, the rule incorporates by reference form CHRB-132 (New9/01), Application for License to Conduct Advance Deposit Wagering, which the California applicant must submit to the Board for a license to conduct advance deposit wagering.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**. All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board

1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Section 19440 and 19590, Business and Professions (B&P) Code.
Reference: Sections 19401, 19460 and 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Sections 19401, 19460 and 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2071 provides the procedures and conditions a California applicant must be in compliance with to be Board-approved and licensed to conduct advance deposit wagering. Additionally, the rule incorporates by reference form CHRB-132 (New 9/01), Application for License to Conduct Advance Deposit Wagering, which a California applicant must submit to the Board for an approval and license to conduct advance deposit wagering.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2071 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person would necessarily incur in reasonable compliance with the proposed action. There could be a cost impact if a new business applied for a license to conduct advance deposit wagering however; the cost incurred to start up a new business cannot be determined.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2071 could (1) create jobs and new businesses within California provided a new business applied and was licensed to conduct advance deposit wagering; (2) jobs and businesses within California would not be eliminated or; (3) will not affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2071 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements for a California applicant to be licensed to conduct advance deposit wagering.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #5 - INITIAL STATEMENT OF REASONS:

RULE 2071-LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING BY A CALIFORNIA APPLICANT

SPECIFIC PURPOSE OF THE REGULATION

Rule 2071, License To Conduct Advance Deposit Wagering by a California Applicant, provides the procedures and conditions a California applicant must comply with to be licensed to conduct advance deposit wagering (ADW) in this state. Additionally, the rule incorporates by reference form CHRB-132, Application for License To Conduct Advance Deposit Wagering, which the California applicant must submit to the Board for a license to conduct ADW.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2071 provides the procedures and conditions a California applicant must be in compliance with to be licensed by the Board to conduct ADW. Additionally, the rule incorporates by reference form CHRB-132, Application for License to Conduct Advance Deposit Wagering, which a California applicant must submit to the Board for approval before they can be licensed to conduct ADW.

Rule 2071 (a) provides that the Board must license a California applicant before an ADW account may be established or any wagering may be conducted. The Board may condition the license granted to a California applicant at any time in the interest of promoting horse racing. This provides the Board with the

ability to act on the license if it feels the best interests of horse racing in California are not being served. Subsection (a) further provides that all licenses granted shall be subject to the provisions of Business and Professions Code 19460 et. seq. This makes explicit the authority the Board has over licensees in general.

Applicants for license must submit an Application for License to Conduct Advance Deposit Wagering, CHRB-132 (New 9/01) which is incorporated by reference into Rule 2071. The form is available at the Board's administrative office and must be submitted not later than 90 days in advance of the scheduled start date of ADW. The time frame of 90 days prior to the start date of operation is an industry standard. Board staff must have sufficient time to analyze an applicant's fitness for license. Applicants must provide the Board a bond or other form of financial security in the amount of \$500,000. Should an applicant fail, the bond will provide its patrons accounts with a degree of protection. The term of license for a California applicant has been set at two years. The Board determined it needed the ability to review the practices of licensees within a reasonable time frame – without requiring such licensees to annually resubmit an application.

The Board is charged with assuring the protection of the public in matters pertaining to pari-mutuel wagering on horse racing in California. Pursuant to B&P Code 19604 (c)(2), Rule 2071(c) provides that applicants shall establish security access policies and safeguards. This is expanded upon in the form CHRB-132, Subsection 6. Such security access policies and safeguards must include methods to verify the identity, residence and age of an account holder; the confidentiality of personal information; and the methods and locations of account holders to withdraw funds from their accounts.

Rule 2071(d) provides that the California applicant shall provide a full accounting and verification of the source of its wagers and a detailed wagering information file for downloading to a database designated by the Board. The database is the California Horse Racing Information Management System (CHRIMS). The Board receives on and off-track information daily from CHRIMS regarding amounts wagered on horse races in California. The Board uses this information for statistical purposes and various reports.

The Board is charged with allowing pari-mutuel wagering on horse racing while assuring protection of the public. It is important that organizations conducting pari-mutuel wagering be financially sound, and conduct their business under accepted practices. Before a license is issued the applicant must demonstrate that they are financially able to operate ADW. Rule 2071(e) requires the applicant to provide the Board with a detailed budget by month for the term of the license. Under Rule 2071(f) the Board may request additional information or conduct investigations as deemed necessary to ensure veracity of the application. Subsequent to licensing, the Board or its designee shall have access for review and audit of all records and the Board may require the applicant to annually submit audited financial statements under Rule 2071(g).

B&P Code 19604 (c)(3) specifies that ADW advertising not be deceptive to the public. The law further provides that every form of advertising contain a statement that minors are not allowed to open or have access to an ADW account. Rule 2071(h) is in compliance with this provision.

Pursuant to B&P Code 19604 (c)(1), Rule 2071(i) specifies that applicants enter into a written contractual agreement with the bona fide labor organization that has historically represented classifications of employees at the nearest horse racing meeting

To facilitate the application process Board staff and applicants must be aware of timelines and procedures. The applicant, especially, must be informed about important time limits. Rule 2071(j) through (l) provide the time frames the Board and the applicant must comply with regarding the submission of an application, its

acceptance or denial, and any appeals that may occur.

Applicants for license often find that circumstances require that they change the conditions under which their license was issued. Rule 2071(m) provides the applicant with information regarding how they may request an amendment of their license to conduct ADW.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #5 – PROPOSED TEXT ADDITION:

RULE 2071-LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING BY A CALIFORNIA APPLICANT

CHRB-132 (NEW 9/01), IS INCORPORATED BY REFERENCE IN RULE 2071. A COPY OF THE FORM CAN BE OBTAINED BY CONTACTING PAT NOBLE OR THE ALTERNATE CONTACT PERSONS LISTED IN THE NOTICE.

(a) Prior to an Account being established or wagering being conducted the Applicant must be licensed by the Board. The Board may condition the license granted to a California Applicant at any time in the interest of promoting horse racing as provided in the Business and Professions (B&P) Code Section 19401. All licenses granted shall be subject to the provisions of B&P Section 19460 et. seq.

(b) An Applicant for license shall complete an Application for License to Conduct Advance Deposit Wagering, CHRB-132 (New 9/01), hereby incorporated by reference, which is available at the Board's administrative office. The Application must be filed not later than 90 days in advance of the scheduled start date of operation. A bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000 must accompany the Application. The term of the license shall be two years from the date the license is issued.

(c) Applicants shall establish security access policies and safeguards.

(d) Applicants that accept wagers from California residents shall provide a full accounting and verification of the source of the wagers, and a detailed wagering information file that includes, but is not limited to, dollar amount wagered, pool on which the wager was placed, race number and racing venue, zone, breed, zip code of the Account Holder, time wagering stopped, and time of the wager in a Board-approved format of a daily download of pari-mutuel data to a database designated by the Board.

(e) Applicants shall provide financial information that demonstrates the financial resources to operate

Advance Deposit Wagering and provide a detailed budget that shows anticipated revenue, expenditures and cash flows by month projected for the term of the license.

(f) The Board may conduct investigations, inspections or request additional information from the Applicant as it deems appropriate in determining whether to approve the license.

