



FUTURE MEETINGS:

January 9 in Los Angeles.
February 13 in Sacramento.
March 19 in San Diego.
April 23 in Sacramento.

HORSE RACING BOARD

Executive Secretary:
Dennis Hutcheson
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The California Horse Racing Board (CHRB) is an independent regulatory board consisting of seven members. The Board is established pursuant to the Horse Racing Law, Business and Professions Code section 19400 *et seq.* Its regulations appear in Division 4, Title 4 of the California Code of Regulations (CCR).

The Board has jurisdiction and power to supervise all things and people having to do with horse racing upon which wagering takes place. The Board licenses horse racing tracks and allocates racing dates. It also has regulatory power over wagering and horse care. The purpose of the Board is to allow parimutuel wagering on horse races while assuring protection of the public, encouraging agriculture and the breeding of horses in this state, generating public revenue, providing for maximum expansion of horse racing opportunities in the public interest, and providing for uniformity of regulation for each type of horse racing. (In parimutuel betting, all the bets for a race are pooled and paid out on that race based on the horses' finishing positions, absent the state's percentage and the track's percentage.)

Each Board member serves a four-year term and receives no compensation other than expenses incurred for Board activities. If an individual, his/her spouse, or dependent holds a financial interest or management position in a horse racing track, he/she cannot qualify for Board membership. An individual is also excluded if he/she has an interest in a business which conducts parimutuel horse racing or a management or concession contract with any business entity which conducts parimutuel horse racing. Horse owners and breeders are not barred from Board membership. In fact, the legislature has declared that Board representation by these groups is in the public interest.

At its August 30 meeting, CHRB welcomed new member Stefan Manolakas to the Board; Manolakas, appointed by Governor Wilson, replaces Paul Deats on the Board.

MAJOR PROJECTS:

Board Pursues Ambulance Services Regulatory Amendment. On July 5, CHRB published notice of its intent to amend section 1468, Title 4 of the CCR, which requires that the services of an onsite ambulance and qualified medical personnel be provided at all times during the running of races and during the hours an association permits the use of its race course for training purposes. (See CRLR Vol. 11, No. 3 (Summer 1991) pp. 184-85 and Vol. 11, No. 2 (Spring 1991) p. 171 for background information.) The Board proposes to amend section 1468 to provide alternative emergency medical procedures for authorized training facilities that are not designated as auxiliary stables for a host track. The proposed amendments require these training facilities to submit to CHRB a written plan detailing the emergency procedures to be followed in the event an accident occurs.

On August 30, the Board conducted a public hearing on the proposed amendments. Following the hearing, the Board adopted the proposed language and subsequently submitted the rulemaking file to the Office of Administrative Law (OAL) for review and approval. At this writing, the Board is awaiting OAL's decision.

Pick Seven Wagering Regulations. On July 5, CHRB published notice of its intent to adopt new section 1959.7, Title 4 of the CCR, which would establish provisions for Pick Seven parimutuel wagering in California. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 188 for background information.) The Pick Seven parimutuel pool would consist of amounts contributed for a selection for win only in each of seven races designated by the relevant racing association. Each person purchasing a Pick Seven ticket designates the winning horse in each of the seven races comprising the Pick Seven.

On August 30, the Board conducted a public hearing on the proposed adoption of section 1959.7. Following the hearing, the Board adopted the proposed section and subsequently submitted the rulemaking file to OAL for review and approval. At this writing, the Board is awaiting OAL's decision.

Pick (n) Wagering Regulations. On July 5, the Board published notice of its intent to adopt new section 1976.9, Title 4 of the CCR, which would establish provisions for Pick (n) wagering in California. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 188 for background information.) The Pick (n) parimutuel pool would consist of amounts contributed for a selection for win only in each of a

specified number of races designated by the relevant racing association. Each patron purchasing a Pick (n) ticket must designate the winning horse in each of the designated races comprising the Pick (n). According to CHRB, the adoption of such a rule would enable California horse racing associations and the public to participate in national wagers.

