

49th Annual Report of the California Horse Racing Board

A Department of the Business,
Consumer Services and Housing Agency

A Summary of Fiscal Year 2018–19 Revenue and Calendar Year 2019 Racing in California California Horse Racing Board

Dr. Gregory Ferraro, Chair
Oscar Gonzales, Vice Chair
Dennis Alfieri, Member
Wendy Mitchell, Member
Alex Solis, Member
Rick Baedeker, Executive Director

(The four former commissioners listed below served during the reporting period for this document.)

Madeline Auerbach, Former Member
Fred Maas, Former Member
Araceli Ruano, Former Member
Chuck Winner, Former Member

This report covers the fiscal year (July 1, 2018, through June 30, 2019) 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 2019 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 (Media Room)

Report from the Chair



Normally the chair uses this opportunity to provide a business update and report on achievements in California horse racing, but 2019 was not a normal year. It was an unprecedented, challenging year for California horse racing and, perhaps, for all of horse racing.

An unusual increase in equine fatalities in the winter and spring at Santa Anita Park increased focus on animal protection. Critics were quick to cast blame on the racing surfaces at Santa Anita, which were battered by storms that created maintenance challenges. Experts were brought in to do extensive work on the main track and ensure that it was as safe as possible for racing and training. This required a series of closures that temporarily halted racing and training. Races coming off of the unique hillside turf course were canceled. Management also introduced new safety measures. These efforts resulted in a reduction but not the total elimination of horse deaths.

Significant Further Steps

Governor Gavin Newsom signed Senate Bill 469 to allow the CHRB to take immediate action on race meet licenses if horse or rider safety is determined to be at risk. The Board adopted emergency regulations to implement the statute. Furthermore, Governor Newsom directed the CHRB to create a panel of CHRB veterinarians and stewards to review the medical, training, and racing histories of each horse entered in a race, empowered to recommend to the stewards that they scratch (reject) horses deemed unfit to run.

Among the other most significant measures in effect or in the regulatory process:

- ◆ The CHRB acted to limit corticosteroid and anti-inflammatory medications at all racetracks, and authorized racing secretaries to impose medication restrictions as conditions of races.
- ◆ Racetracks restricted intra-articular injections within 14 days of racing.
- ◆ The CHRB required trainers to maintain records of veterinary treatment for their horses, while taking additional steps to make veterinary treatments more transparent.
- ◆ The CHRB stepped up out-of-competition testing

(OOCT) of horses before they are scheduled to run in order to discourage the use of prohibited long-acting drugs.

- ◆ The CHRB began the regulatory process (and later approved a rule) to prohibit the administration of bisphosphonates to horses at CHRB-regulated facilities and prohibiting any horse from entering the grounds within six months of having been administered bisphosphonates.
- ◆ The CHRB required trainers and other licensees to review postmortem reports with the Official Veterinarian as an educational opportunity to help them understand how injuries develop and occur, and continued the process of implementing a more comprehensive continuing education program for trainers.
- ◆ The CHRB established a protocol for full investigations of horse fatalities conducted by CHRB Investigators (sworn police officers) and Official Veterinarians, utilizing the Board's subpoena power as necessary.
- ◆ The CHRB began the regulatory process to establish limits for certain drug substances and medications for horses performing high-speed exercise.

Despite these and other safety measures, equine deaths continued, though at a reduced rate. Therefore, I accepted Governor Newsom's appointment to the CHRB, primarily because I hoped to make a difference in this ongoing tragedy. During my 44-year career -- initially as a practicing veterinarian and later as Director of the Center for Equine Health at UC Davis, until I retired in 2014 -- I was devoted to securing the health and welfare of all breeds of horses. That continues to be my purpose today.

New Recommendations

At the request of Governor Newsom in November, the Board submitted a more extensive list of recommendations, some of which will require legislation. That list includes:

- ◆ Statutory change to make public any positive drug test within 24 hours of confirmation.
- ◆ Statutory change to direct revenue from CHRB licensing and penalties (approximately \$750,000 annually) to welfare and safety measures.
- ◆ Statutory change to make confidential veterinary records open to horse owners, practicing veterinarians, Official Veterinarians, and to some degree trainers and jockeys.
- ◆ Require any horse placed on the high-priority watch

list by the review panel to also be placed on the Veterinarian's List and prohibited from racing and training until removal from that list by the Official Veterinarian.


- ◆ Establish stricter criteria for removal from the Veterinarian's List, possibly to include diagnostic imaging (i.e., MRI and PET-scan) at Santa Anita.
- ◆ Post weekly fatality reports on the CHRB website, which is currently being arranged. (A fatality report based on trainer records is being introduced in this annual report, pages 25-27.)
- ◆ Require the tracks to protect whistleblowers who report suspicious activity. (The CHRB currently has a hotline [800-805-7223] and website link to receive confidential reports.)
- ◆ Prohibit racing and training on tracks that are deemed to be unsafe due to weather conditions. (A similar condition already is in place for the current meet at Santa Anita.)
- ◆ Gradually prohibit/eliminate administration of corticosteroids. In the shorter term, restrict injections in fetlock joints within 30 days of racing.
- ◆ Continue research of synthetic surfaces.
- ◆ Further the steps taken regarding SWT, transparency of medical record, and OOCT.
- ◆ Explore stronger rule options to require trainers to comply with advice from veterinarians.
- ◆ Review penalty guidelines.

The numerous fatalities at Santa Anita have been especially disheartening because up until last winter we had made significant strides in reducing equine fatalities -- reduced by nearly 60 percent over the previous 13 years. We had hoped the declining trend would continue. But the stark reality is that we still have much more to do in order to protect horses and riders.

Total Commitment

As I remarked at the meeting of the Board in November when I was elected chairman by my fellow commissioners, the days of permissive medication are over. We will gradually eliminate medications and keep them away from racing and training. This Board has a new mandate from the Governor's Office, and that mandate is, primary number one, health and safety of the horses and riders. I and the other commissioners fully intend to carry out that mandate, which means, though we have made several important new regulations and changes, there are many more to come, and the ones that have yet to come are going to be much more difficult.

With support from the Governor and Legislature, and the trust of the racing industry and the public, we will make California horse racing safer for horses and riders, and, perhaps, blaze a path for the rest of horse racing to follow.



Dr. Gregory Ferraro, Chair
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, which is an approved training center, 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

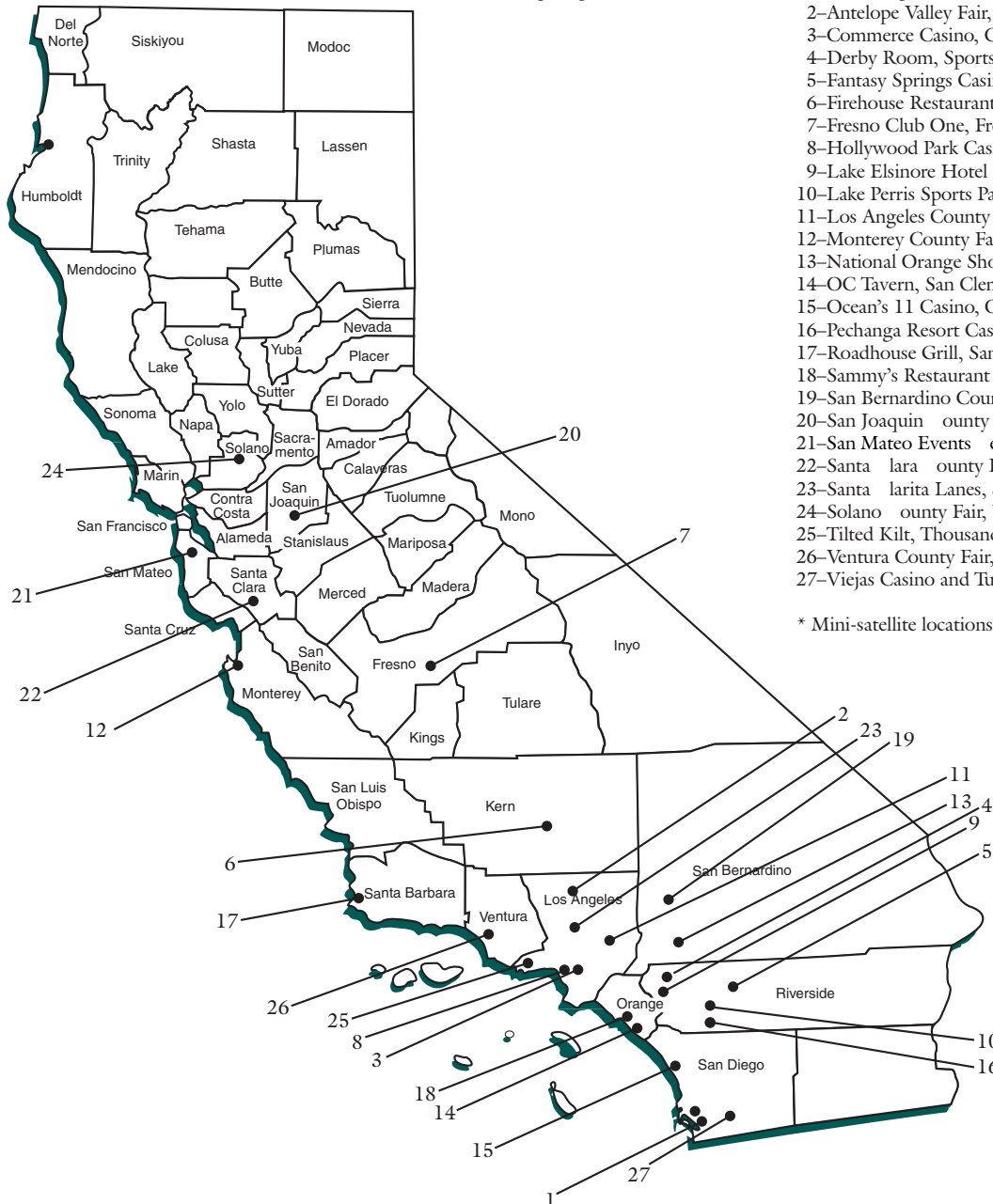
- 5-Alameda County Fair, Pleasanton
- 6-California Exposition, Sacramento
- 7-Big Fresno Fair, Fresno
- 8-Humboldt County Fair, Ferndale
- 9-Sonoma County Fair, Santa Rosa

