

STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENTS TO SECTION 2000 (APPENDIX) OF THE BOARD'S CONFLICT OF INTEREST CODE

Board Meeting

September 9, 2026

ISSUE

The California Horse Racing Board's (Board) Conflict of Interest Code, located in Title 4, California Code of Regulations, section 2000 (Appendix), identifies designated positions within the Board that are required to file Statements of Economic Interests (Form 700) under the Political Reform Act. The existing Appendix contains outdated position titles and legacy classifications that are no longer utilized by the Board. Updating the Appendix is necessary to ensure that the Code accurately reflects the Board's current organizational structure and includes only those positions that make or participate in governmental decisions.

ANALYSIS

The proposed amendments update the Appendix by removing obsolete titles and classifications and replacing them with the titles currently in use across the Board's staff. This revision ensures that disclosure obligations are properly assigned to individuals holding positions that involve decision-making authority or the responsibility to participate in decisions that may have a material financial effect.

The amendments do not alter the substance of the disclosure categories or expand the scope of individuals subject to the Political Reform Act. Instead, they provide administrative clarity by aligning the Code with the Board's present staffing structure, eliminating inconsistencies caused by outdated classifications, and ensuring that designated positions accurately reflect actual job duties. Without these updates, the Appendix would continue to reference positions no longer in service while failing to include certain classifications that now perform functions requiring designation.

These amendments are internally administrative and do not impose obligations on licensees, industry participants, or businesses. No technical, theoretical, or empirical studies were used in developing the proposed regulatory text.

The Board's Economic Impact Assessment concludes that the proposed amendments will not affect job creation or elimination, business formation, or the state's environment, and will have no significant, statewide, adverse economic impact on business. The amendments solely modernize the designated positions list to ensure compliance with the Political Reform Act.

CONTROLLING LAW

Government Code § 87300

Requires every state agency to adopt and maintain a Conflict of Interest Code identifying designated employees who must disclose financial interests.

Government Code § 87302

Sets forth the required elements of a Conflict of Interest Code, including identification of designated positions and the financial interests each position must disclose.

Government Code § 87303

Requires the Fair Political Practices Commission (FPPC) to review proposed agency Conflict of Interest Codes to ensure compliance with the Political Reform Act.

Government Code § 81000 et seq. (Political Reform Act)

Mandates disclosure requirements to prevent conflicts of interest among public officials and employees.

2 CCR § 18730

Provides a standard Conflict of Interest Code that state agencies may adopt by reference and requires agencies to include an Appendix listing designated positions and corresponding disclosure categories.

RECOMMENDATION

This item is presented to the Board for discussion and action. Staff recommends that the Board approve the proposed amendments to Section 2000 (Appendix) of the Conflict of Interest Code as presented and authorize staff to proceed with the formal rulemaking process.

California Code of Regulations
Title 4. Business Regulations
Division 4. California Horse Racing Board (Refs & Annos)
Article 20. Conflict of Interest
4 CCR § 2000 App.
Appendix

<i>Designated Positions</i>	<i>Assigned Disclosure Categories</i>
Commissioners (Members)	1, 2
Executive Director	1, 2
Career Executive Assignment (Assistant Executive Director <u>All Levels</u>)	1, 2
Equine Medical Director	1, 2
Attorney (All Levels)	1, 2
Chief of Licensing & Enforcement	1, 2
Staff Services Manager I/II	1, 2
Senior Management Auditor <u>Supervisor I/II</u>	1, 2
<u>Analyst I/II/III (Business/Fiscal Services)</u> Assistant/Business Services Officer	1, 2
<u>Analyst III/IV</u>	1, 2
<u>Racing Officials - Stewards</u>	<u>1d, 2</u>
Hearing Officers	1, 2
Supervising Special Investigator I/II, Investigator	1, 2
Associate Governmental Program Analyst (Public Relations Officer)	1, 2
<u>Information Officer I/II</u>	1, 2
<u>Information Technology Manager I/II</u>	1, 2
Racing Officials - Official Veterinarian	<u>1a, b, d, 2</u>
Consultants/New Positions *	*

* The Executive Director may determine, in writing, that a particular consultant/new position, hired to perform a range of duties limited in scope, is not required to fully comply with the disclosure requirements in this rule. The written determination shall include a description of the consultant's/new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Disclosure Categories

Category 1

All designated employees shall report:

Any investments, business positions and sources of income, including receipt of gifts, loans and travel payments in a source which:

- (a) Is a racing association or entity, which has a financial interest in a racing association or racetrack or any management company which participates in or earns any income from pari-mutuel wagering.
- (b) Is a business or person "attendant upon horses" and is subject to licensing and/or regulation by the California Horse Racing Board (Board);
- (c) Is a concessionaire of a racing association subject to approval by the Board;
- (d) Is a business that has, within the previous two years, leased space, or provided goods, services, equipment, materials or supplies of the type used by the Board;

California Code of Regulations
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(e) The designated employee knows, or has reason to know, has contracted with, or plans to contract with, any concessionaire of a racing association to provide products for use by that concessionaire in connection with the concession;

(f) Is any person against whom the Board is contemplating legal or administrative action or has intervened in such action;

(g) Is a manufacturer, wholesaler, or distributor of products required or approved by the Board for use at racing association meetings.

Category 2

All designated employees shall report:

Any investments in or sources of income, including receipt of gifts, loans and travel payments derived from racehorses or from persons or entities that own or breed racehorses.