On August 30, CHRB conducted a public hearing on the proposed adoption of section 1976.9. Following the hearing, the Board adopted the proposed section and subsequently submitted the rulemaking file to OAL for review and approval. At this writing, the Board is awaiting OAL's decision.

Quarter Horse Regulatory Amendments Proposed. SB 519 (Maddy) (Chapter 1481, Statutes of 1990) amended Business and Professions Code section 19533 to provide that any license granted to an association other than a fair shall be only for one type of racing—thoroughbred, harness, or quarter horse racing, as the case may be—except that CHRB may, by regulation, authorize the entry of thoroughbred and Appaloosa horses in quarter horse races at a distance not exceeding five furlongs at quarter horse meetings, mixed breed meetings, and fair meetings. Further, section 19533 provides that if CHRB adopts regulations authorizing the entry of thoroughbred and Appaloosa horses in quarter horse races, the regulations shall set forth specified conditions, including that minor breeds of horses shall make up more than half the number of horses in the race.

On July 12, CHRB published notice of its intent to adopt new section 1743, Title 4 of the CCR, to establish conditions for the entering of thoroughbred and Appaloosa horses in five-furlong or shorter quarter horse races at quarter horse meetings, mixed breed meetings, and fair meetings. On August 30, the Board held a public hearing on the proposed adoption of section 1743. Following the hearing, CHRB adopted the proposed section and subsequently submitted the rulemaking file to OAL for review and approval. At this writing, the Board is awaiting OAL's decision.

Occupational Licenses and Fees. On August 7, OAL approved the Board's proposed amendments to section 1486, Title 4 of the CCR, which change CHRB license expiration dates from December 31 to coincide with the licensee's birth month. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 185; Vol. 11, No. 2 (Spring 1991) p. 169; and Vol. 11, No. 1 (Winter 1991) pp. 141-42 for detailed background information.)



Bleeder List. On June 28, the Board held a public hearing on its proposed amendments to section 1845, Title 4 of the CCR, which specify the maximum dose level and methods of administration of approved prophylactic medication for the control of bleeding of horses on CHRB's Bleeder List. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 185 for background information.) Following the hearing, the Board adopted the proposed amendments and submitted the rulemaking file to OAL for review and approval. On August 13, OAL approved the amendments.

Wagering on Competing Horse Regulatory Amendment Proposed. Section 1970, Title 4 of the CCR, generally prohibits owners, authorized agents, or trainers, or any employee or representative of such an owner, authorized agent, or trainer, from wagering on a competing horse when they have a horse entered in the same race. On September 20, CHRB published notice of its intent to amend section 1970 to provide that no owner, authorized agent, or trainer having a horse entered in a race, or any employee or representative of such an owner, shall wager on any other horse competing in that race to finish first, regardless of whether the wager placed is exotic or conventional. The Board was scheduled to hold a public hearing on this proposed amendment on November 15.

Trifecta Regulation Amendments Proposed. On September 20, CHRB published notice of its intent to amend section 1979, Title 4 of the CCR, which provides for Trifecta wagering in California. (See CRLR Vol. 11, No. 2 (Spring 1991) p. 168; Vol. 11, No. 1 (Winter 1991) p. 141; and Vol. 10, No. 4 (Fall 1990) p. 173 for detailed background information on Trifecta wagering.) Specifically, the Board proposes to repeal section 1979(k), which limits associations to running one trifecta race per day; section 1979(l), which provides for a one-year experimental period for the trifecta wager; and section 1979(m), which currently mandates a sunset date of June 30, 1992 for section 1979. The Board is scheduled to hold a public hearing on these proposed amendments on November 15.

Post-Mortem Examination Program. At its July 25 meeting, the Board discussed its post-mortem examination program established in section 1846.5, Title 4 of the CCR, which CHRB had been operating with unbudgeted funds, *i.e.*, without the necessary approval of the Department of Finance and the legislature. (See CRLR Vol. 11, No. 3 (Summer 1991) p. 184; Vol. 11, No. 1 (Win-

ter 1991) p. 142; and Vol. 10, No. 4 (Fall 1990) pp. 173-74 for detailed background information.) CHRB's Finance Committee reported that funding for the necropsy costs associated with the post-mortem program has been restored to the Board's budget. Because the program ended in July, the Board agreed to consider formal reinstatement of the program at its August meeting.

