

Seventh Biennial Report

California

HORSE RACING BOUND

TO THE GOVERNOR
AND TO THE LEGISLATURE OF THE
STATE OF CALIFORNIA



From the period

DECEMBER 1, 1944
to
NOVEMBER 30, 1946

7th Biennial
12/1/44-11/30/46

Seventh Biennial Report

To the Governor and the Legislature of the
State of California

California Horse Racing Board

For the Period December 1, 1944
to
November 30, 1946

CALIFORNIA HORSE RACING BOARD

BOARD MEMBERS

LOYD WRIGHT, *Chairman*
DWIGHT MURPHY, *Member*
NION R. TUCKER, *Member*
ALFRED B. FISKE, *Secretary*

OFFICES

LOS ANGELES OFFICE
591 Chamber of Commerce Bldg.
Los Angeles

SACRAMENTO OFFICE
611 Forum Bldg.
Sacramento

printed in CALIFORNIA STATE PRINTING OFFICE



**SEVENTH BIENNIAL REPORT
TO THE GOVERNOR AND THE LEGISLATURE OF THE
STATE OF CALIFORNIA**

For the Period December 1, 1944, to November 30, 1946

*To the HONORABLE EARL WARREN, Governor, and
to Members of the Legislature:*

Pursuant to the provision of the law so requiring, the California Horse Racing Board presents, herewith, its biennial report, covering the period from December 1, 1944, to November 30, 1946.

The board submits its report in three parts: Part I, consists of data which should prove helpful to quickly appraise the advances made since the last report and the present magnitude of racing in California; Part II, contains affirmative suggestions of the board; and Part III, poses certain questions of over-all policy and intent which it feels lie in the province of the Legislature.

Respectfully,

LOYD WRIGHT, Chairman
DWIGHT MURPHY, Member
NION TUCKER, Member

ALFRED B. FISKE
Secretary.

PART I

The following table gives the total statistical data in reference to all racing meets held in the State of California under the jurisdiction of the Racing Board during the report period, to wit:

Meetings	Number of days	Number of races	Total mutual pool	Revenue to State			Returned to public
				4 percent State Fair and Exposition Fund	1 percent State General Fund	2 percent State General Fund	
Hollywood Park, December 1-16, 1944	12	96	\$24,990,648 00	\$999,625 92		\$499,812 96	\$21,538,056 05
Santa Anita, May 15-July 7, 1945	40	320	87,634,421 00	3,505,376 84	\$100,000 00	1,352,688 42	75,497,387 25
Del Mar, July 11-September 3, 1945	40	320	23,846,789 00	953,371 56	100,000 00	78,935 78	20,536,755 65
San Joaquin County Fair, September 3-10, 1945	7	71	428,921 00	17,156 84			368,781 80
Pacific Coast Trotting Assoc., September 15, 18, 19, 1945	3	25	281,828 00	11,273 04			242,743 65
Sonoma County Fair, September 22-29, 1945	7	77	613,434 00	24,537 38			528,044 55
Alameda County Fair, October 5-20, 1945	14	157	1,666,214 00	66,648 56			1,434,500 40
Hollywood Park, September 5-October 20, 1945	35	280	78,816,501 00	3,152,860 04	100,000 00	1,176,330 02	87,909,687 30
Bay Meadows, October 23-December 18, 1945	49	392	37,913,442 00	1,516,537 68	100,000 00	358,268 84	32,695,535 50
Santa Anita, December 29, 1945-March 16, 1946	55	440	140,636,541 00	5,627,461 64	100,000 00	2,413,730 82	121,368,179 75
Bay Meadows, March 27-May 18, 1946	45	360	36,074,630 00	1,442,993 20	100,000 00	321,496 60	31,126,806 05
Western Harness Racing, April 16-May 18, 1946	27	216	12,019,123 00	480,764 92	20,191 23		10,350,397 30
Pacific Coast Trotting, May 30-June 29, 1946	23	184	2,439,140 00	97,565 60			2,100,894 80
Hollywood Park, May 21-August 3, 1946	55	440	125,819,342 00	5,032,773 68	100,000 00	2,116,386 84	108,511,403 20
Alameda County Fair, July 2-13, 1946	11	120	2,143,616 00	85,944 64			1,851,288 45
Sacramento County Fair, July 20-27, 1946	7	71	383,706 00	15,348 24			330,238 35
Sonoma County Fair, August 3-10, 1946	7	82	1,092,115 00	43,684 60			938,872 15
Humboldt County Fair, August 14-17, 1946	4	21	73,043 00	2,921 72			62,653 90
San Joaquin County Fair, August 31-September 2, 1946	2	24	291,106 00	11,644 24			250,006 75
Del Mar, August 6-September 14, 1946	35	280	23,806,005 00	952,240 20	100,000 00	76,120 10	20,527,661 60
San Mateo County Fair, September 27-October 5, 1946	8	88	2,912,229 00	116,489 16			2,508,977 75
Bay Meadows, October 19-November 30, 1946	33	264	23,185,605 00	927,424 20	100,000 00	63,712 10	19,993,914 80
Grand totals	519	4,328	\$627,123,597 00	\$25,084,943 88	\$920,191 23	\$8,455,482 48	\$540,670,837 60

