

# **46th Annual Report**

of the

# **California Horse Racing Board**

**A Department of the Business,  
Consumer Services and Housing Agency**

**A Summary of  
Fiscal Year 2015–16 Revenue and  
Calendar Year 2016 racing in California**

## **California Horse Racing Board**

Chuck Winner, Chairman  
Madeline Auerbach, Member  
Jesse Choper, Member  
George Krikorian, Member  
Araceli Ruano, Member  
Alex Solis, Member  
Steve Beneto, Former Member  
Richard Rosenberg, Former Member  
Rick Baedeker, Executive Director  
Jacqueline Wagner, Asst. Exec. Director

This report covers the fiscal year (July 1, 2015, through June 30, 2016) for revenue purposes, including pari-mutuel handle, fines, taxes, license fees, and the distribution of funds, as well as the report of the Postmortem Program. This report covers the 2016 calendar year for reports on race meets and CHRB meetings.

**The CHRB general office is located at 1010 Hurley Way, Suite 300, Sacramento, CA 95825.  
Field offices are located at all operating racetracks. Annual reports are available at:  
[www.chrb.ca.gov](http://www.chrb.ca.gov) (Publications)**

# Report from the Chairman



This was a year in which much was accomplished and we had many successes in California horse racing, but unfortunately there were also a few setbacks.

I personally and racing in general continued to benefit from the hard work and cooperation of fellow Commissioners Madeline Auerbach, Steve Beneto, Jesse Choper,

George Krikorian, and Alex Solis, as well as Executive Director Rick Baedeker and his unparalleled staff of highly competent, hard-working public servants.

After seven years of dedicated and critically important service to California horse racing, our good friend and Vice Chairman Richard Rosenberg completed his term on the Board. To fill the vacancy, we are fortunate that Governor Brown has appointed Commissioner Araceli Ruano, whose credentials are impeccable. We look forward to working with Commissioner Ruano as we address the many critical and complex issues that we face in regulating California horse racing.

In another significant departure, Russell Baze, the winningest jockey in North American thoroughbred history with 12,842 thoroughbred winners during a 42-year career, retired at the conclusion of the Golden Gate meet in June. Russell was a favorite of mine and many, many others, and we all will miss his exceptional talent and consistently good nature.

## Business Highlights

Buoyed once again by significant wagering on the Breeders' Cup at Santa Anita, total handle for all sources increased by slightly less than two percent in the 2016 racing year — holding steady around the \$3 billion mark for the sixth consecutive year. The Breeders' Cup demonstrated that horse racing is still a very popular sport, as more than 118,000 racing enthusiasts from California, the country, and around the world attended the two days of championship racing.

A troubling note is that overall attendance and wagering by patrons at California's racetracks and simulcast facilities continues to decline as players shift their action to Advance Deposit Wagering (ADW), utilizing their phones, tablets and computers to wager online. With account wagering now representing 38 percent of bets made by California residents, the distribution of resulting wagering revenues has shifted, thereby creating some inequities. We are working with the ADW companies and the industry to make certain adjustments to help correct the imbalance, including providing geolocation capabilities, so that a more equitable revenue

distribution can be achieved when patrons at the track place their wagers on smart phones or tablets. We appreciate the work of the Thoroughbred Owners of California as well as the ADW companies' cooperation on this matter. We have also asked ADW companies to voluntarily do more for California racing human and equine charities and to provide other assistance to racing in our state. Furthermore, ADW companies will now have to provide the Board with California profit and loss statements.

AmTote International completed its first year of providing totalizator services for the California horse racing industry. After AmTote quickly resolved some early issues with the new equipment, AmTote equipment has functioned well and the company has kept its commitment to maintain high quality service. The industry made further progress in improving the timely display of odds and giving bettors greater confidence in the integrity of the pari-mutuel wagering system.

Santa Anita Park took a significant step towards increased safety, integrity, and transparency with the installation of a new, state-of-the-art surveillance system. Approximately 1,000 video surveillance cameras in barns, roadways, and other strategic points within the facility now provide round-the-clock monitoring. Horsemen contributed toward the cost of the \$1 million system. Activities throughout the stable area can be monitored by personnel in the video center and/or reviewed later if necessary. The Board is encouraging other racetracks to install similar systems.

## Racehorse Health and Welfare

Sadly, we experienced an increase in equine fatalities in fiscal year 2015-16, as reflected in the chart on page 25 of this annual report. I cannot stress enough how upset we are with the increased number of catastrophic injuries. Unfortunately, that unacceptable trend continued into the 2016 Del Mar meet. As I have often stated, our first priority is the safety of the horse and the rider — a priority that is shared by the entire racing industry. We have, therefore, enhanced rules, policies, and programs to improve safety. But clearly more has to be done and will be done. To that end, among the several actions taken to address the problem, we met separately with groups of jockeys, trainers, veterinarians, owners, and track management. I was very impressed by the thoughtful and candid discussions that took place at those meetings as we heard recommendations for possible changes to rules and procedures to further protect racing participants. We wasted no time making some of those recommended changes and are beginning the required rulemaking process in order to adopt and implement more changes. Some of the improvements the Board is in the process of pursuing include:

- ◆ Extending race-day restrictions on certain medications to workouts;
- ◆ Expanding out-of-competition testing (OOCT) in accordance with the model rule recommended by the Association of Racing Commissioners International and Racing Medication and Testing Consortium;
- ◆ Requiring that horses coming back from layoffs must pass stringent examination by official veterinarians before being allowed to enter races;
- ◆ Requiring trainers to keep records of corticosteroid injections and transfer these records when a horse is claimed (purchased);
- ◆ Limiting the use of the racetrack for non-racing purposes prior to the start of a race meet;
- ◆ Increasing the number of state veterinarians on site during morning works; and
- ◆ Limiting access to the track during the first several minutes of morning work sessions to those horses that are actually performing timed works.

Furthermore, staff will propose a plan to hire additional official veterinarians and veterinary technicians for OOCT, enhanced examinations of horses the morning before they race, improved monitoring of certain drugs (e.g. corticosteroids), and implementing comprehensive reviews of racehorse fatalities in conjunction with necropsies.

### Protecting the Integrity of Racing

The Kenneth L. Maddy Equine Analytical Chemistry Laboratory at U.C. Davis is the backbone of CHRB efforts to safeguard the integrity of racing. The lab, in conjunction with other veterinary programs at U.C. Davis School of Veterinary Medicine, provides equine testing services and research for the California horse racing industry. The CHRB's \$1.2 million drug testing program budget increase in FY 2015-16 for Maddy Lab operations was put to good use. In addition to ongoing scientific and technological advances in drug testing, Dr. Ben Moeller was hired as a second faculty chemist at the lab to expand research efforts to develop new analytical tests to protect the integrity of racing. Related to Dr. Moeller's appointment, The Jockey Club provided funding to Maddy Lab for development of a biological passport. Based on proficiency testing and on-site inspection, the Maddy Lab is one of only five laboratories in the world certified by the International Federation of Racing Authorities.

After an exceptional year in terms of reduced major drug violations — only four in FY 2014-15 — the Maddy Lab detected 19 Class 1, 2, and 3 violations in FY 2015-16. Five of those violations, however, were attributable to one trainer with five cobalt violations at the Cal Expo Harness meet. That trainer received a one-year suspension and a substantial fine. Also significant last year, there were eight clenbuterol violations compared with none the previous year. However,

six out of the eight violations were from horses that shipped in to the track from off-site locations shortly before their race. The CHRB, therefore, adopted regulations placing greater restrictions on clenbuterol and holding owners equally responsible to ensure the condition of their horses when shipping horses in to race from an unlicensed facility. On a more encouraging note, we saw a decrease in the number of lesser violations involving overages of therapeutic medications that were above authorized levels.

The CHRB is continuing to work with the California Veterinary Medical Board on matters relating to veterinary practice at CHRB enclosures. And the Board has given increased power to racetracks to set conditions of races, with horsemen organization agreement, as long as they don't weaken CHRB regulations. This allowed the Board to officially sanction the Los Alamitos hair-testing requirement for its graded stakes, and it can be used for similar initiatives by other racing associations.

The Board has updated its penalties for medication violations to increase certain sanctions and better define consequences and restrictions associated with license suspensions and revocations.

### Race Dates and Stabling

The industry stakeholders in Southern California worked together in a collegial manner to recommend a race date and stabling plan to the Board. Based on their recommendation the Board approved a rolling, three-year race dates calendar. The Board made it clear that the date allocations for 2018 and 2019 are subject to revisions by the Board based on certain circumstances. We truly appreciated the spirit of cooperation that took place during the Southern California negotiations.

Unfortunately, the process of allocating race dates for Northern California dragged on for months as similar stakeholder agreements proved much more difficult to achieve. Disagreement over stabling plans further complicated the issue. The Board and its Dates Committee conducted many meetings, some lasting for hours, during which the various racing associations, fairs, and horsemen were strongly urged to go back to the table to try to hammer out a consensus calendar for Northern California. Because agreement could not be reached among all of the stakeholders, the Board approved a calendar and stabling plan that we and the majority of the Northern stakeholders believe is in the best interest of racing. Unlike the Southern calendar, the Northern calendar is approved for one year only.

### Breeders' Cup (and Aftermath)

As mentioned above, the Breeders' Cup returned to California in 2016, held once again at Santa Anita, and it was a glorious two days of championship racing that attracted equine stars and jockeys, trainers, and owners from around the world. The grandstand and other public areas were packed

on both days with attendance of 45,673 on Friday, November 4, and 72,811 on Saturday, November 5. Handle from all sources on the two Breeders' Cup programs totaled \$168,730,061.

Unfortunately, one of the 150 horses that competed in the Breeders' Cup later tested positive for an anabolic steroid that was permitted treatment for training purposes but had not cleared its system by the time of the race, as required by our rules. Therefore, the horse was subsequently disqualified and the purse was redistributed. Hearings on that case are ongoing.

Two of the Breeders' Cup races will stand out among the greatest of all time. First on Friday, the undefeated 3-year-old filly Songbird faced Beholder, the American Champion Older Female Horse in 2015. Those two battled nose and nose through the stretch. The photo went to Beholder. Then

on Saturday it was the great horse California Chrome facing the up-and-coming challenger Arrogate in the Breeders' Cup Classic. California Chrome looked home free, but there was no quit in Arrogate and he closed with a rush to upset the champ. Those are the races that make the Breeders' Cup two of the greatest days in racing, and California will be proud to host the championships for the 13th time when it moves to Del Mar on November 3-4, 2017.

A handwritten signature in black ink, appearing to read "Chuck Winner". The signature is fluid and cursive, with a large initial "C" and "W".

Chuck Winner, Chairman  
California Horse Racing Board

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# Names and Locations of Racing and Training Facilities Regulated by the California Horse Racing Board

All of these locations except San Luis Rey Downs and Galway Downs, which are private training centers, and the Humboldt County Fair are open to the public during their off seasons for simulcast wagering.



### Privately Operated Race Tracks

- 1–Del Mar, Del Mar
- 2–Golden Gate Fields, Albany
- 3–Los Alamitos, Cypress
- 4–Santa Anita, Arcadia

### Racing Fairs

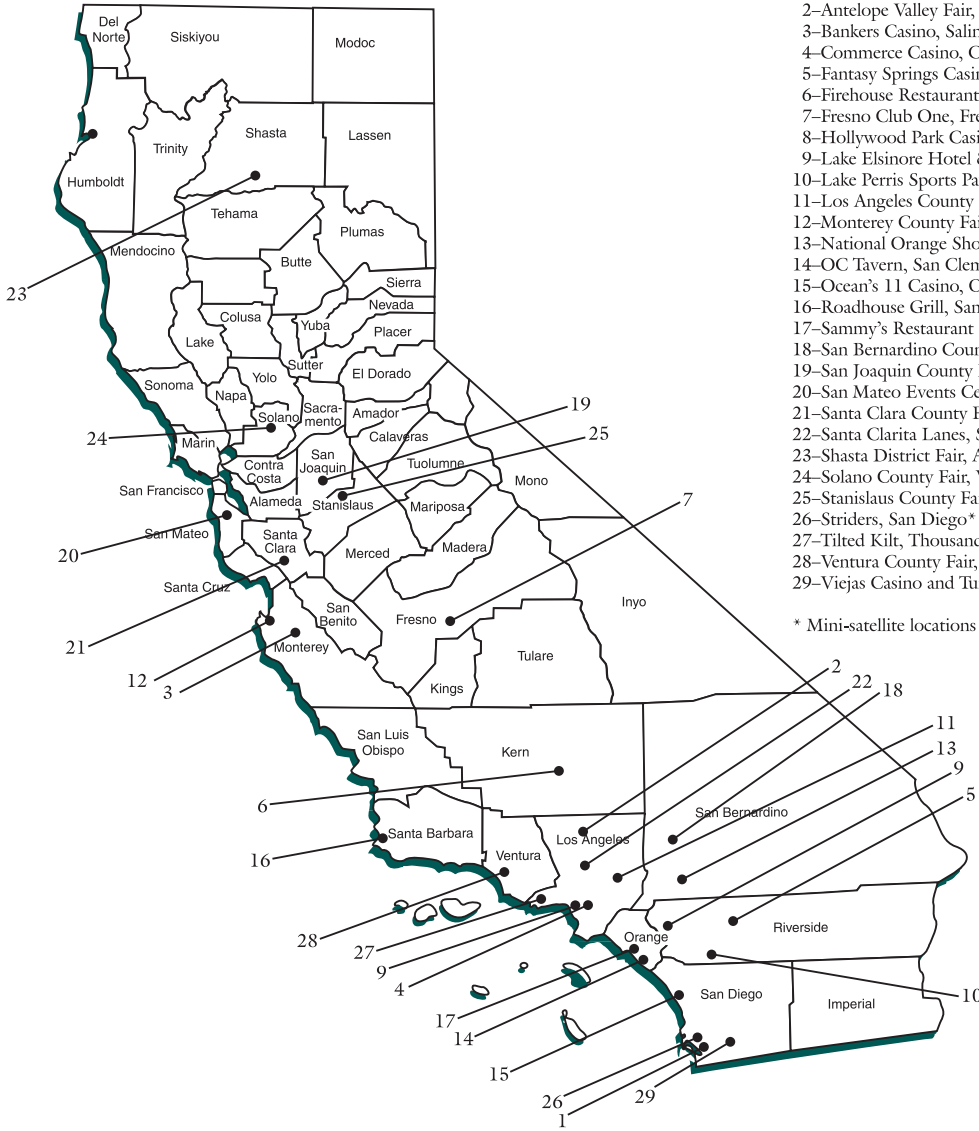
- 5–Alameda County Fair, Pleasanton
- 6–California Exposition, Sacramento
- 7–Fresno District Fair, Fresno
- 8–Humboldt County Fair, Ferndale
- 9–Sonoma County Fair, Santa Rosa

### Training Facilities

- 10–San Luis Rey Downs, Bonsall
- 11–Galway Downs, Temecula

# Names and Locations of Simulcast-Only Facilities Regulated by the California Horse Racing Board

(See adjacent "Race Tracks" map for other wagering locations.)



