

INITIAL STATEMENT OF REASONS

RULE 1481. OCCUPATIONAL LICENSES AND FEES

RULE 1483. APPLICATION FOR LICENSE

RULE 1486. TERM OF LICENSE

RULE 1487. ADDRESS OF LICENSEES

SPECIFIC PURPOSE OF THE REGULATION

The California Horse Racing Board (Board) proposes to amend Board Rule 1481, Occupational Licenses and Fees; Rule 1483, Application for License; Rule 1486, Term of License; and Rule 1487, Address of Licensees, to modify occupational license types, fees, terms, and requirements.

PROBLEM

California Assembly Bill (AB) 179 (Chapter 997, Statutes of 2024) amended Business and Professions Code (BPC) section 19520 to, in part, recategorize the occupational license types that the California Horse Racing Board (Board) may issue, in order to meet Federal Bureau of Investigation (FBI) requirements pertaining to access to criminal history information. This change requires that Board Rule 1481 be amended for consistency with the law. Additionally, AB 1974 (Chapter 251, Statutes of 2020) added BPC section 19620.3, which created the Horse and Jockey Safety and Welfare Account and provides that license fees shall be deposited thereto. The Board seeks to update the current license fees to reflect current operational costs and ensure funding to the Horse and Jockey Safety and Welfare Account, which was created for equine safety measures to improve the integrity and safety of horse racing.

Additionally, there are multiple applications in use for the myriad of license classifications and subclassifications that currently exist, which provides for inconsistency in the information obtained from licensees, and certain applications may no longer apply after the proposed reclassification of license types to conform Board Rule 1481 to BPC section 19520. Therefore, the Board seeks to incorporate by reference a single, consolidated license application into Board Rule 1483, for use with the new listing of license types. Also, in order for the Board to continue receiving federal criminal background history information on licensees, licensee fingerprints must be submitted electronically, with exceptions. Thus, the Board seeks to amend Board Rule 1483 accordingly.

Furthermore, the Board's current license expiration cycle is irregular and unnecessarily complicated, which provides for inconsistent license terms and can lead to administrative errors. For example, most licenses expire in the third year on the last day of the birth month of the licensee. Meanwhile, certain short-term licenses expire on the last day of the calendar year of issuance and automatically extend to expire on the last day of the birth month of the licensee, with annual renewals also expiring on the last day of the birth month. Hence, the Board seeks to amend Board Rule 1486 to streamline the license expiration cycle and provide for uniformity by basing regular license terms on the month

of issuance and stipulating that short-term, or temporary, licenses expire thirty days after issuance.

Finally, the Board requires a physical address for any licensee in order to obtain necessary background history information. However, Board Rule 1487, which governs the address information requirement for licensees, lacks clarity on the physical address requirement. Therefore, the Board seeks to amend the rule accordingly.

NECESSITY

Board Rule 1481 will be amended to replace the current license categories with a new list of categories, consistent with that set forth by the recent change to BPC section 19520, with each category being assigned a certain fee amount. Specifically, subsections (b)(1) through (b)(14) and subsection (c) will be stricken, and new subsections (b)(1) through (b)(25) will be added. This change is necessary, as the Board's ability to continue obtaining federal criminal history information on licensees—which is essential to evaluating these individuals' competence, integrity, and character—is conditioned upon said change. The Board has determined the fees being assigned to these license categories to be appropriate, as they will more accurately reflect the current operational costs and help ensure that the Horse and Jockey Safety and Welfare Account is fully funded, as it is funded in part by license fees.

Subsection (d) will be renumbered as subsection (c) since the current subsection (c) will be stricken. The \$25 fee will be changed to \$50 to reflect the increase in operational costs and help ensure funding to the Horse and Jockey Safety and Welfare Account, which is funded in part by license fees.

Subsections (e), (f), and (g) will be renumbered as subsections (d), (e), and (f), respectively, since the current subsection (c) will be stricken.

Subsection (h) will be renumbered as subsection (g) since the current subsection (c) will be stricken. Additionally, the \$15 fee will be changed to \$20 to reflect the increase in operational costs and help ensure funding to the Horse and Jockey Safety and Welfare Account, which is funded in part by license fees.

Subsection (i) will be renumbered as subsection (h) since the current subsection (c) will be stricken. Also, the reference to the Association of Racing Commissioners International (ARCI) Licensing Reciprocity Program will be changed to the National Racing Compact National Licensing Program, as there is no ARCI reciprocity program.

Subsection (j) will be renumbered as subsection (i) since the current subsection (c) will be stricken.