(g) The Board, or its designee, shall be given access for review and audit of all records. The Applicant shall, at their location during hours of operation, make such information available. The Board may require the Applicant to annually submit audited financial statements.

(h) All advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization.

(i) Applicants shall enter into a written contractual agreement with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

(j) The Board shall notify the Applicant in writing within 30 calendar days from the receipt date by the Board's administrative office if the Application is complete or deficient. If the Application is deficient, the notice shall include:

(1) Instructions as to what is required of the Applicant to complete the Application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(k) The Board shall approve or deny an Application within 90 calendar days from the receipt date by the Board unless the Applicant requests and is granted additional time to supply information.

(l) If the Board denies an Application, the Applicant has 30 calendar days, from the receipt date of the Board's denial notification, to request a reconsideration of the Board's decision. The request must be in writing and sent to the Board's administrative office. The Board shall respond in writing to the reconsideration request within 30 working days from the receipt date of the request. If reconsideration is denied, the Applicant may file for judicial review in accordance with Section 11523 of the Government Code.

(m) Subsequent to the issuance of a license to conduct Advance Deposit Wagering under this article, changes or amendments to information or operating procedures contained in an Application will be permitted by order of the Board or by Board approval of a request submitted in writing by the Applicant.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Sections 19401, 19460 and 19604, Business and Professions Code.

RULE #6 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2072-APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING BY AN OUT-OF-STATE APPLICANT

The California Horse Racing Board (Board) proposes to add the regulation described below after

considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, provides the procedures and conditions an out-of-state applicant must be in compliance with to be Board-approved to conduct advance deposit wagering. Additionally, the rule incorporates by reference form CHR-133 (New 9/01), Application for Approval to Conduct Advance Deposit Wagering, which an out-of-state applicant must submit to the Board for approval to conduct advance deposit wagering.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Section 19440 and 19590, Business and Professions (B&P) Code.

Reference: Sections 19401, 19460 and 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Sections 19401, 19460 and 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2072 provides the procedures and conditions an out-of-state applicant must

be in compliance with to be Board-approved to conduct advance deposit wagering. Additionally, the rule incorporates by reference form CHRB-133 (New 9/01), Application for Approval to Conduct Advance Deposit Wagering, which an out-of-state applicant must submit to the Board for approval to conduct advance deposit wagering.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2072 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person would necessarily incur in reasonable compliance with the proposed action. There could be a cost impact if a new business applied for approval to conduct advance deposit wagering however; the cost incurred to start up a new business cannot be determined.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2072 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2072 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements for an out-of-state applicant to be approved to conduct advance deposit wagering.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of

the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #6 - INITIAL STATEMENT OF REASONS:

RULE 2072-APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING BY AN OUT-OF-STATE APPLICANT.

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, provides the procedures and conditions an out-of-state applicant must be in compliance with to be Board-approved to conduct advance deposit wagering (ADW). Additionally, the rule incorporates by reference form CHRB-133, Application for Approval to Conduct Advance Deposit Wagering, which an out-of-state applicant must submit to the Board for approval to conduct ADW.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2072 provides the procedures and conditions an out-of-state applicant must be in compliance with to be Board-approved to conduct ADW. Additionally, the rule incorporates by reference form CHRB-133, Application for Approval to Conduct Advance Deposit Wagering, which an out-of-state applicant must submit to the Board for approval to conduct ADW.

Rule 2072 (a) provides that the Board must approve an out-of-state applicant before an ADW account may be established or wagering may be conducted. The Board may condition the approval granted to an out-of-state applicant at any time in the interest of promoting horse racing. This provides the Board with the ability to act on the approval if it feels the best interests of horse racing in California are not being served. Subsection (a) further provides that all applicants are subject to the provisions of Business and Professions Code 19460 et. seq. This makes explicit the authority of the Board over applicants in general.

Applicants for approval must complete and submit an Application for Approval to Conduct Advance Deposit Wagering, CHRB-133 (New 9/01) which is incorporated by reference into Rule 2072. The form is available at the Board's administrative office and must be submitted not later than 90 days in advance of the scheduled start date of ADW. The time frame of 90 days prior to the start date of operation is an industry standard. Board staff must have sufficient time to analyze an applicant's fitness for approval. Applicants must provide the Board a bond or other form of financial security in the amount of \$500,000. Should an applicant fail, the bond will provide its patrons accounts with a degree of protection. The term of approval for an out-of-state applicant has been set at two years. The Board felt it needed the ability to review the practices of out-of-state applicants within a reasonable time frame – without requiring such applicants to annually resubmit an application.

The Board is charged with assuring the protection of the public in matters pertaining to pari-mutuel wagering on horse racing in California. Pursuant to B&P Code 19604 (c)(2), Rule 2072(c) provides that applicants shall establish security access policies and safeguards. This is expanded upon in the form CHRB-133, Subsection 6. Such security access policies and safeguards must include methods to verify the identity, residence and age of an account holder; the confidentiality of personal information; and the methods and locations of account holders to withdraw funds from their accounts.

Rule 2072(d) states that the applicant shall provide a full accounting and verification of the source of its wagers and a detailed wagering information file for downloading to a database designated by the Board. The database is the California Horse Racing Information Management System (CHRIMS). The Board receives on and off-track information daily from CHRIMS regarding amounts wagered on horse races in California. The Board uses such information for statistical purposes and various reports.

The Board is charged with allowing pari-mutuel wagering on horse racing while assuring protection of the public. It is important that organizations conducting pari-mutuel wagering be financially sound, and conduct their business under accepted practices. Before an approval is given the applicant must demonstrate they are financially able to conduct ADW. Rule 2072 (e) requires the applicant to provide the Board with a detailed budget by month for the term of approval. Under Rule 2072(f) the Board may request additional information or conduct investigations as deemed necessary to ensure veracity of the application. Subsequent to approval, the Board or its designee shall have access for review and audit of all records. The Board may require the applicant to annually submit audited financial statements under Rule 2072(g).

B&P Code 19604 (c)(3) specifies that ADW advertising not be deceptive to the public. The law further provides that every form of advertising contain a statement that minors are not allowed to open or have access to an ADW account. Rule 2072(h) is in compliance with this provision.

To facilitate the application process Board staff and applicants must be aware of timelines and procedures. The applicant, especially, must be informed about important deadlines. Rule 2072(i) through (k) provide the time frames the Board and the applicant must comply with regarding the submission of an application, its acceptance or denial, and any appeals that may occur.

Applicants may find that circumstances require that they change the conditions under which their approval was issued. Rule 2072(l) provides the applicant with information regarding how they may request an amendment to their approval for ADW.

Rule 2072(m) provides that an applicant must designate a California agent for receipt of service of process. This will ensure that if the organization is to be served, it can be done in state. Rule 2072(n) states that by submitting the application, the out-of-state applicant consents to the jurisdiction of California courts and the application of California law to all California wagers and operations. This provides that any disputes regarding operations originating in California will be handled in this state.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVE TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.
The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be more effective and less burdensome to affected private persons or businesses than the proposed regulation.

RULE #6 – PROPOSED TEXT ADDITION:

RULE 2072-APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING BY AN OUT-OF-STATE APPLICANT

CHRB-133 (NEW 9/01), IS INCORPORATED BY REFERENCE IN RULE 2071. A COPY OF THE FORM CAN BE OBTAINED BY CONTACTING PAT NOBLE OR THE ALTERNATE CONTACT PERSONS LISTED IN THE NOTICE.