CALIFORNIA HORSE RACING BOARD

Meetings	Number of days	Number of races	Association commission	Breakage	Total attendance	Average attendance	Daily average handle	Average wager per person
Hollywood Park, December 1-16, 1944	12	96	\$1,749,345 36	\$204,302 39	308,906	25,743	\$2,082,554 00	\$80 00
Santa Anita, May 15-July 7, 1945	40	320	6,434,409 47	748,702 00	1,059,052	26,476	2,190,860 00	69 95
Del Mar, July 11-September 3, 1945	40	320	1,989,275 23	209,844 64	345,385	8,635	596,169 00	68 20
San Joaquin County Fair, September 3-10, 1945	7	71	38,602 89	4,379 47	78,278	11,183	61,275 00	5 50
Pacific Coast Trotting Assoc., September 15, 18, 19, 1945	3	25	25,364 34	2,328 77	15,880	5,294	93,942 00	17 00
Sonoma County Fair, September 22-29, 1945	7	77	55,209 06	5,643 03	28,000	4,000	87,633 00	21 85
Alameda County Fair, October 5-20, 1945	14	157	149,959 26	13,990 93	102,066	7,290	119,015 00	16 30
Hollywood Park, September 5-October 20, 1945	35	290	5,817,155 07	660,504 32	978,512	27,958	2,251,900 00	80 10
Bay Meadows, October 23-December 18, 1945	49	392	2,958,040 04	289,228 15	497,500	10,154	773,744 00	76 50
Santa Anita, December 20, 1945-March 16, 1946	55	440	10,143,057 87	1,029,139 11	1,834,741	33,359	2,557,937 00	76 50
Bay Meadows, March 27-May 18, 1946	45	360	2,825,298 10	259,737 40	497,631	11,055	801,662 00	71 80
Western Harness Racing, April 16-May 18, 1946	27	216	1,061,529 84	104,096 43	222,051	8,225	445,152 00	54 10
Pacific Coast Trotting, May 30-June 29, 1946	23	184	219,522 60	21,108 54	55,131	2,397	100,049 00	44 40
Hollywood Park, May 21-August 3, 1946	55	440	9,107,353 94	950,295 78	1,571,815	28,578	2,287,624 00	53 25
Alameda County Fair, July 2-13, 1946	11	120	532,375 44	18,007 47	38,086	3,462	195,328 00	56 40
Sacramento County Fair, Gait, July 20-27, 1946	7	71	34,533 54	3,261 57	6,743	964	84,815 00	56 00
Sonoma County Fair, August 2-10, 1946	7	82	98,290 35	11,267 90	29,856	4,265	158,016 00	36 55
Humboldt County Fair, August 14-17, 1946	4	21	6,573 87	893 51	10,700	2,678	15,260 00	6 85
San Joaquin County Fair, August 31-September 2, 1946	2	24	26,109 54	3,439 47	10,100	5,050	145,553 00	28 85
Del Mar, August 6-September 14, 1946	35	280	1,968,420 35	183,298 79	323,554	9,245	680,171 00	73 60
San Mateo County Fair, September 27-October 5, 1946	8	88	262,100 61	24,561 48	42,979	5,372	364,028 00	67 80
Bay Meadows, October 19-November 30, 1946	33	264	1,922,982 35	176,709 40	318,475	9,650	702,504 00	72 89
Grand total	519	4,328	\$47,065,450 02	\$4,925,035 55	8,165,376	~15,733	~\$762,376 40	~\$51 67

Note *: Daily average for all tracks.

