

CALIFORNIA CODE OF REGULATIONS
TITLE 4. BUSINESS REGULATIONS
DIVISION 4. CALIFORNIA HORSE RACING BOARD
ARTICLE 3. RACING ASSOCIATION
PROPOSED AMENDMENT OF RULE 1433, APPLICATION FOR LICENSE TO
CONDUCT A HORSE RACING MEETING;
RULE 1440, APPROVAL OF CONCESSIONAIRES; AND
RULE 1440.5, LICENSING OF CONTRACTORS AND SUB-CONTRACTORS
ARTICLE 24. INTRASTATE SIMULCAST WAGERING
PROPOSED AMENDMENT OF RULE 2057, INITIAL APPLICATION AND APPROVAL
OF A SIMULCAST FACILITY, AND
RULE 2059, INITIAL APPLICATION AND APPROVAL OF A SIMULCAST
ORGANIZATION
ARTICLE 25.5. MINISATELLITE WAGERING
PROPOSED AMENDMENT OF RULE 2066, APPLICATION FOR LICENSE TO
OPERATE A MINISATELLITE WAGERING FACILITY
ARTICLE 26. ADVANCE DEPOSIT WAGERING
PROPOSED AMENDMENT OF RULE 2071, LICENSE TO CONDUCT ADVANCE
DEPOSIT WAGERING BY A CALIFORNIA APPLICANT, AND
RULE 2072, APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING BY AN
OUT-OF-STATE APPLICANT

The California Horse Racing Board (Board) proposes to amend the regulations described below after considering all comments, objections, and recommendations regarding the proposed action.

PUBLIC HEARING

The Board has not scheduled a public hearing on this proposed action. However, the Board will hold a hearing if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days prior to the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested persons, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes on **March 4, 2024**. The Board must receive all comments by that time. Submit comments to:

Rick Pimentel, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 274-6043
Email: repimentel@chrb.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19420, 19440, 19590, and 19605.25, Business and Professions Code (BPC). Reference: Sections 19410, 19410.5, 19410.7, 19420, 19433, 19440, 19460, 19463, 19480, 19481, 19481.3, 19510, 19521, 19562, 19601, 19604, 19605, 19605.1, 19605.2, 19605.25, 19605.6, 19608, 19608.1, 19608.2, and 19608.4, BPC; and Sections 15376 and 15378, Government Code (GC).

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

BPC section 19420 provides that jurisdiction and supervision over meetings in California where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings, is vested in the Board. BPC section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of Horse Racing Law. Responsibilities of the Board shall include, but not be limited to, adopting rules and regulations for the protection of the public and control of horse racing and parimutuel wagering. BPC section 19590, in part, provides that the Board shall adopt rules governing, permitting, and regulating parimutuel wagering on horse races under the system known as the parimutuel method of wagering. BPC section 19605.25, in part, provides that the Board may approve an additional 15 minisatellite wagering sites in each zone.

The applications used by the various entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board require updating and revision, either to incorporate regulatory provisions, better reflect the actual processes pertaining to statutory requirements, or correct technical errors and provide for clarity. Additionally, the rules governing these applications require amendment to account for the actual timelines involved in the processing of these applications, as well to implement the revised versions of these applications, which are incorporated by reference.

Therefore, the Board proposes to amend its rules governing the applications used to obtain licenses or approvals pertaining to horse racing meetings, concessionaires and contractors, simulcast facilities and organizations, minisatellite wagering facilities, and advance deposit wagering. These rules will be amended to clarify license terms and renewal processes, update and set timelines related to application processes, require the Board to act only on applications that have been deemed complete, ensure uniformity between application fees and license terms, and implement the revised versions of the applications. Meanwhile, the revised applications will incorporate existing regulatory requirements, include notices regarding application fees and license terms, and make corrections related to requested supporting documentation.

The Board proposes to amend Board Rule 1433, Application for License to Conduct a Horse Racing Meeting, to implement the latest revised versions of the Application for License to Conduct a Horse Racing Meeting, CHRB-17, and Application for License to

Conduct a Horse Racing Meeting of a California Fair, CHRB-18, which are incorporated by reference. The revised applications incorporate the requirement that an association or fair provide horse ambulance services during racing and training, pursuant to subsection (b) of Board Rule 1468, Ambulance Service.