(a) Prior to an Account being established or wagering being conducted the out-of-state Applicant must be Board-approved. The Board may condition the approval granted to an out-of-state Applicant at any time in order to promote horse racing as provided in Business and Professions (B&P) Code Section 19401. All approvals granted shall be subject to the provisions of B&P Section 19460 et. seq.

(b) An out-of-state Applicant shall complete an Application For Approval to Conduct Advance Deposit Wagering, CHRB-133 (New 9/01), hereby incorporated by reference, which is available at the Board's administrative office. The Application must be filed not later than 90 days in advance of the scheduled start date of operation. A bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000 must accompany the Application. The term of approval is two years from the date the approval is issued.

(c) Out-of-state Applicants shall establish security access policies and safeguards.

(d) Out-of-state Applicants that accept wagers from California residents shall provide a full accounting and verification of the source of the wagers, and a detailed wagering information file that includes, but is not limited to dollar amount wagered, pool on which the wager was placed, race number and racing venue, zone, breed, zip code of the Account Holder, time wagering stopped, and time of the wager in a Board-approved format of a daily download of pari-mutuel data to a database designated by the Board.

(e) Out-of-state Applicants shall provide financial information that demonstrates the financial resources to operate Advance Deposit Wagering and provide a detailed budget that shows anticipated revenue, expenditures and cash flows by month projected for the term of the approval.

(f) The Board may conduct investigations, inspections or request additional information from the out-of-state Applicant as it deems appropriate in determining whether to approve the Application.

(g) The Board, or its designee, shall be given access for review and audit of all records. The out-of-state Applicant shall, at their location during hours of operation, make such information available. The Board may require the out-of-state Applicant to annually submit audited financial statements.

(h) All advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization.

(i) The Board shall notify the out-of-state Applicant in writing within 30 calendar days from the receipt date by the Board's administrative office if the Application is complete or deficient. If the Application is deficient, the notice shall include:

(1) Instructions as to what are required of the out-of-state Applicant to complete the Application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(j) The Board shall approve or deny an Application within 90 calendar days from the receipt date by the Board unless the out-of-state Applicant requests and is granted additional time to supply information.

(k) If the Board denies an Application, the out-of-state Applicant has 30 calendar days, from the receipt date of the Board's denial notification, to request a reconsideration of the Board's decision. This request must be in writing and sent to the Board's administrative office. The Board shall respond in writing to the reconsideration request within 30 working days from the receipt date of the request. If reconsideration is denied, the out-of-state Applicant may file for judicial review in accordance with Section 11523 of the Government Code.

(l) Subsequent to the issuance of an approval to conduct Advance Deposit Wagering under this article, changes or amendments to information or operating procedures contained in an Application will be permitted by order of the Board or by Board approval of a request submitted in writing by the Applicant.

(m) As a condition of approval the out-of-state Applicant shall designate a California agent for receipt of service of process.

(n) By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Sections 19401, 19460 and 19604, Business and Professions Code.

RULE #7 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2073-OPERATION OF AN ADVANCE DEPOSIT WAGERING ACCOUNT FOR ALL ENTITIES

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2073, Operation of an Advance Deposit Wagering Account for all Entities, provides the procedures and conditions for the day-to-day operation of advance deposit wagering accounts.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making

oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001.**

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chrb.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2073 provides the procedures and conditions for California entities and out-of-state Hubs to operate advance deposit wagering accounts.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2073 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2073 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2073 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements for the operation of advance deposit wagering accounts.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #7 - INITIAL STATEMENT OF REASONS:

RULE 2073-OPERATION OF AN ADVANCE DEPOSIT WAGERING ACCOUNT FOR ALL ENTITIES

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2073, Operation of an Advance Deposit Wagering Account for all Entities, provides the procedures and conditions for the day-to-day operation of advance deposit wagering accounts.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2073 provides the procedures and conditions for the day-to-day operation of advance deposit wagering (ADW) accounts for entities that conduct ADW. The rule provides timeframes for entities to return funds when an account is closed. Under the provisions of Rule 2073(a) an account may be closed if there is no activity for at least six months. In addition, the entity may close or suspend an account in the event of fraudulent or suspicious activity. Upon the closure of an account the

account holder's funds will be returned to the account holder within five-business days of the closure.

The rule further prohibits interest earned on funds that are held in an account holder's ADW account from being distributed to the account holder. ADW facilities are not banks, and it has been stipulated to the Board that account holders typically do not keep sums of money in an account, but rather deposit money, wager and withdraw the winnings. The Board has determined that any interest that should accrue be distributed to the horse racing industries corresponding horsemen's welfare fund and the backstretch pension plan for the benefit of backstretch employees and to horsemen's purses pursuant to proposed Rule 2082, Interest Bearing Accounts.

ADW entities may accept wagers during the days and times designated on their respective applications for approval or license to act as an ADW facility. Before an entity can accept advance deposit wagers, they must have Board-approval. The Board, pursuant to the information contained on the completed application grants approval. Deviations from the operation of the entity, as submitted, must be filed with the Board within two days of its occurrence. Flexibility is granted to the entity for closure of receiving wagers should, equipment fail or it is determined that it is not in the best interest to card a particular race or race program.

Wagering transaction conversations through the ADW system are to be kept for 180 days and are to be made available to the Board upon request, pursuant to Rule 2073(f). In the event an account holder has a discrepancy regarding the transaction of an advance deposit wager this information will be retrieved. The Board determined 180 days, the equivalent of six months, is adequate time for an account holder to dispute a completed transaction. In order to keep an account holder abreast of his account activity Rule 2073(i) permits an account holder to request a statement detailing account activity for the immediate 30 days prior to the request. The statement will be sent to the address of record, as established under Rule 2073(j) and will be deemed correct, unless written notice is received within 14 days from the date the statement was forwarded. It is the responsibility of the account holder to notify the entity of any address change.

Pursuant to the provisions of Business and Professions (B&P) Code 19604 (f)(1), Rule 2073(g) specifies that the total amount of all account wagers be included in the respective pools for each race and be combined into the licensee's pools or directly into the corresponding pools of the host track.

An ADW account is only for the personal use of the account holder of record. Pursuant to the provisions of B&P Code 19604(c)(2)(B) an ADW facility shall utilize personal identification numbers (PIN) and other technologies to assure that only the account holder has access to the ADW account. Rule 2073 (h) amplifies this provision.

Wagering activity in an account holder's ADW account is considered confidential information. Pursuant to Rule 2073(k) confidential information is prohibited from being divulged by the entity without consent of the account holder, except to the account holder, the Board and as otherwise required by state or federal law.

Additionally, the rule would provide that account holders will not be charged a surcharge on winning wagers and they are responsible to maintain the secrecy of their account number and personal identification.