At CHRB's August 30 meeting, Hollywood Park representative Don Robbins stated that racetracks would provide funding for transportation costs associated with the program, and that various horsemen's associations and racetracks would seek legislation to fairly distribute such costs between the owners and the associations in the future. Based on this offer, the Board unanimously agreed to continue the post-mortem program, effective August 30.

Equine Substance Abuse Research Update. At the Board's August 30 meeting, CHRB Equine Medical Director Dr. Rick Vulliet reported on the progress of the Equine Substance Abuse Research Advisory Committee, which was established to formulate an overview of the problem of substance abuse in the equine performance industry and make recommendations on how to address the issues involved; the committee's primary focus has been cocaine use. According to Dr. Vulliet, it is difficult to determine whether cocaine has been intentionally administered to a horse or if it inadvertently enters a horse's system. He also stated that, in the future, the Board would be asked to determine the minimum detectable level of cocaine needed for a horse to test positive. The committee was scheduled to formally present its findings and recommendations at the Board's October meeting.

In a related matter, at its August 30 meeting, the Board discussed CHRB Policy Directive 02-91, regarding policies and procedures for handling positive drug cases. Specifically, the Board discussed amending its policy in light of the ability of official laboratories to detect extremely low levels of cocaine. According to several CHRB Commissioners, the Board should establish policies regarding cocaine which reflect the fact that there are many different ways for the drug to enter a horse's system, even when a trainer has made every reasonable effort to protect that horse from such an occurrence. Specifically, the Board discussed section 1887, Title 4 of the CCR, which provides that a "trainer shall be the absolute insurer of and responsible for the condition of the horses entered in a race, regardless of the acts of third parties," except as speci-

fied (the "trainer/insurer rule"). Deputy Attorney General Cathy Christian noted that section 1888(c) provides that, if the trainer of a cocaine-positive horse convinces a steward that nothing else could have been done to protect a horse from tampering by unauthorized persons and that the source of the cocaine is unknown, the steward is permitted to find that the trainer is not guilty of a violation of the trainer/insurer rule. Christian stated that the Board must develop guidelines for stewards to follow in determining whether the requirements for the defense to the trainer/insurer rule have been satisfied. CHRB Chair Chavez referred this matter to the Medication Committee; the Committee was scheduled to present its findings at CHRB's October meeting.

Board Addresses Rent Expense Issue. At its July 25 meeting, the Board discussed whether rent is an overhead expense item, such that it may not be deducted from the net proceeds on charity racing days. CHRB Executive Secretary Dennis Hutcheson stated that Business and Professions Code section 19553 provides that, from the gross income generated on charity days, an association may deduct only the expenses incurred because of the conduct of racing on such days, but no deduction shall be made by a licensee for any overhead expenses or expenses of the licensee which would be incurred irrespective of the conduct of the charity day racing. According to Hutcheson, some associations treat rent as an overhead item and do not deduct it from net charity day racing proceeds, while other associations include rent as a deductible expense.

At CHRB's September 27 meeting, CHRB staff announced that rent is an overhead item and, as such, may not be deducted from charity day racing proceeds. Because a number of racing associations disagreed with staff's conclusion, the Board agreed to carry this item over to its October meeting and allow the associations to present their objections.

Identification Regulatory Amendment Proposed. At its September 27 meeting, the Board discussed a proposed amendment to section 1922, Title 4 of the CCR, which provides that a license, visitor's pass, or other identification issued by the Board or an association shall be visibly displayed by any person within any restricted area of a racetrack. Local 280 Parimutuel Employees Guild has proposed that section 1922 be amended to provide an alternative to displaying licenses while in the parimutuel lines, based on the fact that



some patrons have tracked down employees' residences using the information contained on the license, and proceeded to harass those employees. Deputy Attorney General Cathy Christian suggested that section 1922 be amended to provide that, unless the Board determines otherwise, a license must be displayed; this option would provide the Board with the discretion to grant waivers to the rule under appropriate circumstances. CHRB instructed staff to draft such an amendment and present it to the Board at a future meeting.