Training Facilities

- 10-San Luis Rey Downs, Bonsall

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*C
- 2-Antelope Valley Fair, LancasterC
- 3-Commerce Casino, Commerce*
- 4-Derby Room, Sports Grill & Turf Club, Norco *C
- 5-Fantasy Springs Casino, IndioC
- 6-Firehouse Restaurant, Bakersfield*
- 7-Fresno Club One, Fresno
- 8-Hollywood Park Casino, InglewoodC
- 9-Lake Elsinore Hotel & Casino, Lake Elsinore*
- 10-Lake Perris Sports Pavilion, PerrisC
- 11-Los Angeles County Fair, PomonaC
- 12-Monterey County Fair, MontereyC
- 13-National Orange Show, San BernardinoC
- 14-OC Tavern, San Clemente*
- 15-Ocean's 11 Casino, Oceanside*
- 16-Pechanga Resort Casino, TemeculaC
- 17-Roadhouse Grill, Santa Maria*
- 18-Sammy's Restaurant and Bar, Mission Viejo*C
- 19-San Bernardino County Fair, VictorvilleC
- 20-San Joaquin County Fair, Stockton
- 21-San Mateo Events Center, San Mateo
- 22-Santa Clara County Fair, San JoseC
- 23-Santa Clarita Lanes, Santa Clarita*
- 24-Solano County Fair, VallejoC
- 25-Tilted Kilt, Thousand Oaks*
- 26-Ventura County Fair, VenturaC
- 27-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, the CHRB exchanges information on licensees and disciplinary proceedings with other commissions 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 licen-

sure 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.

At 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 chairperson, who presides over meetings of the Board. The members also elect a vice chairperson or when necessary a first vice chair and a second vice chair to preside in the absence of the chairperson.

Commissioners receive \$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 Bag-

ley-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.



**Dr. Gregory Ferraro,
Chair**

Retired Director of the Center for Equine Health at the University of California, Davis, Appointed to the CHRB by Governor Gavin Newsom on June 25, 2019, through January 1, 2023.



**Oscar Gonzales,
Vice Chair**

Vice President of Government and Community Relations at Aura Financial Corporation since 2017. Appointed to the CHRB by Governor Gavin Newsom on September 9, 2019, through July 26, 2023.

Members of the California Horse Racing Board



**Dennis Alfieri,
Member**

Managing Member of Mission Real Estate Group, LLC. Founder of Bantry Property Services, LLC. Appointed to the CHRB by Governor Edmund G. Brown Jr. on December 17, 2018, through July 26, 2021.



**Wendy Mitchell,
Member**

Principal of WM Consulting Inc. since 2006. Appointed to the CHRB by Governor Gavin Newsom on September 9, 2019, through September 26, 2020.



**Alex Solis,
Member**

Retired jockey, who rode in the United States from 1982 through 2017, and 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. Reappointed by Governor Brown through January 1, 2022.

Former Members of the CHRB Who Served in 2019



**Madeline Auerbach,
Former 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.

Reappointed by Governor Brown through January 1, 2022. Resigned from Board on November 1, 2019.



**Fred Maas,
Former Member**

Chief of Staff Los Angeles Chargers. Appointed to the CHRB by Governor Edmund G. Brown Jr. on August 29, 2017, through January 1, 2020.



**Araceli Ruano,
Former Member**

COO at SFE Group, LLC. Appointed to the CHRB by Governor Edmund G. Brown Jr. on December 23, 2016, through July 26, 2020. Resigned from Board on August 30, 2019.



**Chuck Winner,
Former Member**

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.

2019 Board and Committee Meetings

Racing commissioners met 15 times in 2019 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:

January 24 Santa Anita Park	May 23 Santa Anita Park	September 19 Los Alamitos Race Course Santa Anita Park
February 21 Santa Anita Park	June 20 Alameda County Fairgrounds	November 21 Del Mar Hilton
March 28 Santa Anita Park	July 18 Del Mar Hilton	December 12 Los Alamitos Race Course
April 18 Santa Anita Park	August 22 Del Mar Hilton	

Committee Public Meeting Dates

Medication, Safety and Welfare April 17 Santa Anita Park	Medication, Safety and Welfare September 18 Santa Anita Park	Race Dates October 16 Cal Expo
	Race Dates September 19 Los Alamitos Race Course	

CHRB Operating Budget*

July 1, 2018 – June 30, 2019

Appropriations	Item	Total
Personal Services	\$5,682,000	
Operating Expenses	8,125,000	
Total Appropriation		\$13,807,000
Expenditures — Personal Services		
Salaries and Wages	3,744,049	
Staff Benefits	1,675,820	
Total Personal Services		\$5,419,869
Operating Expenses and Equipment		
General Expense	182,920	
Printing	59,003	
Communications	90,693	
Postage	10,007	
Travel-in-State	316,558	
Travel-out-of-State	319	
Training	9,284	
Facilities Operations	189,480	
Contractual & Professional Services–Interdepartmental	4,002,648	
Contractual & Professional Services–External	2,666,275	
Consolidated Data Center: Stephen P. Teale Data Center	228,048	
Information Technology	63,934	
Equipment (Capital)	20,205	
Attorney Payments	8,115	
Total Operating Expenses and Equipment		\$7,847,489
Total Expenditures		** \$13,267,358
Unexpended Balance FY 2017–18		\$539,642
Total Expenditures & Unexpended Balance		\$13,807,000

*Fiscal year 2018-19 budget display reflects the best available information for use in decision-making for this department and/ or these fund(s). Additional review and reconciliation of 2018-19 ending fund balances will occur in the spring to evaluate if a budget adjustment is required.

** Includes year-end accruals

State Operations

The CHRB is in 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. Executive Director Rick Baedeker is responsible for the Board's operations and regulation of the

horse-racing industry.

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.

Regulatory Changes

The following rules were amended, repealed, or added during 2019:

Rule 1435
(added)

Suspension of License to Conduct a Race Meeting: Added [as an emergency regulation] to implement a procedure for the Board to follow in suspending a license to conduct a race meeting license or imposing license conditions when necessary to protect the health and safety of the horse or rider.

Rule 1467
(amended)

Paymaster of Purses: Amended to require that the paymaster of purses deduct from the purses of jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the California Retirement Management Account. The amendment allows jockeys and trainers to elect to be excluded from the deduction.

Rule 1581.1
(amended)

Entries: Amended to delete the provision prohibiting a horse that does not carry a microchip or has not received a waiver from the stewards from entering to race.

Rule 1588
(amended)

Horse Ineligible to Start in a Race: Amended to provide that a horse is ineligible to start in any race if it has received an intra-articular injection within the previous five days (120 hours) prior to the scheduled post-time for the race in which it is entered. The amendment also provides that a horse is ineligible if it has not raced within 12 consecutive months since its previous start or is a first-time starter four years of age or older, until it has performed satisfactorily in a workout or standardbred qualifying race.

Rule 1597.5
(amended)

Microchips Required for All Race Horses on Grounds: Amended to designate the horse identifier as the person who shall be informed of the horse's microchipping, rather than the stewards and stable superintendent. The amendment extends the deadline for microchipping a horse and deletes certain requirements related to the timing of microchipping. The amendment also expands the stewards' authority to grant a microchipping waiver and allows horses without a microchip to enter to race.

Rule 1632
(amended)

Jockey's Riding Fee: Amended to adjust the scale of jockey riding fees for losing mounts to comply with the California minimum wage increase.

Rule 1842.1
(added)

Additional Reporting for Intra-Articular Treatments: Added to require CHRB-licensed veterinarians administering medication or treatment into an articular structure of a horse located within any CHRB inclosure to provide the horse's trainer with a completed form CHRB-24A, Intra-Articular Treatment Record (New 05/18).

Rule 1843.2
(amended)

Classification of Drug Substances: Amended to replace the form California Horse Racing Board (CHRB) Penalty Category Listing by Classification (Revised 04/15) with the form CHRB 1843.2 Classification of Foreign Substances Alphabetical Substances List (Rev. 01/19) to bring the regulation in line with the Association of Racing Commissioners International Uniform Classification Guidelines for Foreign Substances.

Rule 1843.3
(amended)

Penalties for Medication Violations: Amended to correct a discrepancy in the licensed trainer phenylbutazone levels within the Category "C" penalty chart, which brings the Licensed Trainer levels in line with the Licensed Owner.

Rule 1858
(amended)

Test Sample Required: Amended to authorize the Board to take, at any time, an official out-of-competition blood, urine, or biological test sample. The amendment specifies which horses are subject to pre-race, post-race, and out-of-competition testing.

Rule 1859
(amended)

Taking, Testing and Reporting of Samples: Amended to exempt an out-of-competition test sample from the requirement that all urine, blood, or other biological official test samples be taken in a detention area approved by the Board.

Rule 1859.1
(added)

Out-of-Competition Testing Procedures and Requirements: Added to establish out-of-competition testing procedures and penalties for non-compliance.

Rule 1859.25
(amended)

Split Sample Testing: Amended to require that out-of-competition official test samples be subject to split sample testing.

Rule 1866
(amended)

Veterinarian’s List: Amended to clarify that qualifying races are standardbred events.

Rule 1867
(amended)

Prohibited Veterinary Practices: Amended to add certain medications and drug substances to the current prohibited list and extend the rule’s application to substances detected in out-of-competition test samples.

