



REGULATORY AGENCY ACTION

HORSE RACING BOARD

Secretary: Leonard Foote
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The California Horse Racing Board (CHRB) is an independent regulatory board consisting of seven members. Each member serves a four-year term and receives no compensation other than expenses incurred for Board activities.

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.

The Board has jurisdiction and power to supervise all things and people having to do with horse racing upon which wagering takes place. 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. (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.) 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.

The Board licenses horse racing tracks and allocates racing dates. It also has regulatory power over wagering and horse care.

MAJOR PROJECTS:

Interstate Simulcast Wagering Regulation. On September 19, following conditional approval at its June 23 meeting and an additional fifteen-day comment period, CHRB adopted amendments to section 2061, Title 4 of the California Code of Regulations (CCR), to establish the conditions which a racing association must meet in order to use satellite ("simulcast") wagering, either to accept wagers on the results of out-of-state races or for interstate wagering on California horse races by out-of-state betting systems.

Specifically, the amendments permit CHRB to authorize an association to accept wagers on an out-of-state feature

race with a purse exceeding \$100,000 if the authorization complies with federal laws; wagering is offered only within the racing enclosure and only within 36 hours of the running of the out-of-state race; the association files with CHRB a copy of the agreement with the out-of-state association and other written approvals required by federal law; the out-of-state race is a qualified feature event and the fee paid for use of the out-of-state race does not exceed 50% of the retained amount from parimutuel wagers after deduction for license fees, local government fees, and any mandated guest association fees; CHRB approves the methods by which the out-of-state association intends to transmit the simulcast of its race; the agreement with the out-of-state host association complies with Business and Professions Code section 19596, and the total fee or payment to the out-of-state host association for use of the simulcast does not exceed 50% of the total of the amounts retained from the handle on such race, excluding the amounts retained for state license fees and local government fees; and CHRB determines that the conduct of wagering on such race best serves the interests of the public and the sport of horse racing.

Additionally, the amendment would permit CHRB to authorize a racing association to use its simulcast for interstate wagering by out-of-state betting systems only if the association files with the Board a copy of the agreement with the out-of-state betting system which sets forth the payment of the association for use of its simulcast, and any agreements required by federal law; the agreement with an authorized interstate user of the simulcast specifies the monetary amount or the proportionate share of expenses deducted by the host association for services rendered by the simulcast organization for use of the simulcast by the interstate user, and specifies any restrictions imposed on the use of the simulcast; payment of the license fee required by section 19602(b) of the Business and Professions Code is made weekly and accompanied by a transmittal statement setting forth specified information; the simulcast complies with section 2057 of the Board's regulations; and CHRB determines that use of the simulcast by the out-of-state wagering system best serves the interests of the public and the sport of horse racing.

At this writing, the Office of Administrative Law (OAL) is considering the regulatory amendments.

Wagering Regulation Amended. At its August 25 meeting in Del Mar, CHRB

approved a proposed amendment to section 1969, Title 4 of the CCR, to prohibit satellite facility supervisors and assistant satellite facility supervisors from wagering on a race while on duty. This amendment awaits approval by OAL.

Fee Regulation Approved. On July 6, OAL approved the Board's amendment to section 1481(f), Title 4 of the CCR. The amendment increases the number of individual persons conducting racing operations as a syndicate or general partnership from five to ten general partners before payment of a registration fee as a multiple ownership is required.

LEGISLATION:

AB 382 (Floyd) requires that four-tenths of 1% of wagers at satellite wagering facilities on thoroughbred races at fair meetings, mixed breed meeting, Appaloosa meetings, or quarter horse meetings be deposited with the official registering agency of California-bred thoroughbred racehorses for distribution to thoroughbred breeders as breeder awards under designated provisions. This bill was signed by the Governor on June 28 (Chapter 58, Statutes of 1989).

SB 783 (Davis) deletes the existing provision that requires breakage distributed as purses and commissions at racing meetings to be based on parimutuel pools from the previous corresponding meeting, if any. This bill was signed by the Governor on July 26 (Chapter 210, Statutes of 1989).

AB 235 (Floyd) would, among other things, abolish CHRB and the California State Lottery Commission and instead create the California Gaming Commission to administer and enforce all statutes, rules, and regulations affecting gaming, including the negotiation of any tribal-state gaming compact provided for under federal law. For purposes of this bill, "gaming" would be defined to include wagering on horseracing, games played in gaming clubs, and the State Lottery. This bill would also create a Horseracing Advisory Committee, a Gaming Club Advisory Committee, and a Lottery Advisory Committee, and would provide that prior to adopting any regulations, the Gaming Commission shall submit the proposed regulations to the appropriate advisory committee for review and comment. This bill is a two-year bill pending in the Assembly inactive file.

SB 593 (Maddy) would require three-tenths of 1% of the total amount handled at satellite wagering facilities in the southern and central zones be distributed to the Equine Research Laboratory at the School of Veterinary Medicine at



UC Davis for an equine drug testing laboratory. This bill would require that the CHRB use this equine drug testing laboratory for testing at least 25% of the drug tests it conducts on horses under the Horse Racing Law. This bill is a two-year bill pending in the Senate Committee on Governmental Organization.

The following is a status update on bills reported in detail in CRLR Vol. 9, No. 3 (Summer 1989) at pages 120-21:

AB 82 (Floyd), which authorizes an association to revise the estimate for the aggregate handle during a meeting if the Board determines that the revision is necessary, was signed by the Governor on July 20 (Chapter 181, Statutes of 1989).