In order to have additional data to implement a comparative study, there next is reported, on a fiscal year basis commencing with the year 1933, a table showing the total

revenue derived by the State, the percentage of cost of maintaining the Racing Board and other statistical information:

	1933-1934	1934-1935	1935-1936	1936-1937	1937-1938	1938-1939	1939-1940
Total pool.....	\$6,315,634 00	\$24,852,484 00	\$39,359,881 00	\$47,976,296 00	\$66,142,358 00	\$75,371,789 00	\$70,423,604 00
4 percent State revenue.....	252,625 36	994,499 36	1,574,394 44	1,919,051 84	2,645,694 32	3,014,871 56	2,816,944 16
1 percent State revenue.....							
2 percent State revenue.....							
License fee revenue.....	7,032 00	10,604 00	12,979 00	14,208 00	15,448 00	15,318 00	15,286 50
Total revenue.....	\$259,657 36	\$1,005,103 36	\$1,587,373 44	\$1,933,259 84	\$2,661,142 32	\$3,030,689 56	\$2,832,230 66
Operating cost.....	\$19,146 01	\$18,670 56	\$18,082 28	\$19,391 11	\$24,445 74	\$25,064 12	\$26,135 57
a. Percent relationship to revenue.....	.07373	.01857	.01139	.01003	.00918	.00827	.00922
Purses.....				\$1,497,275 00	\$2,052,600 00	\$2,419,055 00	\$2,360,395 00
Number of meetings.....	5	7	11	16	21	18	18
Number of days raced.....	112	184	192	212	258	272	263
Number overlapping dates.....	Fairs	Fairs	Fairs	Fairs	Fairs	Fairs	Fairs
Personnel employed.....	4½	4½	4½	4½	5	5	5
a. Los Angeles office.....	2	2	2	2	2	2	2
b. Sacramento office.....	1	1	1	1	1	1	1
c. Track (clerical).....	1½	1½	1½	1	1	2	2
d. Investigators.....	0	0	0	0	1	0	0
Number saliva tests.....			328	913	1,834	2,108	2,003
Number urine tests.....							
Horses claimed.....			320	362	440	502	405
California bred winners.....				551	705	680	653

	1940-1941	1941-1942	1942-1943	1943-1944	1944-1945	1945-1946
Total pool.....	\$94,553,615 00	\$37,816,692 00	\$25,569,145 00	\$49,393,136 00	\$152,394,493 00	\$414,767,035 00
4 percent State revenue.....	3,782,144 60	1,512,667 68	1,022,765 80	1,975,725 44	6,095,779 72	16,590,681 40
1 percent State revenue.....			47,115 91	200,000 00	300,000 00	620,191 00
2 percent State revenue.....				187,862 72	1,847,889 86	5,546,367 00
License fee revenue.....	16,970 50	2,767 50	7,803 50	8,804 00	14,899 00	21,431 00
Total revenue.....	3,799,115 10	1,515,435 18	1,077,685 21	2,372,392 16	8,258,568 58	22,778,671 00
Operating cost.....	31,038 50	28,117 45	25,192 75	25,179 13	22,626 53	40,402 84
a. Percent relationship to revenue.....	.00816	.01855	.02337	.01061	.00273	.00175
Purses.....	\$2,295,761 25	\$1,377,478 75	\$959,010 00	\$1,387,700 00	\$2,578,200 00	\$7,574,080 00
Number of meetings.....	19	15	4	2	3	13
Number of days raced.....	284	165	117	129	110	340
Number of overlapping dates.....	Fairs				Fairs	Fairs
Personnel employed.....	6	6	4	4	6	7
a. Los Angeles office.....	3	3	2	2	3	3
b. Sacramento office.....	1	1	1	1	1	1
c. Track (clerical).....	2	2	1	1	1	1
d. Investigator.....	0	0	0	0	1	2
Number saliva tests.....	3,519	2,115	940	1,049	973	2,985
Number urine tests.....	624	927	316	935	900	2,653
Horses claimed.....	621	208	93	443	333	488
California bred winners.....	792	530	437	512	405	1,285

The Racing Board, during the period December 1, 1944, to November 30, 1946, in administering a total business through the pari-mutuel machines of \$627,123,597, from which the State derived a total income of \$34,460,617, spent a total of \$69,378.70 in administering the racing laws of the State of California. The following gives a break-down of the board's expenses covered by this report:

Function	Salaries and wages	Operating expenses	Property and equipment	Total
(Administration)				
Board members traveling.....		\$897 92		\$897 92
Other traveling.....		3,449 46		3,449 46
General office.....	\$41,893 51	1,376 28	\$221 39	43,491 18
Printing.....		1,033 63		1,033 63
Postage.....		325 00		325 00
Pro rata general fiscal administration.....		1,283 44		1,283 44
Pro rata Attorney General.....		6,000 00		6,000 00
Pro rata Personnel Board.....		253 27		253 27
Rent.....		4,083 00		4,083 00
Telephone and telegraph.....		2,263 96		2,263 96
Freight, cartage, express.....		557 84		557 84
Totals.....	\$41,893 51	\$27,263 80	\$221 39	\$69,378 70

In order to emphasize the useful and constructive purposes to which the State's profits derived from racing were applied, the following table of disbursements, from the Department of Finance, covering the fiscal years of July, 1944, to June 30, 1945, and from July 1, 1945, to June 30, 1946, is of significance:

NINETY-SIXTH FISCAL YEAR

Total available for distribution.....		\$5,366,588 54
Less fixed annual appropriations:		
California Horse Racing Board.....	\$24,782 00	
Department of Finance.....		
Division of Audits.....	7,500 00	
Division of Fairs and Expositions.....	18,474 00	
California State Fair.....	125,000 00	
Los Angeles County Fair.....	125,000 00	
Sixth District Agricultural Association.....	15,000 00	
Contributions to Employees Retirement Fund.....	10,000 00	
		325,756 00
First balance.....		5,040,832 54
Less allocation to fairs:		
5 percent of first balance to citrus fairs.....	\$252,041 62	
40 percent of first balance to agricultural fairs.....	2,016,333 01	
		2,268,374 63
Second balance.....		
Less other allocations:		
25 percent for California Polytechnic School.....	693,114 48	
33 percent for University of California.....	914,911 11	
43 percent for capital outlay at state, county, district and citrus fairs.....	1,164,432 32	
		2,772,457 91

NINETY-SEVENTH FISCAL YEAR

Total available for distribution.....		\$16,698,006 12
Less fixed annual appropriations:		
California Horse Racing Board.....	\$68,697 60	
Division of Fairs and Expositions.....	21,052 50	
State Agricultural Society.....		
Support—California State Fair.....	125,000 00	
Support—Junior Agricultural Fair.....	15,000 00	
Los Angeles County Fair.....	125,000 00	
1-A District Agricultural Association.....	100,000 00	
Sixth District Agricultural Association.....	15,000 00	
Total fixed annual appropriations.....		\$469,650 00
First balance.....		\$16,228,356 12
Less allocations to fairs:		
5 percent of first balance to citrus fairs, 97th fiscal year.....	\$810,467 44 ¹	
5 percent of first balance to citrus fairs, 96th fiscal year.....	950 37	
40 percent of first balance to district and county agricultural fairs, 97th fiscal year.....	6,463,739 49 ¹	
40 percent of first balance to district and county agricultural fairs, 96th fiscal year.....	7,602 95 ¹	
		7,302,760 25
Total allocations to fairs.....		8,926,695 87
Add excess in prior years, 5 percent for citrus fairs redistributed during Ninety-seventh fiscal year.....		147,041 62
Second balance.....		\$9,072,637 49
Distribution of second balance:		
25 percent for California Polytechnic School.....	\$2,268,159 38	
33 percent for University of California.....	2,983,970 36	
42 percent for capital outlay of state, county, district and citrus fairs ²	3,810,707 75	

¹ Any amount in excess of the maximum amount which may be apportioned to fairs under Section 19624 of the Business and Professions Code shall be transferred to the second balance and distributed as provided under Section 19626 of said code. The actual redistribution will be made following the close of the fiscal year.

² Under the Budget Bill, Chapter 644, Statutes of 1945, the following appropriations were made out of the unallocated balance of funds previously appropriated for capital outlay for fairs:

Poultry Improvement Commission, Item 43.....	\$9,924 00
Poultry Improvement Commission, Item 44.....	500 00
Division of Audits, Item 126.....	50,000 00
State Agricultural Society, Item 129.....	150,000 00

³ The amount of Ninety-sixth Fiscal Year funds available for district and county agricultural fairs was increased \$67,084.37 by the reappropriation of prior year balances under Chapter 1248, Statutes of 1945.

Other data the board feels which may be of interest, consists of the licenses issued, and fines levied as a result of disciplinary action taken by the Board of Stewards or the Racing Board:

LICENSES AND REGISTRATIONS ISSUED

(November 30, 1944—December 1, 1946)

Owners.....	\$2,601 00	Officials.....	\$205 00
Trainers.....	10,930 00	Pari-mutuel operators.....	3,407 00
Jockeys.....	2,650 00	Authorized agents.....	3,710 00
App. jockeys.....	88 00	Assumed names.....	5,400 00
Jockey agents.....	580 00	Duplicates.....	88 00
Grooms.....	3,360 00	Special trainers.....	179 00
Exercise boys.....	714 00	Harness horse drivers.....	247 00
Miscellaneous.....	436 00		
		Total.....	\$34,533 00

Fines against the Association—None

Suspension of permits issued to associations—None

Licenses suspended or revoked by Board:

Exercise boys.....	1
Grooms.....	2
Jockeys.....	7
Owners.....	3
Pari-mutuel operators.....	1
Trainers.....	12

The board respectfully points out that the following statistics clearly show that the expressed purpose and intent of the basic law of racing in California, to wit:

“The encouragement of agriculture and the breeding of horses,” is being effectively carried out, and that the sports of running and harness racing in the State of California are on a firm, constructive and enduring basis as evidenced by the purse money paid out over the years and reviewed in the foregoing fiscal year report, and the following table showing the amount paid out in breeders' fees:

	1944	1945	1946
Ten percentum of winning purses:			
Bay Meadows, and Hollywood Park.....	\$62,025 00		
Santa Anita.....		\$30,925 00	
Del Mar.....		\$15,767 25	
Hollywood Park.....		\$24,799 60	
Santa Anita.....			\$63,060 00
Bay Meadows.....			10,400 00
Hollywood Park.....			70,282 00
Del Mar.....			19,099 00
Bay Meadows (to November 30, 1946).....			18,548 00
Totals.....	*\$62,025 00	*\$71,491 75	\$181,389 00

* NOTE—War period during which most of the tracks were closed down.

WAR RELIEF CONTRIBUTIONS AND CHARITY DAY ALLOTMENTS

While the major race tracks of the State were closed during most of the war period, and with only one major course in operation for part of the time, Bay Meadows, nevertheless generous and sizeable contributions to the war auxiliary organizations and charitable institutions of the State were made by all the principal racing associations.

Sharing in the distribution of moneys allotted for the purposes were:

United Service Groups, The American Red Cross, Army Emergency Relief, Navy Relief Society, United Seamen's Service, Community Chests, Many Military Hospital Welfare Groups and Veterans' Organizations, including American Legion Posts, American Women's Voluntary Service, Veterans of Foreign Wars, Disabled American War Veterans.

The Infantile Paralysis Fund, Boy Scouts of America, The Salvation Army, Several religious bodies representing all denominations, Y.M.C.A., The California Turf Foundation, and many other groups.

The table hereunder is a summary of contributions made by the associations named in the compilation, on a calendar year basis from the year 1940 to date, as reported:

	1940	1941	1942	1943
California Jockey Club (Bay Meadows).....	\$26,805 46	\$30,000 00	\$280,182 07	\$761,536 74
Del Mar.....		6,827 68		
Los Angeles Turf Club (Santa Anita).....	162,681 91	177,682 46		
Hollywood Park.....	122,935 55	117,926 81		
Totals.....	\$302,442 92	\$332,446 85	\$280,182 07	\$761,536 74

	1944	1945	1946	Totals
California Jockey Club (Bay Meadows).....	\$1,345,871 99	\$64,111 89	\$495,365 17	\$3,003,873 32
Del Mar.....		145,381 76	47,682 00	199,871 34
Los Angeles Turf Club (Santa Anita).....		1,367,125 40	2,332,125 40	4,049,625 17
Hollywood Park.....	1,079,693 95	1,004,920 91	460,813 00	2,766,510 22
Totals.....	\$2,425,765 94	\$2,601,519 96	\$3,335,985 57	\$10,039,860 05

CALIFORNIA HORSE RACING BOARD

Revenue Received by the State Each Fiscal Year Since Racing Was Legalized :

	Total revenue to State
Eighty-fifth fiscal year, 1933-1934.....	\$259,657 36
Eighty-sixth fiscal year, 1934-1935.....	1,005,103 36
Eighty-seventh fiscal year, 1935-1936.....	1,587,373 44
Eighty-eighth fiscal year, 1936-1937.....	1,933,259 84
Eighty-ninth fiscal year, 1937-1938.....	2,661,142 32
Ninetieth fiscal year, 1938-1939.....	3,030,689 56
Ninety-first fiscal year, 1939-1940.....	2,832,230 66
Ninety-second fiscal year, 1940-1941.....	3,799,116 10
Ninety-third fiscal year, 1941-1942.....	1,515,436 18
Ninety-fourth fiscal year, 1942-1943.....	1,077,685 21
Ninety-fifth fiscal year, 1943-1944.....	2,372,392 16
Ninety-sixth fiscal year, 1944-1945.....	3,253,563 53
Ninety-seventh fiscal year, 1945-1946.....	22,778,671 67
Total.....	\$53,111,324 44

PART II

Pursuant to the mandate in the Racing Law, the California Horse Racing Board respectfully suggests that there are certain amendments seriously needed to clarify, expedite and advance the administration of racing, we therefore respectfully recommend the following:

1. We suggest that Section 19421 be amended by adding after the first line the following:

“One of whom, designated by the Governor, shall be Chairman.”

Section 19431: We urge that Section 19431 should be changed to abolish the office in the City of Sacramento and to provide for the establishment of two offices, one in the City of San Francisco, the other in Los Angeles, and to vest in the board the authority to designate, from time to time, which shall be the general office. In this connection, a recent survey made by the Department of Finance supports this recommendation in the following language:

“It is recommended that the board request the Legislature to repeal the law requiring an office in Sacramento and that the office be discontinued.”