Rule 1869
(added)

Prohibited Drug Substances in Out-of-Competition Testing: Added to specify certain drugs, substances, doping agents, and medications that are prohibited from being present in an official out-of-competition test sample.

Enacted Legislation

The following horse-racing bill was chaptered in 2019:

**SB 469 —
Senate Member
Bill Dodd; Chapter 22**

This bill expanded the California Horse Racing Board's (Board) authority to call an emergency meeting to consider the suspension of a racing license in instances where the health or safety of the horse or rider warrants such action. Any action by the Board taken under this authority shall be reviewed by the Board within 10 calendar days. This bill additionally required the Board to adopt emergency regulations to implement this authority. Finally, this bill clarified the Board's authority to change, limit, restrict, or reallocate race dates regardless of whether a license to run those dates had been granted.

Licensing

The CHRB licensing unit is comprised of one racing license supervisor and six 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.

The licensing unit issued 7,453 original, renewal, or duplicate licenses in FY 2018–19. Licenses issued included 2,899 new or renewal owner licenses, 272 new or renewal trainer or assistant trainer licenses, 114 new or renewal jockey or apprentice jockey licenses, 1,443 new or renewal groom or stable employee licenses, and 369 new or renewal pari-mutuel clerk licenses as well as many other classes of occupational licenses. The issuance of these licenses generated \$764,170 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 for-

eign 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 2018-19

STEWARDS

James Arlt	Luis Jauregui	David Nuesch
Paul Atkinson	Richard Lewis	Calvin J. Rainey
Grant Baker	Thomas McCarthy	Kim Sawyer
Scott Chaney	Darrel McHargue (Chief Steward)	Renee Sheward
Ronald Church	William Meyers	Thomas Ward
James Dreyer	Dennis Nevin	Jon White
John Herbuveaux	Rodney Newhart	

OFFICIAL VETERINARIANS

Dr. Gary Beck	Dr. Forrest Franklin	Dr. Deborah Lamparter
Dr. Eduardo De La Cruz-Ballard	Dr. Timothy Grande	Dr. Nolton Pattio
Dr. Donald Dooley	Dr. Barrie Grant	
Dr. William Farmer	Dr. Diane Isbell	

Racing Supervision

Racing officials appointed or approved by the CHRB are responsible for on-site 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 race meets and are strictly accountable to the Board for the conduct of the meet in every particular. The CHRB selects and contracts with stewards based on their experience and expertise. Each panel of three stewards has been delegated the powers and duties necessary to ensure the integrity of racing and to oversee compliance with laws and rules.

Recognizing the crucial role played by stewards, the CHRB established the position of Chief Steward in 2015. The Board named veteran steward Darrel McHargue to this position. The Chief Steward meets regularly with stewards to discuss and evaluate decisions, rulings, and other actions.

The CHRB directly appoints all stewards and official veterinarians. 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 \$2,463,977 in FY 2018–19 for stewards and official veterinarians; other racing officials are paid by 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 use their delegated authority for the following:

- ◆ Oversee entries, declarations, and the placing of horses for the official order of finish.
- ◆ Preside over examinations required for certain classes of licenses.

- ◆ Conduct administrative hearings on matters involving CHRB rule violations and racing infractions.
- ◆ Issue rulings based on those hearings, such as suspensions and fines.
- ◆ Make recommendations to the CHRB regarding the qualifications and fitness for licensure of applicants referred to them by the Board's licensing staff.
- ◆ Maintain minutes of all such proceedings for review by the Board and the public.

The stewards attend Stewards' Committee meetings, allowing them to discuss issues, rule changes, and interpretations of policy and to receive information. They share views and experiences relating to race reviews, veterinary practices, administrative hearing procedures, and other important work-related matters. The meetings help 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), enforce regulations relating to veterinary practices, medication, and the health and welfare of the horse. They supervise licensed veterinarians, operations of the receiving barn, the collection of equine samples for testing, and the preparation and documentation of the samples to be transported to the laboratory.

The official veterinarians consult with the EMD and track veterinarians; examine horses for fitness; maintain a health and racing soundness record for each racehorse eligible to compete at a race meet; review confidential reports of veterinary treatments of horses under their general supervision; maintain records of infirm horses, accidents, and injuries; approve prescribed therapeutic treatment regi-

mens; and otherwise act as the Board's veterinary advisors.

The horse identifiers accurately identify all racehorses scheduled to start in any race. The horse identifiers supervise the tattooing of horses and maintain 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 enforce compliance with safety standards. They also:

- ◆ Monitor training to ensure that exercise riders, outriders, and pony riders observe all rules, including wearing safety vests and helmets.
- ◆ Establish horse ambulance protocol for quick response during training and racing.
- ◆ Confirm the use of certified paramedics on ambulance crews.
- ◆ Oversee continuing education classes for provisional exercise riders and apprentice jockeys.
- ◆ File official reports for all serious racing and training accidents.
- ◆ Attend necropsy reviews and assist with the investigation of selected horse fatalities.
- ◆ Assist with the microchipping of all horses that are within CHRB enclosures.
- ◆ Assist the stewards in the licensing of jockeys and exercise riders.
- ◆ Conduct field sampling and testing for the Track Surface Standards program.
- ◆ Monitor and observe daily backside activities.
- ◆ Perform pre-meet track safety inspections.
- ◆ Assist Official Veterinarians in out-of-competition drug testing.

CHRIMS

California is the only state with a statewide pari-mutuel database providing services to racetracks, horsemen, and government entities. 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.

CHRIMS 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 racing associations and horsemen, 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 32 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 pari-mutuel data from various totalisator systems. The data include wagering pools, takeout commissions, breakage, minus pools, runner pay, refunds, uncashed tickets, and voucher information. The raw data collected from totalisator systems are compiled and translated into the CHRIMS database parameters, which conform to California racing law. 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 con-

nects to and downloads data from AmTote, United Tote, and Sportech, and receives data from the seven licensed California ADW companies, 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, eBet, Ellis Park, Elite Turf Club, Emerald Downs, Global Wagering Group, Gulfstream Park, Horse Races Now, Keeneland, Kentucky Downs, Laurel Park, Lone Star Park, Louisiana Downs, Meadowlands, Monmouth Park, Pimlico, Portland Meadows, Racing UK, Remington Park, Sam Houston, Saratoga, Tampa Bay Downs, The Red Mile and Watchandwager.com. Racing commissions and horsemen's organizations include the Kentucky Horse Racing Commission and the North Dakota Racing Commission. CHRIMS Inc. received \$659,879 from unredeemed vouchers during calendar year 2018.

Laboratory Services

To protect horse and jockey welfare 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 the University of California, Davis (UC Davis), is the authorized drug-testing laboratory for California horse racing. Funded by wagering revenues, the Maddy Lab analyzed 52,333 samples in FY 2018-19.

The Maddy Lab analyzed 19,436 post-race urine and blood samples, including in-depth testing of 11,760 for anabolic steroids, 16,635 bicarbonate (TCO₂) loading blood samples, 1,786 cobalt blood samples, 1,946 out-of-competition (OOC) blood samples, 583 OOC and post-race hair samples, 46 evidence submissions, and 118 other samples for various purposes in FY 2018-19. 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. Post-race testing includes in-depth testing for anabolic steroids and over 1,800 other prohibited drugs, from regularly used therapeutic medications to potent stimulants such as ethylphenidate. Special testing for cobalt was added early in 2014, including pre- and post-race blood and urine samples and necropsy tissue samples.

Total carbon dioxide (TCO₂) is conducted on thoroughbreds and harness horses to prevent the prohibited practice known as “milkshaking,” the prohibited administration of bicarbonate. Thoroughbred TCO₂ testing is done pre-race; harness horse TCO₂ testing is primarily done pre-race, but some sampling is done 90 minutes post-race on winners. The CHRB thoroughbred and pre-race harness TCO₂ programs are in compliance with the Racing Medication and Testing Consortium (RMTC) best practices recommendations and the Association of Racing Commissioners International model rule for TCO₂ testing.

OOC testing is critical for compliance in human sports testing and is absolutely necessary to detect certain prohibited drugs. OOC testing targets blood-doping agents, anabolic steroids, beta-2 (β₂) agonists, and other biopharmaceutical agents. The OOC program monitors compliance with anabolic steroid reporting procedures and for surveillance of other drugs of interest. The program expanded beginning in 2017 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 drugs of abuse. The CHRB is prepared for the next generation of performance-enhancing drugs.

Dr. Ben Moeller is now chief chemist at the Maddy Lab’s analytical chemistry division. Dr. Scott Stanley left this position early in 2019 to establish a new drug testing laboratory at the University of Kentucky after building the Maddy Lab into one of the top racing laboratories in the world. Dr. Moeller joined the Maddy Lab in 2016 and oversaw laboratory operations for much of 2018. Dr. Moeller received his PhD at UC Davis under Dr. Stanley on the analytical chemistry of equine anabolic steroids.

The Maddy Lab is accredited by the American Association for Laboratory Accreditation to ISO17025 international standards and was the first laboratory in the country accredited to the RMTC accreditation program. The Maddy Lab is one of only five racing laboratories certified by the International Federation of Horseracing Authorities and the only racing laboratory so certified in the western hemisphere. 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 1,800 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 equine pharmacology division is under the direction of Dr. Heather Knych, the Maddy Lab’s Veterinary Pharmacologist. In addition to CHRB support, the research program receives funds from numerous outside sources, including the Center for Equine Health, RMTC, Grayson/Jockey Club Research Foundation, The Jockey Club, and California Department of Food and Agriculture.

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. An integral part of the CHRB’s drug testing program is research conducted by the Maddy Lab on equine anti-doping methods veterinary pharmacokinetics, toxicology, and veterinary drug compounding.