Board Rule 1440, Approval of Concessionaires, will be amended to clarify the approval term and renewal process and eliminate the reference to the *Application for License/Contractor or Sub-contractor, Application for Approval/Concessionaire*, CHRB-87. The amendment will, instead, incorporate by reference the revised form CHRB-87, retitled as *Application for Approval as a Concessionaire*.

Board Rule 1440.5, Licensing of Contractors and Sub-contractors, will be amended to clarify the license term and renewal process, extend the application review period to 30 days, set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, and eliminate the reference to the CHRB-87 form. The amendment will, instead, incorporate by reference the new Application for License as a Contractor or Sub-contractor, CHRB-86.

Board Rule 2057, Initial Application and Approval of a Simulcast Facility, will be amended to establish a \$500 application fee, extend the application review period to 30 days, set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, establish a five-year license term, provide that changes to an application subsequent to approval be permitted by order of the Board or by Board approval of a written request, and require each simulcast wagering facility licensed prior to January 1, 2024, to file a new application by January 1, 2025, to renew its license. The amendment will also update the references to the Application for Authorization to Operate a Simulcast Wagering Facility, CHRB-25, and the Personal History Record, CHRB-25A, to implement the revised versions thereto.

Board Rule 2059, Initial Application and Approval of a Simulcast Organization, will be amended to extend the application review period to 30 days, set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, and update the references to the Application for Approval to Operate a Simulcast Organization, CHRB-34, to implement the latest revision to the application.

Board Rule 2066, Application for License to Operate a Minisatellite Wagering Facility, will be amended to set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, and update the reference to the CHRB-25A form.

Board Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant, and Board Rule 2072, Approval to Conduct Advance Deposit Wagering by an Out-of-State Applicant, will both be amended to set a one-year time limit for completion of an application and require the Board to approve or deny an application within 60 days of being deemed complete. Additionally, Board Rule 2071 will be amended to update the

reference to the Application for License to Conduct Advance Deposit Wagering, CHRB-132, while Board Rule 2072 will be amended to update the reference to the Application For Approval to Conduct Advance Deposit Wagering, CHRB-133, to implement the revised versions thereto.

ANTICIPATED BENEFIT OF THE PROPOSED REGULATION

By establishing a \$500 application fee and instituting a five-year license term for simulcast facilities, the proposed regulatory action will provide for uniformity in the licensing of simulcast facilities and minisatellite wagering facilities, two similar types of entities, as well as cover the administrative costs associated with renewals. Moreover, the change will provide a means by which the Board may ensure the suitability of an existing simulcast facility, whereby new supporting documentation reflecting circumstances that have changed over time may be examined. The proposed regulatory action will also provide for consistency within the Board's rules by standardizing a review period of 30 calendar days, setting a one-year time limit for completion of an application (related to horse racing and pari-mutuel wagering), and requiring that the Board act only on applications deemed complete. These changes will, furthermore, provide for consistency with actual review timelines after taking staff workload into consideration, provide more time for applicants to complete their applications and submit the required supporting documentation, and help reduce the undue administrative burden posed by applicants that have no intention of following through with an application to completion. Additionally, the proposed regulatory action will help provide for better understanding of the provisions that apply to an entity, as the current application used by both concessionaires and contractors—two types of entities governed by separate regulations—will be split into two separate applications, and an erroneous regulatory reference will be corrected in the application used by out-of-state advance deposit wagering providers. Finally, the proposed regulatory action will promote the health and welfare of racehorses by helping to ensure that these horses receive necessary care in the event of an emergency.

CONSISTENCY EVALUATION

Evaluation of Consistency and Compatibility with Existing State Regulations: During the process of developing the proposed regulatory action, the Board conducted a search of any similar regulations on the topic and concluded that Board Rule 1433 is the only regulation that governs the race meet license applications; Board Rule 1440 is the only regulation concerning concessionaire approvals; Board Rule 1440.5 is the only regulation pertaining to the contractor and sub-contractor license application; Board Rule 2057 is the only regulation that addresses the licensing of a simulcast facility; Board Rule 2059 is the only regulation relating to the approval of a simulcast organization; Board Rule 2066 is the only regulation involving the licensing of minisatellite wagering facilities; Board Rule 2071 is the only regulation regarding the license to conduct advance deposit wagering by a California applicant; and Board Rule 2072 is the only regulation on the subject of the approval to conduct advance deposit wagering by an out-of-state applicant. Therefore, the proposed regulatory action is neither inconsistent nor incompatible with existing state regulations.