3. The board respectfully suggests that Section 19433 should be amended by inserting in lieu of “six thousand dollars (\$6,000)” the words “fifteen thousand dollars (\$15,000) per annum.”

The secretary is the chief administrative officer of the Racing Board under the supervision and direction of the board. His duties require great responsibility and encompass every detail of the administration of the law. It could be compared, in its present form, to a general manager of a business in private industry, handling a volume of \$415,000,000 per year receiving a compensation of \$6,000. In his position and daily routine, he has supervision over and direction of many licensees who receive much greater compensation. In the opinion of the board, it is not only inconsistent but detrimental to deny this administrative officer compensation commensurate with his responsibilities.

4. The board urges that Section 19435 should be clarified. There seems to be good grounds for differences in legal interpretation as the section is presently worded, in reference to the territorial jurisdiction of subpoenas issued by the board. We call your attention to the fact that those generally subpoenaed are transient. They may be racing in Southern California one week and in Northern California the next. To efficiently administer the law, it is imperative that the board be privileged to subpoena before it, pursuant to its process, any one within the territorial jurisdiction of the Board, which must, of necessity, be any one in the State of California.

We, therefore, urge that this Section be amended to provide that the board may subpoena the attendance of witnesses from any place within the State of California; that per diem payment of witness fees and costs of transportation and sustenance of any witness so subpoenaed, should

be paid by the board; and, of course, that there be retained in this section the authority to administer oaths on the part of the secretary.

5. The board respectfully urges consideration be given Section 19437. Historically, the actual conduct of the races, whether they be running or harness, is under the supervision of stewards. These men are trained and experienced in all phases relating to the running of races. It is incongruous that the racing laws and the rules and regulations of the board should be enforced by stewards being paid by the racing associations running the meetings over which they preside.

We have been extremely fortunate, in the State of California, in the high type of racing officials serving on the racing circuit, but the board feels that the present restrictive feature of the Civil Service Law, that prevents it from freely engaging and paying—hiring and firing—the necessary stewards and other officials required for the proper supervision of the turf, is inconsistent and unsound. We, therefore, urge and recommend that Section 19437, together with any laws required to be, should be amended so as to permit the board to directly employ and pay, without recourse to any established lists, the necessary stewards, veterinarians and other key officials so indispensable to conducting racing on a high plane.

California, by nature of its climate and tremendous size, has had, and is destined to have, more racing days than any other state in the Union. The impact of postwar racing has established racing in this State at the very top, from every angle of comparison, in the United States.

The board must be equipped with the authority to engage the necessary number of stewards, veterinarians and others who look to the board for their appointments and compensation, and to run two or more meetings in the State at the same time. The board has repeatedly received criticism that it does not establish a system of directly employing and engaging the stewards and others who administer the rules and laws of racing over racing meetings (from some who are unfamiliar with the fact that the present status of the law makes it impossible). To put it more bluntly, the board wishes to feel that it not only supervises and approves the officials to enforce its rules and regulations, but that it pays those officials, so that they have but one loyalty—to the State of California—which grants all licenses for racing. It cannot be done from civil service lists.

6. The board calls attention to Section 19510. So rapid is the growth of racing, so aggressive are the racing associations in California in cloaking their meetings with every convenience and protection for the public, that a specific designation of those who are required to receive licenses from the board, is outmoded and inadequate. There are established personnel performing very important functions in racing in California that were never thought of at the time Section 19510 was adopted. We, therefore, urge that this section be changed to provide that the Racing Board should designate those required to be licensed in order to participate in the sport of running or trotting races. This authority should, of course, be limited to those whose activities affect the race as distinguished from purely administrative functions of tracks or others.

7. We recommend that Section 19533 be amended by striking out in the first line the following: "in counties and areas of the first and second classes", and the words "or a rodeo" in the fourth line.

We recommend second paragraph of Section 19533 be repealed and would suggest in lieu thereof the following:

"The period for which licenses may be issued to county fairs in counties and areas of the first, second and second and one-half class shall not in any such county or area exceed 14 racing days."

We recommend that the last paragraph of Section 19533 be repealed and in lieu thereof it be provided:

"Racing days allowed by the board under this Article 6 to county fairs shall not diminish the racing days per year permitted to be allowed to racing associations under Article 6, other than to State, County or Agricultural District Fairs."

8. We recommend that Sections 19535 and 19536 be repealed.

9. The board urges serious consideration of Section 19597. In considering this section, it is necessary to keep in mind that we have in California, Racing Associations that have great as well as small facilities for handling racing meets, consequently it is extremely difficult to arrive at a percentage to be deducted by the licensee from pari-mutuel pools that is fairly applicable to all types of tracks engaged in racing. The large track can be successful on a smaller percentage. The smaller track, to endure, must have a higher percentage. The present percentages (State Tax and Association Commission) were instituted at a time when racing in California did not attract the patrons it presently attracts.

