

NOTE: Government Code section 11340.85 requires the Board to post all notices, initial statement of reasons and texts of rules noticed to the public until 15 days after the proposed regulations are filed with the Secretary of State by the Office of Administrative Law.

CALIFORNIA HORSE RACING BOARD
TITLE 4, DIVISION 4, CALIFORNIA CODE OF REGULATIONS
NOTICE OF PROPOSAL TO AMEND
RULE 1467, PAYMASTER OF PURSES

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

PROPOSED REGULATORY ACTION

The Board proposes to amend Rule 1467, Paymaster of Purses, which will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA (California Retirement Management Account). Trainers and jockeys, may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster, Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), which is available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually at the end of CARMA's fiscal year.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, October 25, 2018**, or as soon after that as business before the Board will permit, at **Santa Anita Race Track, 285 West Huntington Drive, Arcadia, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony.

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 at **5:00 p.m. on October 22, 2018**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Robert Brodnik, Staff Counsel
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone (916) 263-6025
Fax: (916) 263-6022

E-Mail: rjbrodnik@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19420, 19440, and 19562, Business and Professions Code.

Reference: Sections 19420, 19433, 19434, 19440, and 19562, Business and Professions Code.

Business and Professions Code sections 19420, 19440, and 19562 authorize the Board to adopt the proposed regulatory amendments, which would implement, interpret or make specific sections 19433 and 19434, Business and Professions Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19420 states that jurisdiction and supervision over meetings in California where horse races with wagering on their results are held, and over all persons or things having to do with the operation of such meetings, is vested in the Board. Business and Professions Code 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 the Horse Racing Law. Responsibilities of the Board include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19562 states that the Board may prescribe rules, regulations, and conditions under which all horse racing with wagering on its results shall be conducted.

Business and Professions Code section 19433 allows the Board to investigate and visit the place of business of any licensee to ensure the rules and regulations are strictly complied with. Business and Professions Code section 19434, states that the Board may require that the books or financial statements of any licensee be kept in any manner prescribed by the Board.

Thoroughbred horses competing in races throughout California are well cared for athletes. However, there is a concern among those in the industry regarding the fate of retired California thoroughbred racehorses. There are a number of nonprofit institutions in California that accept retired and injured racehorses to rehabilitate and use as private pleasure horses, or a number of other functions such as show jumping. These retirement and rehabilitation facilities rely on volunteers and donations, as well as income earned from selling rehabilitated racehorses for non-racing purposes. However, there is no sustainable and predictable source of funding for such programs. This has been a long-term industry concern, as the majority of thoroughbred owners do not have the financial resources to maintain injured or retired racehorses.

To address this concern, Rule 1467 currently requires the paymaster of purses to deduct from a horse owner's account 0.3 percent of the net purse earned by any thoroughbred horse at a thoroughbred racing association or fair meeting. Rule 1467 directs that these deductions be deposited into the California Retirement Management Account (CARMA) for distribution by the horsemen's organization representing the thoroughbred owners to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Thoroughbred horse owners may elect not to have the 0.3 percent deducted from

their net purses by filing with the paymaster of purses Notification of Exclusion of CARMA Contribution, form CHRB-206, which is available at the office of the paymaster at any race meeting.

The proposed amendment to Rule 1467 is meant to further the goal of providing funding to thoroughbred retirement and rehabilitation facilities. The proposed amendment to Rule 1467 would similarly deduct 0.3 percent from jockeys' and trainers' purses to be deposited into the CARMA trust account for distribution by the not-for-profit organization CARMA to California thoroughbred retirement and rehabilitation facilities. Similarly, a jockey or trainer may elect not to have the 0.3 percent deducted from their purse by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), which is available at the office of the paymaster at all race meetings.

FORMS INCORPORATED BY REFERENCE

- 1) Form CHRB-206, Notification of Exclusion of CARMA Contribution, (Revised 06/18)

The proposed amendment to Rule 1467 will incorporate by reference CHRB-206, Notification of Exclusion of CARMA Contribution (Revised 06/18), as it would be cumbersome, unduly expensive or otherwise impractical to publish this document in the California Code of Regulations.