AB 726 (Hill), as amended July 18, authorizes CHRB to allow associations licensed to conduct quarter horse meetings to include Appaloosa races and Arabian races with the consent of the quarter horse horsemen's organization. This bill was signed by the Governor on September 21 (Chapter 644, Statutes of 1989).

AB 1098 (Clute). Under existing law, satellite wagering facilities in the northern zone may conduct satellite wagering on racing in the northern zone and on night harness and quarter horse racing in the central and southern zones during the periods of the day when there is no night racing in the northern zone. As amended September 6, this bill deletes the existing condition that satellite wagering be conducted during the period of the day when there is no night racing, and provides for similar provisions for satellite wagering facilities in the central and southern zones. This bill was signed by the Governor on September 26 (Chapter 939, Statutes of 1989).

AB 169 (Floyd), which provides for mixed breed racing with parimutuel wagering which includes barrel races and steeplechase races, was signed by the Governor on August 3 (Chapter 272, Statutes of 1989).

AB 176 (Floyd), as amended September 11, would have required that revenues received by the Fairs and Exposition Fund or the General Fund derived from harness or quarter horse meetings in either calendar year 1990 or calendar year 1991, which exceeds the amounts actually received in those funds during calendar year 1989, be returned to the respective horsemen's associations and licensed operators on a pro rata basis with respect to each breed. This bill was vetoed by the Governor on October 1.

AB 199 (Floyd), as amended July 20, authorizes CHRB, until January 1, 1993, to allocate racing weeks consisting of fewer than five racing days to an association conducting harness meetings

at the California Exposition and State Fair, if the association and the organization representing horsemen participating in the meeting agree to the allocation. This bill was signed by the Governor on August 3 (Chapter 273, Statutes of 1989).

SB 1294 (Maddy), as amended September 7, would have prohibited the authorization, on and after July 1, 1989, of any new satellite wagering facility unless the facility is specifically authorized by the enactment of an act by the legislature; authorized CHRB to submit a list of proposed facilities to the legislature; and declared legislative findings in this regard. This bill failed passage in the Assembly Ways and Means Committee on September 14.

The following bills were made two-year bills, and may be pursued when the legislature reconvenes in January: **AB 425 (Floyd)**, which would repeal the statute providing that no state lottery game may use the theme of horse racing or be based on the results of a horse race; **AB 730 (Wright)**, which would make legislative findings and declarations regarding the California thoroughbred racing and breeding industries and require the Legislative Analyst to conduct a study to determine the industry's contribution to the state's economy, determine the state of the industry's economic health, and make recommendations to strengthen the industry's position; **AB 2235 (Statham)**, which would require an organization operating an advertised signal system and administering the parimutuel operations of satellite wagering facilities to bear the costs of encoding audiovisual signals and wagering data, and the costs of operating a separate delivery system for wagering information displays; **SB 519 (Maddy)**, which, as amended August 22, would authorize CHRB to adopt regulations to allow the entering of thoroughbred horses and Appaloosa horses in quarter horse races at a distance not exceeding five furlongs at certain meetings; **AB 170 (Floyd)**, which would require CHRB to include in its annual report a tabulation of injuries, fatalities, and comparative accident rates for all racing and training venues in California; **AB 216 (Floyd)**, which would enact the California Drug Free Horse-racing Act of 1989; and **SB 56 (Maddy)**, which would allow the Board to authorize the satellite wagering facility at the 22nd District Agricultural Association to conduct satellite wagering on races run in the northern zone for a three-year pilot period.

RECENT MEETINGS:

At its August 25 meeting in Del Mar, CHRB approved an interagency agreement between the Board and the University of California establishing Dr. Dennis Meagher of the UC Davis School of Veterinary Medicine as CHRB's Equine Medical Director. Dr. Meagher will work with the Board to design a comprehensive program for drug detection and prevention. (See CRLR Vol. 9, No. 3 (Summer 1989) p. 120 for background information.)

At its September 29 meeting in San Mateo, the CHRB approved, for recommendation to the Governor, a tribal-state compact between the Cabazon Band of Mission Indians and the State of California, whereby the Cabazon Band will operate a satellite wagering facility on its reservation. Under the contract, the Cabazon Band must negotiate an agreement with Southern California Off-Track Wagering, Inc. (SCOTWINC), the organization approved by CHRB to operate the audiovisual signal system in southern California. (See CRLR Vol. 8, No. 3 (Summer 1988) p. 122 for background information.) SCOTWINC is to provide parimutuel clerks and totalizer equipment. The agreement could have major implications, in part, because it may serve as a model for other Indian groups seeking similar facilities.

FUTURE MEETINGS:

To be announced.

NEW MOTOR VEHICLE BOARD

Executive Officer: Sam W. Jennings
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The New Motor Vehicle Board (NMVB) licenses new motor vehicle dealerships and regulates dealership relocations and manufacturer terminations of franchises. It reviews disciplinary action taken against dealers by the Department of Motor Vehicles. Most licensees deal in cars or motorcycles.

The Board also handles disputes arising out of warranty reimbursement schedules. After servicing or replacing parts in a car under warranty, a dealer is reimbursed by the manufacturer. The manufacturer sets reimbursement rates which a dealer occasionally challenges as unreasonable. Infrequently, the manufacturer's failure to compensate the dealer for tests performed on vehicles is questioned.

The Board consists of four dealer members and five public members. The