There is a general feeling, and it is the opinion of the board, that under present conditions the present percentages deducted by the licensee should be revised. The percentage to be adopted should be such as to permit all tracks to install and maintain the most modern equipment necessary for a high type meeting, and to pay purses commensurate and comparable with the high plane on which racing has been established in California. To this end the board recommends that the following percentages be adopted:

Nine (9%) per centum of the first \$10,000,000 of the amount wagered; eight per centum (8%) up to \$20,000,000; seven per centum (7%) up to \$30,000,000; six per centum (6%) up to \$50,000,000; and five per centum (5%) thereafter.

10. We recommend that 337f of the Penal Code be changed in the following particular:

(a) Line 5 and 6, change "hypnotic or narcotic" to read, "drug."

(c) Line 2, make same change.

(d) Second and third paragraphs to be deleted and substitute:

"The term 'drug' shall include all substances recognized to have the power of stimulating or depressing the central nervous system, respiration, or blood pressure of an animal, such as narcotics, hypnotics, benzedrine or its derivatives."

11. Historically, the trainer or person in charge of a horse has been required to insure the condition of the horse against stimulants, depressants or other evil tampering.

In recent months, notwithstanding the board's Rule No. 313 has been in effect in California since 1933, the lower courts have held the rule capricious, in that it is a cancellation of a license without just cause.

Racing cannot be maintained without the owner, trainer, and/or groom assuming the responsibility of insuring the condition of the horse. The Attorney Generals of the State of California have repeatedly held that such a rule is legal and proper. The court of last resort has not as yet passed on the rule. The decision of the lower courts indicates that in the minds of some Judges the legality of this necessary rule of racing hinges upon the Legislature declaring the rule rather than the Racing Board.

The board feels that the Appellate Court will sustain it in its rule. However, the board urges the Legislature to amend the law to provide that every licensed owner, trainer, and/or groom, in charge of a horse entered in a racing meeting, shall be the absolute insurer of and responsible for the condition of every horse in his care or under his ownership or attendance entered in a race at a licensed meeting in California. That as a condition of granting a license, such owner, trainer, and/or groom shall accept this responsibility as insurer of the condition of the horse. The presence of any narcotic, stimulant, chemical or drug at any time, in any sample of saliva, blood, urine or other recognized scientific test taken from a horse entered in a race shall prima facie establish the lack of such required condition of such horse. Such lack of condition shall be just cause for which the license of the owner, trainer and/or groom, or any or either of them, of such horse, may be suspended or revoked and such horse may be denied entry in any or all future races.

12. In the opinion of the board, breakage belongs to the public, however, it is impossible to economically conduct pari mutuel betting to provide that the breakage should be refunded to the patron, hence the board recommends that the law should be changed so that \$400,000 of the breakage each year should be turned over to the Racing Board for the purpose of defraying the expenses of administering the conduct of racing in California; and that the overage of the breakage, together with any unexpended funds, be diverted to the General Fund of the State of California.

To keep abreast with the advancement of racing, to develop thoroughbred racing and standard racing, to emphasize and encourage agriculture and the breeding of California thoroughbreds and standardbreds, requires the administering board to be in a position to carry on all necessary activities commensurate with the fulfillments of those aims. The board should have funds with which to pay the necessary stewards, veterinarians and other key officials responsible to it in enforcing the law.

It should have funds to carry on experimentation not only to help develop the breeding of thoroughbreds and standardbreds but to carry on consistent scientific research to combat elements destructive of the sport. It should have funds to acquire adequate and proper quarters.

The State of California, during the current year, will receive more revenue than any other State in the Union from racing, with the possible

exception of the State of New York, yet its quarters are so inadequate that to hold meetings it is necessary to shuttle around, hat in hand, and beg available space of overcrowded State Buildings. There is no consistency of the place at which meetings may be held either in Northern or Southern California, and it would seem that an industry that brings so much revenue to the State of California should have a sufficient budget not only to keep abreast with all phases of the business it regulates, but to have quarters that are adequate in which to carry on its responsibilities and duties.

By way of example, the board feels that the basic law should be flexible enough so that upon a reasonable showing to the Director of Finance, it could acquire horses on which to make actual tests, under racing conditions, of the effect of certain drugs or depressants; it feels that it should have in San Francisco and Los Angeles, in which respective areas are located the race tracks from which most of the revenue is derived, permanent quarters with sufficient equipment, facilities and hearing rooms necessary to meet the requirements imposed by law upon the board; and it feels that if these funds are furnished they should be derived in the first instance from the breakage, which presently is retained by the racing associations. In this way it feels that a fundamental inequity will be cured—the breakage will be returned to the public to whom it belongs.