Form CHRB-206, Notification of Exclusion of CARMA Contribution (Revised 06/18), will be used by licensed owners, jockeys and trainers to opt out of the 0.3 percent deduction.

POLICY STATEMENT OVERVIEW OF ANTICIPATED BENEFITS OF PROPOSAL

Rule 1467 currently requires the paymaster of purses to deduct from a horse owner's account 0.3 percent of the net purse earned by any thoroughbred horse at a thoroughbred racing association or fair meeting. Rule 1467 directs that these deductions be deposited into the California Retirement Management Account (CARMA) for distribution by the horsemen's organization representing the thoroughbred owners to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Thoroughbred horse owners may elect not to have the 0.3 percent deducted from their net purses by filing with the paymaster of purses Notification of Exclusion of CARMA Contribution, form CHRB-206, which is available at the office of the paymaster at any race meeting. The purpose of this regulation is to provide funding to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses.

The proposed amendment to Rule 1467 is meant to further the goal of providing funding to thoroughbred retirement and rehabilitation facilities. The proposed amendment to Rule 1467 would similarly deduct 0.3 percent from jockeys' and trainers' purses to be deposited into the CARMA trust account for distribution by the not-for-profit organization CARMA to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Similarly, a jockey or trainer may elect not to have the 0.3 percent deducted from their purse by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), which is available at the office of the paymaster at all race meetings.

The proposed amendment to Rule 1467 will substantially enhance the integrity and perception of California horse racing by continuing to provide charitable organizations with funding for the treatment and housing for horses during retirement. The regulation promotes transparency in business by requiring the non-for-profit organization CARMA to file an audited financial statement with the California Horse Racing Board annually at the end of CARMA's fiscal year.

CONSISTENCY EVALUATION

During the process of developing the amendment, the CHRB has conducted a search of any similar regulations on this topic and has concluded that the regulation is neither inconsistent nor incompatible with existing state regulations.

DISCLOSURE REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Sections 17500 through 17630: none.

Other non-discretionary costs 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 amendments to Rule 1467 will not have a significant statewide adverse economic impact directly affecting businesses including the ability of California businesses to compete with businesses in other states.

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

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 amendment to Rule 1467, Paymaster of Purses, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization California Retirement Management Account (CARMA). A trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually within 90 days of the end of CARMA's fiscal year. The proposed amendment will protect the interests of the

California horse racing industry by providing funding to California thoroughbred retirement and rehabilitation facilities. The proposed amendment will also ensure full disclosure and transparency by requiring the not-for-profit organization CARMA to file an audited financial statement with the California Horse Racing Board at the end of its fiscal year.

The proposed amendment to Rule 1467 will not impact jockeys and trainers who file a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18). The proposed amendment to Rule 1467 will have a minimal economic impact on jockeys and trainers who do not file a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18) as 0.3 percent will be deducted from their purse accounts.

The adoption of the proposed amendment to Rule 1467 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

The proposed regulation will not impact the state's environment.

Cost impact on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

Effect on small businesses: none. The proposed amendment to Rules 1467 does not affect small businesses because horse racing is not a small business under Government Code Section 11342.610.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board has determined that no reasonable alternative it considered, or has otherwise been identified and brought to its attention, would be more effective in carrying out the purpose for which the action is proposed, or 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 PERSON

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:

Robert Brodник, Staff Counsel
California Horse Racing Board
1010 Hurley Way, Suite 300

Sacramento, CA 95825
Telephone: (916) 263-6025
E-mail: rjbrodник@chrб.ca.gov

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

Andrea Ogden, Manager
Policy, Regulations and Legislation
Telephone: (916) 263-6033

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 information upon which the rulemaking is based on, may be obtained by contacting Robert Brodник, or the alternative contact person at the address, phone number or e-mail 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 which 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 Robert Brodник 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 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 Robert Brodник 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 web site. The rulemaking file consists of the notice, the proposed text of the regulation and the initial statement of reasons. The Board's web site address is: www.chrb.ca.gov.