LEGISLATION:

The following is a status update on bills reported in detail in CRLR Vol. 11, No. 3 (Summer 1991) at pages 185-87:

SB 31 (Maddy), as amended May 23, prohibits the administration by any means of any substance to a horse after it has been entered to race in a horse race, unless CHRB has, by regulation, specifically authorized the use of the substance and the quantity and composition thereof. This bill was signed by the Governor on September 16 (Chapter 401, Statutes of 1991).

SB 176 (Maddy). As amended August 20, this bill deletes a requirement that the trainer or the owner of a horse to be tested for prohibited substances must request that a test sample be taken in duplicate. Instead, it provides that if the official test sample tests positive for medication, the steward shall inform the trainer and the owner of the results, and the trainer or owner of the horse, upon being so informed, or the steward, may request that the duplicate sample be tested. This bill also requires the steward of the race meeting where the sample was taken to be in charge of handling and testing the sample, until the steward refers the matter to CHRB. (See CRLR Vol. 11, No. 2 (Spring 1991) pp. 168-69 for background information.) This bill, which also requires the results of the tests to be confidential, was signed by the Governor on October 14 (Chapter 1047, Statutes of 1991).

AB 1898 (Frizzelle), as amended May 6, specifies that parimutuel wagering may be conducted at barrel races, show jumping races, and steeplechase races at any public or private facility which has been approved and licensed by CHRB. This bill was signed by the Governor on October 8 (Chapter 746, Statutes of 1991).

AB 834 (Floyd), as amended August 28, provides that each racing association or fair shall include the types of conventional and exotic wagers it proposes to offer on its application to conduct a horse racing meeting. This bill

also permits the Board to prohibit any form of parimutuel wager if it determines that the proposed wager would compromise the honesty and integrity of racing in the state. This bill was signed by the Governor on October 7 (Chapter 690, Statutes of 1991).

AB 1782 (Floyd), as introduced March 8, requires CHRB to establish standards governing the uniformity and content of racetrack facilities, and to designate a steward at all horse racing meetings to be responsible for maintaining safety standards. This bill also prohibits the issuance of a license to a track unless the track has been inspected by the Board within thirty days prior to the date of application for the license, and has been approved by the Board as conforming to the Board's specified racetrack safety standards. This bill was signed by the Governor on August 2 (Chapter 310, Statutes of 1991).

AB 786 (Floyd), as amended August 20, permits fairs that conduct racing meetings in the northern zone, and requires horsemen's organizations that represent horsemen who participate in racing at those meetings, to jointly develop a program to provide for stabling and training. This bill was signed by the Governor on October 14 (Chapter 1211, Statutes of 1991).

AB 1004 (Floyd), as amended June 3, permits the Board to authorize an association conducting a racing meeting in this state to accept wagers on the results of any out-of-state feature quarter horse and harness races, regardless of whether the wagers as accepted only on days and nights when live races are being run. This bill was signed by the Governor on August 29 (Chapter 345, Statutes of 1991).

SB 365 (Dills) and AB 299 (Floyd). Existing law authorizes the Board to allocate racing weeks of four days for quarter horse racing in the northern zone, if the association and the organization representing the horsemen agree to that allocation. SB 365 (as amended June 10) and AB 299 (as amended April 8) each, subject to that agreement, authorize the Board to allocate racing weeks of four days for quarter horse racing in the central and southern zones during either or both of the weeks in which December 25 and January 1 occur in any year. SB 365 was signed by the Governor on July 20 (Chapter 139, Statutes of 1991); AB 299 is pending in the Senate Rules Committee.