In an effort to protect people from themselves and to help ensure that account holders do not over extend themselves Rule 2073(l) and (m) contain provisions requiring an account holder to designate if they want to use a credit card to made deposits to their account. Any change to this designation requires 24-hour notice to the entity, thus evoking a "cooling off" period for the account holder. In addition the rule permits the account holder access to only one deposit each race day for wagering purposes.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS. The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #7 – PROPOSED TEXT ADDITION:

RULE 2073-OPERATION OF AN ADVANCE DEPOSIT WAGERING ACCOUNT FOR ALL ENTITIES

(a) The entity may suspend or close an Account. Any Account with no activity for at least six months may be closed. When an Account is closed the entity shall return any funds within five business days to the Account Holder at the address of record.

(b) Funds shall be in an interest bearing Account.

(c) Funds in an Account shall not bear interest to the Account Holder.

(d) Residents of California shall not be charged a surcharge on any winning wager.

(e) Wagers shall be accepted during the days and times designated on the CHRB-132 for California entities and the CHRB-133 for entities outside California. The entity may close for receiving wagers on any pari-mutuel pool, race(s), or close for all wagering. Anytime the entity closes during the times designated on the CHRB-132 and CHRB-133 a written report must be filed with the Board within two business days.

(f) All wagering conversations, transactions or other wagering communications through the Advance Deposit Wagering system, verbal or electronic, shall be recorded by means of electronic media, and the tapes or other records of such communications shall be kept by the entity for 180 days. These tapes and other records shall be made available to the Board upon request or order by the Executive Director.

(g) The total amount of all Account wagers shall be included in the respective pools for each race and shall be combined into the licensee's pools or directly into the corresponding pools of the host track.

(h) Accounts are for personal use only and the Account Holder is responsible to maintain the secrecy of the Account Number and Means of Personal Identification. The Account Holder must immediately notify the entity of any breach of the Account's security.

(i) Upon request of the Account Holder the entity shall provide a statement detailing Account activity for the immediate 30 days prior to the request. Unless the entity receives written notice disputing the statement within 14 days of the date a statement is forwarded, it shall be deemed to be correct.

(j) The address provided on the application to establish an Account is deemed the address of record for mailing checks, statements of Account, Account withdrawals, notices, or other correspondence. It is the responsibility of the Account Holder to notify the entity of any address change.

(k) No employee or agent of the entity shall divulge any Confidential Information related to the placing of any wager or any Confidential Information related to the operation of the Advance Deposit Wagering system without the consent of the Account Holder, except to the Account Holder as required by this article, the Board, and as otherwise required by state or federal law.

(l) Account Holders shall designate if they want to use a credit card to make deposits to their Account. Changes to the designation shall require 24 hours notice to the entity.

(m) Account Holders shall only be permitted to access one deposit each racing day for wagering purposes. Additional deposits to an Account shall be available for use the next racing day.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #8 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2074-REQUIREMENTS TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH A CALIFORNIA ENTITY

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2074, Requirements to Establish an Advance Deposit Wagering Account with a California Entity, provides the procedures and conditions for a California entity to establish an advance deposit wagering account and specifies the information required of an individual to establish an account.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2074 provides the procedures and conditions for a California entity to establish an advance deposit wagering account for an individual and specifies the information required of an individual to establish an account with a California entity.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2074 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2074 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2074 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements to establish an advance deposit wagering account with a California entity.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone

numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation.

Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #8 - INITIAL STATEMENT OF REASONS:

RULE 2074-REQUIREMENTS TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH A CALIFORNIA ENTITY

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2074, Requirements to Establish an Advance Deposit Wagering Account with a California Entity, provides procedures and conditions to establish an advance deposit wagering account with a California Entity.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2074 provides the procedures and conditions to establish an advance deposit wagering (ADW) account with a California entity. The rule states the conditions that must be met to establish an account and the procedures after the account is established.

In compliance with Business and Professions (B&P) Code 19604(c)(3) which specifies that minors are not allowed to open or have access to ADW accounts, Rule 2074 (a) specifies that an account shall only be established in the name of a natural person and is non-transferable. For purposes of Article 26, Rule 2070, Definitions, defines natural person as any person at least 18 years of age. In addition, to establish an account the account holder must provide the entity their full legal name, principle residence address,

telephone number, social security number and identification or certification to prove that they are at least 18 years of age. Also in an effort to protect people from themselves and to help ensure that account holders do not over extend themselves the rule contains a provision requiring an account holder to designate whether they want to use a credit card to made deposits to their account. If an account is established the entity shall designate an account number to the account holder. The entity is also required to provide the account holder a copy of its ADW procedures, terms and conditions as well as any information that pertains to the operation of the account.

Rule 1980 identifies those individuals that are prohibited from participating in pari-mutuel wagering and from being present within an inclosure during a race meeting. ADW instructions concerning funds held in an ADW account are considered to be placed within the inclosure pursuant to B&P Code 19595. The Board determined that those individuals should also be prohibited from establishing an ADW account and from placing a wager.

The law further provides that the entity utilize personal identification numbers (PINS) and other technologies to assure that only the account holder has access to their ADW account. Rule 2074(g) specifies that the account holder designate a PIN number, or utilize whatever technology the entity provides, to access their account.

B&P Code 19604(c)(2)(A) requires that an ADW facility utilize the services of an independent third party to perform identity, residence and age verification services with respect to persons establishing an ADW account. Rule 2074(d) amplifies this provision. Further, should any information supplied by the account holder be found to be untrue or incomplete, the entity may refuse to open the account.

Information concerning certain winning wagers are required to be filed with the Internal Revenue Service (IRS). Rule 2074 (i) specifies that each entity at all times, comply with the IRS requirements for reporting and withholding proceeds from advance deposit wagers by account holders, by sending to account holders subject to IRS reporting or withholding a Form W2-G summarizing tax information on advance deposit wagers.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD
October 12, 2001

RULE #8 – PROPOSED TEXT ADDITION:

RULE 2074-REQUIREMENTS TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH A CALIFORNIA ENTITY

(a) Accounts shall be established in person, by mail, telephone or Other Electronic Media before any

wagering shall be conducted. An Account shall only be established in the name of a natural person and is non-transferable.

(b) Any individual prohibited from wagering under Rule 1980 shall be prohibited from establishing an Account or placing a wager.

(c) The process to establish an Account shall include:

(1) Account Holder's full legal name.

(2) Principal residence address.

(3) Telephone number.

(4) Social security number.

(5) Identification or certification to prove the Account Holder is at least 18 years of age.

(6) Whether the Account Holder wants to use a credit card to make deposits to their Account.

(d) The entity shall employ electronic verification with respect to each Account Holder's name, principal residence address, date of birth and Social Security number at the time of Account establishment by a Board-approved national, independent, individual reference company or another independent technology approved by the Board which meets or exceeds the reliability, security, accuracy, privacy and timeliness provided by individual reference service companies.

(e) The entity may refuse to establish an Account if it is found that any of the information supplied is untrue or incomplete.

(f) When an Account is established the entity shall designate an Account Number for each Account. The number can be changed provided the Account Holder is informed prior to any change.

(g) The Account Holder shall designate a Means of Personal Identification to use to access their Account.

(h) The entity shall inform the Account Holder of the assigned Account Number and provide a copy of its Advance Deposit Wagering procedures, terms and conditions as well as any information that pertains to the operation of the Account.

