

## INITIAL STATEMENT OF REASONS

RULE 1501. Worker's Compensation Insurance Required.

RULE 1502. Program Training Prohibited

## SPECIFIC PURPOSE OF THE REGULATION

The proposed amendment to California Horse Racing Board (Board) Rule 1501, Worker's Compensation Insurance Required, will add a subsection (b) to require that no licensee, for the purpose of avoiding the requirements for workmen's compensation insurance, shall place any horse in the care of or attendance of any other person. This subsection was originally found in Board Rule 1502 but is being moved for clarity, as it relates to worker compensation insurance requirements.

The proposed amendment to Board Rule 1502, Program Training Prohibited, will clarify that program training is prohibited, and any licensee who engages in program training may be suspended or fined. This is necessary to clarify that any licensee who engages in program training will be held liable for their actions. Subsection (b) provides that program training occurs when a licensed trainer is identified as the trainer of record in the official program but has not engaged in the actual training of the horse either personally or through the assistant trainer. Subsection (c) provides that actual training, as it is used in this regulation, shall mean any responsibility required of a licensed trainer under this division or any act traditionally performed by a licensed trainer including but not limited to: (1) determining when a horse will walk, gallop, or workout; (2) determining the feed or supplements given to the horse; (3) consulting with a licensed veterinarian when needed. These subsections are necessary to clarify what actions constitute training.

## PROBLEM

The trainer plays a vital role in the conditioning and training of a horse prior to a race. The decisions the trainer makes about training, workouts, and rest can affect the performance of the horse. The trainer is also ultimately responsible for the condition of the horse prior to entry to race and for ensuring the horse is free of medications and illicit substances, healthy to run, and fit to compete.

Given the great responsibility placed on a trainer, there exists a risk to the industry and the wagering public through "program" or "paper" trainers. A program trainer is generally a licensed trainer who is listed on the official race program as the trainer of record for the entered horse. In reality this is in name only, as the actual training and conditioning of the horse has been completed by someone other than the listed trainer, and sometimes by an individual whose license has been suspended or revoked. The Board has faced issues in the past where a horse owner will use a program trainer until their horse comes up with a positive drug test and the trainer is suspended. The owner will then find someone else who either has or can get a trainer's license and is willing to have their name put on the program for a stipend – until one of the horses they saddle gets a positive test, resulting in frequent turnover of program trainers. Program training is unfair to both the wagering

public and other licensees because the person responsible for the training of the horse is unknown and puts the horse and rider at risk. Although instances of program training are pursued against licensees who engage in such behavior, the proposed amendments to Board Rules 1501 and 1502 seek to clarify and expressly prohibit this activity.

## NECESSITY

The proposed amendment to Board Rule 1501, Worker's Compensation Insurance Required, will add a subsection (b) to require that no licensee, for the purpose of avoiding the requirements for workmen's compensation insurance, shall place any horse in the care of or attendance of any other person. This subsection was originally found in Board Rule 1502 but is being moved for clarity, as it relates to worker compensation insurance requirements.

The proposed amendment to Board Rule 1502, Program Training Prohibited, will clarify that program training is prohibited, and any licensee who engages in program training may be suspended or fined. This is necessary to clarify that any licensee who engages in program training will be held liable for their actions. Subsection (b) provides that program training occurs when a licensed trainer is identified as the trainer of record in the official program but has not engaged in the actual training of the horse either personally or through the assistant trainer. Subsection (c) provides that actual training, as it is used in this regulation, shall mean any responsibility required of a licensed trainer under this division or any act traditionally performed by a licensed trainer including, but not limited to: (1) determining when a horse will walk, gallop, or workout; (2) determining the feed or supplements given to the horse; (3) consulting with a licensed veterinarian when needed. These subsections are necessary to clarify what actions constitute training.

All other changes are for renumbering or clarity purposes.