- Simulcast-only Facilities
- 1-58 Flat Sports Bar & Casino, Bonita\*
  - 2-Antelope Valley Fair, Lancaster
  - 3-Bankers Casino, Salinas\*
  - 4-Commerce Casino, Commerce\*
  - 5-Fantasy Springs Casino, Indio
  - 6-Firehouse Restaurant, Bakersfield\*
  - 7-Fresno Club One, Fresno
  - 8-Hollywood Park Casino, Inglewood
  - 9-Lake Elsinore Hotel & Casino, Lake Elsinore\*
  - 10-Lake Perris Sports Pavilion, Perris
  - 11-Los Angeles County Fair, Pomona
  - 12-Monterey County Fair, Monterey
  - 13-National Orange Show, San Bernardino
  - 14-OC Tavern, San Clemente\*
  - 15-Ocean's 11 Casino, Oceanside\*
  - 16-Roadhouse Grill, Santa Maria\*
  - 17-Sammy's Restaurant and Bar, Mission Viejo\*
  - 18-San Bernardino County Fair, Victorville
  - 19-San Joaquin County Fair, Stockton
  - 20-San Mateo Events Center, San Mateo
  - 21-Santa Clara County Fair, San Jose
  - 22-Santa Clarita Lanes, Santa Clarita\*
  - 23-Shasta District Fair, Anderson
  - 24-Solano County Fair, Vallejo
  - 25-Stanislaus County Fair, Turlock
  - 26-Striders, San Diego\*
  - 27-Tilted Kilt, Thousand Oaks\*
  - 28-Ventura County Fair, Ventura
  - 29-Viejas Casino and Turf Club, Alpine

\* Mini-satellite locations

# The California Horse Racing Board

## History and Mission Statement

Horse racing has been taking place in California since the 1800s, but horse racing as we now know it — under the pari-mutuel wagering system — was not made possible until the electorate passed a Constitutional Amendment in 1933. The Horse Racing Law has since been regularly modified, amended, and enhanced to provide for regulation of live racing, off-track wagering, interstate and international wagering, and online account wagering, known as Advance Deposit Wagering, or ADW.

The expressed intent of the Horse Racing Law is to allow pari-mutuel wagering on horse races and:

- ◆ Assure protection of the public.
- ◆ Encourage agriculture and the breeding of horses in this state.
- ◆ Provide uniformity of regulation for each type of horse racing.
- ◆ Provide for maximum expansion of horse-racing opportunities in the public interest.

To accomplish these objectives, the Constitutional Amendment authorized pari-mutuel wagering on the results of horse races at licensed race meets and created the California Horse Racing Board (CHRB/Board) to oversee the industry's activities in this state. In addition, as a member of the Association of Racing Commissioners International (RCI), the CHRB exchanges information on licensees and disciplinary proceedings with other commissions of the RCI through the National State Racing Information System.

The CHRB is a seven-member commission appointed by the Governor. It

directs a statewide staff in the licensure and oversight of all race meets in the state where pari-mutuel wagering is conducted, as well as off-site simulcast wagering locations and ADW companies.

### Mission Statement

The mission of the CHRB is to ensure the integrity, viability, and safety of the California horse-racing industry by regulating pari-mutuel wagering for the protection of the public, promoting horse racing, breeding, and wagering opportunities, and fostering safe racing through the development and enforcement of track safety standards and regulations for the health and welfare of all participants.

Principal activities of the CHRB include:

- ◆ Adopting rules and regulations to protect the public and ensure the safety of the human and equine participants.
- ◆ Licensing racing associations and racing-industry participants and officials.

- ◆ Allocating racing days and charity days conducted by racing associations and fairs.
- ◆ Encouraging innovative expansion of wagering opportunities, such as mini-satellites.
- ◆ Monitoring and auditing pari-mutuel handle and takeout, and the appropriate use of takeout distributions.
- ◆ Assessing racing surfaces to determine safety standards for the benefit of the participants.
- ◆ Enforcing laws, rules, and regulations pertaining to horse racing in California.
- ◆ Acting as a quasi-judicial body in matters pertaining to horse-racing meets.
- ◆ Collecting the State's lawful share of revenue derived from horse-racing meets.

The following pages explore some of these programs and functions in more depth.

# Members of the California Horse Racing Board

The Board consists of seven members appointed by the Governor, generally to four-year terms, who are subject to Senate confirmation. Members are eligible for reappointment at the discretion of the Governor. The terms are specific; no more than two of the terms expire in any calendar year.

**A**t least four members of the CHRB must concur in the taking of any official action or in the exercise of any of the Board's duties, powers, or functions. The member commissioners elect their chairman, who presides over meetings of the Board. The members also elect a vice chairman or when necessary a 1st vice chair and a 2nd vice chair to preside in the absence of the chairman.

Commissioners receive a per diem of \$100 for each day spent in attendance at meetings and are reimbursed for travel and other expenses necessarily incurred in the performance of their official duties.

## Committees of the Board

The executive director is directed to provide public notice of committee meetings in accordance with the

Bagley-Keene Open Meeting Act. Whenever a Board quorum is expected at any meeting of a committee, the executive director shall give notice that the meeting is a Special Meeting of the California Horse Racing Board limited to the agenda, the items to be discussed at the meeting, and the expected commissioners in attendance, so that legal notice may be published.



Chuck Winner,  
Chairman

Founded Winner & Associates, LLC, in 1975. Appointed to the CHRB by Governor Edmund G. Brown Jr. on April 9, 2012, through July 26, 2015. Reappointed by Governor Brown through July 26, 2019.



Jesse H. Choper,  
Member

Dean and Earl Warren Professor of Law Emeritus at the University of California, Berkeley. Appointed to the CHRB by Governor Arnold Schwarzenegger on March 30, 2007. Reappointed by Governor Schwarzenegger through January 1, 2015, and by Governor Edmund G. Brown Jr. through July 26, 2019.

## Members of the California Horse Racing Board



**Madeline Auerbach,  
Member**

Former CFO of JSA Corporation from 1977 - 2004. Appointed to the CHRB by Governor Edmund G. Brown Jr. on January 2, 2014, through January 1, 2018.



**Steve Beneto,  
Former Member**

Founded Beneto, Inc. in 1979. Appointed to the CHRB by Governor Edmund G. Brown Jr. on May 21, 2012, through January 1, 2016. Reappointed by Governor Brown. Resigned from CHRB January 2017.



**George Krikorian,  
Member**

CEO of Krikorian Premiere Theaters since 1984. Appointed to the CHRB by Governor Edmund G. Brown Jr. on May 6, 2013, through July 26, 2013. Reappointed by Governor Brown through July 26, 2017.



**Araceli Ruano,  
Member**

Senior adviser at SFE Group, LLC. Appointed to the CHRB by Governor Edmund G. Brown Jr. on December 23, 2016, through July 26, 2020.



**Alex Solis,  
Member**

Jockey, riding in the United States since 1982, member of National Museum of Racing's Hall of Fame. Appointed to the CHRB by Governor Edmund G. Brown Jr. on April 30, 2015, through January 1, 2018.



**Richard Rosenberg,  
Former Member**

Former worldwide head of the Music Department of the William Morris Agency, later became a member of the executive committee. First Appointed to the CHRB by Governor Arnold Schwarzenegger on September 24, 2009. His final term expired July 26, 2016.

# Board and Committee Meetings

Racing commissioners met 24 times in 2016 for public Board and Committee meetings. Noticed meetings are open to the public and include a published agenda. The following 11 Board meetings were held:

February 25  
Santa Anita Park

March 24  
Cal Expo

April 21  
Golden Gate Fields

May 26  
Santa Anita Park

June 16  
Santa Anita Park

July 14  
Del Mar Simulcast Facility

August 25  
Del Mar Simulcast Facility

September 22  
Los Alamitos Race Course

October 20  
Santa Anita Park

November 17  
Del Mar Simulcast Facility

December 15  
Los Alamitos Race Course

## Committee Public Meeting Dates

Legislative, Legal & Regulations  
February 24  
Santa Anita Park

Medication & Track Safety  
March 16  
Santa Anita Park

Pari-Mutuel, ADW & Simulcast  
May 11  
Los Alamitos Race Course

Race Dates  
June 15  
Santa Anita Park

Race Dates  
July 13  
Del Mar Simulcast Facility

Race Dates  
August 22  
Del Mar Simulcast Facility

Medication & Track Safety  
August 24  
Del Mar Simulcast Facility

Legislative, Legal & Regulations  
August 24  
Del Mar Simulcast Facility

Race Dates  
September 21  
Santa Anita Park

Race Dates  
October 7  
Santa Anita Park

Race Dates  
November 16  
Del Mar Simulcast Facility

Pari-Mutuel, ADW & Simulcast  
December 14  
Los Alamitos Race Course

Medication & Track Safety  
December 14  
Los Alamitos Race Course

# CHRB Operating Budget

July 1, 2015 June 30, 2016

Appropriations	Item	Total
Personal Services	\$4,809,000	
Operating Expenses	8,623,000	
Total Appropriation		\$13,432,000
<b>Expenditures — Personal Services</b>		
Salaries and Wages	3,453,251	
Staff Benefits	1,595,326	
Total Personal Services		\$5,048,577
<b>Operating Expenses and Equipment</b>		
General Expense	266,999	
Printing	26,982	
Communications	77,043	
Postage		
Travel-in-State	325,042	
Travel-out-of-State	1,485	
Training	5,995	
Facilities Operations	156,382	
Contractual & Professional Services-Interdepartmental	3,997,117	
Contractual & Professional Services-External	2,628,132	
Consolidated Data Center	148,884	
Central Administration Services: Pro Rata	423,608	
Equipment	18,877	
Tort Payment	57,461	
Total Operating Expenses and Equipment		\$8,134,008
Total Expenditures		* \$13,182,585
**Unexpended Balance FY 2015-16		\$249,415
Total Expenditures & Unexpended Balance		\$13,432,000

\* Includes year-end accruals

# State Operations

**G**overnor Edmund G. Brown Jr.'s Reorganization Plan took effect July 1, 2013. This comprehensive overhaul of state government, as approved by the Legislature, eliminated or consolidated dozens of departments and entities. As part of this reorganization, the CHRB came under the Business, Consumer Services, and Housing Agency.

Horse racing's specialized and complex regulatory requirements drive the CHRB's organizational structure and determine the responsibilities for its operational divisions.

The Board appoints an executive director to carry out its objectives. Execu-

tive Director Rick Baedeker is responsible for the department's operations and regulation of the horse-racing industry. The executive director is supported in this regard by the assistant executive director, Jacqueline Wagner; by the general counsel, Robert Miller, as well as by supervisorial personnel and staff at CHRB offices and at all of the state's racetracks.

The executive and management team plans and oversees the CHRB's budget and directs the department's operational divisions: Administrative Services, Legislation and Regulations, Audits, Licensing, Information Technology, and Enforcement.

Horse racing's dynamics, complexity, and broad geographical base place a tremendous responsibility on the Board's staff. To assist in this day-to-day oversight, the CHRB contracts with stewards and veterinarians for on-track activities, and with the University of California, Davis, for drug testing and safety-related services.

The horse-racing industry operates seven days a week — 365 days a year. Even when there is no live racing, the stable areas and training facilities remain active. To meet the demands associated with this schedule, the executives and key managers remain available at any hour of the day.



**Rick Baedeker,  
Executive Director**

Appointed effective February 3, 2014. Previously held numerous executive positions in horse racing from 1989.



**Jacqueline Wagner,  
Assistant Executive Director**

Appointed December 5, 2011. Previously Manager of Policy & Regulations from 1997 to 2004 and from 2005 to 2011.

# Regulatory Changes

The following rules were amended, repealed, or added during 2016:

**Rule 1489**  
(amended)

*Grounds for Denial or Refusal of License:* Amended to bring the Board in line with the requirements of Business and Professions Code section 481 by establishing criteria that aids the Board or its agents in determining whether a crime or act is substantially related to the qualifications, functions, or duties of the horse racing industry, permitting the denial, suspension, or revocation of a CHRB license.

**Rule 1489.2**  
(added)

*Criteria to Evaluate Rehabilitation of a Person When Considering Denial, Suspension, or Revocation of an Occupational License:* Adopted to bring the Board in line with the requirements of Business and Professions Code section 482 by establishing criteria to evaluate the rehabilitation of a person when considering the denial, suspension, or revocation of their CHRB license.

**Rule 1581**  
(amended)

*Racing Secretary to Establish Conditions:* Amended to provide that the racing secretary may establish race conditions that prohibit the use and/or presence of drug substances or medications in biological test samples if the medication conditions are agreed to in writing by the acknowledged horsemen's organization and then approved by the Board before entries are taken. A biological test sample is defined as any biological test sample, including but not limited to: blood, urine, hair, tissue, or saliva taken from a horse.

**Rule 1632**  
(amended)

*Jockey's Riding Fee:* Amended to adjust the scale of jockey riding fees for losing mounts by 11.1 percent to comply with the second of two incremental California minimum wage increases, as directed by Business and Professions Code section 19501. Also applies the 11.1 percent adjustment to the scale of the jockey riding fees for all mounts not sharing in purse monies to ensure that riders with 2nd and 3rd place mounts in races with a gross purse of \$9,999 or less receive more than a losing mount.

**Rule 1658**  
(amended)

*Vesting of Title to Claimed Horse:* Amended to provide that a claim will be voided by the stewards if the racing veterinarian or the official veterinarian determines that the horse will be placed on the Veterinarian's List as "bled." The amendment defined "bled" as the racing or official veterinarian observing a horse bleeding from one or both nostrils during or after the race, and determining that the bleeding is a direct result of exercise induced pulmonary hemorrhage.

**Rule 1689.1**  
(amended)

*Safety Vest Required:* Amended to provide that any person licensed by the Board that is mounted on a horse while on the track of a racing association, racing fair, or authorized training facility shall wear a safety vest.

**Rule 1843**  
(amended)

*Medication, Drugs, and Other Substances:* Amended to provide that nothing in the Article shall prevent a racing association or fair from setting eligibility conditions, as agreed to with the acknowledged horsemen's organization, for individual races, or an entire race meet, that prohibit the use and/or presence of drug substances or medications in biological test samples from participating horses at detection levels lower than what is authorized by the Board. Such conditions, if established in accordance with Rule 1581, shall not be deemed in conflict with Board rules and regulations.

**Rule 1844**  
(amended)

*Authorized Medication:* Amended to deauthorize any detectable level of clenbuterol in a quarter horse's official urine test sample.

**Rule 1866.1**  
(amended)

*Presence of Clenbuterol in Quarter Horses:* Amended to provide that a quarter horse prescribed clenbuterol will be placed on the Veterinarian's List (List) until an official test sample shows there is no clenbuterol in the blood or urine of the quarter horse after a workout to demonstrate its physical fitness. A quarter horse placed on the List for clenbuterol will not be allowed to start in a race until the horse is removed from the List. Veterinarians prescribing clenbuterol must fill out form CHRB-24 (Veterinarian Report) and must be in compliance with Rule 1864, Labeling of Medication. Administration of clenbuterol must also be reported by the trainer with form CHRB-60 (Trainer Medication Report).

