

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 2050. BENEFICIARIES, WELFARE PROGRAMS AND ACTIVITIES

The California Horse Racing Board (Board/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 2050, Beneficiaries, Welfare Programs and Activities, to implement the provisions of Assembly Bill (AB) 1723, Chapter 420, Statutes of 2017, which amended Business and Professions Code section 19641. Board Rule 2050 establishes the appropriate uses for funds paid to the designated charitable corporations under the provisions of Business and Professions Code section 19641. Rule 2050 also defines who is eligible to receive benefits. The proposed amendment to Rule 2050 adds a new subsection 2050(a)(5) to provide that persons eligible for health care services include CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity. The new subsection 2050(a)(5) also provides that such health care services shall be administered so as to not displace persons who are current beneficiaries. A new subsection 2050(a)(5)(A) states that for the purposes of Rule 2050, employees of horsemen's organizations and racing-related charities are considered members of such entities.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, May 24, 2018**, or as soon after that as business before the Board will permit, at the **Santa Anita Park 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 May 21, 2018**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulation Analyst
California Horse Racing Board
1010 Hurley way, Suite 300
Sacramento, CA 95825
Telephone (916) 263-6026
Fax: (916) 263-6022
Email: HaroldC@chrh.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Section 19440, Business and Professions Code. Reference: Section 19641, Business and Professions Code.

Business and Professions Code section 19440 authorizes the Board to adopt the proposed regulation, which would implement, interpret or make specific sections 19641, Business and Professions Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper for it to carry out the purposes of the Horse Racing Law. Business and Professions Code section 19641 provides that one-half of the redistributable money resulting from the thoroughbred, harness, or quarter horse meetings, but excluding the meetings of the California Exposition and State Fair or county, district agricultural association, or citrus fruit fair meetings, shall be distributed to a welfare fund established for the benefit of horsemen and horsewomen and backstretch personnel. Upon approval of the board, moneys under this subdivision may be used to provide treatment for, and support the health care needs of, licensees under this chapter, employees of racing associations, and members of horsemen's and horsewomen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel, if the need for the treatment and support is related to the person's participation in the horse racing industry.

Rule 2050 currently provides that the welfare fund shall limit the eligibility for benefits to natural persons who engage in occupations directly relating to the physical care of horses at California race tracks or approved auxiliary stable areas and to the spouse or dependent children of such persons. Eligible beneficiaries include CHRHB licensed hot walkers, grooms, exercise riders, night watchmen, assistant trainers and trainers. Assembly Bill 1723 significantly expands the pool of eligible beneficiaries to include CHRHB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. The proposed amendment to Rule 2050 will implement the provisions of AB 1723. The amendment adds a new subsection 2050(a)(5) to provide that persons eligible for health care services include CHRHB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity. Limiting services to clinics

only will help lower any increased costs, and allow the service to be self-sustaining. The new subsection 2050(a)(5) also provides that the health care services shall be administered so as to not displace current beneficiaries. This will ensure that the core mission of the welfare fund remains intact. A new subsection 2050(a)(5)(A) states that employees of horsemen's organizations and racing-related charities are considered members of such entities. The subparagraph was added for purposes of clarity.

POLICY STATEMENT OVERVIEW OF ANTICIPATED BENEFITS OF PROPOSAL

The proposed amendment to Rule 2050 will implement the provisions of AB 1723. The amendment adds a new subsection 2050(a)(5) to provide that persons eligible for health care services include CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity. Limiting services to clinics only will help lower any increased costs, and allow the service to be self-sustaining. The new subsection 2050(a)(5) also provides that the health care services shall be administered so as to not displace current beneficiaries. This will ensure that the core mission of the welfare fund remains intact. A new subsection 2050(a)(5)(A) states that employees of horsemen's organizations and racing-related charities are considered members of such entities.

The proposed amendment to Rule 2050 will allow welfare funds established by horsemen's organizations to provide treatment for, and support the health care needs of CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. The expansion of the pool of eligible beneficiaries will benefit California horse racing by promoting the health and welfare of persons who participate in the industry. Protecting the health and wellbeing of persons working with race horses safeguards the viability of the state's racing industry. The proposed amendment is consistent with current Board regulations in that they now provide for the operation of charity foundation and welfare funds.

CONSISTENCY EVALUATION

During the process of developing the amendment to Rule 2050, 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.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies or 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 cost 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 amendment of Rule 2050 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 following studies/relevant data were relied upon in making the above determination: none.