SB 944 (Maddy), as amended September 9, requires that CHRB establish standards governing the uniformity and content of track facilities by January 1, 1993; repeals existing law which pro-

hibits the granting of a license to conduct a horse race meeting upon a track less than one mile in circumference or length to any applicant other than those specified; prohibits a satellite wagering facility, except a facility that is located at a track where live racing is conducted, from being located within twenty miles of any existing satellite wagering facility or any track where a racing association conducts a live racing meeting; decreases the percentage of the amount handled by satellite wagering facilities on certain wagers to be paid to the state as a license fee from 1.5% to 1% for conventional wagers and from 3% to 1% for exotic wagers; and repeals a provision which requires associations with an average daily handle of \$650,000 or less, to distribute certain amounts as license fees, commissions, and purses. This bill was signed by the Governor on September 18 (Chapter 424, Statutes of 1991).

AB 228 (Clute), as amended August 19, requires CHRB, if possible, to designate at least one steward who is a former jockey at each track where a horse racing meeting is conducted, or at least one steward who is a former driver at each track where a harness meeting is conducted. This bill was signed by the Governor on October 5 (Chapter 555, Statutes of 1991).

AB 160 (Floyd), as amended September 9, revises and recasts the provisions relating to CHRB's authority to license and regulate stewards and racing officials, and creates a stewards' committee to advise the Board on matters relating to stewards and racing officials. This bill also repeals the existing requirement that the Board designate a steward at the track where a meeting is being conducted to monitor the satellite wagering activities at the track and at all facilities receiving the signal, instead requiring CHRB to set forth requirements for the position of satellite facility supervisor for all satellite wagering facilities operated by the state or on public land. This bill was signed by the Governor on October 12 (Chapter 871, Statutes of 1991).

AB 1219 (Costa) would permit CHRB, until January 1, 1994, with the approval of the Department of Food and Agriculture, to authorize satellite wagering located at prescribed fairgrounds to receive the audiovisual signal from the northern, southern, or central zone, or from more than one of these zones at the same time. This two-year bill is pending in the Assembly Governmental Organization Committee.

AB 507 (Floyd), as introduced February 13, would create the California



REGULATORY AGENCY ACTION

Horsing Industry Commission and prescribe its membership; the Commission would be responsible for promoting the horse racing industry and for conducting market research related to horse racing. This two-year bill is pending in the Senate Governmental Organization Committee.

AB 520 (Floyd), as introduced February 13, would require the Board to include licensees' telephone numbers in its current listing of temporary and permanent licensees. This bill would also require the Board to provide a copy of the listing to various governmental entities or racing associations, and require the Board to require reimbursements for its costs of providing the information. This two-year bill is pending in the Assembly Governmental Organization Committee.

AB 832 (Floyd), as introduced February 27, would prohibit CHRB from granting a trainer's license unless the applicant's liability for workers' compensation is secured. This two-year bill is pending in the Senate Governmental Organization Committee.

AB 1441 (Cortese), **AB 1623 (Kelley)**, **AB 1786 (Floyd)**, and **AB 1887 (Harvey)**. Existing law, which is to be repealed on January 1, 1992, distributes the funds deducted from wagers at satellite wagering facilities in the northern zone in a different manner than in the central and southern zones. Upon the repeal of these provisions, another provision which becomes operative on January 1, 1992, requires that the total percentage deducted from wagers at satellite wagering facilities in all zones be distributed in the same manner.

AB 1441 (as amended April 22), **AB 1623** (as introduced March 8), **AB 1786** (as introduced March 8), and **AB 1887** (as introduced March 8) would each repeal the provision which becomes operative on January 1, 1992, and would continue the existing law beyond January 1, 1992, by deleting that repeal date. **AB 1441**, **AB 1623**, and **AB 1887** are all pending in the Assembly Governmental Organization Committee; **AB 1786** is pending in the Senate Governmental Organization Committee.