**Rule 1887**  
(amended)

*Trainer or Owner to Insure Condition of Horse:* Amended to provide that the owner and trainer of a ship-in horse are equally responsible for the condition of the horse entered in a race. The amendment defines a ship-in horse as any horse entered to race that has not been in the care of a Board-licensed trainer for seven consecutive calendar days prior to the day of the race for which it is entered.

# Enacted Legislation

The following five horse-racing bills were chaptered in 2016:

**AB 364 – Assembly  
Member Mike Gipson;  
Chapter 159**

Requires that every jockey be automatically enrolled in the California jockey retirement plan when he or she is licensed as a jockey by the California Horse Racing Board.

**AB 558 – Assembly  
Member Evan Low;  
Chapter 3**

Empowers the board to authorize an association licensed to conduct a thoroughbred race meeting to include up to six non-thoroughbred races per calendar year with the consent of the organization representing thoroughbred horsemen and horsewomen, provided, however, that a non-thoroughbred race shall not be held when a fair in the northern zone is conducting a race meeting without that fair's consent. In addition, this bill requires that amounts deducted and distributed pursuant to the Horse Racing Law from wagering on non-thoroughbred races authorized pursuant to these provisions is deducted and distributed as if the wagers were placed on a thoroughbred race.

**AB 1786 –  
Assembly Member  
Ken Cooley; Chapter  
223**

1) Expands eligibility for the California Standardbred Sires Stakes Program to include the offspring of registered standardbred stallions standing in Iowa, Maine, Michigan, Minnesota, Wisconsin, or the Province of Alberta, Canada; 2) amends the race program requirements, so that races are scheduled for 2-year-old or 3-year-old trotters, and repeals the requirement that 2- and 3-year-old races be divided into colt and filly divisions; and 3) establishes the percentages to be allocated for horses finishing in 1st to 5th place, inclusive, regardless of the number of starters in the race.

**AB 2011 –  
Assembly Member  
Jim Cooper; Chapter  
562**

1) Increases the amount that is required to be deducted from commissions, purses, and premiums when satellite wagering is conducted on thoroughbred races at associations or fairs in the northern, central, or southern zone to an amount not to exceed 2 percent in the northern, central, and southern zones; 2) provides that the amount to be deducted in the northern zone, if adjusted by the Board, may be a different percentage of the handle for different associations and fairs, but only if all the associations and fairs agree to the differing percentages; 3) establishes an auxiliary offsite stabling and training facility and vanning program for thoroughbred races in the northern, central, and southern zones; 4) revises and recasts the provisions governing the organization formed and operated to administer the fund to include, among other things, a 50-50 percentage allocation of specified voting interests on the board of the organization, the use of funds to pay the organization's expenses and compensate the provider of a Board-approved auxiliary facility for offsite stabling and training of thoroughbred horses in the northern, central, and southern zones, and the requirement that the organization submit its proposed financial and operational plans for the upcoming calendar year to the Board for review no later than November 1 of the preceding year; 5) requires that, at the request of the Board, the organization submit a report detailing all of its receipts and expenditures over the prior two fiscal years and, upon request of any party within the organization, that those receipts and expenditures be audited by an independent third party selected by the Board at the organization's expense; 6) requires that funds be used to cover all or part of the cost of vanning thoroughbred

horses in the northern, central, or southern zones from a board-approved auxiliary offsite stabling and training facility and authorizes the organization to enter into multiyear contracts for auxiliary facilities in the northern, central, or southern zones subject to specified conditions; 7) authorizes the organization to use the funds to pay back commissions, purses, and owners' premiums to the extent that the deductions made exceed in any year the amount of the funds necessary to achieve the objectives of the organization; 8) authorizes a thoroughbred racing association or fair in the northern zone to opt out of the auxiliary offsite stabling and training facility and vanning program, as specified; and 9) provides that the Board shall reserve the right to adjudicate any disputes that arise regarding costs, or other matters, relating to the furnishing of offsite stabling or vanning, as specified.

**AB 2808 – Assembly  
Member Mike Gipson;  
Chapter 335**

Extends the inoperative and repeal dates for legislation that currently enables exchange wagering on horse races from May 1, 2016, and January 1, 2017, respectively, to May 1, 2020, and January 1, 2021.

# Licensing

**The CHRB licensing unit is comprised of two racing license supervisors and eight racing license technicians assigned to the thoroughbred, quarter horse, and harness venues. During a licensed racing meet at any of the racetracks in the state, a licensing field office of the CHRB is established at the operating facility.**

**T**he licensing unit issued 8,181 original, renewal, or duplicate licenses in FY 2015-16. Licenses issued included 3,160 new or renewal owner licenses, 294 new or renewal trainer or assistant trainer licenses, 149 new or renewal jockey or apprentice jockey licenses, 1,699 new or renewal groom or stable employee licenses, and 477 new or renewal pari-mutuel clerk licenses as well as many other classes of occupational licenses. The issuance of these licenses generated \$742,305 in licensing fee revenue for the General Fund.

The live-scan fingerprint technology and digital photograph identification card system continued to streamline the licensing process. The applicant's fingerprints were digitally captured and the fingerprint image transmitted to the California Department of Justice and the Federal Bureau of Investigation National Crime Information Center (NCIC) databases. The NCIC database contains criminal history information from federal, state, local, U.S. territory, and foreign criminal

justice agencies as well as authorized courts. License applicants were screened for disqualifying criminal histories by querying these automated criminal history records. Additionally, all CHRB licensees were subjected to the same criminal history checks upon scheduled license renewal intervals.

The licensing staff verified that all licensed trainers had the required workers' compensation insurance. The racing program was checked daily to ensure that participants were properly licensed. Racing license technicians are trained on the complex circumstances of multiple partnerships, racing syndications, stable names, and various types of corporations, so they were able to explain the requirements to applicants and assist them in selecting the type of license that best met their needs. As part of the verification process, the racing license technicians utilized computer databases, consulted with other racing jurisdictions, and also worked closely with CHRB enforcement personnel.

# Appointed CHRB Officials — FY 2015-16

## STEWARDS

James W. Arlt  
Paul Atkinson  
Grant Baker  
Scott Chaney  
Ronald Church  
James Dreyer  
John Herbuveaux  
Luis Jauregui

Richard Lewis  
Thomas McCarthy  
Darrel McHargue  
William Meyers  
Ruben Moreno  
David Nuesch  
Dennis Nevin  
Michael “Wayne” Oke

Jeffery Salmon  
Kim Sawyer  
Renee Sheward  
George Slender  
Thomas Ward  
Randy Winick

## OFFICIAL VETERINARIANS

Dr. Gary Beck  
Dr. Donald Dooley  
Dr. William Farmer

Dr. Rebecca Fitzgerald  
Dr. Forrest Franklin  
Dr. Timothy Grande

Dr. Barrie Grant

# Racing Supervision

**R**acing officials appointed or approved by the CHRB are responsible for onsite supervision of race meets. The racing officials are the stewards, safety stewards, paddock judges, patrol judges, starters, clerks of scales, official veterinarians, racing veterinarians, horse identifiers, horseshoe inspectors, and timers. The stewards have overall responsibility for the conduct of the race meets.

The CHRB selects and contracts with stewards based on their experience and expertise. Each panel of three stewards at a race meet has been delegated the powers and duties necessary to ensure the integrity of racing and to oversee compliance with the Horse Racing Law and CHRB rules.

The CHRB directly appoints all stewards and official veterinarians, while the other racing officials are nominated by the racing associations subject to CHRB approval.

The Legislature provides an annual appropriation to meet the costs of direct racing supervision. The CHRB paid \$2,371,687 in FY 2015-16 for stewards and official veterinarians. Other racing officials were paid by the associations in the manner prescribed and agreed to by the CHRB.

Acting for the CHRB in matters relating to the race meets assigned to them, the stewards used their delegated authority for the following:

- ◆ Oversaw entries, declarations, and the placing of horses for the official order of finish.
- ◆ Conducted administrative hearings on matters involving racing infractions and other offenses.
- ◆ Issued rulings based on those hearings to impose suspensions of license, impose fines, and/or bar

individuals from the enclosure for racing offenses.

- ◆ Presided over exams required for certain classes of licenses.
- ◆ Made recommendations to the CHRB regarding the qualifications and fitness for licensure of applicants referred to them by the Board's licensing staff.
- ◆ Maintained minutes of all such proceedings for review by the Board and the public.

The stewards attended Stewards' Committee meetings, allowing them to discuss issues, rule changes, and interpretations of policy and to receive information. They shared their views and experiences relating to race reviews, veterinary practices, proper administrative hearing procedures, and other important work-related matters. The meetings helped them remain current on laws, regulations, and policies, helping ensure that all stewards' decisions are made in a fair and consistent manner throughout the state.

The official veterinarians, overseen by the Equine Medical Director (EMD, Dr. Rick Arthur), enforced CHRB regulations relating to veterinary practices, medication, and the health and welfare of the horse. They supervised operations of the receiving barn, the collection of urine and blood samples for testing, and the preparation and documentation of the samples to be transported to the laboratory.

The official veterinarians consulted with the EMD and track veterinarians, examined horses for fitness; maintained a health and racing soundness record for each racehorse eligible to compete at a race meet; reviewed confidential reports of veterinary treatments of horses under their general supervision; maintained records of infirm horses, accidents, and injuries; approved prescribed therapeutic treat-

ment regimens; and otherwise acted as the Board's veterinary advisors.

The horse identifiers accurately identified all breeds of racehorses that had to be identified before starting in any race. The horse identifiers supervised the tattooing of horses and maintained that information in the identification records of each horse, along with photographs and other information relating to unique markings, color, pedigree, and a narrative description.

Safety stewards enforced compliance with safety standards. They also:

- ◆ Monitored training to ensure that exercise riders, outriders, and pony riders observed all rules, including wearing safety vests.
- ◆ Established horse ambulance protocol for quick response during training and racing.
- ◆ Confirmed the use of certified paramedics on ambulance crews.
- ◆ Oversaw continuing education classes for provisional exercise riders and apprentice jockeys.
- ◆ Filed official reports for all serious racing and training accidents.
- ◆ Assisted with the investigation of selected horse fatalities.
- ◆ Assisted with the microchipping of all horses within CHRB enclosures.
- ◆ Approved licenses for all riders.
- ◆ Conducted field sampling and testing for the Track Surface Standards program.
- ◆ Monitored and observed daily backside activities.
- ◆ Performed pre-meet track safety inspections.
- ◆ Assisted Official Veterinarians in out-of-competition medication testing.

# CHRIMS

**California is the only state with a statewide pari-mutuel database providing services to racetracks, horsemen, and government. Services provided by CHRIMS include data collection, calculation of takeout distributions, database management, software development, pari-mutuel accounting and settlements, money room balancing, customer resource management, and statistical analysis.**

**C**HRIMS is a not-for profit, mutual benefits corporation whose members include Northern California Off-Track Wagering Inc. and Southern California Off-Track Wagering Inc. An eight-member board of directors, which includes representatives from day and night racing associations, horsemen, and racing fairs, oversees the CHRIMS operation. The CHRIMS databases contain California wagering and attendance data dating back to 1985.

CHRIMS has been instrumental in helping the California racing industry cope with the demands associated with the changing landscape of pari-mutuel wagering during the past 30 years. Specialized applications enable data technicians to electronically collect wagering data and calculate the distribution of takeout based upon California pari-mutuel horse-racing law and contractual business rules.

Each day, CHRIMS downloads parimutuel data from various totalisator systems. The data includes wagering pools, takeout commissions, breakage, minus pools, runner pay, refunds, uncashed tickets, and voucher information. The raw data collected from totalisator systems is compiled and translated into the CHRIMS database parameters. CHRIMS data can be sorted by a myriad of criteria, including by date, race, pool, host track, location of bet, location type, breed, geographic zone, zip code, state, and race type. CHRIMS connects to and downloads data from AmTote, United Tote, and Sportech, plus the seven licensed California ADW com-

panies, which include Game Play, Lien Games, NYRAbets, TwinSpires, TVG, XpressBet, and Watch & Wager.

CHRIMS partners with the California Marketing Committee on its technology projects, manages the intrastate tote wagering telecommunications network, and provides data relating to the specifics of races (runners, distance, surface, age, class, etc.) via downloads from Equibase.

CHRIMS also provides services to racetracks, ADW companies, and racing commissions outside California. Contracts include Amtote, Aqueduct, Belmont, Colonial Downs, eBet, Ellis Park, Emerald Downs, Gulfstream Park, the Horse Races Now, TheHorseRaces.com, Keeneland, Laurel Park, Louisiana Downs, Meadowlands, Monmouth Park, Pimlico, Portland Meadows, Racing UK, Sam Houston, Saratoga, Tampa Bay Downs and The Red Mile. Racing commissions and horsemen's organizations include the Illinois Thoroughbred Horsemen's Association, Kentucky Horse Racing Commission, Massachusetts Gaming Commission, and the North Dakota Racing Commission. CHRIMS processes and provides reporting services relating to the seven California licensed ADW companies: Game Play Network, Lien Games, NYRAbets, TVG, TwinSpires, WatchandWager, and Xpressbet. CHRIMS also provides simulcast settlement services for many of its customers.

CHRIMS Inc. received \$393,199 from unredeemed vouchers in 2016.

# Laboratory Services

To protect animal health and the integrity of racing, the CHRB requires analysis of blood and urine samples from horses in competition. The Kenneth L. Maddy Equine Analytical Chemistry Laboratory (Maddy Lab) at University of California, Davis (U.C. Davis) is the authorized drug-testing laboratory for California horse racing. Funded by wagering revenues, the Maddy Lab tested 55,168 samples in FY 2015-16.

The Maddy Lab analyzed 20,898 post-race urine and blood samples, including in-depth testing of 11,295 for anabolic steroids, 20,676 bicarbonate (TCO<sup>2</sup>) loading blood samples, 936 out-of-competition (OOCT) blood samples, 455 OOCT and post-race hair samples, 378 evidence submissions, and 530 other samples for various purposes in FY 2015-16. The cost to the State of California was \$3,187,250.

Urine and blood samples are obtained post-race from the winner of every race, horses finishing second and third in certain stakes races, and from any other horses selected at random from each program, as well as other horses designated by the stewards. The testing of post-race samples is the backbone of the CHRB's drug regulation program. Post-race testing includes in-depth testing for anabolic steroids and over 1,500 other prohibited drugs, from regularly used therapeutic medications to potent stimulants such as dermorphin. Special testing for cobalt was added in 2014.

TCO<sup>2</sup> analysis is conducted on thoroughbreds and harness horses to identify the prohibited practice known as "milkshaking." Thoroughbred TCO<sup>2</sup> testing is done pre-race; harness testing is primarily done pre-race, but some TCO<sup>2</sup> sampling is done 90 minutes post-race on winners. The programs are in compliance with the Racing Medication and Testing Consortium (RMTC) Best Practices recommendations and the Association of Racing Commissioners International model rule.