INITIAL STATEMENT OF REASONS

RULE 1467. PAYMASTER OF PURSES

SPECIFIC PURPOSE OF THE REGULATION

The proposed amendment to Rule 1467, Paymaster of Purses, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization California Retirement Management Account (CARMA). A trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually within 90 days of the end of CARMA's fiscal year.

PROBLEM

Rule 1467 requires the paymaster of purses to deduct from a horse owner's account 0.3 percent of the net purse earned by any thoroughbred horse at a thoroughbred racing association or fair meeting. Rule 1467 directs that these deductions be deposited into the California Retirement Management Account (CARMA) for distribution by the horsemen's organization representing the thoroughbred owners, to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Thoroughbred horse owners may elect not to have the 0.3 percent deducted from their net purses by filing with the paymaster of purses Notification of Exclusion of CARMA Contribution, form CHRB-206, which is available at the office of the paymaster at any race meeting. The proposed amendment to Rule 1467 is meant to further the goal of providing funding to thoroughbred retirement and rehabilitation facilities. These retirement and rehabilitation facilities rely on volunteers and donations as well as income earned from selling rehabilitated racehorses for non-racing purposes. However, there is no sustainable and predictable source of funding for such programs. This has been a long-term industry concern, as the majority of thoroughbred owners do not have the financial resources to maintain injured or retired racehorses. The proposed amendment to Rule 1467 would similarly deduct 0.3 percent from jockeys' and trainers' purses to be deposited into the CARMA account for distribution by CARMA to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Similarly, a jockey or trainer may elect not to have the 0.3 percent deducted from their purse by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), which is available at the office of the paymaster at all race meetings.

NECESSITY

Rule 1467 describes the duties of the paymaster of purses. Currently, Rule 1467 requires the paymaster of purses to deduct from a horse owner's account, 0.3 percent of the net purse earned by any thoroughbred horse at a thoroughbred racing association or fair meeting. Rule 1467

further directs that these deductions be deposited into the California Retirement Management Account (CARMA) for distribution by the horsemen's organization representing the thoroughbred owners to California thoroughbred retirement and rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California. Thoroughbred horse owners may elect not to have the 0.3 percent deducted from their net purses by filing with the paymaster of purses Notification of Exclusion of CARMA Contribution, form CHRB-206, which is available at the office of the paymaster at any race meeting. The proposed amendment will expand the duties of the paymaster by requiring the deduction of 0.3 percent from jockeys' and trainers' purses as well. The proposed amendment further provides that the funds be deposited into the CARMA account for distribution by CARMA to California thoroughbred retirement and rehabilitation facilities. The proposed amendment similarly allows a jockey or trainer to elect not to have the 0.3 percent deducted from their purse by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), which is available at the office of the paymaster at all race meetings. These duties were added at the request of CARMA to address concerns regarding the fate of retired California thoroughbred racehorses. There are a number of nonprofit institutions in California that accept retired and injured racehorses to rehabilitate and use as private pleasure horses, or a number of other functions such as show jumping. These retirement and rehabilitation facilities rely on volunteers and donations as well as income earned from selling rehabilitated racehorses for non-racing purposes. However, there is no sustainable and predictable source of funding for such programs. This has been a long-term industry concern, as the majority of thoroughbred owners do not have the financial resources to maintain injured or retired racehorses.

The proposed amendment to Rule 1467 amends subsection (e). The amended subsection requires the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA. The addition of jockeys and trainers will assist in generating funds for nonprofit retirement and rehabilitation facilities in California that provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California.

The proposed amendment also amends subsection (e) by requiring CARMA, instead of a horseman's organization, to maintain the funds deposited into the account for later distribution. Historically, CARMA has been the organization that receives these funds on behalf of the horseman. This proposed amendment codifies current industry practices. CARMA is a not-for-profit organization that manages a grant request process and since 2008 has awarded more than 3.2 million dollars to qualified retirement facilities which care for thoroughbreds.