Racing Safety Program

California Business and Professions Code (B&P Code) section 19481 requires the CHRB to establish safety standards to improve the safety of horses, riders, and workers at the racetrack. Section 19481.3 requires stewards to prepare a report identifying circumstances and likely causes for on-track accidents. The B&P Code establishes the qualifications for licensing and the duties of trainers and veterinarians.

The CHRB's Racing Safety Program (RSP), begun in 2010, addresses the requirements of the B&P Code and is credited with proactively creating programs that continue to significantly reduce injuries to both horses and riders.

The RSP focuses on:

1. Continuing education for trainers;
2. Implementation of the Microchip Program;
3. The Track Safety Standards Program (TSSP);
4. Medication Rules and Regulations Reform;
5. The University of California, Davis (UC Davis) California Animal Health and Food Safety Laboratory System (CAHFS) Postmortem Program;
6. Fatality investigations and necropsy reviews; and
7. Governor's Panel for review of race entries.

The continuing education program is a collaborative effort between the CHRB, The Welfare and Safety of the Racehorse Summit (WSS) and UC Davis. Education modules are offered as courses to keep trainers and the industry current with the latest medical findings and injury detection methods for their equine athletes. The CHRB and UC Davis have produced both the Humeral and Scapular modules, they are available, free of charge, on the WSS website. Eight other modules are available on this website and they cover other equine subjects such as nutrition, the hoof, safety, and medication. The link to the WSS website is [courses.grayson-jockeyclub.org/course-index](https://www.grayson-jockeyclub.org/course-index).

After years of successfully implementing the Microchip Pilot Program in collaboration with The Jockey Club and the California Department of Food and Agriculture, the CHRB has adopted language requiring the microchipping of all racehorses in California. This microchip system eventually will assist in disease control management, allow location tracking, and provide a central database for all records associated with each horse.

TSSP maintains a database containing surface composition and maintenance protocols. This information is compiled weekly by safety stewards at their assigned race meets and

forwarded to CHRB headquarters. Staff analyzes this data and forwards it to the Executive Director and Chief Steward. The goal of this project is to determine optimal operating ranges for each racing surface.

Medication rules, regulations, and programs in California are now the most stringent of any jurisdiction in the U.S. The CHRB has suspended authorized thresholds for all anti-inflammatory medications, resulting in zero tolerance for those substances in post-race laboratory tests. Out-of-competition testing has been expanded and now provides the means for prosecuting offenders. The Board is moving a rule to require trainers to transfer all medical records for horses that are claimed to the new attending veterinarians.

The CHRB/CAHFS Postmortem Program identifies the pathology related to the death of the racehorse and provides scientific understanding of why the fatality occurred. Post-mortem reports by fiscal year are available on the CHRB website under the Veterinary tab.

The CHRB has expanded the necropsy program to include full investigations that are conducted by CHRB veterinarians and investigators, utilizing the Board's subpoena power if necessary. The CHRB has greatly expanded the depth of assessment for each horse and, as a result, has discovered valuable information on how injuries occur, and developed strategies to prevent them. Trainers of deceased horses and others connected to the horses participate in necropsy reviews to better understand why each fatality occurred, with the goal of preventing future injuries.

In June of 2019, Governor Newsom directed CHRB to create a panel of veterinarians and stewards to examine horses entered to race. The panel has the authority to require an enhanced examination and to recommend to the stewards those horses deemed unfit that should not be allowed to run. Horses that have not raced for 120 days or more, as well as older horses that have never won, are ineligible to enter until they have satisfactorily performed in a timed workout observed by an Official Veterinarian.

These and other safety measures have helped reduce fatalities in racing and training by 60 percent over the last 14 years. New safety measures planned for introduction in California are expected to further reduce fatalities.

Equine Postmortem Program

California horse racing saw a drop in racing and training fatalities in FY 2018-19 from the previous year but a 5-percent increase in fatalities overall when non-exercise-related fatalities are included. Nevertheless, FY 2018-19 had the second-lowest number of total fatalities since 1990 when comprehensive records of all fatalities became available. The reduction in racing and training fatalities was the culmination of years of effort, making the tragic cluster of fatalities in January and February especially disheartening.

The State of California monitors all equine fatalities within CHRB racing and authorized training facilities. This is accomplished through official veterinarians, safety stewards, the equine medical director, and the CHRB/University of California, Davis (UC Davis) post-mortem program. The program primarily operates through the California Animal Health and Food Safety (CAHFS) laboratory system's laboratories at UC Davis and San Bernardino, except cases from the Fresno fairgrounds, which go to the laboratory in Tulare. UC Davis/CAHFS pathologists provide the annual report to the Board, which offers a descriptive report of findings. The post-mortem examination report is posted on the CHRB website under the Veterinary section.

The program began in 1990 as a partnership between the CHRB and UC Davis. The goal of the program is to study the nature of injuries occurring in racehorses, to determine the reasons for these injuries, and to develop strategies to improve the health, safety, and welfare of racehorses.

CHRB Rule 1846.5, Postmortem Examination, requires a necropsy for all horses dying within a CHRB facility. CAHFS veterinary pathologists perform the necropsy and prepare a report for the CHRB. 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. The CHRB/ UC Davis-CAHFS necropsy program is world recognized and considered an international model.

The CHRB funds the postmortem examinations. Racing associations provide transportation to the CAHFS laboratories. Specific studies are funded by research grants from private and public sources, including the Center for Equine Health at UC Davis.

Musculoskeletal injuries are the most common cause of fatalities at CHRB facilities, consistently around 80 percent of all fatalities. Musculoskeletal specimens of special interest are forwarded to the J.D. Wheat Veterinary Orthopedic Research Laboratory (VORL) at the School of Veterinary Medicine at UC 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 deter-

mine the causes and reasons for horse injuries and fatalities. The ultimate goal of this and other related 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 and over half of all jockey injuries are associated with a sudden death or catastrophic injury to the horse.

In-depth analysis of necropsy specimens at VORL has shown 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 re-occurring 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 not clinically apparent and is only detectable at enhanced necropsy using specialized laboratory instrumentation, these pre-existing changes suggest there may be 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 on-line continuing education modules to help better understand how bone responds to training and racing and allow trainers to identify horses at risk.

Dr. Stover and her team have been focusing on proximal sesamoid bone fractures for several years. Proximal sesamoid bone fractures and associated fetlock (ankle) injuries account for nearly 50 percent of all musculoskeletal fatalities. Proximal sesamoid bone fractures frequently have pre-existing changes in the bone undetectable by currently available diagnostic imaging techniques. Supported by knowledge learned from the necropsy program, Santa Anita partnered with the Southern California Equine Foundation to bring a positron emission tomography (PET) scan to Santa Anita. Working with veterinary radiologist Dr. Mathieu Spriet at the UC Davis School of Veterinary Medicine, an innovative, first of its kind, standing PET unit is being installed at Santa Anita to help identify previously undetectable proximal sesamoid bone lesions ante-mortem.

Research findings are published in veterinary medical journals and presented at racing industry, veterinary medical, and other professional meetings available to the public.

While the focus has been on musculoskeletal injuries, the CHRB program allowed CAHFS pathologists and toxicologists to identify a link between traces of anti-coagulant rodenticides (rat poison) and unusual abdominal hemorrhage. Sudden deaths in exercising horses are an internationally recognized sport horse phenomenon. Most sudden deaths appear to be associated with cardiac failure.

Fatalities at CHRB Facilities by Track and Surface July 1, 2018 — June 30, 2019

Track	Racing*			Training**			Other***	Total
	Dirt	Synthetic	Turf	Dirt	Synthetic	Turf		
Cal Expo (Harness)	0			0			0	0
California State Fair	0			0			0	0
Del Mar	2		1	6		0	2	11
Ferndale	0			0			0	0
Fresno	0			0			0	0
Golden Gate Fields		6	1		13	0	15	35
Los Alamitos	23			10			9	42
Pleasanton	1			0			1	2
San Luis Rey Downs				4			0	4
Santa Anita****	10		8	21		0	10	49
Santa Rosa	0		1	0		0	0	1
TOTAL	36	6	11	41	13	0	37	144

*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).

****Detailed reports on the fatalities at Santa Anita during the 2018-19 meet are being released publicly and posted on the CHRB website separately from this annual report

Starts for All Breeds: July 1, 2018 — June 30, 2019

Track	Racing Surface		
	Dirt	Synthetic	Turf
Cal Expo Harness	3,560		
California State Fair	513		
Del Mar	2,202		1,610
Ferndale	289		
Fresno	485		
Golden Gate Fields		7,598	1,576
Los Alamitos	7,719		
Pleasanton	280		
Santa Anita*	3,962		3,069
Santa Rosa	233		234
TOTAL	19,243	7,598	6,489

*Due to inclement weather and other unsafe conditions that led Santa Anita to cancel racing programs, Santa Anita ran 19 fewer days and horses made significantly fewer starts during the fiscal year – 7,031 starts in FY 2018-19 compared with 8,922 in FY 2017-18. The entries review panel created in mid-June by order of Governor Gavin Newsom also contributed to the fewer starts by having 38 horses scratched from their races during the final six days of the winter-spring meet.

