

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST TO MODIFY
THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCED DEPOSIT
WAGERING FOR WAGERING CONDUCTED BY DEL MAR THOROUGHBRED CLUB
FOR 2025 TO INCLUDE A DISTRIBUTION TO BE UTILIZED TO FUND A CALIFORNIA
CO-OP MARKETING PROGRAM

Regular Board Meeting
June 19, 2025

ISSUE:

The Thoroughbred Owners of California (TOC) and Del Mar Thoroughbred Club are seeking an approval of an agreement under Business and Professions Code (BPC) section 19604(f)(5)(E) for the period from July 9, 2025, through September 9, 2025, and October 29, 2025, through December 2, 2025, which will continue the previously modified market access fee distributions for advance deposit wagering (ADW) wagers placed in the applicable zone on races hosted by the signatory host track. The Co-op Marketing Agreement allows the TOC and the track to continue programs that were previously supported by the California Marketing Committee (CMC). CMC is no longer operating as BPC section 19605.73 allowing its existence has expired.

ANALYSIS:

The TOC and the signatory racing associations wish to continue certain CMC programs following the January 1, 2019 sunset of BPC section 19605.73, which authorized the CMC and its programs.

The cost of these programs will be shared between the TOC and the signatory parties on the Co-op Marketing Agreement. The share of costs attributed to each of the tracks is based upon a percentage of handle in the applicable California zones that would otherwise be payable as thoroughbred purses and track commissions.

BACKGROUND:

BPC section 19604(f)(5)(E) provides that notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the Board, in accordance with an agreement signed by all parties whose distributions would be affected.

RECOMMENDATION:

This item is presented for Board discussion and action. Staff recommends the Board hear from the Co-op Marketing Agreement representatives.

Co Op Marketing Funding Agreement

This Agreement is entered into as of this 28th day of May 2025 by and between Del Mar Thoroughbred Club and the Thoroughbred Owners of California.

IT IS HEREBY AGREED AS FOLLOWS:

1. The distribution of Market Access fees from California resident Advanced Deposit Wagering, (“ADW”) placed in the Central and Southern Zones on all live and imported races hosted by the Signatory Racing Associations shall be altered by the creation of an additional deduction for a distribution therefrom, based upon a percentage of handle in the applicable California zones that would otherwise be payable as thoroughbred purses and track commissions. The deduction from ADW market access fees shall be utilized to fund a coop marketing program. The deduction percentage of ADW handle in the applicable zones for each host shall be:

- Del Mar Thoroughbred Club race meets 0.40%

2. The parties shall immediately file this Agreement with the CHRB for the purposes of securing its approval of the deductions contemplated from market access fees placed on races hosted by the Signatory Racing Associations which is permitted pursuant to Business and Professions Code Section 19604 (f)(5)(E).

3. Subject to the requisite approval of the CHRB, the deduction from ADW set forth in #1 for Del Mar Thoroughbred Club shall be effective from July 9, 2025, through September 9, 2025, and October 29, 2025, through December 2, 2025.

5. In addition to the distributions set forth above, there shall be a distribution from the ADW Deduction in order to pay administrative expenses that would otherwise have been distributed to TOC, CTT, and the Backstretch Workers Pension Plan.

Thoroughbred Owners of California

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Del Mar Thoroughbred Club

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