Forms Incorporated by Reference

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| CHRB-17 | Application for License to Conduct a Horse Racing Meeting (Rev. 3/23) |
| CHRB-18 | Application for License to Conduct a Horse Racing Meeting of a California Fair (Rev. 3/23) |
| CHRB-87 | Application for Approval as a Concessionaire (Rev. 2/23) |
| CHRB-86 | Application for License as a Contractor or Sub-Contractor (New 2/23) |
| CHRB-25 | Application for Authorization to Operate a Simulcast Wagering Facility (Rev. 1/23) |
| CHRB-25A | Personal History Record (Rev. 10/23) |
| CHRB-34 | Application for Approval to Operate a Simulcast Organization (Rev. 3/23) |
| CHRB-228 | Application for License to Operate a Minisatellite Wagering Facility (Rev. 4/22) |
| CHRB-132 | Application for License to Conduct Advance Deposit Wagering (Rev. 12/22) |
| CHRB-133 | Application For Approval to Conduct Advance Deposit Wagering, CHRB-133 (Rev. 12/22) |

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to local agencies and school districts that must be reimbursed in accordance with GC sections 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed regulatory action will not have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The proposed regulatory action will amend rules governing various applications used by entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board, as well implement revisions to said applications. These rules will be amended to provide for consistency with respect to license terms and processing fees and with actual timelines involved in the processing of these applications. The applications will be revised to incorporate regulatory provisions, correct errors, and provide for clarity and consistency.

The following studies/relevant data were relied upon in making the above determination: none.

Cost impact on representative private persons or businesses: The proposed regulatory action will require a prospective or existing simulcast wagering facility to pay a \$500 processing fee as part of its application for license to act as a simulcast wagering facility. As the license term will be five years, the cost would be \$500 every five years, assuming the entity seeks renewal of its license.

Significant effect on housing costs: none.

RESULTS OF THE ECONOMIC IMPACT ANALYSIS

The adoption of the proposed regulatory action **will not** create or eliminate jobs within the state, **will not** create new businesses or eliminate existing businesses within the state, **will not** result in the expansion of businesses currently doing business with the state, and **will not** benefit worker safety or the state's environment. However, as stated under Anticipated Benefit of the Proposed Regulation, the proposed regulatory action will benefit the health and welfare of California residents by ensuring the suitability of an existing simulcast facility, which will protect the wagering public; easing the administrative process for applicants by providing more time to complete applications and submit required supporting documentation; and providing for better understanding of regulatory requirements by revising regulations and by providing instructions and alleviating errors within applications.

Effect on small business: none. The proposed regulatory action does not affect small business because small businesses are not legally required to comply with or enforce the regulation and neither derive a benefit nor incur a detriment from the enforcement of the regulation. The proposed regulatory action will amend rules governing various applications used by entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board, as well implement revisions to said applications. These rules will be amended to provide for consistency with respect to license terms and processing fees and with actual timelines involved in the processing of these applications. The applications will be revised to incorporate regulatory provisions, correct errors, and provide for clarity and consistency. A prospective or existing simulcast wagering facility would be required to pay a \$500 processing fee as part of its application for a new or renewed five-year license, respectively, to act as a simulcast wagering facility.

CONSIDERATION OF ALTERNATIVES

In accordance with GC section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative considered by the Board or that has otherwise been identified and brought to the attention of the Board would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Rick Pimentel, Regulations Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 274-6043
E-mail: repimentel@chrb.ca.gov

If the person named above is not available, interested parties may contact:

Amanda Drummond, Manager
Regulations, Industry Applications, and Administrative Hearings
Telephone: (916) 869-3255
Email: amdrummond@chrb.ca.gov

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its offices at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies of these documents, or any of the information upon which the proposed rulemaking is based, may be obtained by contacting Rick Pimentel or the alternative contact person at the address, phone number, or email address listed above.

AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made that are sufficiently related to the originally proposed text, the modified text, with changes clearly marked, shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Rick Pimentel at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be made available after the Board has adopted the proposed regulation in its current or modified form, should be sent to the attention of Rick Pimentel at the address stated above.

BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its website. The rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. The Board's website address is www.chrb.ca.gov.