Fatalities by Trainer: July 1, 2018 — June 30, 2019

Trainer	Fatalities			Starts			Racing Fatalities Per Starts	
	Racing	Training	Other	Total	TB	QH		Total
Aguilar, Jacob		1		1	9	1	10	
Aquino, Angela			1	1	272	31	303	
Arrossa, Monty	2		1	3	1	207	208	0.09
Baffert, Robert		3		3	251	0	251	
Baltas, Richard	1			1	441	0	441	0.002
Barba, Alexis	1			1	5	0	5	0.20
Barocio, Librado	1	1		2	95	0	95	0.01
Bautista, Jose	1			1	12	0	12	0.083
Belvoir, Vann		1		1	127	0	127	
Bernstein, David		1		1	24	0	24	
Bradvica, Louis			1	1	126	28	154	
Calvario, Samual			1	1	113	0	113	
Capestro, Paula		1		1	20	0	20	
Carava, Jack	1			1	171	0	171	0.006
Casselman, Mike	1			1	0	178	178	0.006
Cassidy, James	1	1	1	3	153	0	153	0.006
Cooper, John	2			2	11	113	124	0.016
Curtis, Michael	1			1	25	0	25	0.04
D'Amato, Phil	1			1	430	0	430	0.002
DeLima, Clifford		1		1	341	0	341	
Desormeaux, Keith	1	1		2	250	0	250	0.004
Drysdale, Neil			2	2	121	0	121	
Dunham, Daniel	1			1	59	0	59	0.017
Ellis, Ron	1			1	82	0	82	0.012
Fales, Mathew	1			1	1	178	179	0.006
Flores, Jose	2			2	18	329	347	0.006
Gallagher, Patrick		1		1	167	0	167	
Ganbat, Enebish			1	1	38	0	38	
Garcia, Antonio	1			1	78	0	78	0.013
Garcia, Victor		1		1	97	0	97	
Glatt, Mark		2	1	3	306	0	306	
Glenn Jr., James	1			1	14	128	142	0.007
Gomez, Jaime	1		1 Pony Horse	2	10	207	217	0.005
Gomez, Ruben	1	1		2	159	0	159	0.006
Gonzlaez, Felix	2			2	75	163	238	0.008
Greiner, Gary		1	1	2	103	0	103	
Gutierrez, Jorge	1			1	33	0	33	0.03
Hailey, Gloria			1	1	29	0	29	

Trainer	Fatalities			Starts			Per 1,000 Starts	
	Racing	Training	Other	Total	TB	QH		Total
Hanson, Ryan	1	1		2	54	0	54	37.03
Headley, Bruce		1		1	35	0	35	28.57
Hess, Sr., Robert		1		1	358	0	358	2.79
Hollendorfer, Gerald	2	4		6	787	0	787	7.62
Jauregui, OJ	1			1	113	0	113	8.85
Johnson, Terry		1		1	4	0	4	250
Jones, Paul	1		1	2	23	416	439	4.56
Keen, Dallas			1	1	37	0	37	27.03
Kenney, Ryan			1	1	51	0	51	19.61
Kitchingman, Adam		1		1	50	0	50	20
Koriner, Brian		1		1	175	0	175	5.71
Landeros, Manuel		1		1	46	9	55	18.18
Ledezma, Sergio		1		1	140	0	140	7.14
Lenzini, Mike	1			1	160	0	160	6.25
Lerner, Andrew			1	1	89	0	89	11.24
Lucarelli, Frank		1	2	3	179	0	179	16.76
Machowsky, Mike	1			1	81	0	81	12.35
Mandella, Richard	1			1	182	0	182	5.49
Marquez, Alfredo		1		1	51	0	51	19.61
Marquez, Rudulfo			1	1	PONY	HORSE	0	No TRNR
Martin, John		1	2	3	309	0	309	9.71
McAnally, Ron		1		1	22	0	22	45.45
McCarthy, Sean			1	1	49	0	49	20.41
Meier, Monty	1			1	43	0	43	23.26
Miller, Peter	1	3		4	441	0	441	9.07
Miyadi, Steve	1			1	252	0	252	3.97
Moger, Ed	1		1	2	384	0	384	5.21
Monroe, Sherrie		1		1	162	0	162	6.17
Morey, William	1	1	1	3	346	0	346	8.67
Nunez, Jesus	1	1	2	4	472	318	790	5.06
O'Dell, Chris	1			1	24	275	299	3.34
O'Neill, Doug		1		1	712	0	712	1.4
Ortiz, Javier			1	1	PONY	HORSE	0	No TRNR
Oveido, Phil		1		1	41	0	41	24.39
Palma, Hector		1		1	205	0	205	4.88
Perez, Ricardo		1		1	98	0	98	10.2
Periban, Jorge		1		1	83	0	83	12.05
Polanco, Marcelo		1		1	49	0	49	20.41
Powell, Leonard	1			1	104	0	104	9.62
Proctor, Tom	1			1	59	0	59	16.95

Trainer	Fatalities			Starts			Per 1,000 Starts	
	Racing	Training	Other	Total	TB	QH		Total
Puentes, Jose			1	1	90	16	106	9.43
Puype, Mike		2		2	164	0	164	12.2
Rotela, Manny			1	1	PONY	HORSE	0	No TRNR
Saldana, Reed		1	1	2	105	0	105	19.05
Sherlock, Gary			1	1	107	0	107	9.35
Sise, Clifford		1		1	57	0	57	17.54
Specht, Steven	1		1	2	168	0	168	11.9
Stortz, Marcia		1		1	207	0	207	4.83
Tamayo, Isidro	2		1	3	361	0	361	8.31
Treece, Charles	2	2		4	202	19	221	18.1
Valenzuela, Martin		1		1	14	0	14	71.43
Vargas, Arturo			1	1	6	0	6	166.66
Wallace, Jerry			1	1	86	3	89	11.24
Wicker, Lloyd	1			1	24	0	24	41.66
Willoughby, Scott	1			1	0	305	305	3.28
Winick, Debbie			1	1	138	0	138	7.25
Wong, Jonathan		1		1	618	0	618	1.62
Wright, Blaine	1		1	2	288	0	288	6.94
Zamora, Richardo	1			1	42	0	42	23.81
Zamudio, Valentin	1			1	10	164	174	5.75
TOTAL	53	54	37	144	13424	3088	16512	8.72 avg.

Horse Racing in California

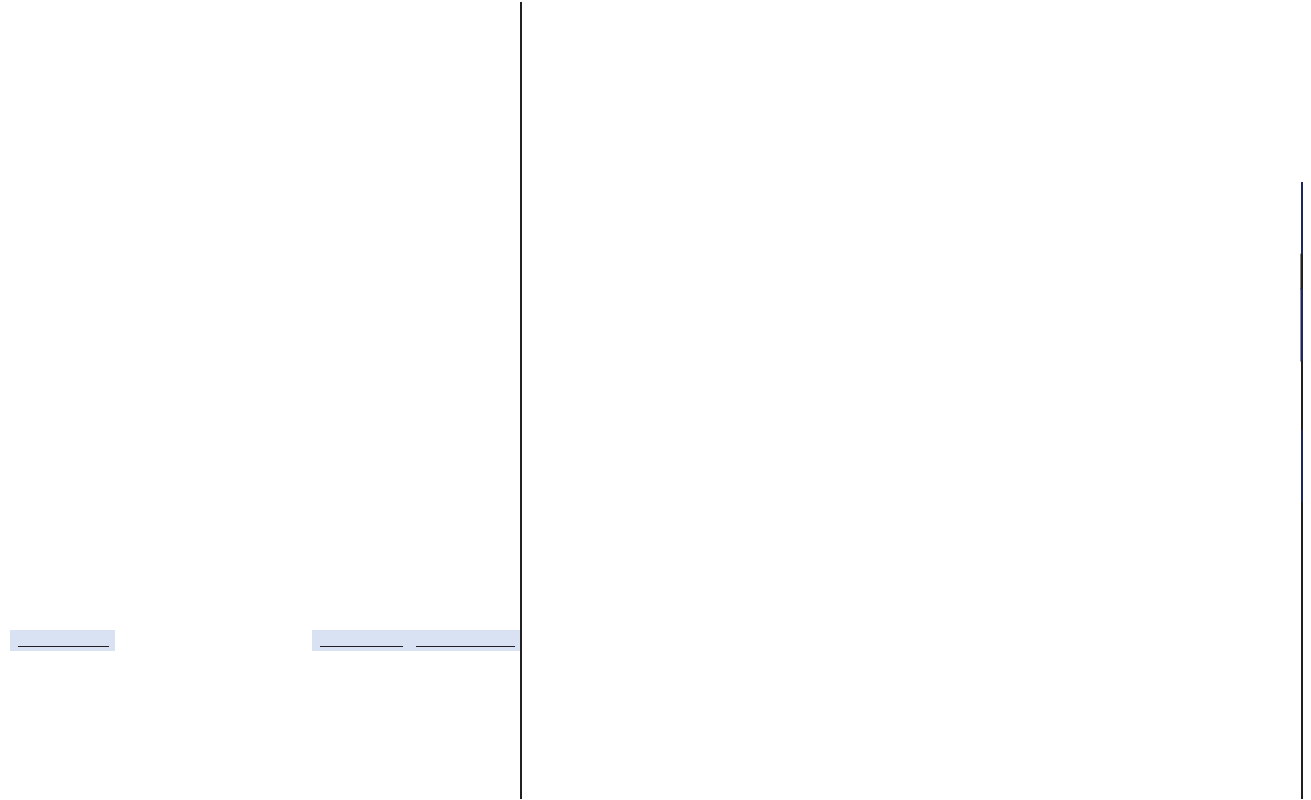
California Horse-Racing Meets During 2019

Thoroughbred Race Meets — Central & Southern Zones		
Santa Anita Park		12/26/18 – 06/23/19
Los Alamitos Racing Assn.		06/28/19 – 07/14/19
Del Mar		07/17/19 – 09/02/19
Santa Anita Park		09/27/19 – 11/03/19
Del Mar		11/08/19 – 12/01/19
Los Alamitos Racing Assn.		12/06/19 – 12/15/19
Thoroughbred Race Meets — Northern Zone		
Golden Gate Fields		12/26/18 – 06/09/19
Golden Gate Fields		08/15/19 – 09/29/19
Golden Gate Fields		10/17/19 – 12/15/19
Quarter-Horse Race Meets — Statewide		
Los Alamitos		12/28/18 – 12/15/19
Harness Race Meets — Statewide		
Cal Expo		12/28/18 – 04/27/19
Cal Expo		11/09/19 – 12/14/19
Fair Meets — Statewide		
Pleasanton	Alameda County Fair	06/14/19 – 07/07/19
Cal Expo	State Fair	07/12/19 – 07/28/19
Santa Rosa	Sonoma County Fair	08/01/19 – 08/11/19
Ferndale	Humboldt County Fair	08/16/19 – 08/25/19
Los Alamitos*	Los Angeles County Fair	09/06/19 – 09/23/19
Fresno	Big Fresno Fair	10/04/19 – 10/14/19

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

Wagers From All Sources (Handle) 2019

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.