OOCT, conducted throughout the year, is necessary to detect certain prohibited drugs. OOCT targets blood-doping agents, anabolic steroids, beta-2 agonists, and other biopharmaceutical agents. The OOCT program monitors compliance with anabolic steroid and clenbuterol reporting procedures and for surveillance of other drugs of interest. The program was expanded the previous year to include equine hair analysis, an alternative testing matrix to expand the drug-detection window.

The Maddy Lab maintains a portion of every urine sample for retrospective testing should a new test become available. Samples underwent retrospective testing for carbazochrome, cobalt, zilpaterol, and ractopamine. Combining this with OOCT, the CHRB is prepared for the next generation of performance-enhancing drugs.

The Maddy Lab was re-accredited by the American Association for Laboratory Accreditation to international standards, the first U.S. laboratory accredited to the RMTC program, selected to be the first lab in the western hemisphere to participate in the IFHA racing laboratory certification program, and one of only five labs in the world so certified. The Maddy Lab utilizes state-of-the-art scientific instrumentation, including liquid chromatography-mass spectrometry (LC-MS) screening processes. The combined testing panel covers over 1,500 drugs utilizing a spectral library for forensic identification. The Maddy Lab routinely adds new drugs and updates its metabolite profiles as new information becomes available.

The Maddy Lab conducts ongoing research to improve testing capabilities for potential drugs of abuse and to provide horsemen and veterinarians with information to better treat their horses and remain in compliance with horse-racing rules. The pharmacology research is conducted under the direction of Dr. Heather Knych, the Maddy Lab's veterinary pharmacologist. A significant amount of the research is funded by outside sources, including the American Cutting Horse Association, Center for Equine Health, RMTC, Grayson/Jockey Club Research Foundation, and California Department of Food and Agriculture.

The Maddy Lab conducted research or published scientific papers on acepromazine, AICAR, amikacin, andarine, bambuterol, betamethasone, buprenorphine, butorphanol, carbazochrome, ceftiofur, chloramphenicol, clenbuterol, cobalt dehydroepiandrosterone (DHEA), dexmedetomidine, dextromethorphan, 5 $\alpha$ -dihydroxyprogesterone, domperidone, rhEPO, ergoloid mesylate, ethylestrenol (Nitrotain<sup>®</sup>), fentanyl, firocoxib (Equioxx<sup>®</sup>), FG4592, formestine, gamma-aminobutyric acid (GABA), rhGH, rbGH, rpGH, GHRP-2, GHRP-6, GW1516 (Endurobol), hair testing, insulin, methocarbamol, nikethamide, ostarine, 6-oxo, phenylbutazone, propoxyphene, propofol, propranolol, romifidine, stanozolol, tamoxifen, testosterone esters, tolazoline, tramadol, tranexamic acid, trazadone, triamcinolone acetonide, and numerous other drugs. Of particular interests were research to better regulate the use of corticosteroids, especially intra-articular corticosteroids in horse racing, and hair-testing methods for regulating the use of anabolic steroids and anabolic agents, including most  $\beta$ -2-agonist drugs.

# Racing Safety Program

**California Business and Professions Code section 19481 requires the CHRB to establish safety standards to improve the safety of horses, riders, and workers at the racetrack. Business and Professions Code section 19481.3 requires the stewards to prepare a report that identifies the circumstances and likely causes for all on-track accidents. In addition, the Business and Professions Code establishes the qualifications for licensing and the duties of trainers and veterinarians.**

**T**he CHRB's Racing Safety Program (RSP), which began in 2010, addresses the requirements of the Business and Professions Code and is credited with proactively creating programs that have significantly reduced injuries to both horses and riders.

The RSP focuses on:

1. Continuing education;
2. The University of California, Davis (U.C. Davis) California Animal Health and Food Safety Laboratory System (CAHFS) Postmortem Program;
3. Fatality investigations;
4. The Track Safety Standards Program (TSSP); and
5. The Microchip Pilot Program (MPP).

The continuing education program is a collaborative effort between the CHRB and U.C. Davis in which two education modules have been completed and a third is nearing completion. The goal is to offer all three of the modules online, free of charge or for a small fee, in the spring of 2017. The CHRB in partnership with U.C. Davis Extension has produced an informative DVD showcasing the two com-

pleted educational modules in an effort to inform the horse racing and other equine industries of the education opportunities they provide. The CHRB's objective is to gain support and participation to ultimately allow for the completion of additional modules.

The CHRB/CAHFS Postmortem Program identifies the pathology related to the death of the racehorse and provides scientific understanding of specifically what injuries occurred. Postmortem Program reports by fiscal year are available on the CHRB website under the Veterinary tab.

The CHRB continues to conduct investigations into every racehorse fatality that occurs at a California racetrack or official training facility. This information is studied to understand the cause of each fatality and to identify methods for detecting and preventing injuries.

The TSSP has the objective of creating operational and maintenance standards for all racing surfaces in California. The program addresses the development of standard racing surface performance measurement tools and surface material performance testing. Regular testing and track evaluation is scheduled for every racing surface in the state. The safety stewards continu-

ally monitor each surface during the race meeting and address any concerns with track management and track superintendents.

The RSP is expanding the MPP by implanting microchips in an increasing number of California race-horses. Launched in 2014, the MPP objective is to develop hardware and software that will allow paperless inventory analysis and movement tracking for California racehorses. InCompass Solutions has developed a microchip module for its racetrack operations software, which will store all information specific to each microchipped horse. A hand-held wand or scanner will identify the chip specific to each horse, and then that data will be transferred via a tablet computer to the InCompass software. The horse's information in the database will be automatically updated. The CHRB developed plans to microchip horses at Pleasanton and Golden Gate Fields for a comprehensive field trial and demonstration of the hardware and software. The MPP is scheduled to be completed by the end of the FY 2016-17.

The CHRB is working closely with other racing jurisdictions and the Association of Racing Commissioners International to update the licensing test for trainers.

# Equine Postmortem Program

The State of California monitors all equine fatalities at California racetracks and authorized training facilities. This is accomplished through the CHRB/University of California, Davis (U.C. Davis)/California Animal Health and Food Safety (CAHFS) laboratory system Postmortem Program.

The Postmortem Program annual report is presented to the Board by U.C. Davis/CAHFS faculty and provides a descriptive report of findings from the Program. The Postmortem Examination Report for FY 2015-16 will be posted on the CHRB website under the Veterinary link when available.

The CHRB/U.C. Davis/CAHFS Postmortem Program began in 1990 as a partnership between the CHRB and the CAHFS laboratory system under the School of Veterinary Medicine at U.C. Davis. The Postmortem Program is world recognized and has become an international model for the racing industry. It was established to study the nature of injuries occurring in racehorses, to determine the reasons for these injuries, and to develop prevention strategies.

CHRB Rule 1846.5, Postmortem Examination, requires a necropsy (autopsy) for all horses dying within a CHRB facility. More than 6,000 necropsies have been performed under the program over the last 25 years. California horse racing in FY 2015-16 experienced almost a 10-percent increase in total fatalities after posting the lowest number in 20 years in FY 2014-15. CAHFS laboratories at Davis and San Bernardino conduct all of the postmortems except those from the Fresno fairgrounds (performed at the CAHFS laboratory in Tulare). CAHFS veterinary pathologists perform the necropsy and prepare a report. Depending on the specifics of the case, additional testing, such as toxicology (including drug testing), microbiology, histology, virology, or other specialized tests may be necessary before a final report is issued.

Funding for the entire program is a cooperative effort. The CHRB funds the postmortem examinations, the racing associations provide transportation to the CAHFS laboratories, and specific studies are funded by research grants from private and public sources, including the Center for Equine Health at U.C. Davis.

Musculoskeletal injuries are the most common cause of fatalities at CHRB facilities. Musculoskeletal specimens of special interest are forwarded to the J.D. Wheat Veterinary Orthopedic Research Laboratory (VORL) at the School of Veterinary Medicine at U.C. Davis for in-depth analysis.

The uniquely equipped VORL is under the direction of Dr. Sue Stover. The immediate goal of the enhanced necropsy is to determine the causes and reasons for horse injuries and fatalities. The ultimate goal of this and other programs is to

improve detection of injuries earlier to reduce serious non-fatal injuries and prevent catastrophic fatalities on the track. There is a distinct link between equine safety and jockey safety. Nearly a third of all jockey falls are associated with a sudden death or catastrophic injury to the horse.

In-depth analysis of necropsy specimens at VORL has demonstrated the role of undiagnosed stress fractures contributing to catastrophic fractures of the pelvis, femur, humerus, scapula, tibia, third metacarpal (shin), and other bones. Pre-existing pathology at the site of the fatal injury is a reoccurring finding at enhanced necropsy, with nearly 90 percent of musculoskeletal racing and training fatalities showing pre-existing pathology associated with the fatal injury. While much of the pre-existing pathology is only detectable at enhanced necropsy using specialized laboratory instrumentation, these pre-existing changes suggest there is an opportunity to develop early clinical detection techniques to prevent serious injury. Using information from the necropsy program, the CHRB is collaborating with Dr. Stover and The Jockey Club to develop online continuing education modules to help better understand how bone responds to training and racing, and allow trainers to identify horses at risk.

Research findings are published in veterinary medical journals and presented at racing industry, veterinary medical, and other professional meetings available to the public. A list of the published scientific articles for each year can be found in the appendix of the annual postmortem reports on the CHRB website.

While the focus has always been on musculoskeletal injuries, the necropsy program has been an avenue to study other non-musculoskeletal conditions important to equine health and safety issues. In FY 2014-15 the CHRB program allowed CAHFS pathologists and toxicologists to identify a link between traces of anti-coagulant rodenticides (rat poison) and unusual abdominal hemorrhage in six fatalities over two years. The CHRB instituted an anti-coagulant rodenticide educational outreach and monitoring program on the backsides of CHRB tracks. There were no similar cases of anti-coagulant rodenticide reported fatalities in FY 2015-16. The CHRB has been concerned with sudden deaths during or immediately after racing or training. Sudden deaths are an internationally recognized sport horse phenomenon. The CHRB/CAHFS program has greatly improved necropsy and toxicology procedures for sudden death fatality investigations over the last few years and currently is investigating the relationship between subtle pathological findings in cardiac tissue and equine sudden deaths through grants from the Center for Equine Health.

## Fatalities at CHRB Facilities by Track and Surface July 1, 2015 — June 30, 2016

Track	Racing*			Training**			Other***	Total
	Dirt	Synthetic	Turf	Dirt	Synthetic	Turf		
Cal Expo (Harness)	1							1
Cal Expo (State Fair)	1						1	2
Del Mar	7		3	1			3	14
Ferndale	1							1
Fresno								0
Galway Downs				2			4	6
Golden Gate Fields		11	2		19		9	41
Los Alamitos	36			11			16	63
Pleasanton	1			1			5	7
San Luis Rey Downs				6			1	7
Santa Anita	19		7	31			5	62
Santa Rosa	1							1
Stockton								
<b>TOTAL</b>	<b>67</b>	<b>11</b>	<b>12</b>	<b>52</b>	<b>19</b>	<b>0</b>	<b>44</b>	<b>205</b>

\*Racing includes any fatality associated with racing.

\*\*Training includes any fatality associated with training.

\*\*\*Other includes any non-exercise related fatality, including stable area accidents. The most common cause of death in the Other group is gastro-intestinal diseases, such as colic, colitis, and enteritis, followed by respiratory disease, primarily pneumonia and pleuropneumonia, and neurological diseases, including West Nile Virus and equine protozoal myeloencephalitis (EPM).

## Starts for All Breeds: July 1, 2015 — June 30, 2016

Track	Racing Surface		
	Dirt	Synthetic	Turf
Cal Expo (Harness)	4,650		
Cal Expo (State Fair)	610		
Del Mar	2,864		1,636
Ferndale	324		
Fresno	556		
Golden Gate Fields		6,873	1,712
Los Alamitos	10,945		
Pleasanton	710		
Santa Anita	5,475		2,556
Santa Rosa	421		274
Stockton	350		
<b>TOTAL</b>	<b>26,905</b>	<b>6,873</b>	<b>6,178</b>

# Horse Racing in California

California always has been a crowd favorite for hosting the Breeders' Cup with its predictably good weather, superior racetracks, and rich history of offering quality racing that showcases some of the best horses in the world. The 2016 Breeders' Cup at Santa Anita Park was the 12th world championship staged in Southern California — the 13th will be at Del Mar in 2017 — and it was no surprise when fans filled the stands and crowded into the saddling and walking ring areas to see the equine and human athletes up close and experience the color and pageantry of thoroughbred racing at its finest. The pages that follow details some of the other highlights for all breeds in California horse racing during the 2016 racing year.



PHOTO COURTESY OF BREEDERS' CUP/ECLIPSE SPORTSWIRE

## California Horse-Racing Meets During 2016

Thoroughbred Race Meets — Central & Southern Zones		
Santa Anita Park		12/26/15—4/10/16
Los Alamitos Racing Assn.		4/14/16—5/1/16
Santa Anita Park		5/5/16—7/10/16
Del Mar		7/15/16—9/5/16
Santa Anita Park		9/30/16—11/06/16
Del Mar		11/11/16—12/04/16
Los Alamitos Racing Assn.		12/8/16—12/18/16
Thoroughbred Race Meets — Northern Zone		
Golden Gate Fields		12/26/15—6/12/16
Golden Gate Fields		8/19/16—9/18/16
Golden Gate Fields		10/20/16—12/11/16
Quarter Horse Race Meets — Statewide		
Los Alamitos		12/26/15—12/18/16
Harness Race Meets — Statewide		
Cal Expo		12/26/15—5/8/16
Cal Expo		10/22/16—12/17/16
Fair Meets — Statewide		
Pleasanton (OTRA*)	Alameda County Fair	6/16/16—7/4/16
Cal Expo	State Fair	7/8/16—7/24/16
Santa Rosa	Sonoma County Fair	7/28/16—8/14/16
Ferndale	Humboldt County Fair	8/19/16—8/28/16
Los Alamitos**	Los Angeles County Fair	9/8/16—9/25/16
Pleasanton	CA Authority of Racing Fairs	9/23/16—10/2/16
Fresno	Fresno District Fair	10/6/16—10/16/16

\* Oak Tree Racing Association

\*\* LA County Fair race meet relocated from Fairplex in Pomona to Los Alamitos Race Course in 2014.

# Handle 2016

Statistics in this report may differ slightly from those released by the racing associations and fairs shortly after their race meets concluded due to updated information on Advance Deposit Wagering (ADW) and non-commingled handle.