Subsection (a) of Board Rule 1483 will be amended to incorporate by reference the Application for License, CHRB-4. This is necessary because the application will replace various applications currently available that correspond to the numerous license

categories presently listed in Board Rule 1481. The form CHRB-4 was designed for use with the new license categories proposed for Board Rule 1481.

Subsection (a) will also be amended to require each applicant for an original license to submit fingerprints via electronic submission, rather than on regulation forms. This is necessary because DOJ will accept only electronically transmitted fingerprints from regulatory agencies requesting criminal offender records information. Also, Live Scan fingerprinting is the current practice at CHRB licensing locations, and the change will reflect current processes at the Board. Additionally, subsection (a) will be amended to require applicants requesting an exemption from the electronic submission requirement to complete an exemption request on a form designated by the Board and provide fingerprints on fingerprint cards provided by the Board. This is necessary to allow for instances in which individuals reside outside of California or reside in California but are unable to obtain electronically transmitted fingerprints.

Subsection (b) of Board Rule 1483 will be amended to read that the fingerprint requirement “may”, rather than “will,” be waived. This is necessary because the waiving of the fingerprint requirement for an owner’s license is not guaranteed or automatic. Additionally, the amendment will require, as a prerequisite of the fingerprint requirement possibly being waived, that the racing jurisdiction from which an owner holds a license in good standing conduct a criminal history inquiry as part of its license application. Furthermore, the racing jurisdiction must participate in reciprocity with the Board, and the applicant must provide a completed Fingerprint Affidavit, CHRB-118. These changes are necessary to ensure that the Board obtains the essential background information on the applicant to make a determination on whether to allow a waiver of the fingerprint requirement. Finally, the reference to the CHRB-118 form will be updated to reflect the latest version of the form, which will provide for consistency and help ensure the applicant uses the correct version of the form. The form has been revised, as determined appropriate by the Board’s enforcement division in consultation with legal staff, to provide the necessary disclosures to the applicant.

Subsection (a) of Board Rule 1486 will be amended to remove the language that lists certain license categories to which the section will no longer apply. This is necessary because one of the Board’s objectives is for all license categories, except for that specified in the proposed subsection (b)(17) of Board Rule 1481, to have three-year terms, which will simplify the licensing process. Additionally, the text will be modified so that the license term coincides with the month of issuance, rather than the birth month of the licensee, which will provide for consistency in the length of license terms.

Subsection (b) of Board Rule 1486 will be amended to delete the current language and replace it with language stipulating that licenses issued pursuant to the proposed subsection (b)(17) of Board Rule 1481 will expire 30 days after issuance. This change is necessary because an individual granted a license pursuant to the proposed subsection (b)(17) of Board Rule 1481 will typically work no more than 30 days.

Board Rule 1487 will be amended to require each licensee, applicant for license, or registrant to file, instead of a permanent address, their permanent Address of Record and, if the Address of Record is a Post Office Box or mail service box, their physical address. This change is needed for clarity to ensure that a physical address is obtained, as it is essential to obtaining federal criminal history information. Additionally, the amendment will require said individual to report all address changes using a designated form, which will provide for uniformity.

BENEFITS ANTICIPATED FROM THE REGULATORY ACTION

The proposed regulatory action will benefit the health and welfare of jockeys and racehorses, as it will ensure funding to the Horse and Jockey Safety and Welfare Account, which was created for equine safety measures to improve the integrity and safety of horse racing. Additionally, by recategorizing the occupational license types, the proposed regulation will provide for conformity with state law and ensure that the Board continues to meet FBI requirements pertaining to criminal history information access, which is essential to maintaining the integrity of the licensing process.

TECHNICAL, THEORETICAL, AND EMPIRICAL STUDIES, REPORTS, OR SIMILAR DOCUMENTS RELIED UPON

The Board did not rely on any technical, theoretical, or empirical study, report, or similar document in proposing the regulatory amendment.

RESULTS OF ECONOMIC IMPACT ASSESSMENT

The results of the Board's Economic Impact Assessment as required by Government Code section 11346.3(b) are as follows:

- The proposed regulation will not impact the creation or elimination of jobs within the state.
- The proposed regulation will not have an impact on the creation of new businesses or the elimination of existing businesses within the state.
- The proposed regulation will not have an impact on the expansion of businesses currently doing business within the state.
- The proposed regulation will not benefit the state's environment. However, the proposed regulation will benefit the health and welfare of California residents and worker safety, as it will ensure funding to the Horse and Jockey Safety and Welfare Account, which was created for equine safety measures to improve the integrity and safety of horse racing.

