

STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD TO PARTIALLY SUSPEND CHRB RULE 2072, SUBSECTION (B), APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING BY AN OUT-OF-STATE APPLICANT, PURSUANT TO CHRB RULE 1406, SUSPENSION OF RULE, IN ORDER TO CONSIDER THE DRAFTKINGS RACING ADW APPLICATION

Board Meeting
May 13, 2026

ISSUE:

As of April 2026, DraftKings is phasing out its standalone “DK Horse” app which operated as a white-label affiliate of TwinSpires and replacing it with a newly integrated product simply called DraftKings Racing. As a result of this change, DraftKings Racing must be approved by the California Horse Racing Board (CHRB or Board) to operate as a standalone Advance Deposit Wagering provider. CHRB Rule 2072, subsection (b) requires an out-of-state applicant to file its application (CHRB-133) not later than 90 days in advance of the scheduled start date of operation. DraftKings Racing filed its application on March 24, 2026, necessitating suspension of the 90-day rule for the Board to consider approving the DraftKings Racing application in May.

CONTROLLING LAW:

CHRB Rule 1406. Suspension of Rule.

For good cause, with or without a hearing, the Board may temporarily suspend the application of any of its rules upon any conditions it may impose. Every application for such action and any such action by the Board shall, insofar as possible, be in writing. If not in writing, it shall be confirmed in writing as soon thereafter as possible.

CHRB Rule 2072. Approval to Conduct Advance Deposit Wagering by an Out-of-State Applicant. (in part)

(a) Prior to an Account being established or wagering being conducted, the Applicant located out-of-state must be Board-approved. All approvals granted shall be subject to the provisions of Business and Professions Code section 19460 et. seq.

(b) An out-of-state Applicant shall complete an Application For Approval to Conduct Advance Deposit Wagering, CHRB-133 (Rev. 12/22), 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.

Bus. & Prof. Code section 19460:

All licenses granted under this chapter:

- (a) Shall be in writing.
- (b) Are subject to all rules, regulations, and conditions prescribed by the board.
- (c) Shall contain such conditions as are deemed necessary or desirable by the board for the best interests of horse racing and the purposes of this chapter.

ANALYSIS:

Strictly following CHRB Rule 2072 would require the Board to hear the DraftKings Racing application on or after June 22, 2026. Following the May Meeting, the Board is not scheduled to meet again until July 8, 2026.

CHRB Rule 1406 allows the Board to temporarily suspend the application of any of its rules upon any conditions it may impose. Most recently the rule was invoked in 2021 (January) to suspend a portion of CHRB Rule 1845(k) to allow the Santa Anita/Golden Gate Fields TOC Agreement to be implemented while a permanent regulatory solution was discussed. Prior to 2021, the rule was utilized multiple times in 2020 (at March, April, and June Board Meetings) to temporarily suspend a new medication related rule that was proving unworkable and to temporarily suspend fingerprinting requirements for temporary licenses during the onset of the COVID-19 pandemic.

RECOMMENDATION:

This item is presented to the Board for discussion and action. If the Board wishes to suspend Rule 2072, subsection (b), in order to waive the 90-day filing requirement, Staff requests that the suspension be limited to the consideration of the DraftKings Racing application.