Subparagraph (e)(1) allows jockeys and trainers to elect not to have the 0.3 percent deducted from their purse by completing a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. This form is necessary to ensure proper distributions are made. This form was amended to include the license number of the jockey or trainer. This amendment to the form was necessary for easier identification of the licensee. The form was also amended to include a distribution to CARMA instead of the Thoroughbred Owners of California (TOC). This amendment was made to conform to the proposed amendment and ensure proper distribution of the completed form. The form directs the

paymaster to refrain from deducting 0.3 percent of the purse earned by the jockey or trainer from any thoroughbred race. The form is valid only at the track where it is submitted, as the same paymaster might not work at a subsequent race meeting.

Subparagraph (e)(2) requires that funds deposited in the CARMA trust account be distributed at least on an annual basis to retirement or rehabilitation facilities as determined by the CARMA not-for-profit organization. This amendment ensures that the funds reach the retirement and rehabilitation facilities annually. This change is consistent with the amendment to subsection (e) which also directs the CARMA to manage the funds deposited into the account.

Subparagraph (e)(3) requires the not-for-profit organization CARMA to file with the California Horse Racing Board (Board) annually within 90 days of the close of CARMA's fiscal year an audited financial statement of the CARMA trust fund account. This amendment allows the Board to oversee and audit the distributions made by the CARMA organization.

BENEFITS ANTICIPATED FROM THE REGULATORY ACTION.

The proposed amendment to Rule 1467 promotes the safety and welfare of horses after their career has ended. The amendment provides funding for retired race horses to include rehabilitation and veterinary services, housing, and retraining. It is anticipated that the additional funding will allow for these services to continue. Organizations such as CARMA, ensure the lasting health and safety of the racehorse, while also establishing trust with the public that race horses are not forgotten once they retire.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely on any technical, theoretical, and/or empirical study, reports or documents in proposing the amendments to Rule 1467.

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 of California.
- The proposed amendment to Rule 1467 will not impact the creation of new business or eliminate existing business in California.
- Rule 1467 will not impact the expansion of business currently doing business in California.
- The proposed regulation will not benefit the health and welfare of California residents or benefit the State's environment.

The Board has made an initial determination that the proposed amendment to Rules 1467, 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 amendment to Rules 1467 requires the paymaster of purses to deduct from the jockey's and trainer's accounts 0.3 percent of the purse money they earn from any race conducted at a thoroughbred racing association or fair meeting. Such deductions shall be deposited into the California Retirement Management Account (CARMA) a charitable trust fund managed by CARMA, a not-for-profit organization. Jockeys and trainers may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster of purses the Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18) which is available at the office of the paymaster.

PURPOSE

The proposed amendment to Rule 1467, Paymaster of Purses, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA. A trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually within 90 days of the end of CARMA's fiscal year. The proposed amendment is meant to further the goal of providing funding to thoroughbred retirement and rehabilitation facilities.

CREATION OR ELIMINATION OF JOBS WITHIN THE STATE OF CALIFORNIA

The proposed amendment to Rule 1467, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA. A trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually within 90 days of the end of CARMA's fiscal year. The proposed amendment will not affect the creation or elimination of jobs within the State of California, as it deals with requiring jockeys and trainers to contribute 0.3 percent of purses earned to the not-for-profit organization CARMA.

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

The proposed amendment to Rule 1467, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA. A trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually within 90 days of the end of

CARMA's fiscal year. The proposed amendment will not affect the creation of new or elimination of existing businesses within the State of California, as it deals with requiring jockeys and trainers to contribute 0.3 percent of purses earned to the not-for-profit organization CARMA.

EXPANSION OF BUSINESSES WITHIN THE STATE OF CALIFORNIA

The proposed amendment to Rule 1467, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA. A trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually within 90 days of the end of CARMA's fiscal year. The proposed amendment will not affect the expansion of businesses within the State of California, as it deals with requiring jockeys and trainers to contribute 0.3 percent of purses earned to the not-for-profit organization CARMA.