Host	Annual Report - Racing Year 2016 (Wednesday, 12/23/15 through Tuesday, 12/20/2016)																				Total
	Thoroughbred Racing Associations										Racing Fairs										
	Del Mar Summer	Del Mar Fall	Golden Gate	Los Alamitos Spring	Los Alamitos Winter	LATC-Spring	LATC-Winter	LATC-Summer	LATC-Autumn	LATC-Incl BC	Alameda County	California State Fair	Fresno District	Humboldt County	Los Angeles County Fair	Oak Tree @ Pleasanton	Sonoma County	Watch & Wager	Los Alamitos Quarter Horse		
Days	39	15	148	12	8	103	23	12	10	9	6	12	6	11	11	55	55	55	55		
Starters	2,882	1,095	8,527	707	540	7,054	1,768	740	516	468	305	719	419	714	4,802	9,088	4,802	9,088			
Number of Live Races	347	129	1,232	100	68	909	206	109	82	76	50	102	58	100	649	1,272	649	1,272			
Average field size per race	8.31	8.49	6.92	7.07	7.94	7.76	8.58	6.79	6.29	6.16	6.10	7.05	7.22	7.14	7.40	7.14	7.40	7.14			
<b>Brick and Mortar Bets in California</b>																					
On Track:																					
Live Races	56,542,508	9,056,419	19,653,007	2,811,859	2,075,873	83,537,237	36,084,110	2,824,973	1,109,876	2,062,424	615,420	2,306,821	716,477	2,140,435	1,540,464	13,759,913	1,540,464	13,759,913			
Other California Tracks (Intrastate)	996,719	441,910	13,252,086	895,477	249,110	12,547,651	2,267,044	833,575	407,049	281,357	-	558,920	297,317	539,400	-	-	-	-			
Races run outside California	6,388,183	1,238,346	20,283,183	2,758,262	1,227,712	29,863,948	5,342,843	939,360	508,933	225,743	8,199	2,250,329	448,184	440,186	420,648	6,721,266	420,648	6,721,266			
Total	63,927,411	10,736,675	53,188,276	6,465,598	3,552,695	125,948,836	43,693,997	4,597,909	2,025,857	2,549,524	623,619	5,116,069	1,461,979	3,120,021	1,961,112	20,481,179	1,961,112	20,481,179			
Off Track:																					
Live Races	38,613,650	14,244,485	19,436,825	6,555,977	5,294,086	75,989,277	19,925,641	1,533,350	1,089,087	820,743	368,854	5,261,048	868,681	1,647,738	7,470,688	32,714,474	7,470,688	32,714,474			
Other California Tracks (Intrastate)	6,885,390	4,612,793	32,916,823	3,464,908	982,061	22,705,605	4,059,470	2,339,383	2,152,258	1,851,638	-	2,160,176	1,549,926	3,354,308	-	-	-	-			
Races run outside California	34,915,362	14,132,261	67,543,380	12,078,154	5,787,156	99,171,915	19,849,090	6,031,502	5,885,891	3,997,484	210,010	9,696,390	6,680,609	6,659,844	6,418,833	37,333,936	6,418,833	37,333,936			
Total	80,424,403	33,189,538	119,897,029	22,099,039	12,073,303	197,876,797	43,834,201	9,904,235	9,720,528	6,669,864	578,864	17,117,614	6,099,216	11,661,890	13,889,521	70,048,410	13,889,521	70,048,410			
Off Track Outside Host's Zone	10,987,058	3,873,169	51,742,329	2,184,345	1,848,864	31,611,438	7,970,591	3,050,009	1,863,948	1,395,781	531,104	1,872,948	1,568,719	2,895,345	-	-	-	-			
<b>ADW in California:</b>																					
Live Races	34,250,822	10,596,937	10,178,267	4,897,565	3,776,548	71,269,667	19,491,924	741,689	358,279	283,828	29,721	3,859,065	328,036	544,945	3,369,708	27,864,508	3,369,708	27,864,508			
Other California Tracks	1,796,666	1,657,271	23,951,054	1,937,281	438,564	11,016,855	1,540,959	1,651,071	2,152,258	1,021,620	840,003	895,587	924,341	2,686,724	-	-	-	-			
Races run outside California	39,351,324	14,765,424	61,113,016	14,773,447	7,126,180	120,007,282	23,852,273	5,250,398	4,496,490	3,469,163	1,415,097	11,940,394	5,394,619	5,394,619	15,681,610	36,569,134	15,681,610	36,569,134			
Total	75,398,812	27,019,632	95,242,338	21,608,294	11,341,292	202,293,804	44,885,156	7,643,158	7,447,028	4,774,611	2,284,821	16,695,046	4,334,193	8,626,288	19,051,318	64,253,643	19,051,318	64,253,643			
Outside Host's zone	7,504,249	2,388,765	16,917,740	1,010,704	952,349	15,871,967	4,646,585	822,630	340,470	312,977	162,850	888,656	345,402	562,713	-	-	-	-			
<b>TOTAL GENERATED IN CALIFORNIA</b>	238,241,932	77,187,779	336,987,711	53,367,981	29,768,502	573,022,841	145,032,530	26,017,940	21,997,830	15,702,756	4,181,257	41,690,533	13,809,508	26,866,257	34,901,951	154,783,232	34,901,951	154,783,232			
<b>Exports to Out of State</b>																					
Commingled	221,411,084	72,266,285	180,344,980	26,615,521	24,443,957	514,517,705	214,692,925	7,388,127	3,118,871	4,103,902	1,218,507	21,456,663	3,671,662	6,378,268	22,242,577	88,739,374	22,242,577	88,739,374			
Non Merged	5,798,066	3,040,826	6,018,150	1,490,794	976,594	10,224,138	13,435,466	323,494	208,761	140,439	67,689	1,145,551	-	297,506	-	3,633,516	-	3,633,516			
<b>TOTAL GENERATED OUTSIDE CALIFORNIA</b>	227,209,150	75,307,111	186,363,130	28,106,314	25,420,551	524,741,844	228,128,391	7,691,621	3,327,633	4,244,341	1,286,195	22,602,214	3,791,465	6,675,774	22,242,577	92,372,890	22,242,577	92,372,890			
<b>TOTAL RACES RUN AT HOST TRACK PLUS RACES RUN AT OTHER TRACKS</b>	465,451,083	152,494,890	523,350,841	81,474,295	55,189,054	1,098,144,685	373,160,921	33,709,560	24,725,463	19,947,097	5,467,452	64,292,747	17,600,973	33,542,031	57,144,528	247,156,122	57,144,528	247,156,122			
<b>TOTAL DISTRIBUTED BY HOST*</b>	446,959,776	146,252,956	454,690,772	78,279,245	52,387,841	1,050,861,280	360,541,745	29,836,922	22,521,045	18,238,340	4,773,498	61,530,943	15,886,852	30,083,973	57,144,528	247,156,122	57,144,528	247,156,122			

\*Excludes California bets placed outside host's zone

## California Racetracks

The vast horse-racing industry in California included racetracks that stretch from the Humboldt County Fair near the Oregon border down to Del Mar just above San Diego and the Mexican border. The racetracks, together with simulcast outlets and Advance Deposit Wagering (telephone and Internet), make horse racing accessible to all of California and the world.

### HIGHLIGHT

Champions Took Center Stage at Santa Anita in a Preview of What Was to Come

### SANTA ANITA PARK WINTER-SPRING

The combined winter and spring meets at Santa Anita Park in 2016 boasted all-source handle of more than \$1 billion (\$1,050,861,280 to be exact) over the course of 103 days extending from late December 2015 to mid-July and showcased a parade of champions, as 2014 Horse of the Year California Chrome, 2015 Eclipse Champion Juvenile Filly Songbird, 2015 Eclipse Champion Juvenile Nyquist, and three-time Eclipse Award winner Beholder all won stakes.

While wagering was down from the corresponding handle (\$1,143,694,150) for the longer 107-day combined winter spring meet of 2015, fans clearly appreciated the talent displayed by world-class horses, jockeys, and trainers. California Chrome, always a crowd favorite, got things rolling early in the meet by winning the San Vicente Stakes. Songbird followed by winning four stakes and keeping her undefeated career record intact: the Las Virgenes, Santa Ysabel, Santa Anita Oaks, and Summertime Oaks. Nyquist took the San Pasqual Stakes. And Beholder came along later to take both the Adoration Stakes and the Vanity. It did not take much imagination to predict that those remarkable horses would be formidable later in the year when the Breeders' Cup returned to Santa Anita.



BENOIT PHOTO

Songbird with jockey Mike Smith in his usual position continue her domination of her peer group by winning the Santa Anita Oaks.

Perennial leading jockey Rafael Bejarano won 120 races during the December-to-July span to continue his domination of racing at Santa Anita. And Phil D'Amato saddled 99 winners to lead all trainers the combined meet.

## HIGHLIGHT

### The Breeders' Cup, Back in Its Accustomed Spot, Boasted Huge Attendance and Handle Numbers

## SANTA ANITA PARK FALL

If any racetrack can lay claim to being the home of the Breeders' Cup, it would have to be Santa Anita Park, which hosted the world championships for a record ninth time in 2016. The \$168,730,061 wagered on the two Breeders' Cup programs predictably boosted the 23-day fall meet's all-sources handle of \$360,541,745 well beyond the shorter 19-day fall meet handle of \$168,817,271 in 2015, which did not host the Breeders' Cup. The two-day Breeders' Cup attendance total for November 4 & 5 was 118,574, the highest in Breeders' Cup history.

Without diminishing any of the great performances at the meet in general and the Breeders' Cup in particular, it was not difficult to single out the Breeders' Cup Distaff and the Breeders' Cup Classic as the most thrilling of all. Beholder and Songbird gave everyone their money's worth in Friday's Distaff — and the suspense lasted well beyond the end of the race as the photo finish was developed, finally to show Beholder was the narrowest of winners over her popular rival. It was easier to determine that Arrogate finished ahead of California Chrome in Saturday's Classic, but the finish was no less thrilling as Arrogate somehow caught up with the leader and passed Chrome in the final strides.

Riding kingpin Rafael Bejarano notched his 15th Santa Anita riding title with 22 wins, two more than runner-up Kent Desormeaux, while Peter Miller led the trainers' race from gate to wire by outlasting runners-up Bob Baffert and Doug O'Neill by a score of 23-20.

PHOTO COURTESY OF BREEDERS' CUP/ECLIPSE SPORTSWIRE



Arrogate and Mike Smith rush up on the outside to beat California Chrome and Victor Espinoza in the Breeders' Cup Classic.

## HIGHLIGHT

### California Chrome Sparked Record Handle at the Popular Seaside Oval

## DEL MAR SUMMER

The seaside oval just north of San Diego hung up its best afternoon of wagering ever on August 20 when superstar California Chrome put on a show for 24,155 on-site and many more nationally and internationally as he romped to victory in the 26th edition of the \$1 million TVG Pacific Classic. When all the bets had been tallied, a single-day mark of \$25,126,232 had been established (eclipsing the old mark of \$24,667,351 set on August 19, 2007, which also was a Pacific Classic Day). Still, Del Mar could not keep pace with the 2015 meet, which was one day longer. The result was all-source handle of \$446,959,777 for the 39-day meet compared with \$462,832,278 the year before.

California Chrome's tour de force (he had earlier in the meet won the San Diego Handicap) led an array of sparkling stakes presentations conducted throughout the eight-week stand. Also on the slate was a spirited battle between champion females Stellar Wind and Beholder (decision to Stellar Wind), as well as promising victories by 2-year-old aces Union Strike in the Del Mar Debutante and Klimt in the Del Mar Futurity. Three-year-old sensation Arrogate had a coming out at Del Mar when he easily handled allowance horses in early August.

Del Mar continued to be the leader in California by the all-important yardstick of field size. Despite racing five days a week (while the other major meets in the state normally only race four), the summer meet closed strongly in its last few weeks and wound up with an average field size of 8.31 per race.

The track continued to be a magnet as a sporting/entertainment venue with its array of bands, festivals, giveaways, events, and happenings spread out over the entire meet.



BENOIT PHOTO

California Chrome and Victor Espinoza cruise to a five-length victory in the TVG Pacific Classic.

## HIGHLIGHT

### Fall Race Meet Continued to Post Acceptable Numbers on Heels of Popular Summer Meets

## DEL MAR FALL

Fall racing at Del Mar, a new meet that began supplementing the historic summer session in 2014, settled into stride nicely for its third season in 2016, proving itself viable in its late-calendar location at the shore oval. The brief 15-day session — running between November 11 and December 4 — was five days shorter than the 20-day 2015 session, yet total all-source handle was a respectable \$146,252,956, compared with \$186,565,346 the previous year.

Significantly, the track's racing office was delighted to report that average field size had swollen to 8.5 horses per race, the best number in California and among the very best of any racetrack in America.

“We’ve put in three years now, and our horsemen have become very comfortable with us in this spot,” said Del Mar’s racing secretary, David Jerkens. “We’ve had additional locals come and stable with us for the fall, and others have found out that shipping in from other Southern California locations works just fine. Additionally, horsemen from the East now know that we’re here to stay this time of year with good purses and good opportunities and they’re jumping on board. Our stakes program has drawn top-of-the-line runners — winners from the East; a winner from Japan. Folks are thinking about the Breeders’ Cup here next year and wanting to become involved. We’re part of the fall thinking everywhere now.”

Del Mar is looking forward to 2017 when — for the first time — it will host the Breeders’ Cup on November 3 and 4.



BENOIT PHOTO

Miss Temple City and jockey Edgar Prado, center, split horses (Stays In Vegas, Drayden Van Dyke, inside, and Roca Rojo, Florent Geroux, outside), to win the Matriarch Stakes.

## HIGHLIGHT

### Golden Gate Held Steady as Anchor of Horse Racing in Northern California

## GOLDEN GATE

Business at Golden Gate Fields in 2016 stayed about even with 2015, considering it ran one less racing program, meaning the track that straddles Berkeley and Albany has held steady for the last six years. All-source handle for the three racing sessions (winter/spring, summer, and fall) totaled 454,690,772 for the 148 days, compared with \$456,842,086 in 2015.

It is still difficult for some to believe but, yes, jockey Russell Baze retired. Everyone knew it was coming. After all, at age 57, after riding for 42 years, he was due. And having established himself as the leading rider in U.S. thoroughbred racing history with 12,842 victories to his credit, it seemed he had little left to accomplish. And yet, Baze was such a fixture in Northern California racing — prominent on nearly every race card and reliable for a top effort — there were many who thought it was still too soon for him to retire. True to his nature, he retired in a quiet way by privately telling his agent following the 10th race at Golden Gate on June 12 that he had ridden his last race — the last of 53,578.

“I had that last spill and Tami (his wife) and my kids wanted me to retire then,” Baze told Larry Stumes of SFGate, referring to the broken collarbone he suffered April 16. “But I told them I wanted to finish the meet and be on top of the standings, which is a good time to end it.”



VASSAR PHOTO

In a well-timed ride by jockey Leslie Mawing, Stryker PhD got up to win the Berkeley Handicap.

The departure of Baze has created opportunities for other jockeys in Northern California. Juan J. Hernandez wasted no time leading the pack by riding the most winners at both the summer and fall meets.

Jockeys expressed their dissatisfaction with the condition of the turf course at the conclusion of the winter-spring meet, so management took steps to address their concerns in large part by improving the lines of communication. Since then, Racing Secretary Patrick Mackey has been meeting almost weekly with the jockeys, and sometimes walking the course with them, largely to their satisfaction with the re-seeding and maintenance that has been taking place since June.

