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 THOROUGHBRED ASSOCIATIONS AND RACING FAIRS IN THE CENTRAL AND SOUTHERN ZONES TO INCLUDE A DISTRIBUTION TO THE SOUTHERN CALIFORNIA STABLING AND VANNING FUND, AND TO ADJUST THE AMOUNT DISTRIBUTED TO THAT FUND FROM BRICK-AND-MORTAR WAGERING.

Board Meeting

November 18, 2026

ISSUE

Review of the proposed request to modify the distribution of market access fees from Advanced Deposit Wagering for wagering conducted by Thoroughbred Associations and Racing Fairs in the Central and Southern zones to include a distribution to the Southern California Stabling and Vanning Fund, and to adjust the amount distributed to that Fund from brick-and-mortar wagering.

BACKGROUND

Business and Professions Code (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 distribution would be affected.

ANALYSIS

This request reflects how Stabling and Vanning will be funded for the next calendar year. California statute requires that 2% of monies coming from off-track wagering be allocated to Stabling and Vanning to cover the needed funds, however the original legislative proposal envisioned that the 2% would be sufficient to fund stabling and vanning and it has fallen short over years past. With the decline in wagering over the last decade, the statute proposed 2% has not been sufficient in meeting the required funds for several years. As a result, a voluntary process of supplementing the Stabling and Vanning Fund every year with a percentage of ADW handle has been requested. Pursuant to Business and Professions Code section 19604(f)(5)(E), a track can use ADW money for an agreed upon purpose if it is approved by the CHRB.

RECOMMENDATION

Approve, industry in agreement on standard annual request.

ATTACHMENT

(1) 2027 Stabling and Vanning ADW Agreement

Docusign Envelope ID: 66F7ABF2-51F4-8661-81F7-D51D95DA40F4

2027 Southern California Stabling and Vanning Funding Agreement

This Agreement is entered into as of this 3rd day of November 2026 by and between the undersigned racing associations ("the Signatory Racing Associations") the Thoroughbred Owners of California ("TOC") and the California Thoroughbred Breeders Association ("CTBA").

IT IS HEREBY AGREED AS FOLLOWS:

1. The distribution of Market Access fees from Advanced Deposit Wagering ("ADW") placed 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 1.85% of handle in the Central and Southern Zones that would otherwise be payable as thoroughbred purses and commissions, and such deduction from ADW in the Central and Southern Zones shall be payable to the Fund administered by the Southern California Stabling and Vanning Committee. Such deduction shall not apply to wagers on any racetrack whose blended takeout is less than 15% for the applicable calendar month. All separately pooled wagers (i.e., non-commingled wagers), regardless of the racetrack on which they are placed, shall constitute a single racetrack for purposes of this provision.

2. The parties shall immediately file this Agreement with the CHRB for the purposes of securing its approval of the deduction contemplated from market access fees placed on races hosted by the Signatory Racing Associations.

3. Subject to the requisite approval of the CHRB, the deduction from ADW set forth in #1 above shall be effective January 1, 2027 through December 31, 2027.

4. Notwithstanding the distributions from the ADW Deduction set forth hereinabove, the distribution to the Incentive fund administered by the CTBA shall be calculated at the rate of 0.463% of ADW handle in California on races hosted by the Signatory Racing Associations.

5. The Signatory Racing Associations and TOC agree to jointly continue to work toward improving the productivity and efficiency of auxiliary stabling in the Central and Southern zones.

Thoroughbred Owners of California

By: DocuSigned by: William A. Nader 20CE9094162E418...
William A. Nader

Los Alamitos Racing Association

By: DocuSigned by: Cathy Allred EEEB53D0A61B425...
Cathy Allred

Del Mar Thoroughbred Club

By: DocuSigned by: Josh Rubinstein 03A7459DCBE14DC...
Josh Rubinstein

Los Angeles Turf Club

By: DocuSigned by: Nate Newby 154C9657C7A9454...
Nate Newby

Los Angeles County Fair

By: DocuSigned by: Cathy Allred EEEB53D0A61B425...
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California Thoroughbred Breeders Association

By: DocuSigned by: B57E09712ACD45B...
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