

CALIFORNIA HORSE RACING BOARD
TITLE 4. DIVISION 4. CALIFORNIA CODE OF REGULATIONS

NOTICE OF PROPOSAL TO AMEND
RULE 1843.3. PENALTIES FOR MEDICATION VIOLATIONS

The California Horse Racing Board (Board/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 1843.3, Penalties for Medication Violations. The proposed amendment will modify subsection 1843.3(d) to correct a discrepancy in the licensed trainer phenylbutazone levels within the Category “C” penalty chart. The Licensed Trainer category, 2nd offense within 365-day period, which currently reads “Phenylbutazone (≥ 10.0 mcg/ml),” will be changed to “Phenylbutazone (≥ 5.0 mcg/ml).” The proposed amendment will bring the Licensed Trainer levels in line with the Licensed Owner.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, September 27, 2018**, or as soon after that as business before the Board will permit, at the **Los Alamitos Race Course, 4961 Katella Avenue, Cypress, 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 representatives, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m. on September 17, 2018**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulation Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone (916) 263-6026
Fax: (916) 263-6022
E-mail: haroldc@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19440, 19461 and 19580, Business and Professions Code. Reference: sections 19461, 19580, 19581 and 19582, Business and Professions Code, and section 11425.50, Government Code.

Business and Professions Code sections 19440, 19461 and 19580 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific sections 19461, 19580, 19581 and 19582, Business and Professions Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

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 this chapter. Responsibilities of the Board shall 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 19461 states every license granted under this chapter is subject to suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with, or that any law, or any rule or regulation of the Board affecting it has been broken or violated. Business and Professions Code section 19580 provides the Board shall adopt regulations to establish policies, guidelines, and penalties relating to equine medication in order to preserve and enhance the integrity of horse racing in the state. Those policies, guidelines and penalties shall include, at a minimum, the provisions set forth in this article. Business and Professions Code section 19581 states no substance of any kind shall be administered by any means to a horse after it has been entered to race in a horse race, unless the Board has, by regulation, specifically authorized the use of the substance and the quantity and the composition thereof. Business and Professions Code section 19582 states violations of Section 19581, as determined by the Board are punishable as set forth in regulations adopted by the Board. The Board may classify violations of section 19581 based on each class of prohibited drug substances, prior violations within the previous three years, and prior violations within the violator's lifetime. The Board may provide for the suspension of a license for not more than three years, except as provided in subdivision (b), or a monetary penalty of not more than one hundred thousand dollars, or both, and disqualification from purses, for a violation of Section 19581. The actual amount of the monetary penalty imposed pursuant to this paragraph shall be determined only after due consideration has been given to all the facts, circumstances, acts, and intent of the licensee, and shall not be solely based on the trainer-insurer rule, as established in Section 1843 and 1887 of Title 4 of the California code of Regulations. The punishment for second and subsequent violations of section 19581 shall be greater than the punishment for a first violation of section 19581 with respect to each class of prohibited drug substances, unless the administrative law judge, in findings of fact and conclusions of law filed with the Board, concludes that a deviation from this general rule is justified. A third violation of section 19581 during the lifetime of the licensee, determined by the Board to be at a class I or class II level, may result in the permanent revocation of the person's license. The administrative law judge shall, after consideration of the circumstances surrounding a violation specified in paragraph (1), file a decision with the Board that includes findings of fact and conclusions of law. Any person whose license is suspended or revoked pursuant to this section shall not be entitled to receive any material benefit or remuneration

in any capacity or from any business activity permitted or allowed by the license during any period of its suspension or revocation. The penalties provided by this section are in addition to any other civil, criminal, and administrative penalties or sanctions provided by law, and do not supplant, but are cumulative to, other penalties or sanctions. Business and Professions Code section 19461 provides that every license granted under this chapter is subject to suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with, or that any law, or any rule or regulation of the Board affecting it has been broken or violated. All proceedings to revoke a license shall be conducted in accordance with Chapter 5 of Part 1 of Division 3 of Title 2 of the Government Code. Government Code section 11425.50 states the decision shall be in writing and shall include a statement of the factual and legal basis for the decision.