(i) Each entity shall, at all times, comply with Internal Revenue Service (IRS) requirements for reporting and withholding proceeds from Advance Deposit Wagers by Account Holders and shall send to Account Holders subject to IRS reporting or withholding a Form W2-G summarizing the information for tax purposes following a winning wager being deposited into an Account. Upon written request, the entity shall provide Account Holders with summarized tax information on Advance Deposit Wagering activities.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #9 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2075-REQUIREMENTS TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH AN OUT-OF-STATE HUB

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2075, Requirements to Establish an Advance Deposit Wagering Account with an out-of-state Hub, provides the procedures and conditions for an out-of-state Hub to establish an advance deposit wagering account and specifies the information required of an individual to establish the account.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chrb.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the

Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2075 provides the procedures and conditions for an out-of-state Hub to establish an advance deposit wagering account for an individual and specifies the information required of an individual to establish an account with an out-of-state Hub.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2075 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2075 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2075 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements to establish an advance deposit wagering account with an out-of-state Hub.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #9 - INITIAL STATEMENT OF REASONS:

RULE 2075-REQUIREMENTS TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH AN OUT-OF-STATE HUB

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2075, Requirements to Establish an Advance Deposit Wagering Account with an out-of-state Hub, provides procedures and conditions to establish an advance deposit wagering account with an out-of-state Hub.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2075 provides the procedures and conditions to establish an advance deposit wagering (ADW) account with an out-of-state Hub. The rule states the conditions that must be met to establish an account and the procedures after the account is established.

In compliance with Business and Professions (B&P) Code 19604(c)(3) which specifies that minors are not allowed to open or have access to ADW accounts, Rule 2075 (a) specifies that an account shall only be established in the name of a natural person and is non-transferable. For purposes of Article 26, Rule 2070, Definitions, defines natural person as any person at least 18 years of age. In addition, to establish an account the account holder must provide the entity their full legal name, principle residence address, telephone number, social security number and identification or certification to prove that they are at least 18 years of age. Also in an effort to protect people from themselves and to help ensure that account holders do not over extend themselves the rule contains a provision requiring an account holder to designate whether they want to use a credit card to made deposits to their account. If an account is established the Hub shall designate an account number to the account holder. The Hub is also required to provide the account holder a copy of its ADW procedures, terms and conditions as well as any information that pertains to the operation of the account.

Rule 1980 identifies those individuals that are prohibited from participating in pari-mutuel wagering and from being present within an inclosure during a race meeting. ADW instructions concerning funds held in an ADW account are considered to be placed within the inclosure, pursuant to B&P Code 19595. The Board determined that those individuals should also be prohibited from establishing an ADW account and from placing a wager.

The law further provides that the Hub utilize personal identification numbers (PINS) and other technologies to assure that only the account holder has access to their ADW account. Rule 2075(g) specifies that the account holder designate a PIN number, or utilize whatever technology the entity provides, to access their account.

B&P Code 19604(c)(2)(A) requires that an ADW facility utilize the services of an independent third party

to perform identity, residence and age verification services with respect to persons establishing an ADW account. Rule 2075(d) amplifies this provision. Further, should any information supplied by the account holder be found to be untrue or incomplete, the entity may refuse to open the account.

Information concerning certain winning wagers are required to be filed with the Internal Revenue Service (IRS). Rule 2075 (i) specifies that each entity at all times, comply with the IRS requirements for reporting and withholding proceeds from advance deposit wagers by account holders, by sending to account holders subject to IRS reporting or withholding a Form W2-G summarizing tax information on advance deposit wagers.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #9 – PROPOSED TEXT ADDITION:

RULE 2075, REQUIREMENTS TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH AN OUT-OF-STATE HUB

(a) Accounts shall be established in person, by mail, telephone or Other Electronic Media before any wagering shall be conducted. An Account shall only be established in the name of a natural person and is non-transferable.

(b) Any individual prohibited from wagering under Rule 1980 shall be prohibited from establishing an Account or placing a wager.

(c) The process to establish an Account shall include:

(1) Account Holder's full legal name.

(2) Principal residence address.

(3) Telephone number.

(4) Social security number.

(5) Identification or certification to prove the Account Holder is at least 18 years of age.

(6) Whether the Account Holder wants to use a credit card to make deposits to their Account.

(d) The Hub shall employ electronic verification with respect to each Account Holder's name, principal residence address, date of birth and Social Security number at the time of Account establishment by a Board-approved national, independent, individual reference company or another independent technology approved by the Board which meets or exceeds the reliability, security, accuracy, privacy and timeliness provided by individual reference service companies.

(e) The Hub may refuse to establish an Account if it is found that any of the information supplied is untrue or incomplete.

(f) When an Account is established the Hub shall designate an Account Number for each Account. The number can be changed provided the Account Holder is informed prior to any change.

(g) The Account Holder shall designate a Means of Personal Identification to use to access their Account.

(h) The Hub shall inform the Account Holder of the assigned Account Number and provide a copy of its Advance Deposit Wagering procedures, terms and conditions as well as any information that pertains to the operation of the Account.

(i) Each Hub shall, at all times, comply with Internal Revenue Service (IRS) requirements for reporting and withholding proceeds from Advance Deposit Wagers by Account Holders and shall send to Account Holders subject to IRS reporting or withholding a Form W2-G summarizing the information for tax purposes following a winning wager being deposited into an Account. Upon written request, the entity shall provide Account Holders with summarized tax information on Advance Deposit Wagering activities.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #10 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2076-DEPOSITS TO AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH ALL ENTITIES

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2076, Deposits to an Advance Deposit Wagering Account with all Entities, provides the procedures and conditions for account holders to make a deposit to their advance deposit wagering account and for the entity that accepts the deposit.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the

proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001.**

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chrb.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2076 provides the procedures and conditions for an account holder to make a deposit to their advance deposit wagering account and for the entity that accepts the deposit. The rule specifies deposit are to be made by cash, personal check, cashier's check, money order, electronic fund transfers, credit cards and debit cards. The rule mandates the use of a credit card or debit card must be pre-approved by the entity and designed by the account holder. The rule specifies when credit will be given for the above-mentioned forms of deposit and mandates the entity to disclose their policy regarding the acceptance of personal checks.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2076 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2076 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2076 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements for making deposits to an advance deposit wagering account.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chr.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #10 - INITIAL STATEMENT OF REASONS:

RULE 2076-DEPOSITS TO AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH ALL ENTITIES

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2076, Deposits to an Advance Deposit Wagering Account with all Entities, provides the procedures and conditions to make a deposit into an advance deposit wagering account.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2076 provides the procedures and conditions to make a deposit into an advance deposit wagering (ADW) account. The rule specifies that a cash deposit can be made directly to the entity and the holder's account will be given immediate credit.

Deposits by personal check, cashier's check or money order can be made directly or mailed to the entity. Account holders that use an electronic fund transfer (EFT) to make a deposit can be held liable for any charges imposed for the use of an EFT. The entity may deduct any EFT charges from the account holder's account. Upon presentation the account holder's account will be given immediate credit for a cashier's check, money order or EFT.

Deposits using a credit or debit card are acceptable only if they have been pre-approved by the entity. Additionally, the account holder must designate they want to use a credit card at the time they establish their account under Rule 2074, Requirements to Establish an ADW Account with a California Entity or Rule 2075, Requirements to Establish an ADW Account with an out-of-state Hub. Upon authorization from the issuer the account holder's account will be given immediate credit for credit or debit cards.