Simulcast Facilities by Location

California Simulcast Facility	Total Handle FY 2018-19	Number of Attendees
Bonita 58 Flat	\$ 10,142,964	26,294
Cabazon	9,994,536	36,539
Commerce Casino	20,592,159	84,820
Del Mar	86,383,195	593,777
Ferndale	759,128	17,830
Firehouse Restaurant (Bakersfield)	5,190,037	18,595
Fresno	7,982,430	78,035
Fresno Club One	3,318,660	3,143
Golden Gate	64,964,675	272,830
Hollywood Park	71,103,996	192,763
Lake Elsinore Hotel	4,729,923	15,579
Lake Perris	6,976,647	23,915
Lancaster	10,198,387	37,807
Los Alamitos	86,972,827	322,745
Monterey	4,947,187	14,457
OC Tavern	6,050,824	24,045
Ocean's 11 Casino	5,138,579	20,362
Pechanga Casino	6,881,560	25,669
Pleasanton	28,699,615	120,101
Pomona	48,040,965	168,452
Sacramento	20,549,129	95,576
Sammy's Restaurant and Bar	21,069,758	93,943
San Bernardino	18,327,320	60,819
San Jose	22,069,047	91,864
San Mateo County	48,628,876	108,982
Santa Anita	157,268,886	902,370
Santa Clarita Lanes	13,733,440	37,065
Santa Maria Original Roadhouse Grill	1,961,523	6,485
Santa Rosa	9,889,834	54,532
Sports Grill & Turf Club Norco	2,545,876	7,265
Stockton	13,787,145	42,764
Striders San Diego	4,986,945	23,372
Tilted Kilt (Thousand Oaks)	8,594,787	11,674
Vallejo	12,461,219	37,559
Ventura	11,996,535	33,328
Victorville	5,032,873	22,291
Viejas	8,355,690	22,866

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

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 Mexico 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.



Santa Anita hosted the Breeders' Cup World Championships in 2019 (Benoit photo)

CAL EXPO HARNESS

All harness racing in California has been conducted at Cal Expo since 2001, when the track was awarded winter racing dates previously run at Los Alamitos. Sustaining harness meets with extremely small inventories of standardbreds in California has been a struggle but also a credit to the managers over the last 19 years. Watch and Wager LLC has been the licensed operator since 2012, utilizing the strong management team of General Manager Chris Schick and Assistant General Manager/Chief Financial Officer Ben Kenney.

Reflecting management's hard work and success, purses were raised 8 percent during the initial summer/early spring meet in 2019, and then by another 6 percent for

the fall meet.

Watch & Wager harness enjoyed increased handle in 2019 despite attracting fewer horses, running fewer races, and conducting one less program. Combined all-source handle for 47 programs in 2019 totaled \$56,089,024, compared with \$53,497,515 for 48 programs in 2018. The increase resulted from a legislative change that enabled Watch & Wager to import more races for brick-and-mortar wagering.

DEL MAR

The focus at Del Mar in 2019 was equine safety, as in previous years. Safety measures implemented in 2017 were continued, along with many other initiatives promoting equine welfare. Management, in conjunction with the CHRB, assembled a team of nine veterinarians to scrutinize all horses during racing and training. Other protocols were put in place in a highly focused effort to protect horses. The meet did not have any racing fatalities, which continued a downward trend from 2017.

Joe Harper, chief operating officer for the Del Mar Thoroughbred Club (DMTC), made clear where he stood on the subject when he said, “Without a doubt, this is the most gratifying meet I have ever been part of. Given the current climate, especially after the first half of the year in Southern California, we had three goals this summer: continuation of our exemplary safety record, provide stability and a dependability to racing in California, and offer a consistent, five-day-a-week schedule that would reward fans and horsemen alike. With a wonderful display of teamwork from our owners, trainers, jockeys, vets, track personnel, and the CHRB, we accomplished these goals in exceptional fashion.”

Del Mar was not as successful during the morning hours with four training fatalities during the summer meet, the same number of training fatalities as the previous year. Furthermore, Del Mar lost five horses during its fall meet, three racing and two training, more than the three at each of the previous two meetings, proving there is still much work to be done to protect horses.

The summer meet was compromised by reduced racing participation by some owners and trainers who were concerned about the racing climate in California, so they raced their horses in other jurisdictions, particularly at tracks with higher purses, largely due to subsidies from casino wagering. Competing with racinos has been a challenge for many years, and the difficulties in California exacerbated the problem.

Determined to race five days per week, the only meet in California to do so, Del Mar apportioned its horse inventory by running 36 programs (five a week) with a total of 21 fewer races on its 36 programs than were run during the 2018 summer meet. All-sources handle of \$415,007,003 fell by nearly 12 percent, after growth of 6.8 percent in 2018 and 5.1 percent in 2017.

Still, management found something positive to say about the outcome. “Based on the first half of the year, we knew maintaining the handle trends of the last two years was going to be challenging this meet, especially running fewer races,” said Josh Rubinstein, DMTC’s president. “However, the bettors continued to support us, especially the last three weeks, when our field size rallied. At the end of the day we had extremely safe racing, handled over \$432 million, and paid out over \$21 million in purses. We are very pleased.”

All-sources handle for the fall meet reached \$142,358,766 on 13 programs, with most of the 10 percent reduction from 2018 due to racing three fewer programs. To its credit, primarily for safety purposes, DMTC was quick to cancel cards due to inclement weather.

GOLDEN GATE

Golden Gate Fields is the only racetrack in California with a synthetic surface: Tapeta, a mixture of silica sand, wax, and fibers designed to handle various types of weather conditions. Synthetic surfaces are shown to be safer for horses than traditional dirt tracks. Consideration is being given to converting some of the other racetracks in California to synthetics.

TSG, as the owner of both tracks, introduced some of the same safety measures at Golden Gate as those at Santa

Anita, which likely contributed to a 20-percent reduction in racing and training fatalities at Golden Gate from the previous year.

Golden Gate conducted three meets in 2019, interspersed with fair racing. Combined all-source handle for 158 days of racing totaled \$548,094,229. Handle increased substantially from the \$507,163,750 in 2018 largely due to running nine more programs.

LOS ALAMITOS

Ed Burgart, the golden voice of Los Alamitos Race Course since 1981, retired from his duties as track announcer at the conclusion of the 2019 year-long Los Alamitos quarter-horse (and thoroughbred) meet on Sunday, December 15. His final racing program included calling the 25th running of the Los Alamitos Two Million Futurity, which Burgart had called each year since its inaugural running in 1995.



Burgart, one of the leading ambassadors of quarter-horse racing in the nation, became the voice of Los Alamitos after the retirement of longtime race caller Bobby Doyle. Thirty-nine years later, Burgart is widely regarded as the greatest quarter-horse racing announcer of all time and the breed's top handicapper. Burgart will remain as the morning-line maker at Los Alamitos Race Course, a job he has expertly handled since 1980.

A graduate of UCLA with a bachelor in political science, Burgart began his employment at Los Alamitos Race Course in 1977 as the radio-TV coordinator for the track. His first duties included broadcasting race results to various radio stations, including KNX, and coordinating interviews of quarter-horse personalities with various racing media. He called his first Champion of Champions in 1981.

Los Alamitos unveiled a 7,000-square-foot horse racing wagering room and sports bar. Named in honor of the retiring announcer, Burgart's features 65 large-screen TVs, pool tables, TouchTunes Jukebox, complimentary Wi-Fi, up to 11 horse racing wagering machines, and an outdoor covered patio facing the finish line. Burgart's promises to become one of the track's favorite fan destinations. Burgart's is located on the ground level of the building with direct access to the main parking lot area.

When it comes to horse inventories, the shortages are across the board and hit the quarter-horse industry along with thoroughbreds. Los Alamitos races attracted nearly 1,000 fewer horses than the previous year in more than 100 fewer races on four fewer programs. Less racing results in less handle. Total all-source handle of \$230,996,776 was down 12 percent from 2018.

In addition to its long quarter-horse meet, Los Alamitos hosted three thoroughbred sessions, including the Los Angeles County Fair meet (relocated to Los Alamitos in 2014 after Fairplex Park in Pomona closed for racing). Collectively, the three meets handled \$164,572,251 on 26 program and was down 10 percent, which was not surprising given there were six fewer racing programs in 2019.

THE NORTHERN CALIFORNIA FAIRS

The Northern California Fair circuit began June 15 with 15 racing programs in Pleasanton with the Alameda County Fair, then continued with the State Fair at Cal Expo (11), the Sonoma County Fair in Santa Rosa (8), Humboldt County Fair in Ferndale (6), and then concluding October 14 after nine days of racing in Fresno. These five fair meets offered a total of 49 racing programs that collectively handled \$102,468,869.

Fair racing was not immune to the overall downturn in business felt by other racetracks, as total handle was down 9 percent from the \$111,307,244 the previous year when the same fairs staged 50 programs. However, some of that decline was due to reduced simulcasting handle in Ferndale due to a shifting of host status to Golden Gate.

Some of the individual meets reflected the overall trend, while others beat the odds. Pleasanton handled \$36,768,682, up more than 5 percent over 2018, whereas the State Fair was down almost 8 percent with handle of \$23,275,504. Likewise, Santa Rosa declined 8 percent with handle of \$19,741,800, while Fresno increased just slightly at \$19,010,636. Most notably, Ferndale, which raced one more day, lost the lucrative host status and therefore one week of simulcast handle and revenue. Its handle dropped from \$10,662,935 in 2018 to \$3,672,247 in 2019.

