

## FINAL STATEMENT OF REASONS

### UPDATED INFORMATIVE DIGEST

There have been no changes in applicable laws or to the effect of the proposed regulation from the laws and effects described in the Notice of Proposed Action.

The California Horse Racing Board (CHRB/Board) did not hold a public hearing for the amendment to Board Rule 1497, Confidentiality of Applications, and Board Rule 1548, Rulings by the Stewards, as the Board did not receive a written request for a public hearing from any interested person, or his or her authorized representative, at least 15 days prior to the close of the written comment period.

The Board made substantive changes to the originally proposed regulation and made the modified text available during the 15-day public comment period of April 21, 2025, through May 6, 2025. The discussion of these changes in the 15-day notice is incorporated by reference herein. The Board adopted the revised amendment to its Rule 1497 and Rule 1548 at the April 17, 2025 Board meeting.

### LOCAL MANDATE DETERMINATION

The amendment to Board Rule 1497 and Board Rule 1548 does not impose any mandates on local agencies or school districts.

### MODIFICATIONS MADE TO REGULATORY TEXT FOR 15-DAY COMMENT PERIOD

The amendment to Board Rule 1497 was modified to incorporate by reference the Application for License, CHRB-4 (Rev. 08/24), and provide that no information contained therein shall be considered confidential unless said information is of a certain type, as specified in the rule, or designated as confidential on the form.

### SUMMARY OF AND RESPONSE TO COMMENTS RECEIVED DURING ORIGINAL NOTICE PERIOD OF OCTOBER 25, 2024, THROUGH DECEMBER 9, 2024

No comments were received.

### SUMMARY OF AND RESPONSE TO COMMENTS RECEIVED AT REGULATORY HEARING

No public hearing was held for the proposed regulatory action, as the Board did not receive a written request for a public hearing from any interested person, or his or her authorized representative, at least 15 days prior to the close of the written comment period.

### SUMMARY OF AND RESPONSE TO COMMENTS RECEIVED AT BOARD MEETING ON APRIL 17, 2025, PRIOR TO 15-DAY PUBLIC COMMENT PERIOD

No comments were received.

## SUMMARY OF AND RESPONSE TO COMMENTS RECEIVED DURING THE 15-DAY PUBLIC COMMENT PERIOD OF APRIL 21, 2025, THROUGH MAY 6, 2025

No comments were received.

The amendment to Board Rule 1497 and Board Rule 1548 has no significant, adverse economic impact on small business.

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## ALTERNATIVE DETERMINATION

The Board has determined that no reasonable alternative would be more effective in carrying out the purpose for which the regulation was proposed, would be as effective and less burdensome to affected private persons than the proposed regulation, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law. The amendment to Board Rule 1497 and Board Rule 1548 will align the rules with current practices and the Information Practices Act to ensure confidentiality of private information.

No public hearing was held for the proposed regulatory action, as the Board did not receive a written request for a public hearing from any interested person, or his or her authorized representative, at least 15 days prior to the close of the written comment period. The Board invited interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period. No alternatives were proposed.

No alternatives that would lessen any adverse economic impact on small business were proposed.

## EXPLANATION OF DISCREPANCY BETWEEN NOTICE OF PROPOSED ACTION AND INITIAL STATEMENT OF REASONS REGARDING DOCUMENTS RELIED UPON

The notice of proposed regulatory action indicates that no studies/relevant data were relied upon in making the Board's initial determination regarding impact to business, while the initial statement of reasons lists the texts of The Information Practices Act (IPA) of 1977 as documents relied upon. In the latter case, it would be correct to indicate that no documents were relied upon, as the IPA is readily available (e.g., online).

## STATEMENT REGARDING DOCUMENT INCORPORATED BY REFERENCE

Board Rule 1497, as amended by this regulation, incorporates by reference the Application for License, form CHRB-4, because it would be cumbersome, unduly expensive, or otherwise impractical to publish said document in the California Code of Regulations, as the form may undergo relatively frequent revision. Additionally, said form was made available upon request from the Board or was reasonably available to the affected public on the Board's website.