To keep the account holder fully informed the entity is required to disclose their policy regarding the acceptance of personal checks.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD
October 12, 2001

RULE #10 – PROPOSED TEXT ADDITION:

RULE 2076-DEPOSITS TO AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH ALL ENTITIES

(a) Deposits to an Account shall be made in the following form:

(1) Cash deposits made directly.

(2) Personal checks, cashier's checks and money orders made directly or mailed.

(3) Debits to an Account Holder's credit card or debit card, upon direct instructions of the Account Holder, providing the use of such card has been pre-approved by the entity and designated by the Account Holder.

(4) Debits by electronic fund transfer (EFT) from a monetary account controlled by an Account Holder. The Account Holder may be liable for any charges imposed by the transmitting or receiving entity and the

charges may be deducted from the Account Holder's Account.

(5) Cashier's checks, money orders and EFTs shall be given immediate credit upon presentation. Credit cards or debit cards shall be given immediate credit upon authorization from the issuer.

(6) Entities shall disclose their policy regarding the acceptance of personal checks to the Account Holder.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #11 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2077-PLACING AN ADVANCE DEPOSIT WAGER WITH ALL ENTITIES

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2077, Placing an Advance Deposit Wager with all Entities, provides the procedures and conditions for placing an advance deposit wager.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

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E-mail: PatN@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2077 provides the procedures and conditions to place an advance deposit wager for an account holder and for the entity that accepts the wager. The rule prohibits an account holder from placing an advance deposit wager in an amount that is in excess of the funds in their account. The rule also provides that the entity may deduct a service or other transaction-related charge for the operation of the account as well as the cost for the purchase of horse racing related merchandise and services provided the account holder requested them.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2077 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2077 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2077 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under

Government Code Section 11342.610. The rule provides the requirements for placing an advance deposit wager.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

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Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
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Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address

stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #11 - INITIAL STATEMENT OF REASONS:

RULE 2077-PLACING AN ADVANCE DEPOSIT WAGER WITH ALL ENTITIES

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2077, Placing an Advance Deposit Wager with all Entities, provides the procedures and conditions for placing an advance deposit wager.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2077 provides the procedures and conditions for placing an advance deposit wager. The rule provides that the entity will debit an account holder's account when the account holder places an advance deposit wager and specifies that the account holder cannot place a wager in an amount that is in excess of the funds in their advance deposit wagering (ADW) account. Additionally, the rule provides that an entity may deduct a service or other transaction-related charge from an account for the operation of the ADW account. The entity may also deduct costs for the purchase of horse racing related merchandise and services provided the account holder requested the purchase and/or service.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

October 12, 2001

RULE #11 – PROPOSED TEXT ADDITION:

RULE 2077-PLACING AN ADVANCE DEPOSIT WAGER WITH ALL ENTITIES

(a) Debits to an Account shall be made in the following form:

(1) The entity shall debit the amount wagered by an Account Holder.

(2) Wagers shall not be accepted in an amount in excess of an Account balance.

(3) The entity may debit the Account for service or other transaction-related charges.

(4) The entity may debit the Account for purchases of horse racing related merchandise and services requested by an Account Holder.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #12 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2078-WITHDRAWALS FROM AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH ALL ENTITIES

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2078, Withdrawals from an Advance Deposit Wagering Account with all Entities, provides the procedures and conditions for the withdrawal of funds from an advance deposit wagering (ADW) account.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2078 provides the procedures and conditions for the withdrawal of ADW funds for the individual withdrawing funds from their account and the entity conducting ADW. An account holder can have their funds withdrawn by check or by an electronic transfer of funds. Further, an account holder can withdraw funds in person, provided the account holder supplies such identification as required by the entity, the valid account number and a means of personal identification, at the location designated by the entity on the application that was filed with the Board for license or approval to conduct ADW.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2078 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2078 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2078 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements for the withdrawal of advance deposit wagering funds.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
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Telephone: (916) 263-6397

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AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation.

Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #12 - INITIAL STATEMENT OF REASONS:

RULE 2078-WITHDRAWALS FROM AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH ALL ENTITIES

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2076, Withdrawals from an Advance Deposit Wagering Account with all Entities, provides the procedures and conditions for the withdrawal of advance deposit wagering (ADW) funds for the individual withdrawing funds from their account and the entity conducting ADW.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2078 provides the procedures and conditions for the withdrawal of ADW funds for the individual withdrawing funds from their account and the entity conducting ADW. Pursuant to the provision of Business and Professions Code Section 19604(c) (2) (C) an account holder can have their funds withdrawn by check or by an electronic transfer of funds. Rule 2078 amplifies this provision. Entities are required to complete the transaction within five business days after receipt of the request and mail the funds to the address of record for the account holder.

Further, an account holder can withdraw funds in person, provided the account holder supplies such

identification as required by the entity, the valid account number and a means of personal identification. The identification an entity will require and the account number are provided when an account is established under Rule 2074 (h) and Rule 2075 (h). The means of personal identification is defined under Rule 2070 (o). Funds can be withdrawn at the location the entity designated when they filed their application to conduct ADW under Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant or Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant.

Rule 2078 also provides that in the event an account holder requests to withdraw funds in excess of the funds in their account, the entity will provide notification to the account holder of insufficient funds with the payment in the amount of the available funds to the address of record for the account holder.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD
October 12, 2001

RULE #12 – PROPOSED TEXT ADDITION:

RULE 2078-WITHDRAWALS FROM AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH ALL ENTITIES

(a) Withdrawals shall be completed within five business days after the entity receives a request from an Account Holder by mail, by telephone, or Other Electronic Media accompanied by the valid Account Number and a Means of Personal Identification or, if by mail, a signed completed Withdrawal Slip.

(1) If sufficient funds are available, the entity shall send a check payable to the Account Holder in the amount of the requested withdrawal to the address of record.

(2) If sufficient funds are not available, the entity shall, within five business days of receipt, provide notification to the Account Holder of insufficient funds and send a check payable to the Account Holder in the amount of the funds available to the address of record.

(b) An EFT may be used in lieu of a check at the discretion of the Account Holder and the entity subject to the same conditions set forth in Rule 2076.

(c) Account Holders may make withdrawals in person with such identification as required by the entity, the valid Account Number, and a Means of Personal Identification.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #13 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2079-CREDIT FOR WINNING WAGERS AND SCRATCHED ENTRIES

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2079, Credit for Winning Wagers and Scratched Entries, provides procedures and conditions for the posting of a credit for a winning wager and a credit for a scratched entry. The rule specifies that a credit for a winning wager and a credit for a scratched entry will be posted to the advance deposit wagering account after the race is declared official.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chrb.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1,

2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2079 provides procedures and conditions for the posting of a credit for a winning wager and a credit for a scratched entry. The rule specifies that a credit for a winning wager and a credit for a scratched entry will be posted to the advance deposit wagering account after the race is declared official. The official order of finish, for pari-mutuel wagering purposes, is determined by the Board of Stewards pursuant to Rule 1704, Official Order of Finish.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2079 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2079 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2079 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirement that credits for winning wagers and credits for scratched entries will be posted to the advance deposit wagering accounts after the race is declared official.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chr.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation.

Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #13 - INITIAL STATEMENT OF REASONS:

RULE 2079-CREDIT FOR WINNING WAGERS AND SCRATCHED ENTRIES

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2079, Credit for Winning Wagers and Scratched Entries, provides the procedures and conditions for the licensee, betting system, California hub or out-of-state hub to post the credit to an advance deposit wagering account for a winning wager and for a scratched entry.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2079 provides the procedures and conditions for a credit to be posted to an advance deposit wagering account when an account holder places a winning wager or an entry selected by an account holder is scratched from a race. Additionally, the rule specifies that the account will be given credit after the race is declared official. The official order of finish, for pari-mutuel wagering purposes, is determined by the Board of Stewards pursuant to Rule 1704, Official Order of Finish.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #13 – PROPOSED TEXT ADDITION:

RULE 2079-CREDIT FOR WINNING WAGERS AND SCRATCHED ENTRIES

The Licensee, Betting System, CA Hub or out-of-state Hub shall post credits for winnings from advance deposit wagers and any credit for wagers on a scratched entry to the Account after the race is declared official.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604,

RULE #14 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2080-PROCEEDS FROM A DECEASED ACCOUNT HOLDER

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2080, Proceeds from a Deceased Account Holder, provides the procedures and conditions for the release of funds in an advance deposit wagering account when the account holder is deceased.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2080, Proceeds from a Deceased Account Holder, provides the procedures and conditions for the release of funds in an advance deposit wagering account when the account holder is deceased. The rule provides that the funds in a deceased account holder's account will be released to the decedent's legal representative upon receipt of a copy of a probate court authorization or other documents as required by applicable California laws.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2080 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2080 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2080 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements for the release of advance deposit wagering funds when an account holder is deceased.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
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Telephone: (916) 263-6033
E-mail: PatN@chr.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation.

Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #14 - INITIAL STATEMENT OF REASONS:

RULE 2080-PROCEEDS FROM A DECEASED ACCOUNT HOLDER

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2080, Proceeds from a Deceased Account Holder, provides the procedures and conditions for the release of funds in an advance deposit wagering account when the account holder is deceased.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2080 provides the procedures and conditions for the release of funds in an advance deposit wagering account when the account holder is deceased. The rule provides that the funds in a deceased account holder's account will be released to the decedent's legal representative upon receipt of a copy of a probate court authorization or other documents as required by applicable California laws.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #14 – PROPOSED TEXT ADDITION:

RULE 2080, PROCEEDS FROM A DECEASED ACCOUNT HOLDER

If an Account Holder is deceased the Licensee, Betting System, CA Hub or out-of-state Hub shall release the funds in the Account to the decedent's legal representative upon receipt of a copy of a probate court authorization or other documents as required by applicable California laws.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #15 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2081-MARKET ACCESS FEE FOR WAGERS PLACED BY A CALIFORNIA RESIDENT

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2081, Market Access Fee for Wagers Placed by a California Resident, provides the procedures and conditions for the market access fees when a California resident places an advance deposit wager. The rule also specifies the wagering details that are required to be included in the daily downloads to the pari-mutuel database.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chrh.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2081 provides the procedures and conditions for the market access fees when a California resident places an advance deposit wager. The rule also specifies the wagering details that are required to be included in the daily downloads to the pari-mutuel database.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2081 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2081 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2081 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule provides the requirements for market access fees when a California resident makes a wager and specifies the information required in the daily downloads to the pari-mutuel database.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the

proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

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If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation.

Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at

its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #15 - INITIAL STATEMENT OF REASONS:

RULE 2081-MARKET ACCESS FEE FOR WAGERS PLACED BY A CALIFORNIA RESIDENT

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2081, Market Access Fee for Wagers Placed by a California Resident, provides the procedures and conditions for the market access fees when a California resident places an advance deposit wager. The rule also specifies the wagering details that are to be included in the daily downloads to the pari-mutuel database.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2081 provides the procedures and conditions for the market access fees when a California resident places an advance deposit wager. Business and Professions (B&P) Code Section 19604 (b) address the market access fee paid to the California licensee for access to the California market for wagering purposes. Rule 2081 specifies the entity taking the wager shall pay to the appropriate California licensee a market access fee based upon the amount of the handle generated by a resident of California as stipulated in the contractual agreement between the entity and the California licensee. The Board requires the entity to submit their contract with the licensee and identify the amount of the market access fee when they file their application under Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant or Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Hub.

B&P Code Section 19604 (b) also requires a full accounting and verification of the source of the wagers in a daily download to a pari-mutuel database designated by the Board. Rule 2081 (c) designates that the daily downloads shall include the dollar amount wagered; the pool on which the wager was placed; the race name and racing venue; the zone from which the wager was made, the breed of the horse on which the wager was made, the zip code of the account holder, the timer wagering stopped and the time of the wager.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #15 – PROPOSED TEXT ADDITION:

RULE 2081-MARKET ACCESS FEE FOR WAGERS PLACED BY A CALIFORNIA RESIDENT

(a) The entity taking the wager shall pay to the appropriate California Licensee a market access fee based upon the amount of the handle generated by a resident of California as stipulated in the contractual agreement between the entity and the California Licensee and as specified and approved by the Board.

(b) The market access fee shall be equal to the amount of the wagers less winning wagers and the contractual compensation and host fee, if any.

(c) Such wagers are to be included in the appropriate pools of the host racing association and daily downloads of the details of the wager(s) will be made to the pari-mutuel database designated by the Board.

(d) Details of the wager(s) shall include, but not be limited to:

- (1) Dollar amount wagered.
- (2) Pool on which the wager was placed.
- (3) Race number and racing venue.
- (4) Zone from which the wager was made.
- (5) Breed of the horse on which the wager was made.
- (6) Zip code of the account holder.
- (7) Time wagering stopped.
- (8) Time of the wager.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #16 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2082-INTEREST BEARING ACCOUNTS

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2082, Interest Bearing Accounts, specifies that the first \$250,000 of interest earned on a California resident's advance deposit wagering account shall be split between the corresponding horsemen's welfare fund and the backstretch pension plan and transferred annually. The rule also specifies that any interest in excess of \$250,000 shall be transferred annually to horsemen's purses.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after

that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2082 specifies that the first \$250,000 of interest earned on a California resident's advance deposit wagering account shall be split between the corresponding horsemen's welfare fund and the backstretch pension plan and transferred annually. The rule also specifies that any interest in excess of \$250,000 shall be transferred annually to horsemen's purses.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2082 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2082 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2082 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule specifies where the interest that is earned on a California resident's advance deposit wagering account is transferred annually.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #16 - INITIAL STATEMENT OF REASONS: RULE 2082-INTEREST BEARING ACCOUNTS

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2082, Interest Bearing Accounts, provides for the transfer of all funds that are derived from interest that is earned on a California resident's advance deposit wagering account.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2082 provides for the transfer of all funds that are derived from interest that

is earned on a California resident's advance deposit wagering (ADW) account. The rule stipulates that the first \$250,000 of interest earned on a California resident's ADW account will be transferred annually and that amount will be split between the corresponding horsemen's welfare fund and the backstretch pension plan for the benefit of backstretch employees. Further, the rule stipulates that any interest earned in excess of the \$250,000 shall be transferred annually to horsemen's purses.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #16 – PROPOSED TEXT ADDITION:
RULE 2082, INTEREST BEARING ACCOUNTS