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

The proposed amendment to Rule 1467, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA. A trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board within 90 days of the end of their fiscal year. The proposed amendment is meant to further the goal of providing funding to thoroughbred retirement and rehabilitation facilities.

The proposed regulation will not benefit the health and welfare of California residents. The proposed regulation will not benefit the state's environment.

INITIAL DETERMINATION

The Board has made an initial determination that the proposed amendment to Rule 1467 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 amendment to Rule 1467, will require that the paymaster of purses deduct from the purses of both jockeys and trainers 0.3 percent to be deposited into a charitable trust fund maintained by the not-for-profit organization CARMA. However, a trainer or jockey may elect not to have the 0.3 percent deducted from their purses by filing with the paymaster a Notification of Exclusion of CARMA Contribution, form CHRB-206 (Rev. 06/18), available at the office of the paymaster. The proposed amendment will also require that CARMA file an audited financial statement with the California Horse Racing Board annually within 90 days of the end of CARMA's fiscal year.

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

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be more effective and less burdensome to affected private persons or businesses than the proposed regulation.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION.

The proposed amendment to Rule 1467 was discussed at the December 14, 2017 Regular Board Meeting. The Board voted to instruct staff to prepare a Notice of Proposed Action. No subsequent alternative recommendations were made prior to the notice. The Board invites any interested party to submit comments which offer any alternative proposal.

California Horse Racing Board
September 7, 2018

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 3. RACING ASSOCIATION
PROPOSED AMENDMENT OF
RULE 1467. PAYMASTER OF PURSES

1467. Paymaster of Purses.

(a) The association shall appoint a paymaster of purses who shall maintain records as the association and the Board direct. All records shall be separate from those of the Board and are subject to inspection by the Board at any time. The duties of the paymaster of purses or their assistants shall consist of the following:

(1) Maintain records which shall include the name, address, state or country of residence, social security number or federal identification number of each horse owner, trainer, driver, jockey or apprentice jockey participating at the race meeting who has funds due or on deposit in their horsemen's account.

(2) Keep jockey and driver accounts, receive their fees and disburse said fees to the proper claimants.

(3) Verify that the correct claiming price is on deposit with the association before any claim in a claiming race is accepted as official.

(4) Receive and disburse the purses and other awards of each race.

(5) Receive all stakes, entrance money, fines, purchase money in claiming races and other monies that properly come into the paymaster's possession.

(6) Accept money belonging to another association, provided the money is returned within five working days to that association.

(7) Disclose the Cal-bred awards to the respective breed agencies.

(8) Accept and file all required statements of partnerships, assignments of interest, lease agreements, and registrations of authorized agents.

(9) Disburse all monies to the entitled individuals, unless otherwise provided in this section, within 30 calendar days after the meet ends.

(10) Estimate escrow accounts and receive, maintain and disburse funds as directed by the Board.

(11) Deduct from the horse owner's account, and deposit into the account of the horse owner's trainer, 10 percent of the purse earned on any horse that finishes first, second or third at thoroughbred race meetings. Such payments shall be disbursed to the trainer and will be available at the office of the paymaster of purses no later than seven days after the race was conducted. Any amounts so paid shall be repaid to the paymaster forthwith by the trainer upon any order requiring redistribution.

(12) Deduct from the horse owner's account, and deposit into the account of the horse owner's trainer, 10 percent of the net purse earned on any horse that finishes first, second or third at quarter horse meetings. Such payments shall be disbursed to the trainer and will be available at the office of the paymaster of purses no later than seven days after the race was conducted. Any amounts so paid shall be repaid to the paymaster forthwith by the trainer upon any order requiring redistribution.

(b) For purposes of this regulation, "purse earned" or "net purse earned" means all amounts earned except in stakes races in which case "purse earned" or "net purse earned" means all amounts earned less any nomination, entry or starter fees paid by the owner.