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 adoption of the proposed amendment of Rule 2050 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 amendment to Rule 2050 will allow welfare funds established by horsemen's organizations to provide treatment for, and support the health care needs of CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel.

The proposed amendment to Rule 2050 will impact welfare funds established by horsemen's organizations in that they will be allowed to expand their client base. However, the net economic effect of the proposed amendment will be neutral. Under Rule 2050, welfare funds are currently required to limit the eligibility for benefits to natural persons who engage in occupations directly relating to the physical care of horses at California race tracks or approved auxiliary stable areas and to the spouse or dependent children of such persons. Welfare fund activities include health care, emergency financial assistance and educational and recreational opportunities. Eligible beneficiaries include CHRB licensed hot walkers, grooms, exercise riders, night watchmen, assistant trainers and trainers. The proposed amendment will allow welfare funds to serve additional beneficiaries; however, such services are limited to treatment for, and support of the health care needs of such persons. The California Thoroughbred Horsemen's Foundation (CTHF), which operates clinics at Santa Anita Park Race Track, Los Alamitos Race Course and Golden Gate fields Race Track has stated its staff would be on duty regardless, and it believes the expanded client base will require only minor increases in materials and supplies. The CTHF believes many of the new clients will have employer provided insurance, so it may see a modest increase in its revenue stream.

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 proposal to amend Rule 2050 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 must determine that no reasonable alternative it considered or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed 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:

Harold Coburn, Regulation Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263-6026
Fax: (916) 263-6022
E-Mail: haroldc@chr.ca.gov

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

Andrea Ogden, Manager
Policy and Regulations
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 of the information upon

which the proposed rulemaking is based on, may be obtained by contacting Harold Coburn, 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 regulations should be sent to the attention of Harold Coburn 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 FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or modified form, should be sent to the attention of Harold Coburn 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 this notice, the proposed text of the regulation, and the initial statement of reasons. The Board's website address is: www.chrb.ca.gov.

INITIAL STATEMENT OF REASONS

RULE 2050. BENEFICIARIES, WELFARE PROGRAMS AND ACTIVITIES

SPECIFIC PURPOSE OF THE REGULATIONS

The Board proposes to amend Rule 2050, Beneficiaries, Welfare Programs and Activities, to implement the provisions of Assembly Bill (AB) 1723, Chapter 420, Statutes of 2017, which amended Business and Professions Code section 19641. Board Rule 2050 establishes the appropriate uses for funds paid to the designated charitable corporations under the provisions of Business and Professions Code section 19641. Rule 2050 also states who is eligible to receive benefits. The proposed amendment to Rule 2050 adds a new subsection 2050(a)(5) to provide that persons eligible for health care services include CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity. The new subsection 2050(a)(5) also provides that such health care services shall be administered so as to not displace persons who are current beneficiaries. A new subsection 2050(a)(5)(A) states that for the purposes of Rule 2050, employees of horsemen's organizations and racing-related charities are considered members of such entities.

PROBLEM

Rule 2050 currently provides that the welfare fund shall limit the eligibility for benefits to natural persons who engage in occupations directly relating to the physical care of horses at California race tracks or approved auxiliary stable areas¹ and to the spouse or dependent children of such persons. Eligible beneficiaries include CHRB licensed hot walkers, grooms, exercise riders, night watchmen, assistant trainers and trainers. The proposed amendment to Rule 2050 will implement the provisions of Assembly Bill 1723, which expanded the pool of beneficiaries who are eligible for health care services. The additional beneficiaries include CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel.

NECESSITY

Board Rule 2049, Designation and Approval of Horsemen's Welfare Fund, states the horsemen's organization acknowledged by the Board shall establish a charitable corporation to administer its welfare fund for the benefit of horsemen. The charitable corporations are: the California Harness Horsemen's Benevolent Foundation (CHHBF), the Quarter Horse Benevolent Charity Foundation (QHBCF), and the California Thoroughbred Horsemen's Foundation, Inc. (CTHF). These foundations receive funding pursuant to Business and Professions Code section 19641, which

¹ Approved auxiliary stabling area: stabling which is used when the number of horses exceeds the stabling capacity at the racetrack. Such stabling areas must be pre-approved by the Board for use as auxiliary stabling.

