

NOTE: Government Code section 11340.85 requires the Board to post all notices, initial statement of reasons and texts of rules noticed to the public until 15 days after the proposed regulations are filed with the Secretary of State by the Office of Administrative Law.

CALIFORNIA HORSE RACING BOARD  
TITLE 4, DIVISION 4, CALIFORNIA CODE OF REGULATIONS  
NOTICE OF PROPOSAL TO AMEND  
RULE 1467, PAYMASTER OF PURSES

The California Horse Racing Board (Board or CHRB) 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, Paymaster of Purses, which will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA (California Retirement Management Account). Trainers and jockeys, may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster, Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), which is available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually at the end of CARMA's fiscal year.

**PUBLIC HEARING**

The Board will hold a public hearing starting at **9:30 a.m., Thursday, October 25, 2018**, or as soon after that as business before the Board will permit, at **Santa Anita Race Track, 285 West Huntington Drive, Arcadia, 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.

**WRITTEN COMMENT PERIOD**

Any interested persons, 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 October 22, 2018**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Robert Brodnik, Staff Counsel  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone (916) 263-6025  
Fax: (916) 263-6022

E-Mail: [rjbrodrik@chr.ca.gov](mailto:rjbrodrik@chr.ca.gov)

## AUTHORITY AND REFERENCE

Authority cited: Sections 19420, 19440, and 19562, Business and Professions Code.

Reference: Sections 19420, 19433, 19434, 19440, and 19562, Business and Professions Code.

Business and Professions Code sections 19420, 19440, and 19562 authorize the Board to adopt the proposed regulatory amendments, which would implement, interpret or make specific sections 19433 and 19434, Business and Professions Code.

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19420 states that jurisdiction and supervision over meetings in California where horse races with wagering on their results are held, and over all persons or things having to do with the operation of such meetings, is vested in the Board. Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of the Horse Racing Law. Responsibilities of the Board include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19562 states that the Board may prescribe rules, regulations, and conditions under which all horse racing with wagering on its results shall be conducted.

Business and Professions Code section 19433 allows the Board to investigate and visit the place of business of any licensee to ensure the rules and regulations are strictly complied with. Business and Professions Code section 19434, states that the Board may require that the books or financial statements of any licensee be kept in any manner prescribed by the Board.

Thoroughbred horses competing in races throughout California are well cared for athletes. However, there is a concern among those in the industry regarding the fate of retired California thoroughbred racehorses. There are a number of nonprofit institutions in California that accept retired and injured racehorses to rehabilitate and use as private pleasure horses, or a number of other functions such as show jumping. These retirement and rehabilitation facilities rely on volunteers and donations, as well as income earned from selling rehabilitated racehorses for non-racing purposes. However, there is no sustainable and predictable source of funding for such programs. This has been a long-term industry concern, as the majority of thoroughbred owners do not have the financial resources to maintain injured or retired racehorses.

To address this concern, Rule 1467 currently requires the paymaster of purses to deduct from a horse owner's account 0.3 percent of the net purse earned by any thoroughbred horse at a thoroughbred racing association or fair meeting. Rule 1467 directs that these deductions be deposited into the California Retirement Management Account (CARMA) for distribution by the horsemen's organization representing the thoroughbred owners to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Thoroughbred horse owners may elect not to have the 0.3 percent deducted from

their net purses by filing with the paymaster of purses Notification of Exclusion of CARMA Contribution, form CHRB-206, which is available at the office of the paymaster at any race meeting.

The proposed amendment to Rule 1467 is meant to further the goal of providing funding to thoroughbred retirement and rehabilitation facilities. The proposed amendment to Rule 1467 would similarly deduct 0.3 percent from jockeys' and trainers' purses to be deposited into the CARMA trust account for distribution by the not-for-profit organization CARMA to California thoroughbred retirement and rehabilitation facilities. Similarly, a jockey or trainer may elect not to have the 0.3 percent deducted from their purse by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), which is available at the office of the paymaster at all race meetings.

#### FORMS INCORPORATED BY REFERENCE

- 1) Form CHRB-206, Notification of Exclusion of CARMA Contribution, (Revised 06/18)

The proposed amendment to Rule 1467 will incorporate by reference CHRB-206, Notification of Exclusion of CARMA Contribution (Revised 06/18), as it would be cumbersome, unduly expensive or otherwise impractical to publish this document in the California Code of Regulations.