SANTA ANITA PARK

Any discussion of Santa Anita in 2019 always will begin with the 30 equine fatalities that winter. They set the stage not only for major safety measures at Santa Anita and the rest of California, but they also led to a changing culture in horse racing throughout North America, perhaps the world. Dr. Gregory Ferraro details these events and the steps being taken to better protect horses and riders in his Report from the Chair (pages 2 and 3) in this annual report.

Even the most illustrious moments for Santa Anita that autumn were marred when the horse Mongolian Groom suffered a catastrophic injury in the Breeders' Cup Classic, final event of the 14 races comprising the World Championships. Up until that moment, the Breeders' Cup races that were run November 1 and 2 at Santa Anita were exciting, praiseworthy, and in many minds redeeming as Santa Anita moved through the two-day program safely and without incident, leading to the hope that the worst was behind them. But in only a few seconds, the mood shifted from euphoria to gloom. The tragic event overshadowed the fact that the races had set a new two-day handle record of \$170 million.

Some good can come even from tragedy. Among the many safety measures outlined by Dr. Ferraro, The Stronach Group (TSG), owner of Santa Anita, invested \$500,000 to support the purchase of PET-scan technology that is now in place at the Southern California Equine Foundation's (SCEF) equine hospital in Santa Anita's barn area. PET-scans are providing three-dimensional, nuclear medicine images of bones, giving veterinarians one more tool for identifying injury in bones that could lead to catastrophic injuries if left unrecognized. The SCEF also has obtained additional contributions from within the racing industry for

a standing MRI to further advance diagnostic imaging capabilities at Santa Anita. The MRI unit is expected to be operational at Santa Anita before the end of February.

In other developments, Santa Anita brought back former track superintendent Dennis Moore to improve and maintain safe racing surfaces. And TSG hired the highly respected racing executive Craig Fravel as its new Chief Executive Officer, Racing Operations. Fravel made his presence felt late in the year when he worked with Dr. Ferraro and the CHRB on establishing appropriate inclement weather protocols for the 2019-20 meet.

In her testimony during a joint hearing before the Assembly Governmental Organization and Senate Governmental Organization in May, Belinda Stronach, owner and chairman of TSG, said Santa Anita and California were establishing the safest racing conditions in North America. Later, Dr. Rick Arthur, equine medical director for the CHRB, attended a technical committee meeting of the International Federation of Horseracing Authorities at which he sensed widespread support for the changes taking place in California horse racing.

Business at both of Santa Anita's race meets suffered. All-source handle for the 81-day winter-spring meet totaled \$954,257,681, down more than 16 percent from the previous year's 101-day meeting, largely due to the decision to cancel race cards for safety reasons. Handle for the 23-day autumn meet reached \$368,623,599, which was difficult to compare with the previous autumn meet, which did not host the rich Breeders' Cup.

Horse Racing Revenue

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 financial 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 toward the funding of CHRB operations. During FY 2018–19, the pari-mutuel handle totaled \$2,907,382,828, and \$13,547,000 was remitted to fund CHRB operations.

CHRB 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

totalizator 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 2018–19 totaled \$7,759,608. 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 \$377,737.

Business and Professions (B&P) 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. B&P Code section 19556(b) 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 per-

centage. 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 II, Del Mar Thoroughbred Club, Los Alamitos Racing Association, Los Alamitos Quarter Horse Racing Association, and the Pacific Racing Association.

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 2018–19, the distribution to the welfare funds was \$836,090.
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).

Notwithstanding 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 2018–19, the tracks and the horsemen each received \$1,593,943.

3. Unclaimed refunds totaled \$747,833 for FY 2018–19. 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 2018 uncashed vouchers totaled \$659,879.

Statement of Distribution by Fund of Horse Racing Revenue

July 1, 2018 through June 30, 2019

	Detail	Total
Revenue To Horse Racing Fund		
CHRB Support from Racing Associations	\$14,245,000	
Miscellaneous Income	0	
Income from Surplus Money Investment Fund	40,000	
Escheat of Unclaimed Checks, Warrants	0	
Total 3153 Fund		\$14,285,000
Revenue To General Fund (0001)		
Horse Racing Licenses	4,000	
Fines & Penalties	138,000	
Occupational Licenses	764,000	
Miscellaneous Income	0	
Total Fund 0001		\$906,000
Revenue to CA Veterinary Diagnostic Laboratory (0881)		
Equine Research License Fees	1,620,000	
Total Fund 0881		\$1,620,000
Total Revenue		\$16,811,000

Occupational Licenses and Fees July 1, 2018 — June 30, 2019

Type of License	Fee	Issued	Total
Stable	\$100-300	399	\$110,400
Horse Owner-Open Claim	250	5	1,250
Officer/Director/Partner**	150-200	111	17,865
Horse Owner**	150-250	2,899	423,965
Trainer, Assistant Trainer***	50-150	272	37,410
Harness Horse Driver***	150	12	1,665
Jockey/Apprentice Jockey***	50-150	114	16,005
Jockey Agent	150	24	3,180
Bloodstock Agent	150	12	1,800
Veterinarian	150	45	6,615
Association Employee	75	210	15,660
Valet/Custodian/Attendant	75	17	1,155
Pari-mutuel Employee/Tote***	35-75	369	26,140
Horseshoer***	75	34	2,550
Exercise Rider/Pony Rider***	25-75	289	19,830
Misc. Employee/Stable Agent Vendor**	35-75	251	17,025
Security Guard	75	74	5,625
Stable Foreman***	35-75	75	5,055
Authorized Agent	25	488	12,200
Replacement License	15	310	4,650
Annual Groom/Stable Employee (Original)***	35	261	9,135
Annual Groom/Stable Employee (Renewal)**	20-35	1,182	25,065
Total fees generated to General Fund		7,459	\$764,170

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 Revenue

Horse racing contributes to local economies through sales tax from the sale of claimed horses. During FY 2018–19, there were 1,389 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 2018–19, the total amount paid for claiming of horses was \$20,714,300, resulting in sales tax revenue of \$1,870,873.

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 2018–19, \$2.8 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 per-

centage deduction for purses, and the track’s commission. Commissions retained by California racing associations during FY 2018–19 totaled \$109,467,590.

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 2018–19 totaled \$126,813,852. In addition, \$9,538,903 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, 2018 to June 30, 2019

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Race Meets — Northern			
Golden Gate	424	\$4,231,100	\$391,377
Thoroughbred Race Meets-Central-Southern			
Del Mar	177	\$4,681,500	\$409,631
Los Alamitos	38	617,000	47,818
Santa Anita	335	8,696,750	876,191
Harness Meets-Statewide			
Cal Expo	7	\$48,500	\$4,108
Quarter-Horse Meets-Statewide			
Los Alamitos	315	\$1,689,200	\$130,913
Fair and Mixed Meets-Statewide			
Pleasanton	8	\$58,900	\$5,448
Santa Rosa	20	118,350	10,208
State Fair	18	109,950	9,071
Ferndale	6	26,150	2,071
LACF @ Los Al.	26	340,500	26,389
Fresno	15	95,900	7,648
Grand Total	1,389	\$20,714,300	\$1,870,873

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 2018–19, there were 711 horses sold for a total of \$15,113,400. These sales generated a total of \$505,780 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 2018–19:

Fasig-Tipton at Santa Anita

Paddock Sale June 5, 2019

Barretts Equine Ltd.

August Select Yearling Sale August 28, 2018

October Fall Sale October 16, 2018

Altogether, 257 horses were sold through Barretts' Equine Limited and Fasig-Tipton sales for a total of \$7,886,400, which generated \$352,765 in sales tax.

California Thoroughbred Breeders Association Sales

Nor-Cal Yearling Sale and
Horses of Racing Age August 14, 2018

January Mixed Sale January 16, 2019

A total of 198 horses was sold for \$1,541,800, which generated \$47,938 in sales tax.

Quarter-Horse Sales At Los Alamitos

Los Alamitos Equine Sale Oct. 6, 7, 2018

A total of 256 horses was sold for \$5,685,200, which generated \$105,077 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 2018–19, \$537,805 was generated as owners premiums and \$9,013,786 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 0.07 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 2018–19, the program generated \$189,924.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$324,288 from the pari-mutuel handle to fund its program in FY 2018–19. 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 \$422 for the breeders program in FY 2018–19. No Paints ran in California. This revenue came from ADW wagers.

Arabian Breeders Program

The California Arabian horse breeders awards received \$5,022 for the program during FY 2018–19.

Mule Breeders Program

The California mule breeders awards received \$5,453 for the program during FY 2018–19.