The first \$250,000 in interest earned on a California resident's Account shall be transferred annually, split between the corresponding horsemen's welfare fund and the backstretch pension plan for the benefit of backstretch employees. Interest in excess of \$250,000 shall be transferred annually to horsemen's purses.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE #17 – NOTICE:

TITLE 4. CALIFORNIA HORSE RACING BOARD

NOTICE OF PROPOSAL TO ADD RULE 2083-ADVANCE DEPOSIT WAGERING PROHIBITED

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2083, Advance Deposit Wagering Prohibited, specifies that an individual prohibited from wagering under Rule 1969, Wagering Prohibited, is also prohibited from placing an advance deposit wager while on duty at a race meeting, simulcast wagering facility or a California advance deposit wagering facility. Additionally, the rule prohibits individuals working at an out-of-state Hub from placing an advance deposit wager while on duty.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Friday, November 30, 2001**, or as soon after

that as business before the Board will permit, at the **Kenneth L. Maddy Equine Analytical Chemistry Laboratory, West Health Sciences Drive, University of California, Davis Campus, Davis, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes **at 5:00 p.m. on November 26, 2001**.

All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Pat Noble, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
Fax: (916) 263-6042
E-mail: PatN@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19590, Business and Professions (B&P) Code.

Reference: Section 19604, B&P Code.

B&P Code Sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific B&P Code Section 19604.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The proposed addition of Rule 2083 specifies that an individual prohibited from wagering under Rule 1969, Wagering Prohibited, is also prohibited from placing an advance deposit wager while on duty at a race meeting, simulcast wagering facility or a California advance deposit wagering facility. Additionally, the rule prohibits individuals working at an out-of-state Hub from placing an advance deposit wager while on duty.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or saving in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 2083 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 2083 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to add Rule 2083 does not have an affect on small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. The rule specifies that individuals are prohibited from placing an advance deposit wager while on duty at race meetings, simulcast wagering facilities and all advance deposit wagering facilities.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Pat Noble, Regulations Analyst
California Horse Racing Board
Policy and Regulation Unit
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6033
E-mail: PatN@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Harold Coburn, Regulations Analyst
Telephone: (916) 263-6397

Jacqueline Wagner, Manager
Policy and Regulation Unit
Telephone: (916) 263-6041

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

Copies may be obtained by contacting Pat Noble, or the alternate contact persons, at the address, phone numbers, or e-mail addresses listed above.

AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation.

Requests for copies of any modified regulation should be sent to the attention of Pat Noble at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to Pat Noble at the address stated above.

BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is www.chrb.ca.gov.

RULE #17 - INITIAL STATEMENT OF REASONS:

RULE 2083-ADVANCE DEPOSIT WAGERING PROHIBITED

SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 2083, Advance Deposit Wagering Prohibited, specifies that an individual prohibited from wagering under Rule 1969, Wagering Prohibited, is also prohibited from placing an advance deposit wager while on duty at a race meeting, simulcast wagering facility or a California advance deposit wagering facility. Additionally, the rule prohibits individuals working at an out-of-state Hub from placing an advance deposit wager while on duty.

NECESSITY

AB 471, Chapter 198 (statutes of 2001) was signed by the Governor and becomes effective January 1, 2002. The new law provides an outline for the conduct of advance deposit wagering and mandates that the Board promulgate rules and regulations to fully implement the details of this new option for making wagers on horse racing.

The Board proposes to add Article 26, Advance Deposit Wagering, to the California Code of Regulations, Title 4, Division 4. Article 26 will contain Rule 2070 through Rule 2083.

The proposed addition of Rule 2083 specifies that any individual prohibited from wagering under Rule 1969, Wagering Prohibited, is also prohibited from placing an advance deposit wager while on duty at a race meeting, simulcast wagering facility or a California advance deposit wagering facility.

Rule 1969 however does not include classifications for individuals working at a California advance deposit wagering facility. The Board proposes to amend Rule 1969 to include advance deposit wagering classifications. Additionally, the rule will be amended to specify all classifications prohibited from placing a wager while on duty at a race meeting or simulcast wagering facility will also be prohibited from placing a wager while on duty at a California advance deposit wagering facility.

Additionally, Rule 2083 prohibits individuals working at an out-of-state Hub from placing an advance deposit wager while on duty.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.
The Board did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the addition of this regulation.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has decided that there were no alternatives considered which would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD

October 12, 2001

RULE #17 – PROPOSED TEXT ADDITION:
RULE 2083, ADVANCE DEPOSIT WAGERING PROHIBITED

(a) Individuals prohibited from wagering under Rule 1969 shall be prohibited from placing an advance deposit wager while on duty at a race meeting, simulcast wagering facility or a California advance deposit wagering facility.

(b) Individuals working at an out-of-state Hub shall be prohibited from placing an advance deposit wager while on duty.

Authority: Sections 19440 and 19590, Business and Professions Code. Reference: Section 19604, Business and Professions Code.

RULE(S) ADOPTED AT THE SEPTEMBER 21, 2001, REGULATORY HEARING:

Rule 1969, Wagering Prohibited. The proposed amendment adds totalizator employees to the list of licensees prohibited from wagering on the result of a race while on duty at a race meeting or simulcast wagering facility.

Rule 1979, Trifecta. The proposed amendment eliminates the provision requiring the association to cancel the Trifecta and refund the pool if less than five wagering interests finish the race.

RULE(S) SUBMITTED TO THE OFFICE OF ADMINISTRATIVE LAW FOR REVIEW:

No rules are currently submitted for review.

APPROVED BY THE OFFICE OF ADMINISTRATIVE LAW:

Rule 1433, Application for License to Conduct a Horse Racing Meeting. Effective November 10, 2001, applicants are required to certify if they are aware of any violations of the local housing ordinances, state the number of rooms used for housing and the number of restrooms on the backstretch, report the name of a parent and or paired corporation or entity that owns 50% or more of its shares and specify whether overnight races are overnight stakes races.

The following changes were made to the application: Estimated funds for breeder's awards changed to California-bred incentive awards which eliminated the request for information regarding the estimated funds to be generated for all owners' premiums, clarified the estimated purse funds to be generated from on-track handle, language added to include intrastate off-track handle, estimated purse funds generated from off-track handle changed to interstate handle, simplified the reporting of out-of-state and/or out-of-country races imported and permits applicants to pay the distributing agent an amount equal to the maximum required under the Business and Professions Code rather than run specify charity race days.

DECISION OF THE OFFICE OF ADMINISTRATIVE LAW (OAL):

Rule 1691, Colors and Number, was submitted to the OAL August 7, 2001. The proposed amendment would permit advertising on jockey clothing, owner silks, and track saddlecloths from the point of weighing out for a race to weighing in after its conclusion.

Rule 1691 was disapproved by OAL on September 19, 2001 for not satisfying the Clarity, Consistency and Necessity standards of Government Code Section 11349.1 (a). The Board will modify the text and renotice the proposed amendment.

2001 AMENDMENT(S):

Rule 1689.1, Safety Vest Required, effective 2/15/2001

Rule 1632, Jockey Riding Fee, effective 2/18/2001

Rule 1433, Application for License to Conduct a Horse Racing Meeting, effective 11/10/2001