Form CHRB-206, Notification of Exclusion of CARMA Contribution (Revised 06/18), will be used by licensed owners, jockeys and trainers to opt out of the 0.3 percent deduction.

#### POLICY STATEMENT OVERVIEW OF ANTICIPATED BENEFITS OF PROPOSAL

Rule 1467 currently requires the paymaster of purses to deduct from a horse owner's account 0.3 percent of the net purse earned by any thoroughbred horse at a thoroughbred racing association or fair meeting. Rule 1467 directs that these deductions be deposited into the California Retirement Management Account (CARMA) for distribution by the horsemen's organization representing the thoroughbred owners to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Thoroughbred horse owners may elect not to have the 0.3 percent deducted from their net purses by filing with the paymaster of purses Notification of Exclusion of CARMA Contribution, form CHRB-206, which is available at the office of the paymaster at any race meeting. The purpose of this regulation is to provide funding to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses.

The proposed amendment to Rule 1467 is meant to further the goal of providing funding to thoroughbred retirement and rehabilitation facilities. The proposed amendment to Rule 1467 would similarly deduct 0.3 percent from jockeys' and trainers' purses to be deposited into the CARMA trust account for distribution by the not-for-profit organization CARMA to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Similarly, a jockey or trainer may elect not to have the 0.3 percent deducted from their purse by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), which is available at the office of the paymaster at all race meetings.

The proposed amendment to Rule 1467 will substantially enhance the integrity and perception of California horse racing by continuing to provide charitable organizations with funding for the treatment and housing for horses during retirement. The regulation promotes transparency in business by requiring the non-for-profit organization CARMA to file an audited financial statement with the California Horse Racing Board annually at the end of CARMA's fiscal year.

## CONSISTENCY EVALUATION

During the process of developing the amendment, the CHRB has conducted a search of any similar regulations on this topic and has concluded that the regulation is neither inconsistent nor incompatible with existing state regulations.

## DISCLOSURE 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 Sections 17500 through 17630: none.

Other non-discretionary costs 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 amendments to Rule 1467 will not have a significant statewide adverse economic impact directly affecting businesses including the ability of California businesses to compete with businesses in other states.

The following studies/relevant data were relied upon in making the above determination: none.

## ECONOMIC IMPACT ASSESSMENT

The results of the Board's Economic Impact Assessment as required by Government Code section 11346.3(b) are as follows:

The proposed amendment to Rule 1467, Paymaster of Purses, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization California Retirement Management Account (CARMA). A trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually within 90 days of the end of CARMA's fiscal year. The proposed amendment will protect the interests of the

California horse racing industry by providing funding to California thoroughbred retirement and rehabilitation facilities. The proposed amendment will also ensure full disclosure and transparency by requiring the not-for-profit organization CARMA to file an audited financial statement with the California Horse Racing Board at the end of its fiscal year.

The proposed amendment to Rule 1467 will not impact jockeys and trainers who file a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18). The proposed amendment to Rule 1467 will have a minimal economic impact on jockeys and trainers who do not file a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18) as 0.3 percent will be deducted from their purse accounts.

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.

The proposed regulation will not impact the state's environment.

Cost impact 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.

Effect on small businesses: none. The proposed amendment to Rules 1467 does not affect small businesses because horse racing is not a small business under Government Code Section 11342.610.

## CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board has determined that no reasonable alternative it considered, or has otherwise been identified and brought to its attention, 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, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

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 PERSON

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:

Robert Brodник, Staff Counsel  
California Horse Racing Board  
1010 Hurley Way, Suite 300

Sacramento, CA 95825  
Telephone: (916) 263-6025  
E-mail: rjbrodник@chrб.ca.gov

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

Andrea Ogden, Manager  
Policy, Regulations and Legislation  
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 offices 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 of these documents, or any information upon which the rulemaking is based on, may be obtained by contacting Robert Brodник, or the alternative contact person at the address, phone number 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 Robert Brodник 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 STATEMENT OF REASONS:

Requests for copies of the final statement of reasons, which will be made available after the Board has adopted the proposed regulation in its current or modified form, should be sent to the attention of Robert Brodник 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](http://www.chrb.ca.gov).