## HIGHLIGHT

### Los Alamitos Featured Some of the Country's Best Quarter Horse Racing

## LOS ALAMITOS QUARTER HORSE

Los Alamitos continued its hot pace by hosting 183 racing programs in 2016, including 32 daytime thoroughbred and fair cards, but the Orange County facility remains principally a highly successful showcase for quarter horses. All-sources handle for the 151 night quarter horse programs totaled \$247,156,122, compared with \$244,160,327 for the 150-night season in 2015.

The year-long meet saw a number of top horses posting major victories for a wide array of premier racing operations. Jim Walker's Idaho-bred Zoomin For Spuds won the Champion of Champions, while Fawna Knight's Worth Doing won the meet's richest race, the Los Alamitos Two Million Futurity. The track's two other million-dollar races went to Lucky Seven Ranch's Lotta Blues Man in the Golden State Million Futurity and Dr. James Streeleman and Denny Boer of Dutch Masters III's Chazaq taking the Ed Burke Million Futurity. The meet's richest derby, the Los Alamitos Super Derby, went to Reliance Ranches' Big Lew, while the Bank of America Challenge Championship went to Michael Teel's AJs High.

The early Pick Fours continued to be the most popular wager at Los Alamitos with an all-time record figure of \$192,292 set on Sunday, April 10. The early Pick 4 pool is often over \$150,000 per night.

Ed Allred, the sport's all-time leading owner and breeder, was the top quarter horse owner with 56 wins from 341 starters. The race for leading quarter horse jockey between Cesar De Alba and Jesus Rios Ayala was one of the best in decades. Alba clinched his first ever riding title at Los Alamitos after picking up his 102nd victory on the next to last race of the meet. Ayala then won the meet's final race for a close 102 to 101 finish. In the thoroughbred ranks, Angela Aquino became the first woman to be leading trainer at Los Alamitos after saddling 48 winners, while Ramon Guce, the track's all-time leading thoroughbred rider, collected his 10th local title after winning 77 races.



Worth Doing carries Tony Guymon to the winners' circle after their victory in the Los Alamitos Two Million Futurity.

## HIGHLIGHT

### Three Daytime Meets Offered Variety to the Los Alamitos Racing Experience

## LOS ALAMITOS THOROUGHBRED

Los Alamitos staged three, short daytime thoroughbred and fair meets in the spring, summer, and fall of 2016, and collectively the 32 programs handled \$192,198,030 — well over the \$174,907,900 for the 30-program total in 2015. Track executive Brad McKinzie was especially enthusiastic after the spring thoroughbred meet.

“It outperformed what we expected,” said the vice president and general manager of the Los Alamitos Racing Association. “The California Chrome Stakes (with a purse of \$150,000) turned out to be probably the best betting race we’ve run here (in thoroughbred meets). That’s exactly what we are hoping to do, keep adding bricks to the wall of establishing Los Alamitos as a national thoroughbred meet.” He added that track owner/president Dr. Edward Allred is “looking at a long-term commitment to thoroughbred racing at Los Alamitos.”

Among the highlights of the three meets:

- ◆ California Chrome delighted an enthusiastic on-track crowd and a legion of his loyal fans (“Chromies”) with a 12-length victory in the Winter Challenge.
- ◆ Field size for the winter meet rose to an average of 7.89 per race from 7.13 the previous year. The 7.89 figure was the highest for any meet since thoroughbred racing returned to Los Alamitos in July 2014.
- ◆ In addition to Uncle Lino’s gritty victory over Rare Candy in the California Chrome, the racing highlight of the spring was an 8-1 upset victory by Finest City in the Great Lady M. Stakes, giving trainer Ian Kruljac his first graded victory. It was also the third of four wins on the program for Hall of Fame jockey Kent Desormeaux, who captured the Spring riding title.



BENOIT PHOTO

- ◆ Stewart Elliott won his first Southern California riding title with 12 wins at the Los Angeles County Fair summer meet at Los Alamitos. “Coming into the meet, my agent (Mark North) told me things looked real good,” said Elliott. “The spring meet was the first time I rode on this track, which has a little different shape, and it is just a matter of getting used to it.”

California Chrome and Victor Espinoza cruise home to win the Los Alamitos Winter Challenge.

## HIGHLIGHT

### Northern California Fairs Changed Leadership

## THE NORTHERN CALIFORNIA FAIRS

After 26 years of service to California fairs, Christopher Korby has retired, and the new Interim Executive Director of the California Authority of Racing Fairs is Larry Swartzlander, who has 18 years of experience with CARF himself. Korby will always be regarded by many as the person who paved the way for satellite viewing and wagering throughout the state. Under his leadership, CARF built the California fair satellite network from the ground up and cemented legislative measures to protect their interests. Swartzlander worked alongside him for much of that time as chief operating officer. Before that he was the general manager of Eureka Downs.

New to CARF is Richard Scheidt, former Northern California director of operations for the Thoroughbred Owners of California. Richard brings a wealth of knowledge and experience as CARF's new director of planning and government relations.

As changes occurred within CARF's agency structure, the fairs also experienced significant change in 2016 with the reallocation of the San Joaquin County Fair dates to the Alameda County Fair. The five fairs chose to run this year as a "combined meet," allowing the transfer of these dates. A popular staple, the trainer and shipping incentives, were utilized in 2016 and had a positive effect by attracting and keeping horses in California for the summer months.

## HIGHLIGHT

### Pleasanton Racing Closed With a Bang July 4; Returned in the Fall

## PLEASANTON

The Alameda County Fair and Oak Tree Racing Association teamed up for a third year of racing as "Oak Tree at Pleasanton." All-source handle for the 12-day meet totaled \$29,836,922, compared to \$32,019,758 the previous year. The meet featured five thoroughbred stakes, including the Oak Tree Handicap, captured by Bronze Star.

Pleasanton saw a slight increase in average field size, which is always a good sign, largely attributed to more thoroughbreds being attracted to the meet by lucrative trainer and shipping incentives. Fans enjoyed the trackside Red, White & Brewfest and a new promotion giving access to the paddock and participation in the winner's photo.

For the first time, the Alameda County Fairgrounds hosted a six-day fall meet in addition to the race meet held during the annual fair. The new race dates were previously conducted at the San Joaquin County Fairgrounds. Alameda County Fair once again partnered with Oak Tree Racing Association in the new fall venture. All-source handle for the six days totaled \$15,686,852.

## HIGHLIGHT

### Longer State Fair Meet Remained Solid

## SACRAMENTO

As was the case in 2015, the California State Fair meet ran for three weeks in 2016. All-source handle for 10 days totaled \$22,521,045, understandably less than the \$25,441,330 handled by the 11-day meet in 2015. Average field size held fairly steady, as did average ADW and on-track handle.

The State Fair showcased the Governor's Cup, won by Toomuchisnotenough. Jockey Frank Alvarado swept the leading jockey title and John F. Martin was leading trainer. The Brewfest returned to the fair as a popular attraction next to the final turn of the track, where handicapper Dennis Miller taught new fans how to wager with the help of a hand-held tote machine.

## HIGHLIGHT

### Santa Rosa Turf Racing Added Quality to Northern Fair Season.

## SANTA ROSA

The Sonoma County Fair race meet continued to offer turf specialists the opportunity to compete six weeks after the end of the summer meet at Golden Gate Fields — the only other track in Northern California with a turf course. The Sonoma meet carded 81 thoroughbred races with 34 of those races run on the turf course. Average thoroughbred field size went from 7.1 in 2015 to 7.32 in 2016, while an average of 8.21 horses per race competed on turf compared to 8.0 in 2015.

Once again running a week later in the racing calendar, Santa Rosa ran two weeks in conjunction with the annual County Fair event and the third week afterwards. All-source handle for the 11-day meet was \$30,083,973, compared to \$32,942,658 for the previous year's 11 days.

Santa Rosa offered seven thoroughbred overnight stake races, including the \$50,000 Wine Country Debutante for 2-year-old fillies. Incentives for horsemen included a thoroughbred Ship to Run program that provided \$150 per start, weekly BBQ dinners with giveaway drawings, and prizes for Best Barn and Groom of the Meet. Daily handicapping seminars remained a favorite tradition at a meet traditionally known as "Wine Country Racing." Located under shade trees in a comfortable park setting, these highly attended assemblies are hosted by local track personalities and free to both fair and racing patrons.



VASSAR PHOTO

The field turns for home on the turf course at the Sonoma County Fair.

## HIGHLIGHT

### A Long Tradition of Racing Continued in the Charming Village

## FERNDALE

The Humboldt County Fair mixed horse racing with all the quintessential elements of a good county fair. Track announcer Chris Griffin conducted daily handicapping workshops to a packed audience. All-source handle for the six-day meet totaled \$4,773,498. Handle for the six-day meet in 2015 totaled \$6,632,598.

Heavy recruitment in neighboring states helped generate a slight percent increase in field size, while thoroughbred races saw a 6-percent jump in starters. Leading training honors were shared by Quinn Howey and Jonathan Wong. Leading jockey was Matt Garcia.

## HIGHLIGHT

### Fresno Again Celebrated California Chrome During Its Steady Meet

## FRESNO

The Big Fresno Fair had trouble filling races with many trainers waiting for Golden Gate Fields' fall meet. New trainer and shipping incentives were put in place to offset a dwindling horse population. Consequently, the nine-day meet experienced a decrease in handle — \$18,238,340 compared to \$19,114,468 in 2015.

Bettors paid close attention to the elusive Gold Strike Super High 5 carryover, which rolled over throughout the fair season and had a mandatory payout on the final day of the Fresno meet (October 16). The carryover reached \$188,872, and the new wagers that day brought the pool up to \$324,239. The reward for a winning 20-cent wager was \$4,408. The final day's track attendance was close to 13,000.

John Martin secured his title as top trainer, while Kyle Frey was leading jockey.



Off to a perfect start at the Big Fresno Fair

## HIGHLIGHT

### Watch and Wager's Harness Operation Continued to Handle More than \$1 Million Nightly

## CAL EXPO HARNESS

Cal Expo, the home of harness racing in California, offered 55 nights of racing during the 2016 racing year — initially with a winter-and-spring meet, and then a second in the fall. This totaled five fewer programs than Cal Expo hosted the previous year, as reflected in the all-source handle of \$57,144,528, compared with \$61,420,491 for the longer 2015 meet. Handling more than \$1 million per night has provided stability to the harness program, as indicated by the meet's two operations executives.

“The 2016 Standardbred season started off well with a 10-percent purse increase in January, followed by another 10-percent increase in early March,” said General Manager Chris Schick. “These increases have had a positive impact on our horse recruiting efforts in the fall. We are optimistic about our content strength moving forward.”

Cal Expo Assistant General Manager and Chief Financial Officer Ben Kenney added, “Our formula for success continues to be creating full fields with well-matched horses.”

On the racing front, Luke Plano won the 2016 driving title at Cal Expo by a wide margin, while Steve Wiseman was the leading trainer over Bob Johnson, who is in his fifth decade as a conditioner of the trotters and pacers.

Bob Johnson led the first meet by a wide margin, with 54 trips to the charmed enclosure, while Wiseman finished one winner ahead of Plano to be the leading conditioner at the fall stand.

Looking at the Sire Stakes action, owner/breeders Wayne and Rod Knittel dominated the pacing events as Allmyx'sliventexas swept the stakes for the 3-year-old pacing colts and Moonlight Beach captured seven of the eight big-money events for the 3-year-old pacing fillies.



Allmyx'sliventexas making it look easy at Cal Expo.

## Simulcast Facilities by Location

California Simulcast Facility	Total Handle FY 2015-16	Number of Attendees
Anderson	\$1,199,379	4,263
Bankers Casino	1,531,084	5,161
Barona	10,966,898	48,251
Cabazon	11,275,358	41,955
Commerce Casino	20,408,028	88,968
Del Mar	114,837,023	780,709
Ferndale	799,522	13,973
Firehouse Restaurant (Bakersfield)	5,453,596	23,260
Fresno	8,155,576	87,720
Fresno Club One	3,696,066	6,397
Golden Gate	71,440,205	316,316
Hollywood Park	79,949,630	221,134
Lake Perris	10,612,717	41,114
Lancaster	10,192,189	41,345
Los Alamitos	114,690,105	442,533
Monterey	5,673,748	19,922
OC Tavern	6,069,093	24,457
Ocean's 11 Casino	7,655,512	30,884
Pleasanton	30,986,058	122,430
Pomona	50,814,454	195,944
Sacramento	23,685,509	111,637
Sammy's Restaurant and Bar	19,261,030	89,077
San Bernardino	19,234,188	70,562
San Jose	27,130,093	99,627
San Mateo County	53,896,148	140,912
Santa Anita	194,905,188	994,554
Santa Clarita Lanes	13,117,454	39,794
Santa Maria Original Roadhouse Grill	2,701,862	8,304
Santa Rosa	11,555,875	68,137
Shalimar (Indio)	194,645	1,328
Stockton	13,847,388	53,728
Striders San Diego	3,305,721	16,173
Sycuan	2,653,032	11,602
Tilted Kilt (Thousand Oaks)	9,042,446	11,279
Turlock	5,167,048	15,379
Vallejo	13,052,493	44,953
Ventura	14,739,160	41,729
Victorville	5,411,290	29,899
Viejas	9,453,431	32,494

Note: Racetracks that offer simulcast wagering include combined pari-mutuel handle for live racing and simulcast wagering.

# Horse-Racing Revenues

**Senate Bill 16, which took effect in 2009, eliminated the license fees paid to the state by racing associations. In lieu of license fees, the horse-racing industry is responsible for providing support to the CHRB. Each year, the CHRB develops a formula in consultation with the industry. The formula is used to determine the share each racing association should pay towards the funding of CHRB operations. During FY 2015-16, the pari-mutuel handle totaled \$2,904,499,795, and \$13,263,000 was remitted to fund CHRB operations.**

**C**HRB support, purses, track commissions, and other distributions are generated from a portion of the wagering handle referred to as the “takeout.”

The takeout is set by law and is a percent taken from each dollar wagered. The takeouts on conventional wagering (win, place, and show pools) are 15.43 percent for thoroughbred race meets, 17.63 percent for quarter-horse race meets, 17.43 percent for harness race meets, and 16.77 percent for fair race meets.

The takeouts on exotic wagering pools (all pools that are not win, place, or show) are, for thoroughbred race meets, 22.68 percent for wagers involving two runners or legs and 23.68 percent for wagers involving three or more horses or legs; for quarter-horse race meets, 22.88 percent; for fair race

meets, 24.02 percent; and for harness race meets, 24.18 percent.

In general, once the state license fees, breeders and owners awards, equine research, and other mandated amounts have been deducted from the takeout, the remaining funds are divided in a prescribed manner between purses and track commissions.

A pari-mutuel auditor located at each live race meet in California prepares a daily audited report of the precise distribution of the wagering handle. The report is submitted to the CHRB, the racing association, and other interested parties.