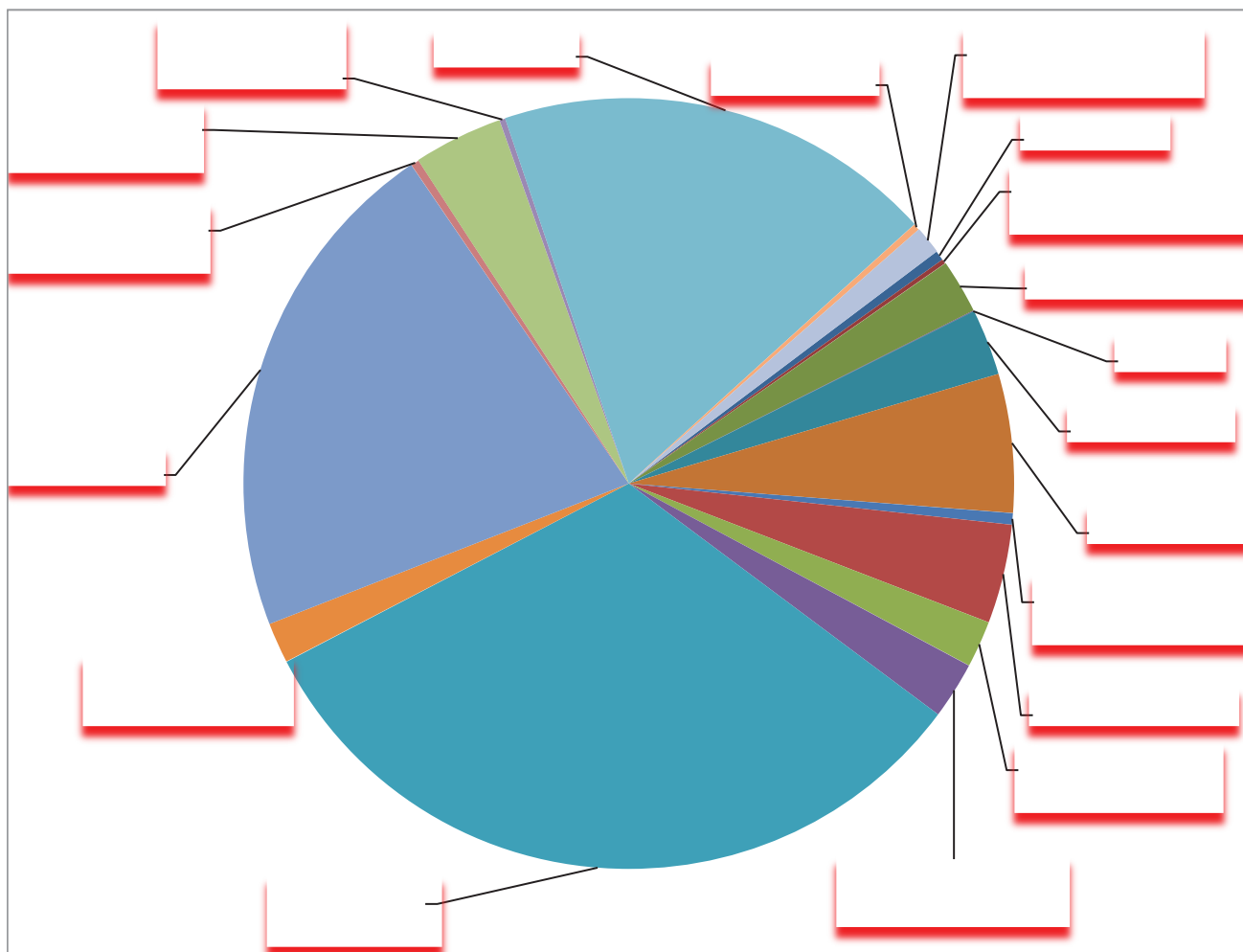
Appaloosa Breeders Program

California did not host Appaloosa breed races during FY 2018–19.

The Revenue Stream

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

A total of \$2,907,382,828 was wagered by fans of California racing during FY 2018–19, and of the money, 79.22 percent (\$2,303,135,985) was returned to winning ticket holders. The pie chart below shows the division of each revenue dollar by percentage to the appropriate entities.



Prior to simulcast wagering in 1985, virtually all of the wagering on California races was at the track, but today “on-track” bets make up only 9.59 percent of wagers placed (\$278,914,086). Off-track betting within the state provides 20.34 percent of the handle (\$591,303,088). The balance comes from out-of-state and Advance Deposit Wagers (totaling \$2 billion). ADW accounted for \$920,567,550 of the handle.

Patrons failed to cash \$4 million worth

of winning tickets. Per B&P Code section 19641(b), money from uncashed tickets, except for fairs, is split between a welfare fund for the benefit of the backstretch workers (50 percent), the associations (25 percent), and horsemen (25 percent). 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 self-serve betting machines is used to finance the

horse-racing revenue database called CHRIMS.

Breakage, a by-product of the pari-mutuel calculation, is distributed to purses and to the racing associations. This totaled \$7,759,608 in FY 2018–19.

Of the \$2.91 billion wagered, \$608,122,209, or 20.92 percent, was withheld as the “takeout” for such purposes as horsemen’s purses, race-track operations, and government taxation, as detailed on the next page:

Horsemen's Purses

A total of \$126,813,852 was distributed during FY 2018–19 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 \$109,467,590 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 \$9,538,903 in awards were divided between programs for thoroughbreds, standardbreds, quarter horses, paints, Arabians, and mules.

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 \$2,837,595 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 \$16,509,435 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 \$190,508,910.

Equine Research

A mandated deduction goes to UC Davis for equine research. Last year the total for equine research was \$749,521.

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 \$59,883,267 last year:

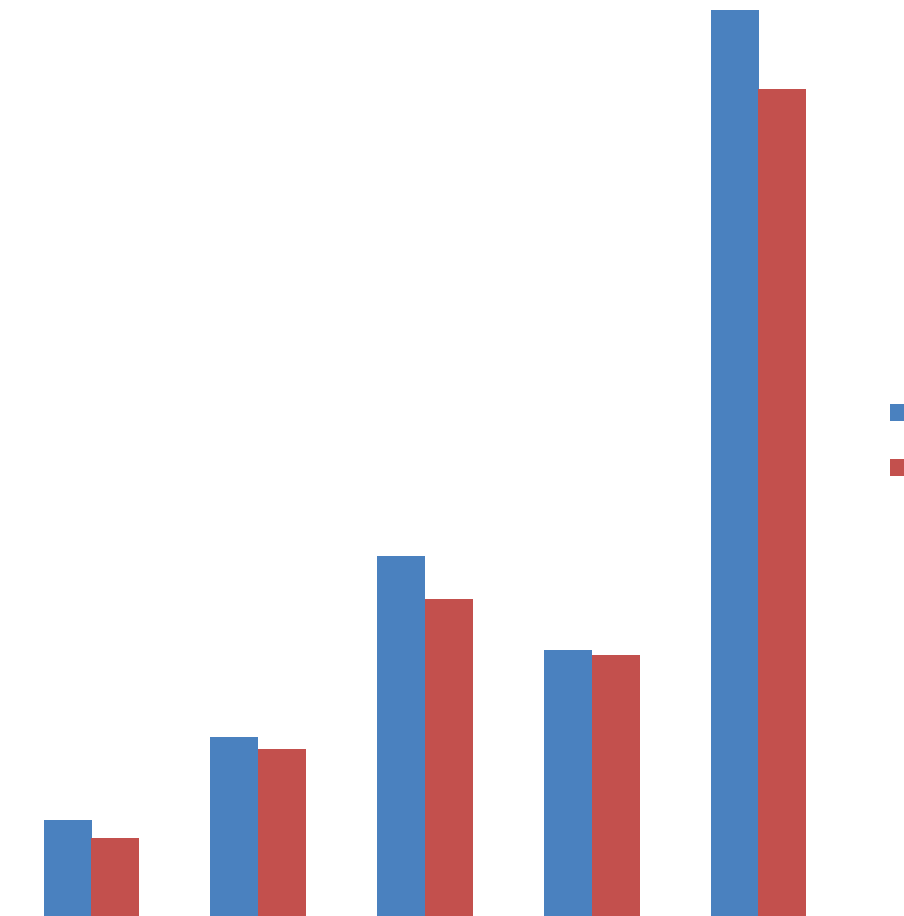
Stable and Vanning Fund:	\$11,633,712
Promotion Fund:	\$ 1,453,108
Expense Fund:	\$22,181,607
Guest Site Fees:	\$24,614,840

Retirement and Welfare

ADW Retirement and Welfare Plans received \$3,169,244 in FY 2018–19. These funds supplement the backstretch personnel pension plan and provide welfare benefits for horsemen and backstretch personnel.

Sources of Handle

Fiscal Years 2017-18 and 2018-19



The on-track handle represents wagers at the host track. For FY 2018-19, on-track wagers accounted for 9.59 percent of the total handle. Off-track handle represents wagering at California simulcast locations and accounted for 20.34 percent of the total. Out-of-state handle represents commingled wagers from other U.S. and international sites. Out-of-state wagers accounted for 38.41 percent of the total. Advance Deposit Wager (ADW) represents the handle generated through the seven licensed California ADW companies. The ADW handle accounted for 31.66 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 2017-18: 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 headquarters 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	2018
American Mule Racing Association	2017
California Thoroughbred Horsemen's Foundation, Inc.	2019
California Harness Horsemen's Association	2019
Arabian Racing Association of California	2016
Thoroughbred Owners of California	2018
California Thoroughbred Trainers	2018
California Thoroughbred Breeders Association	2018
Administrative Funds	
CHRIMS	2018
California Marketing Committee (CMC)	2018
California Thoroughbred Business League	2018
Northern California Off-Track Wagering (NCOTWINC)	2018
Southern California Off-Track Wagering (SCOTWINC)	2018
California Thoroughbred Trainers Inc. Backstretch Employees' Cash Balance Pension Plan	2018
California Jockeys' Welfare Corp	2018
CHRB Defined Contribution Retirement Plan for California Licensed Jockeys	2018
Quarter Horse Benevolent Charity Foundation	2017
California Standardbred Sires Stakes Committee	2018
California Harness Horsemen's Benevolent Foundation	2019
Northern California Auxiliary Vanning and Stabling Fund	2018
Southern California Stabling and Vanning Fund Trust	2018
Racing Associations	
Golden Gate Fields (Pacific Racing Association)	2018
Del Mar (Del Mar Thoroughbred Club)	2018
California Authority of Racing Fairs (CARF)	2018
Santa Anita Park (Los Angeles Turf Club, Inc.)	2018
Los Alamitos Quarter Horse Racing Association (Quarter Horse Racing, Inc. & Subsidiaries)	2018
Los Alamitos Racing Association (Quarter Horse Racing, Inc. & Subsidiaries)	2018
Cal Expo (WatchandWager.com, LLC)	2019

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 with the CHRB its audited financial statements.