In 2016, the Board amended Rule 1843.3. One element of the amendment eliminated the phenylbutazone measurements in serum or plasma for Category “D” penalties which were found under subsection 1843.3(f). The measurements were moved to the Category “C” penalties column under subsection 1843.3(d). The first levels of Category “C” phenylbutazone penalties were changed to match the levels previously found in the Category “D” penalties for Rule 1844(c)(1) phenylbutazone violations. This meant the second level of measurements of serum or plasma for Licensed Trainer and Licensed Owner had to be adjusted so they would be sequential without a gap. The subsequent Licensed Trainer and Licensed Owner columns were supposed to be changed to “Phenylbutazone (≥ 5.0 mcg/ml).” The Licensed Owner category was changed; however, the changes that should have been made to the Licensed Trainer category were omitted from the final text submitted to OAL on September 13, 2016. The proposed amendment to Rule 1843.3 is necessary, as it will correct the discrepancy by adjusting the Licensed Trainer category, 2nd offense within 365-day period, which currently reads “Phenylbutazone (≥ 10.0 mcg/ml),” to “Phenylbutazone (≥ 5.0 mcg/ml).” The proposed amendment will not alter the fact that a licensed trainer with a phenylbutazone positive of 10.0 mcg/ml is subject to a penalty. Rather, the proposed change will correct the Licensed Trainer level of serum or plasma for phenylbutazone so it is in line with the Licensed Owner category, and is presented as the Board intended in its 2016 amendment of the regulation.

POLICY STATEMENT OVERVIEW OF ANTICIPATED BENEFITS OF PROPOSAL

The proposed amendment to Rule 1843.3 will modify subsection 1843.3(d) to correct a discrepancy in the Licensed Trainer phenylbutazone levels within the Category “C” penalty chart. The Licensed Trainer category, 2nd offense within 365-day period, which currently reads “Phenylbutazone (≥ 10.0 mcg/ml),” will be changed to “Phenylbutazone (≥ 5.0 mcg/ml).” The proposed amendment will bring the Licensed Trainer Category in line with the changes made to the Licensed Owner category in a 2016 amendment.

The proposed amendment to Rule 1843.3 is necessary to ensure consistency and clarity within the text of the regulation. Correcting the Licensed Trainer category, 2nd offense within 365-day period, to match the licensed owner category, will provide greater clarity regarding Category “C” penalties for Rule 1844(c)(1). The proposed amendment to Rule 1843.3 will promote the health and welfare of race horses and licensees by removing those with the most egregious medication violation from the inclosure.

CONSISTENCY EVALUATION

Evaluation of Consistency and Compatibility with Existing State Regulations: During the process of developing the proposed amendment, the Board has conducted an evaluation for any related regulations and has determined that Rule 1843.3 is the only regulation dealing with classification of drug substances and penalties for medication violations with regards to California horse racing. Therefore the proposed 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 amendment to Rule 1843.3 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.

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

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.

RESULT OF ECONOMIC IMPACT ANALYSIS

The results of the Board's Economic Impact Assessment as required by Government Code section 11346.3(b) are as follows: The adoption of the proposed amendment to Rule 1843.3 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; (3) affect the expansion of businesses currently doing business within California; or (4) increase or decrease investment in California; (5) benefit the state's environment. The proposed amendment to Rule 1843.3 impacts individuals who violate the Board's medication regulations. In making the determination that the proposed amendment to Rule 1843.3 will not have an adverse economic impact, the Board looked at the number of licensed trainers who might be affected, and compared it to the total number of persons who hold CHRB occupational licenses. The individuals impacted are licensed horse trainers. The CHRB has 18,874 licensees; of that

number, 626 persons hold CHRB trainer licenses. Penalties for medication violations act as deterrents. This is demonstrated by the number of trainers who have had an 1844(c)(1) violation in fiscal year 2017/2018. A total of 12 trainers have been fined. The proposed amendment to Rule 1843.3 promotes the health and safety of race horses, which is jeopardized if they workout or race when they are not sound due to the unauthorized administration of medications or drug substances. Keeping race horses healthy protects the economic interest of owners and ensures that there is adequate horse inventory. Ensuring that horses entered to race are sound also promotes jockey/driver safety. Accordingly, the proposed amendment benefits the health and welfare of California residents and improves worker safety. Sound, healthy horses results in a favorable public response to horse racing, which could result in an increase in wagering activity, and a positive economic impact on the industry.

Effect on small businesses: none. The proposal to amend Rule 1843.3 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 must determine that no reasonable alternative considered by the Board, 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 on 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:

Harold Coburn, Regulation Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6026
Fax: (916) 263-6022
E-Mail: haroldc@chr.ca.gov

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

Andrea Ogden, Manager
Policy and Regulations
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 of the information upon which the proposed rulemaking is based on, may be obtained by contacting Harold Coburn, 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 regulations 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 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 this notice, the proposed text of the regulation, and the initial statement of reasons. The Board's website address is: www.chrb.ca.gov.