Breakage is a term used to describe the monies generated by mathematical rounding during the calculation of winning wagers. After a race is run and the results are made official, the totali-

zator system calculates the payout for winning wagers.

The payout for each pool is first calculated on a \$1 amount, which is then used as the basis for paying all winning wagers for that pool.

During the calculation of the \$1 payout, amounts for each pool are rounded down (“broken,” thus the term breakage) to the nearest dime. For example, in calculating a win pool, a \$1 payout of \$2.67 would be “broken” to \$2.60. A \$2 wager on that pool would then return \$5.20.

The 7 cents that is broken for each dollar in the calculation then becomes part of the total breakage for that pool, that race, and that day of racing, etc. Breakage in FY 2015-16 totaled \$7,573,490. State statutes require breakage to be split evenly between purses and commissions.

## Charity Days

**California horse-racing associations have distributed many millions of dollars to worthwhile charities over the last 70 years. Their donations in the last fiscal year totaled \$661,765.**

Business and Professions Code section 19550 requires racing associations to contribute a portion of handle to charity. Associations have the option of selecting a number of racing days determined by the length of their racing meet or two-tenths of one percent of the live handle for the entire race meet. The law also requires that at least 60 percent of the proceeds be distributed to charitable groups within the horse-racing industry. While recognizing the worthwhile nature of all charitable organizations favored by distributing foundations, the CHRB encourages the foundations to exceed this minimum percentage. On charity racing days, the

racing association furnishes the facilities and personnel necessary for the conduct of racing.

The income from all operations of the race meet on charity racing days, less deductions for actual expenses, is dedicated to charitable purposes. The following racing associations distributed funds last year: Los Angeles Turf Club, Del Mar Thoroughbred Club, Los Alamitos Quarter Horse Racing Association, Pacific Racing Association, and Watch and Wager LLC.

## Uncashed Pari-mutuel Tickets

**Winning pari-mutuel tickets can be cashed until May 15 of the year following the year in which the race meet ends. Racing patrons may mistakenly tear up, lose, or forget about winning tickets. After May 15, any unclaimed monies are distributed as indicated below.**

Senate Bill 16 went into effect during 2009, eliminating the State's portion of unclaimed tickets pursuant to Business and Professions Code section 19641.

All such unclaimed money resulting from the thoroughbred, harness, or quarter-horse race meets, excluding the race meets of the California Exposition and State Fair, county, district agricultural association, or citrus fruit fair race meets, shall be distributed as follows:

1. Fifty percent of live races unclaimed pari-mutuel tickets shall be paid to a welfare fund established by the horsemen's organization contracting with the association with respect to the conduct of the racing meet for the benefit of the horsemen, and the said organization shall make an accounting to the Board within one calendar year of the receipt of such payment. During FY 2015-16, the distribution to the welfare funds was \$930,260.
2. The other 50 percent of live races unclaimed pari-mutuel tickets shall be divided equally between the association (as commissions) and horsemen (in the form of purses). Not-

withstanding the distribution of live races unclaimed tickets, unclaimed ticket monies generated by wagering on intrastate (north/south) thoroughbred and fair races and interstate imports are split equally between purses and commissions. During FY 2015-16, the tracks and the horsemen each received \$1,732,381.

3. Unclaimed refunds totaled \$769,291 for FY 2015-16. Unclaimed refunds provide health and welfare benefits to California licensed jockeys, former California licensed jockeys, and their dependents. The California Jockey Welfare Corporation is the organization designated by the CHRB to receive these funds.

4. Cash vouchers that are not redeemed within 365 days of the close of the racing meeting at which the voucher was purchased are distributed to a nonprofit organization for the purposes of maintaining a database of horse-racing information. CHRIMS is the organization designated by the CHRB to receive these funds. During calendar year 2015 uncashed vouchers totaled \$393,199.

## Statement of Distribution by Fund of Horse Racing Revenues

July 1, 2015 through June 30, 2016

	Detail	Total
<b>Revenue To Horse Racing Fund</b>		
License Fees — CHRB Support	\$12,442,000	
ADW License Fees — CHRB Support	821,000	
Miscellaneous Income	0	
Income from Surplus Money Investment Fund	5,000	
Escheat of Unclaimed Checks, Warrants	0	
<b>Total 3153 Fund</b>		<b>\$13,268,000</b>
<b>Revenue To General Fund (0001)</b>		
Horse Racing Licenses	2,000	
Fines & Penalties	205,000	
Occupational Licenses	878,000	
Miscellaneous Income	2,000	
<b>Total Fund 0001</b>		<b>1,087,000</b>
<b>Revenue to CA Veterinary Diagnostic Laboratory (0881)</b>		
Equine Research License Fees	955,000	
ADW Equine License Fees	538,000	
<b>Total Fund 0881</b>		<b>1,493,000</b>
<b>Total Revenue</b>		<b>\$15,848,000</b>

## Occupational Licenses and Fees

July 1, 2015, through June 30, 2016

Type of License	Fee	Issued	Total
Multiple Ownership*	300	3	900
Horse Owner-Open Claim	250	6	1,500
Officer/Director/Partner**	150-200	134	22,000
Horse Owner**	150-250	3,160	375,700
<hr/>			
Trainer, Assistant Trainer***	150	294	44,100
Harness Horse Driver***	150	18	2,700
Jockey/Apprentice Jockey***	150	149	19,450
Jockey Agent	150	28	4,200
<hr/>			
Bloodstock Agent	150	13	1,950
Veterinarian	150	51	7,650
Association Employee	75	168	12,600
Valet/Custodian/Attendant	75	15	1,125
<hr/>			
Pari-mutuel Employee/Tote	75	477	35,775
Horseshoer	75	41	3,075
Exercise Rider/Pony Rider***	75	248	18,600
Misc. Employee/Stable Agent Vendor**	35-75	275	18,745
Security Guard	75	74	5,550
Stable Foreman	75	73	5,475
<hr/>			
Authorized Agent	25	627	15,675
Replacement License	15	291	4,365
Annual Groom/Stable Employee (Original)***	35	295	10,325
Annual Groom/Stable Employee (Renewal)**	20-35	1,494	29,745
<b>Total fees generated to General Fund</b>		<b>8,181</b>	<b>\$787,580</b>

All licenses are issued for three years except those for groom and stable employee licenses, which are annual licenses.

\* Includes partnership registrations

\*\*Variable fee

\*\*\*Includes reduced license fees

## Other Public Revenues

Horse racing contributes to local economies through sales tax from the sale of claimed horses. During FY 2015-16, there were 1,837 horses “claimed” at authorized race meets.

The “claiming” of a racehorse is in effect a sale of the horse at a designated price (as established by the conditions of the race) to a qualified person who submits a “claim” for the horse at least 15 minutes prior to the race in which the owner of the racehorse established the competitive value of the horse.

For example, in a claiming race where the claiming price is established by the racing secretary as \$10,000, an owner of a horse may enter the horse in the race if willing to lose the horse to another owner (or qualified person) for the price of \$10,000.

An owner who over-values the horse will find competition in the race too severe and will not win a purse — but probably

retain the horse; the owner who under-values the horse may well win a purse — but in all probability lose title to the horse to a successful claimant. Thus, it is the owner who establishes the true competitive value of a horse in a claiming race.

Inasmuch as the claim of a horse is in fact a purchase, state sales tax is collected on the amount of the claim. During FY 2015-16, the total amount paid for claiming of horses was \$26,019,600, resulting in sales tax revenues of \$2,263,709.

Business and Professions Code 19610.3 authorizes every racing association or fair to permanently elect to deduct up to 0.33 of one percent from all pari-mutuel pools and to distribute the amounts to the city or county where the racing meet is held if the city or county passes an ordinance to accept such fees in lieu of admission taxes and license fees.

During FY 2015-16, \$3.3 million was distributed to local governments under this provision.

## Track Commissions

Under the system known as pari-mutuel wagering, the racing association acts as the stakeholder for all wagers, deducting from each pari-mutuel wagering pool the statutory “takeout,” which includes the state license fee, the percent-

age deduction for purses, and the track’s commission. Commissions retained by California racing associations during FY 2015-16 totaled \$111,997,219.

## Purses

As with track operators’ commissions, the purses for race meets are determined by the rate schedules, or in some cases, by agreement with the racing association.

Purses for California race meets during FY 2015-16 totaled \$131,788,209. In addition, \$9,924,989 was paid out as California-bred incentives.

In order for the individual racing associations to establish their daily purse structure for their race meets, the associations must first make a projection of the amount of pari-mutuel wagers they expect to handle.

The actual purses to be paid for any one race, or for the day’s races, initially are determined by the racing secretary’s projections of handle, and then revised during the course of the race meet based on actual handle. The racing association must also execute an agreement with the respective horsemen’s organization representing the horsemen at each race meet in order to establish the percentage of the total purses that may be used for stakes races.

## Statistics For Horses Claimed

July 1, 2015 to June 30, 2016

Track Location	Horses Claimed	Amount Paid	Sales Tax
Golden Gate	435	\$4,812,000	\$457,140
Del Mar	294	\$6,849,500	\$547,960
Los Alamitos	60	982,000	78,560
Santa Anita	428	10,023,000	902,070
Cal Expo	17	\$60,700	\$5,159
Los Alamitos	470	\$2,232,550	\$178,604
Pleasanton	48	\$432,100	\$41,049
Santa Rosa	23	219,800	19,233
State Fair	18	110,350	9,380
Stockton	12	65,100	5,859
Ferndale	8	31,400	2,512
LACF @ Los Al.	11	159,000	12,720
Fresno	13	42,100	3,463

## Authorized Horse Sales

Each year the CHRB authorizes sales for racehorses or breeding stock used in the production of racehorses when such sales are conducted on the premises of a racing association. During FY 2015-16, there were 886 horses sold for a total of \$20,120,300. These sales generated a total of \$759,545 in sales tax. Prospective purchasers may review the reported medication record of any horse offered for sale, and purchasers of a horse may request a verifying blood test for horses bought.

The following sales were authorized in FY 2015-16:

### Barretts Equine Ltd. at Del Mar

Paddock Sale July 25, 2015

### Barretts Equine Ltd.

August Yearling Sale August 15, 2015

October Fall Sale October 27, 2015

January Mixed Sale January 20, 2016

March Two-Year-Olds March 30, 2016

Spring Two-Year Olds May 27, 2016

Altogether, 490 horses were sold through Barretts' Equine Limited sales for a total of \$14,049,900, which generated \$571,599 in sales tax.

### California Thoroughbred Breeders Association Sales

Nor-Cal Yearling Sale August 11, 2015

A total of 130 horses was sold for \$1,503,500, which generated \$86,450 in sales tax.

### Quarter-Horse Sales At Los Alamitos

Los Alamitos Equine Sale Oct. 3, 4, 2015

A total of 266 horses was sold for \$4,566,900, which generated \$101,496 in sales tax.

## California Horse Breeding Programs

**The Horse Racing Law provides incentives for the breeding and owning of California-bred horses. A principal and explicitly stated intent of the law is to encourage agriculture and the breeding of horses.**

Every association licensed to conduct a horse-racing meet in California must provide, each racing day, for the running of at least one race limited to California-bred horses, provided those races can attract a sufficient number of qualified entrants.

The breeder of a California-bred horse receives a monetary award based on the order of finish for horses finishing in the first three places. A further incentive to own a California-bred horse is provided by owners premiums. Business and Professions Code section 19611 (d) allows for 0.07 percent of the takeout to be distributed as owners premiums to persons owning California-bred horses.

Additionally, stallion awards are issued to owners of qualified thoroughbred stallions standing in California whose progeny win races in California having a certain qualifying gross purse. A breeders award is also paid for a California-bred thoroughbred when the horse wins a graded stakes race outside the state.

These California breeders programs and distribution of awards and premiums are administered by the recognized California breeders organizations of the various breeds.

### Thoroughbred Breeders Program

The California Thoroughbred Breeders Association (CTBA) administers the California-bred awards, owners premiums, and stallion awards for thoroughbreds. In addition, the CTBA supervises the California-bred race fund, which has supplemented the very successful California Cup Program each year since 1990. In FY 2015-16, \$628,095 was generated as owners premiums and \$9,386,242 for the breeders program from the wagering handle.

At California thoroughbred race meets, the amount of 0.54 percent on track and 0.54 percent off track of all pari-mutuel pools is deducted as takeout and transferred to the CTBA for distribution. A further amount equal to .07 percent of the handle is specified for owners premiums and transferred to the CTBA for distribution. The CTBA is authorized to deduct five percent for administrative overhead and expenses, including education, promotion, and research.

### Standardbred Breeders Programs

The California Standardbred Sires Stakes Committee, Inc., a California non-profit public benefit corporation, administers the Standardbred Breeders Program. The Sires Stakes Committee is authorized to deduct expenses (not to exceed four percent of funds generated) for administering the Standardbred Breeders Program. The program is funded from the breakage at harness race meets and an additional one percent takeout on all exotic wagering at harness race meets. In FY 2015-16, the program generated \$188,481.

### Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$335,037 from the pari-mutuel handle to fund its program in FY 2015-16. The source of these funds was 0.48 percent of the on-track and 0.48 percent of the off-track handle on quarter-horse racing at the fair race meets, 0.4 percent of the handle at quarter-horse race meets, and a proportional payment of the monies required by the state, the association, and the horsemen.

### Paint Breeders Program

The Paint breeders awards received \$264 for the breeders program in FY 2015-16. No Paints ran in California. This revenue came from ADW wagers.

### Arabian Breeders Program

The California Arabian horse breeders awards received \$7,315 for the program during FY 2015-16.