SB 729 (Maddy), as amended April 30, would permit CHRB to authorize associations licensed to conduct racing meetings in the northern or southern zones to operate satellite wagering facilities at not more than three sites within each zone in which the association is licensed to conduct racing meetings, other than fairgrounds which are located within those zones, if specified conditions are met; require these associations to accept an audiovisual signal;

and prohibit the Board from approving this additional satellite wagering at any site which is located within 35 air miles of a fair that conducted satellite wagering prior to January 1, 1991, without the consent of the board of directors of that fair. This two-year bill is pending in the Senate inactive file.

SB 168 (Hill), as introduced January 14, would make it unlawful for any person to sell or offer for sale any horse or foal bred for horse racing if the person knows or has reason to know that steroids have been administered to the horse or foal, and that the horse or foal is or will be entered in a horse race. This two-year bill is pending in the Senate Governmental Organization Committee.

AB 244 (Floyd), as introduced January 14, would authorize an association to revise its estimate for the aggregate handle during the meeting only if CHRB determines that the revision is necessary. This two-year bill is pending in the Senate Governmental Organization Committee.

AB 385 (Mountjoy) was substantially amended and is no longer relevant to CHRB.

SB 204 (Maddy), as introduced January 18, would delete an existing provision which states that no California State Lottery game may include a horse racing theme. This two-year bill is pending in the Senate inactive file.

AB 159 (Floyd), as introduced December 19, would require CHRB to adopt regulations to eliminate the drugging of horses entered in horse races, and to adopt regulations on the medication of racehorses sold at horse sales or horse auction sales sufficient to protect the horses, owners, and the general public. This two-year bill is pending in the Senate Governmental Organization Committee.

RECENT MEETINGS:

At its June 28 meeting in Cypress, the Board reviewed its interagency agreement with the University of California at Davis (UCD) for the services of the Equine Medical Director. According to CHRB Assistant Executive Secretary Roy Minami, the Board has contracted with UCD for the past two years. (See CRLR Vol. 11, No. 9 (Fall 1989) p. 131 and Vol. 9, No. 3 (Summer 1989) p. 120 for background information.) Despite the fact that the Board's budget for fiscal year 1991-92 does not contain any augmentation to the current contract amount of \$175,000, CHRB Equine Medical Director Dr. Rick Vulliet requested that the Board increase the contract amount to almost \$500,000, which includes funds to establish an

equine drug testing laboratory in California. The Board responded that such a request would be rejected due to the state's fiscal condition. The Board unanimously agreed to extend the interagency agreement with UCD for six months, during which time Dr. Vulliet would develop alternatives CHRB could take with respect to its equine drug testing program.

Also at its June 28 meeting, the Board approved an application from Bay Meadows Operating Company to conduct a thoroughbred racing program at Bay Meadows Racetrack from August 21 to January 27, 1992.

At its July 25 meeting in La Jolla, the Board approved an application from the Horsemen's Quarter Horse Racing Association to conduct a horse racing meeting at the Los Alamitos Race Course from August 23 through December 8. The Board also approved an application from the Los Angeles County Fair to conduct a horse racing meeting at Fairplex Park from September 12 to September 30.

At its August 30 meeting in Del Mar, the Board discussed whether all quarter horse foals should be blood-typed to verify lineage. According to CHRB Executive Secretary Dennis Hutcheson, thoroughbred and standardbred horses are blood-typed before a foal certificate is issued; quarter horse foals are not blood-typed unless the sire covers twenty or more mares in any given year. To prevent forged lineages, the Board directed staff to draft a rule requiring that all foals be blood-typed, and to present it to the Board at a future meeting.

Also at its August 30 meeting, the Board approved an application from Oak Tree Racing Association to conduct a horse racing meeting at Santa Anita Park from October 2 to November 11.

At its September 27 meeting in San Mateo, CHRB approved an application from Hollywood Park Fall Operating Company to conduct a horse racing meeting at the Hollywood Park Racetrack from November 13 through December 24.

Also at its September 27 meeting, the Board discussed the need to monitor vanning and off-site stabling facilities costs incurred by racing associations. Staff has requested that Southern California Off Track Wagering, Inc. (SCOTWINC) provide such information.

FUTURE MEETINGS:

To be announced.