## BENEFITS ANTICIPATED FROM THE REGULATORY ACTION

The proposed amendments to Board Rules 1501 and 1502 will promote fairness and help to protect the health and safety of horse and rider by holding any licensee that engages in program training accountable for the condition of the horse entered in a race. This will increase the public's confidence in California horse racing, which may result in increased wagering. An increase in wagering will have a positive economic impact on the industry by increasing handle, which in turn may increase purses and commissions

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

The Board did not rely on any technical, theoretical, and/or empirical study, reports or documents in proposing the amendment of the regulation.

## RESULTS OF ECONOMIC IMPACT ASSESSMENT

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

- The proposed regulation will not impact the creation or elimination of jobs within the State of California.
- The proposed regulation will not have an impact on the creation of new businesses or the elimination of existing businesses in the State of California.
- The proposed regulation will not have an impact on the expansion of existing businesses in the State of California.
- The proposed regulation will benefit California by promoting the safety and welfare of horse and rider and will not benefit the State's environment.

The Board has made the initial determination that the proposed amendments to Board Rules 1501 and 1502 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, as the proposed amendments will affect only licensees engaged in program training.

### PURPOSE

The proposed amendment to Board Rule 1501, Worker's Compensation Insurance Required, would require that no licensee, for the purpose of avoiding the requirements for workmen's compensation insurance, shall place any horse in the care of or attendance of any other person. This subsection was originally found in Board Rule 1502 but is being moved for clarity purposes as it relates to worker compensation insurance requirements. The proposed amendment to Board Rule 1502, Program Training Prohibited, will clarify that program training is prohibited, and any licensee who engages in program training may be suspended or fined.

### THE CREATION OR ELIMINATION OF JOBS WITHIN THE STATE OF CALIFORNIA

The proposed amendments to Board Rules 1501 and 1502 will ensure that any licensee engaged in program training will be held responsible for the condition of the horse entered in a race. This regulation will only affect licensees and as such only has an effect on horseracing and not on any other type of California business. Therefore, the Board has determined that this regulatory proposal will not have a significant impact on the creation or elimination of jobs in the State of California.

### THE CREATION OF NEW BUSINESSES OR THE ELIMINATION OF EXISTING BUSINESSES WITHIN THE STATE OF CALIFORNIA

The proposed amendments to Board Rules 1501 and 1502 will ensure that any licensee engaged in program training will be held responsible for the condition of the horse entered

in a race. This regulation will only affect licensees and as such only has an effect on horseracing and not on any other type of California business. Therefore, the Board has determined this regulatory proposal will not have an impact on the creation of new businesses or the elimination of existing businesses in the State of California.

#### THE EXPANSION OF BUSINESSES CURRENTLY DOING BUSINESS WITHIN THE STATE OF CALIFORNIA

The proposed amendment to Board Rules 1501 and 1502 will ensure that any licensee engaged in program training will be held responsible for the condition of the horse entered in a race. Therefore, the Board has determined that the proposed regulatory action is not relevant to the expansion of businesses currently doing business in the State of California.

#### BENEFITS OF THE REGULATIONS TO THE HEALTH AND WELFARE OF CALIFORNIA RESIDENTS, WORKER SAFETY, AND THE STATE'S ENVIRONMENT

The proposed amendments to Board Rules 1501 and 1502 will have the benefit of promoting fairness and helps to protect the health and safety of horse and rider by holding any licensee that engages in program training accountable for the condition of the horse entered in a race. These regulations do not benefit the state's environment.

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

The Board has determined that no reasonable alternative it considered or that 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.

#### REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION

The proposed amendments to Board Rules 1501 and 1502 were discussed at the February 12, 2020 Medication, Safety and Welfare Committee Meeting and the February 20, 2020 regular Board meeting. No alternatives to the recommendation were proposed by the Board or by any other individual or entity at the meetings. No subsequent alternative recommendations were made prior to the notice. The Board invites any interested party to submit comments that offer any alternative proposal.

California Horse Racing Board  
August 14, 2020