(c) For purposes of subsections (a)(11) and (a)(12) above, horse owners may elect not to have 10 percent of the purse earned deducted from their account by filing with the paymaster of purses at each racing association at which the owner wishes it to be in effect, a form CHRB-134 (New 1/02), Notification of Exclusion To Trainer 10% Program, which is hereby incorporated by reference. The form CHRB-134 (New 1/02) is available at the office of the paymaster of purses at any race meeting.

(d) A form CHRB-134 (New 1/02) may be filed with the paymaster of purses at any time during a race meeting, and

(1) Shall apply to all horses owned in whole or in part by the owner,

(2) Shall be binding on all licensed owners with an interest in the horse or horses,

(3) Shall apply to all trainers employed by the owner, and

(4) Shall remain in force until written revocation is submitted to the paymaster at the race meeting at which the form CHRB-134 (New 1/02) was submitted.

(e) In addition to the duties in subsection (a), the paymaster of purses shall deduct from the horse owner's account 0.3 percent of the net purse earned by any thoroughbred horse at a thoroughbred racing association or Fair meeting, and shall deduct from the jockey's and trainer's accounts 0.3 percent of the purse money they earn from any race conducted at a thoroughbred racing association or Fair meeting. Such deductions shall be deposited into the California Retirement Management Account (CARMA), a charitable trust fund maintained by the CARMA not-for-profit organization ~~maintained by the horsemen's organization representing thoroughbred horse owners (horsemen's organization)~~, for distribution to California thoroughbred retirement/rehabilitation facilities, which provide livestock care and services to retired thoroughbred horses that competed in thoroughbred races in California.

(1) Thoroughbred horse owners, jockeys, and trainers may elect not to have the 0.3 percent deducted from their ~~net purses~~ by filing with the paymaster of purses at each racing association for each race meeting at which the owners, jockeys, and trainers wish it to be in effect, a form CHRB-206 (~~New Rev. 06/1809/07~~), Notification of Exclusion of CARMA Contribution, which is hereby incorporated by reference. The form CHRB-206 (~~New Rev. 06/1809/07~~) is available at the office of the paymaster of purses at any race meeting.

(2) ~~The horsemen's organization shall distribute~~ CARMA funds shall be distributed at least on an annual basis to retirement/rehabilitation facilities, as determined by the CARMA not-

for-profit organization. Each such retirement/rehabilitation facility shall be:

(A) A nonprofit corporation or organization.

(B) Exempt or entitled to an exemption from federal or state income taxes.

(C) Approved by the Board.

(3) ~~The horsemen's organization~~ The CARMA not-for-profit organization shall file annually with the Board within 90 days of the close of CARMA's fiscal year an audited financial statement of the CARMA trust fund account.

NOTE: Authority: Sections 19420, 19440 and 19562, Business and Professions Code. Reference: Sections 19420, 19433, 19434, 19440 and 19562, Business and Professions Code.

State of California
NOTIFICATION OF EXCLUSION
OF CARMA CONTRIBUTION
CHRB 206 (Rev. 06/18)

California Horse Racing Board

To: Paymaster of Purses at _____
(Name of Racetrack)

Pursuant to Rule 1467, Paymaster of Purses, the undersigned hereby notifies the paymaster of purses that he or she elects **NOT** to deduct:

1. From my owner's account for deposit into the California Retirement Management Account (CARMA), 0.3 percent of the net purse earned by any thoroughbred horse in which I have an interest.
2. From my jockey or trainer account, for deposit into the California Retirement Management Account (CARMA), 0.3 percent of the purse money I have earned from any thoroughbred race.

NAME AND CHRB LICENSE NUMBER

*Horse Owner or Stable Name and CHRB License Number

Jockey name and CHRB License Number

*Trainer name and CHRB License Number

*Note: If licensed as an owner and a trainer, print your name on the line for each license class.

CONTACT INFORMATION

Mailing Address:

Street Number

City

State

Zip Code

Contact Telephone Number: (____) _____

FAX No.: (____) _____ Email: _____