## NECESSITY FOR THE CHRB-4 (Rev. 08/24)

In *Section A: General Information* of the Application for License, CHRB-4 (Rev. 08/24), the applicant's full name and address are needed to ensure that correspondence is possible between the Board and the applicant, and the email address and phone number are required so that more immediate, crucial communication is possible, as certain matters may be time-sensitive. The name of spouse is needed to help properly identify the applicant when checking the applicant's background, while the HISA ID# is necessary because it is linked to federal records on the applicant's horse racing activities, which have implications regarding penalties, restrictions, and other regulatory provisions. The type of license and breed of horse (i.e., TB, QH, etc.) information is necessary because the Board issues specific license types with corresponding license fees, while the breed of horse indicated ensures that the applicant is associated with the correct horse. Information regarding previous CHRB licensure, most recent CHRB license number, and expiration date helps to properly identify an applicant and prevent the creation of duplicate records, as well as direct the Board to any important background information on file. Finally, the information for NEW Applicants Only is needed to establish a physical description of the applicant, including age, and prevent misidentification, as well as aid in matching background check information.

The information in *Section B: Background Information*, which concerns criminal offenses, current racing-related licensing and employment, license status, and aliases, is necessary because it aids the Board in determining an applicant's character and suitability for an occupational license.

In the confidential information section at the bottom of the first page, the physical address is needed to enable the Board to serve the applicant with time-sensitive legal documents. The phone number provides for a means of contact, while the SSN (or EIN) helps to identify personal background records, and the Driver's License information provides for access to the applicant's driving record, including violations, which is important in assessing an applicant's character and suitability for an occupational license.

At the bottom of the first page, the applicant must sign and date under penalty of perjury. This is necessary to deter the applicant from purposely providing false or misleading information and to ensure that the applicant understands the terms and conditions agreed upon in signing the form.

The information required in *Section C: Trainer's License Applicants Only* is needed because the trainer's license is a major license type, whereby the holder of such a license has many important responsibilities, such as handling veterinary care, employee wages, and food for the horse. Therefore, information regarding other license types held, trainer's licenses from other states, and the conduct of business as a public trainer, as well as whether workers' compensation insurance is possessed, all provide valuable insight into the applicant's suitability for a Board-issued trainer's license. Regarding financial obligations past due or unpaid for more than 90 days, this information is necessary because it demonstrates financial responsibility, which is important for the role of a trainer, and obligations that are unpaid for more than 90 days are indicative of financial mismanagement, rather than temporary oversight. Finally, meeting the trainer or assistant trainer qualifications in Board Rule 1503, Qualifications for License as Assistant Trainer

and Trainer, or continuing education requirements in Board Rule 1503.5, Continuing Education for Trainers and Assistant Trainers, is required prior to obtaining or renewing a license, respectively. Therefore, information pertaining to the fulfillment of either requirement is necessary for the application process.

The information in *Section D: Stable Name Applicants Only* is needed to properly identify the entity operating as a stable, as well as its organizational structure, and identify any individuals who are required to obtain certain occupational licenses (e.g., Stable Agency, Stable Employee, etc.). The information also aids in conducting the background research needed in making an assessment of suitability for licensing. Regarding the list of all individuals who have a financial interest in the stable, the information required is needed to determine whether an individual's percentage of ownership in the stable affords the individual with a certain level of influence or control, in which case, greater scrutiny of said individual would be indicated. Meanwhile, the CHRB License # allows the Board to examine an individual's license history with the Board, which can include any adverse actions.

The information in *Section E: Owner's License Applicants Only* is needed because it is specific to an individual's responsibility as an owner. Information pertaining to how an owner intends to race, as well as whether a stable name will be used, is essential in the operation of a race meet. Also, financial obligations past due or unpaid for more than 90 days indicate financial mismanagement, rather than minor oversight, which is an important factor in assessing an applicant's suitability for an owner's license, as an owner is responsible for paying wages, veterinary fees, trainers, and several other racing-related costs. Information regarding an owner's intent to register an authorized agent is necessary because only designated individuals may withdraw funds from a horsemen's account, while the name and license number of the trainer are needed because, for instance, medication violations are attributed to the trainer as well as the owner. Furthermore, whether the applicant intends to use a public trainer or operate as a private stable is essential, as it determines the type of workers' compensation coverage available, and such coverage, by regulation, must be secured by an owner. Finally, the list of horses the applicant intends to race, as well as ownership percentage, is needed because race horses must be associated with their owners for the various purposes of horse racing (e.g., assessment of penalties, records management, winnings), while the list of all persons who have a joint financial interest in any of the listed horses is needed because owners share in said attributions to each horse.

Lastly, the applicant is required to sign and date at the bottom of the second page under penalty of perjury, as it deters the applicant from purposely providing false or misleading information and ensures that the applicant understands the terms and conditions agreed upon by signing the form.