In making the foregoing recommendations, the board is fully cognizant of the high plane upon which the respective racing associations in the State of California have maintained their meetings. There is no doubt but what the unusual advancement and terrific success of the industry in California is attributable in a great measure to the efficient and aggressive managements of the racing associations which have always been progressive. Breeders, owners and others, have felt encouraged and have in turn not only been cooperative to a splendid degree but have advanced their respective participations to the point where California thoroughbreds and standardbreds are overtaking the field.

The racing associations of California enjoy the reputation throughout the world of being the most progressive in the business. The board has always received full cooperation from them regardless of expenditures required whenever it has suggested any additional service contemplated to protect the public and to make it more convenient for those who attend the meetings. In most instances it was the racing associations who had willingly experimented with improvements and increased facilities so as to make racing in California the success it has attained.

It is the board's firm belief, in making the recommendations above set forth, that a fair and reasonable income justly will be retained by the respective associations from the foregoing percentages without in any way diminishing the aggressive progress maintained by the racing associations. Should perchance an excessive profit be derived by any association the income tax laws will apply. Should the percentage be too greatly decreased, there is no law to restore a bankrupt business.

The hazards of the business are unusual. Fire, epidemic and black-out can, at any time, visit a racing association in such a manner as to abruptly stop its income, but it cannot stop its outgo in proportion.

There is a prevailing thought that wagering through the pari-mutuel machines will decline. Recent statistics from some other states would

indicate this possibility. The board, therefore, urges that in its judgment no decrease can fairly or safely be made below the percentages above set forth. In this particular, the board recommends that the percentages of the take presently diverted to the State should be maintained. Of course wherever a change of percentage occurs, it will have to occur the day after the figure is reached, requiring a change to be made.

PART III

Certain questions have arisen that in the opinion of the board require legislative consideration of the basic laws of racing. The board, therefore, respectively poses the following questions for the consideration of his Excellency the Governor and the Members of the Legislature:

- (a) That the Legislature establish as the period for the biennial report the two fiscal years preceding each regular session of the Legislature instead of the two years ending December 1st preceding the meeting of the Legislature.
- (b) Should not the basic law be changed to provide that a license for racing upon which pari-mutuel wagering is permitted, be granted to State, County and Agricultural District Fairs only when the exhibits of the fair, agriculture, horticulture, vinticulture, livestock, and other features of the fair are part of and are maintained on the grounds and for the duration of the dates granted by the Racing Board for racing?
- (c) Should not all racing at county fairs be subject to the same requirements as to equipment, facilities and protective features as are required of racing associations?
- (d) Should not fairs, as well as racing associations be required, if in the opinion of the board it is necessary to protect those engaged in racing, to deposit sufficient funds to guarantee the payment of published purses and estimated expenses of maintaining the meeting?
- (e) It has been suggested to the board, and the board feels it is a matter of policy for the Legislature to determine, that any corporation, organization, association or person who is the owner of or is financially or who is otherwise interested in any establishment, wherever situated, that participates in wagering (which if conducted in California would be illegal but which may be legal where conducted) except in methods approved in the Racing Act, shall not be entitled to receive any license from the board to engage in any phase of racing.
- (f) Should Sections 19531 to and including 19532 be amended to decrease the permissible number of racing days per year?
- (g) Charity days have become a part of the fundamental principles of racing in California. The board has, therefore, taken the position of making the running of charity days a condition of receiving a license to run a meet. Due to the ever-changing position of the Federal Income Tax Department in construing the income from charity days as being taxable notwithstanding the obvious intention of the Legislature to the contrary—should Section 19538 be amended to make the running of charity days mandatory?

CONCLUSION

Wherever an industry or sport reaches the magnitude that racing has attained in California, and that industry or sport is permissive and can only be indulged in by licensees from the State, it is bound to attract a few in number who consider the law and the rules and regulations something to be circumvented rather than something to be followed.

In administering the laws of racing, it is essential that the Racing Board have the full cooperation of every department of the State Government. In this connection the board wishes to express its deepest appreciation of the cooperation it has received from other departments of the State Government during the years covered by this report.

The board wishes, however, to point out that there are some statutes relative to certain other departments of the State Government that prevent the free exchange of information. It is therefore recommended that a study be made of this subject toward the end that all departments of State Government, including the Racing Board, shall be privileged to call upon any other department, not only for assistance but for confidential data or information for use in the administration of the law.

Respectfully submitted,

CALIFORNIA HORSE RACING BOARD

LOYD WRIGHT, Chairman
DWIGHT MURPHY, Member
NION R. TUCKER, Member

ALFRED B. FISKE, Secretary

Los Angeles, California, December 18, 1946