The Board has made the initial determination that the proposed regulatory action will not have a significant, statewide adverse economic impact directly affecting business. The proposed regulatory action will recategorize occupational license types, update license fees, incorporate by reference a consolidated license application, require that licensee fingerprints be submitted electronically, simplify the license expiration cycle, and clarify

that a physical address is required from licensees. These changes will have a nominal effect only on certain individuals seeking to obtain or renew a Board-issued occupational license, not on business at large.

CREATION OR ELIMINATION OF JOBS WITHIN THE STATE OF CALIFORNIA

The proposed regulatory action will recategorize the occupational license types for conformity with state law and to meet FBI requirements pertaining to criminal history information access; update license fees to reflect the increase in operational costs and ensure funding to the Horse and Jockey Safety and Welfare Account; incorporate by reference a consolidated license application for use with the new listing of license types; require that licensee fingerprints be submitted electronically; simplify the license expiration cycle for uniformity; and clarify that a physical address is required from licensees. These changes will affect certain individuals seeking to obtain or renew a Board-issued occupational license in terms of procedure and nominally in terms of costs, neither jeopardizing their jobs nor creating additional employment opportunities. As such, the proposed regulation will not result in the creation or elimination of jobs within the state.

CREATION OF NEW BUSINESSES OR THE ELIMINATION OF EXISTING BUSINESSES WITHIN THE STATE OF CALIFORNIA

The proposed regulatory action will recategorize the occupational license types for conformity with state law and to meet FBI requirements pertaining to criminal history information access; update license fees to reflect the increase in operational costs and ensure funding to the Horse and Jockey Safety and Welfare Account; incorporate by reference a consolidated license application for use with the new listing of license types; require that licensee fingerprints be submitted electronically; simplify the license expiration cycle for uniformity; and clarify that a physical address is required from licensees. These changes will result in nominal costs to certain individuals seeking to obtain or renew a Board-issued occupational license, as well as minor changes to the procedures for procuring said license, with no effect on businesses within the horse racing industry. As such, the proposed regulation will not result in the creation of new businesses or the elimination of existing businesses within the state.

EXPANSION OF BUSINESSES CURRENTLY DOING BUSINESS WITHIN THE STATE OF CALIFORNIA

The proposed regulatory action will recategorize the occupational license types for conformity with state law and to meet FBI requirements pertaining to criminal history information access; update license fees to reflect the increase in operational costs and ensure funding to the Horse and Jockey Safety and Welfare Account; incorporate by reference a consolidated license application for use with the new listing of license types; require that licensee fingerprints be submitted electronically; simplify the license expiration cycle for uniformity; and clarify that a physical address is required from licensees. These changes will affect only certain individuals seeking to obtain or renew a Board-issued occupational license with respect to related procedures and license fees,

affecting neither their employment nor any businesses within the horse racing industry. As such, the proposed regulation will not result in the expansion of businesses currently doing business within the state.

BENEFITS OF THE REGULATION TO THE HEALTH AND WELFARE OF CALIFORNIA RESIDENTS, WORKER SAFETY, AND THE STATE'S ENVIRONMENT

The proposed regulatory action will recategorize the occupational license types for conformity with state law and to meet FBI requirements pertaining to criminal history information access; update license fees to reflect the increase in operational costs and ensure funding to the Horse and Jockey Safety and Welfare Account; incorporate by reference a consolidated license application for use with the new listing of license types; require that licensee fingerprints be submitted electronically; simplify the license expiration cycle for uniformity; and clarify that a physical address is required from licensees. These changes will have a nominal economic impact on certain individuals seeking to obtain or renew a Board-issued occupational license and result in minor changes in the procedures thereto, resulting in no measurable impact on the state's environment. However, the proposed regulation will benefit the health and welfare of California residents and worker safety, as the Horse and Jockey Safety and Welfare Account was created for equine safety measures to improve the integrity and safety of horse racing.

ALTERNATIVE TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES

The Board has determined that no reasonable alternative it considered or that has otherwise been identified and brought to its attention 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.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION

The proposed regulatory action was discussed at the December 19, 2024 Board meeting. No alternatives to the recommendation were proposed by the Board or by any other individual or entity at the meeting. No subsequent alternative recommendations were made prior to the notice. The Board invites any interested party to submit comments that offer any alternative proposal.

CALIFORNIA HORSE RACING BOARD
March 14, 2025