### Mule Breeders Program

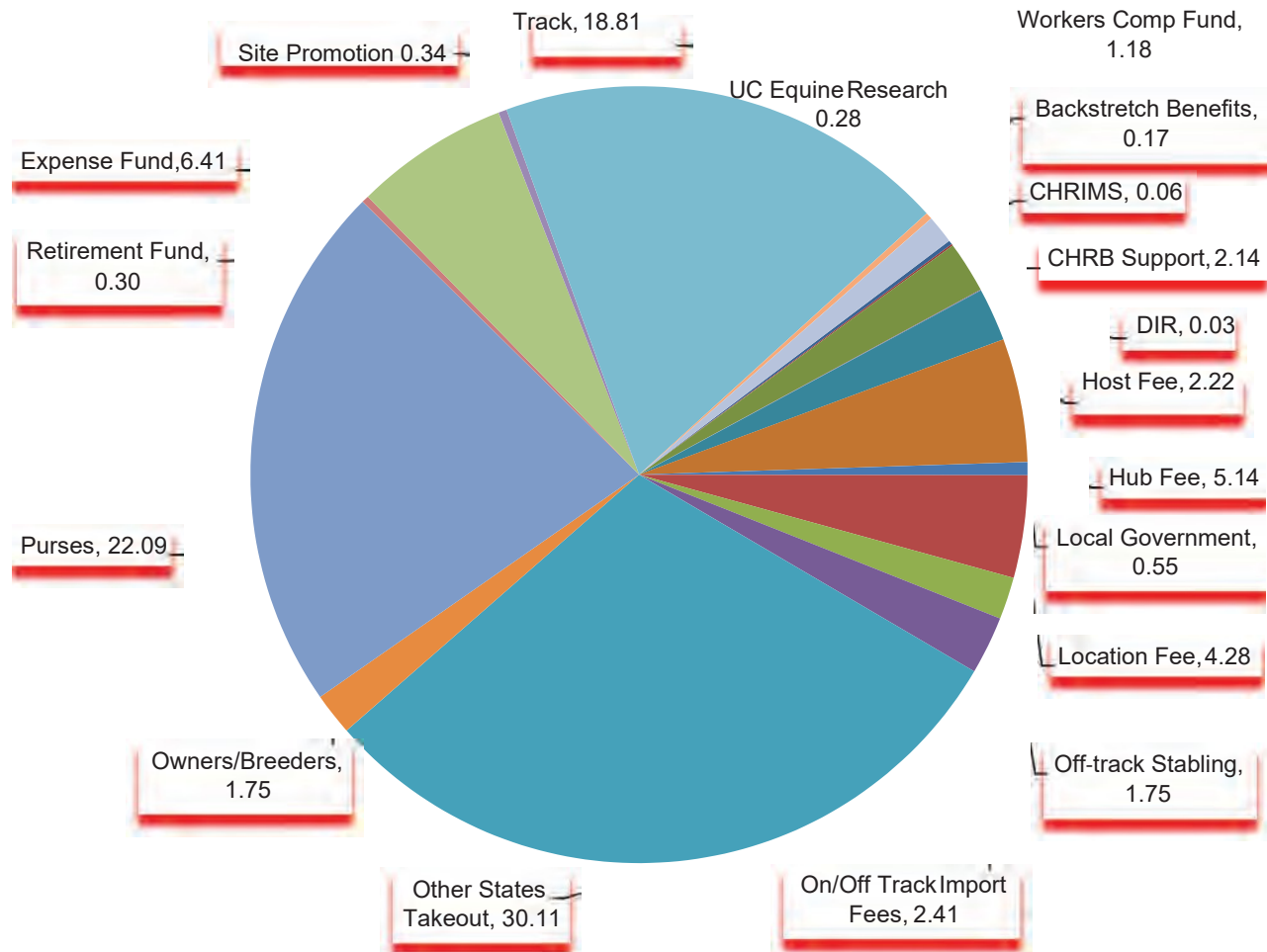
The California mule breeders awards received \$7,648 for the program during FY 2015-16.

### Appaloosa Breeders Program

California did not host Appaloosa breed races during FY 2015-16.

# The Revenue Stream

## The Takeout Dollar in California: Where It Goes and How It's Used



**A total of \$2,904,499,795 was wagered by fans of California racing during FY 2015-16, and of the money, 79 percent (\$2,300,632,572) was returned to winning ticket holders.**

Prior to simulcast wagering in 1985, virtually all of the wagering in California races was at the track, but today “on-track” bets make up only 11.69 percent of wagers placed (\$340 million). Off-track betting within the state provides 23.04 percent of the handle (\$669 million) The balance comes from out-of-state and Advance Deposit Wagers (totaling \$1 billion). ADW accounted for \$882,483,520 of the handle.

Patrons failed to cash \$4.4 million worth of winning tickets. By law, money from uncashed tickets, except for fairs, is split between a welfare fund for the benefit of the backstretch, the associations, and horsemen. Money from uncashed tickets at fairs is turned over to the state’s General Fund.

Similarly, money from unredeemed vouchers issued by tracks for use by racing patrons at track self-serve betting machines is used to finance the horse-racing revenue database CHRIMS.

Breakage, a byproduct of the pari-mutuel calculation, is distributed to the state, to purses, and to the racing associations. This totaled \$7,573,490 in FY 2015-16

Of the \$2.9 billion wagered, \$604 million, or 20.79 percent, was withheld as the “takeout” for such purposes as horsemen’s purses, racetrack operations, and government taxation, as discussed on the next page:

## Horsemen's Purses

A total of \$131,788,209 was distributed during FY 2015-16 in the form of purses. This money went to the owners of the horses, the jockeys, the trainers, and through them, to the backstretch employees.

Portions of the purse money also went to organizations that represent owners and other horsemen.

## Track Commissions

The racetracks and fairs that host the racing programs collected a total of \$112 million in commissions. Much of that money went toward the cost of operations, such as rent, mortgages, and labor costs, of which pari-mutuel clerks represent a large part. The racetracks are also responsible for marketing the sport with advertising, promotions, and other forms of publicity.

## CHRB Support

The allocation of the CHRB budget comes from the horse-racing industry through the yearly budget process conducted by the State Legislature. This allocation is used to fund the CHRB's mission of overseeing the horse-racing industry on behalf of the state and the California public.

## Incentive Awards

One of the most important uses of horse-racing revenue is for incentive awards, which promote the agricultural program in California by encouraging horse breeding. Last year \$9,924,987 in awards were divided between programs for thoroughbreds (\$9,386,242), standardbreds (\$188,481), quarter horses (\$335,037), paints (\$264), Arabians (\$7,315), and mules (\$7,648).

## Local Government

For those local municipalities who elect to participate, an additional 0.33 of one percent is withheld from the handle to reimburse communities for costs incurred due to traffic control, security, and other expenditures resulting from horse-racing events. Last year \$3.3 million was withheld for this purpose.

## Host Fees

Host fees are negotiated for mandated payments to producers of live horse racing imported by tracks via satellite and offered to the betting public in conjunction with a California track's live racing program. Last year, California tracks paid \$13 million to out-of-state hosts.

## Interstate Wagering Fees

Interstate wagering fees are "takeout" deductions from wagers made on California racing by racing fans at off-track betting systems outside of the California borders. These deductions in other states amounted to \$151 million.

## Equine Research

A mandated deduction goes to U.C. Davis for equine research. Last year the total for equine research was \$1.7 million.

## Simulcast Fees

Simulcast fees are deducted from the off-track handle at California simulcast facilities and are distributed in proportion to each facility's handle. This revenue goes to the Stabling and Vanning Fund to offset the cost of off-site stabling and transporting horses to the track, the Promotion Fund to be used for the promotion of horse racing, the Expense Fund for the purpose of offsetting the costs of simulcast broadcasting, and to guest-site commissions. A guest site is the term used for an authorized off-track betting system, or simulcast facility, that is an authorized recipient of a live horse race.

These funds received a total of \$52.6 million last year:

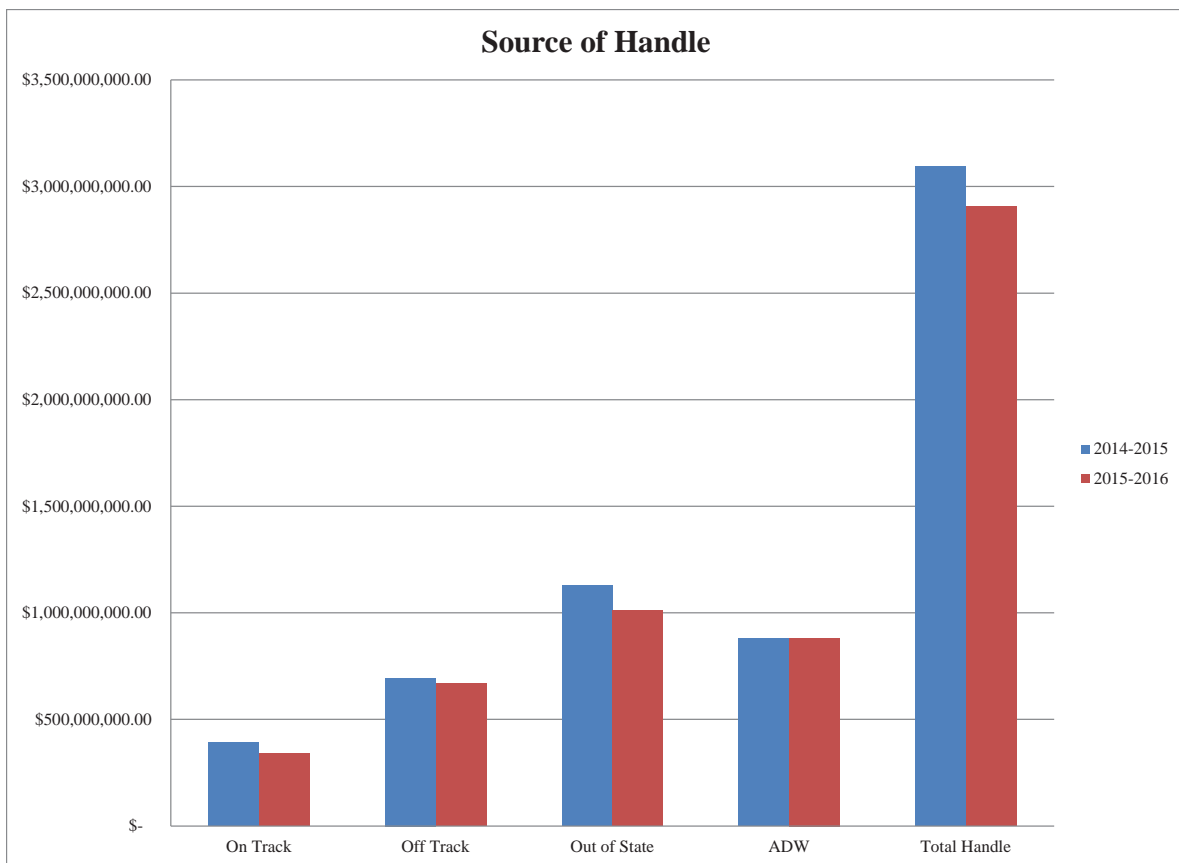
Stable and Vanning Fund:	\$10.6 million
Promotion Fund:	\$2.1 million
Expense Fund:	\$24.6 million
Guest Site Fees:	\$15.3 million

## Retirement and Welfare

ADW Retirement and Welfare Plans received \$1,817,596 in FY 2015-16. These funds supplement the backstretch personnel pension plan and provide welfare benefits for horsemen and backstretch personnel.

# Sources of Handle

## Fiscal Years 2014-15 and 2015-16



The on-track handle represents wagers at the host track. For FY 2015-16, on-track wagers accounted for 11.69 percent of the total handle. Off-track handle represents wagering at California simulcast locations and accounted for 23.04 percent of the total. Out-of-state handle represents commingled wagers from other US and international sites. Out-of-state wagers accounted for 34.89 percent of the total. Advance Deposit Wager (ADW) represents the handle generated through the four-licensed California ADW companies. The ADW handle accounted for 30.38 percent of the total.

## The Horsemen's Organizations Welfare Funds

The Horse Racing Law provides that 50 percent of the unclaimed redistributable money in pari-mutuel pools (uncashed pari-mutuel ticket amounts) resulting from thoroughbred, harness, or quarter-horse race meets be paid to the welfare fund established by the horsemen's organization contracting with the association for the conduct of the race meet for the benefit of horsemen. These funds are registered with the Office of the Attorney General, Registry of Charitable Trusts. The three horsemen's organizations have established and maintain the following welfare funds:

### The California Thoroughbred Horsemen's Foundation, Inc.

P. O. Box 660129  
Arcadia CA 91006  
Registry of Charitable Trusts  
No. 052861

### Quarter Horse Benevolent Charity Foundation

11278 Los Alamitos Blvd., Suite 243  
Los Alamitos, CA 90720  
Registry of Charitable Trusts No. 018221

### California Harness Horsemen's Benevolent Foundation

1600 Exposition Boulevard. Gate 12  
Sacramento, CA 95815  
Registry of Charitable Trusts No. CT0202834

Each of the foregoing welfare funds have a state tax-exempt status under the provisions of section 23701 of the Revenue and Taxation Code.

## The California Horsemen's Organizations

**The CHRB determines the organizations to represent California horsemen with respect to each breed.**

The following horsemen's organizations were recognized by the Board during FY 2015-16: Thoroughbred Owners of California for thoroughbred owners; California Thoroughbred Trainers for thoroughbred trainers; California Harness

Horsemen's Association for harness horsemen; Pacific Coast Quarter Horse Racing Association for quarter horsemen; and the Arabian Racing Association of California for Arabian horsemen.

## Audited Expenses of California Horsemen's Organizations

The information regarding the expenditures of these organizations is only one portion of the total audited financial statements submitted to the CHRB. Persons wishing to obtain a

copy of the complete audited financial statements of a horsemen's organization can do so by contacting the CHRB's headquarter office in Sacramento.

# Audited Financial Statements of California Horse Racing Industry

**Pursuant to Business and Professions Code Section 19440.5 and requirements outlined in the license application, the CHRB requires recognized industry participants receiving statutory distributions from the takeout to annually file audited financial statements.**

**The table below lists those organizations and their most recent statements received by the CHRB.**

Horsemen's Associations	Last Audit Report
Pacific Coast Quarter Horse Racing Association	2015
American Mule Racing Association	2015
California Thoroughbred Horsemen's Foundation, Inc.	2016
California Harness Horsemen's Association	2015
Arabian Racing Association of California*	2013
Thoroughbred Owners of California	2015
California Thoroughbred Trainers	2015
California Thoroughbred Breeders Association	2015

## Administrative Funds

CHRIMS	2015
California Marketing Committee (CMC)	2015
California Thoroughbred Business League	2015
Northern California Off-Track Wagering (NOTWINC)	2015
Southern California Off-Track Wagering (SCOTWINC)	2015
California Thoroughbred Trainers Inc. Backstretch Employees' Cash Balance Pension Plan	2015
California Jockeys' Welfare Corp	2015
CHRB Defined Contribution Retirement Plan for California Licensed Jockeys	2015
Quarter Horse Benevolent Charity Foundation	2016
California Standardbred Sires Stakes Committee*	2014
California Harness Horsemen's Benevolent Foundation	2015
Northern California Auxiliary Vanning and Stabling Fund	2015
Southern California Stabling and Vanning Fund Trust	2015

## Racing Associations

Golden Gate Fields (Pacific Racing Association)	2015
Del Mar (Del Mar Thoroughbred Club)	2015
California Authority of Racing Fairs (CARF)	2015
Santa Anita Park (Los Angeles Turf Club, Inc.)	2015
Los Alamitos Quarter Horse Racing Association (Quarter Horse Racing, Inc & Subsidiaries)	2015
Los Alamitos Racing Association (Quarter Horse Racing, Inc & Subsidiaries)	2015
Cal Expo (WatchandWager.com, LLC)	2015

## ADW

TVG (Paddy Power Befair, Plc)	2015
Twin Spires (Churchill Downs Incorporated)	2015
Watch and Wager, LLC	2015
Game Play Network, Inc.	2015
Lien Games Racing	2015
The New York Racing Association, Inc.	2015
XpressBet, LLC	2015

## Totalizator Company

AmTote International, Inc. and Subsidiaries	2015
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\*Pursuant to Business and Professions Code section 19613.2 (c) the Board may take disciplinary action against a horsemen's organization that is not in compliance with filing annually its audited financial statements with the CHRB.