redistributes unclaimed money from the pari-mutuel pools. Rule 2050 currently provides that the welfare fund shall limit the eligibility for benefits to natural persons who engage in occupations directly relating to the physical care of horses at California race tracks or approved auxiliary stable areas and to the spouse or dependent children of such persons. Eligible beneficiaries include CHRB licensed hot walkers, grooms, exercise riders, night watchmen, assistant trainers and trainers. Assembly Bill 1723 expanded the pool of beneficiaries who are eligible for health care services. The additional beneficiaries are: CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. The proposed amendment to Rule 2050, which will implement Assembly Bill 1723, adds a new subsection 2050(a)(5) to provide that persons eligible for health care services include CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. CHRB licensees would include any person who holds a Board issued occupational license. Although most racing association employees who work within the inclosure² would hold occupational licenses, racing association employees in general are named as beneficiaries because those who do not work within the restricted areas of inclosure are often not licensed. Such persons may include parking attendants, ticket takers and janitors. The horsemen's organization and various racing-related charities are present on the grounds of the race track, especially during live race meetings. Examples of qualifying racing-related charities would include the E. J. Gregson Foundation, Race Track Chaplaincy of America and the Winners Foundation.³ The new subsection 2050(a)(5) also provides that the health care services shall occur solely at clinic locations that are operated by the entity that administers the welfare fund. Clinics are operated by the CTHF at Santa Anita Park Race Track, Los Alamitos Race Course and at Golden Gate Fields Race Track. The QHBCF operates a dental clinic at Los Alamitos Race Course. Beneficiaries could be served at any of the clinics. Subsection 2050(a)(5) limits healthcare services to clinic locations for reasons of cost. The CTHF has stated its clinic staff are already on location, so it anticipates only minor increases in expenses for materials and supplies. In addition, the CTHF anticipates that most new patients would likely have employer provided insurance, which would result in a modest increase in the CTHF revenue stream through copayments. The availability of the on-site clinics will mean racetrack workers can receive primary dental and perhaps medical care at below market rates. Subsection 2050(a)(5) states the health care services shall be administered so as to not displace beneficiaries who are eligible under subsection 2050(a). The provision is necessary to ensure the welfare funds continue to place their primary emphasis on the healthcare needs of the backstretch workers they have historically cared for; persons who engage in occupations directly relating to the physical care of horses at California race tracks or approved auxiliary stable areas and the spouse or dependent children of such persons.

² Inclosure: The grounds of the racetrack under the jurisdiction of the Board. The "restricted area" of the inclosure means those areas within the inclosure where admission can be obtained only upon presentation of authorized credentials, proper license or visitor's pass, including those areas designated the stable area, receiving or detention barn, jockey room, saddling paddock, race course and pari-mutuel department.

³ Edwin J. Gregson Foundation develops programs to benefit and enhance the quality of life of California backstretch workers and families. Programs include the Groom Elite program and a scholarship fund.

Race Track Chaplaincy of America serves the spiritual, emotional, physical, social and educational needs of persons involved in the horse racing industry.

Winners Foundation provides information, support and referral services for California horse racing employees and family members whose lives are being affected by substance use disorder, mental illness, compulsive gambling and other issues.

A new subsection 2050(a)(5)(A) states that for the purposes of the regulation, employees of horsemen's organizations and racing-related charities are considered members of such entities. The subparagraph was added for purposes of clarity.

BENEFITS ANTICIPATED FROM THE REGULATORY ACTION

The proposed amendment to Rule 2050 will allow welfare funds established by horsemen's organizations to provide treatment for, and support the health care needs of CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. The expansion of the pool of eligible beneficiaries will benefit California horse racing by promoting the health and welfare of persons who participate in the industry. Protecting the health and wellbeing of persons working with race horses promotes safety and worker safety, as healthy workers are more focused and aware, which reduces job performance risk of injury.

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 amendment to Board Rule 2050.

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 adoption of the proposed amendment of Rule 2050 will not (1) impact the creation or eliminate jobs within the State of California; (2) impact the creation of new businesses or eliminate existing businesses in California; (3) impact the expansion of businesses currently doing business in California; (4) the proposed amendment will benefit the health and welfare of California's racetrack workers, but will otherwise not benefit the health and welfare of California residents or benefit the state's environment.

PURPOSE

The proposed amendment to Rule 2050 will implement the provisions of Assembly Bill 1723, which amended Business and Professions Code section 19641. Board Rule 2050 establishes the appropriate uses for funds paid to the designated charitable corporations under the provisions of Business and Professions Code section 19641. Rule 2050 also states who is eligible to receive benefits. The proposed amendment to Rule 2050 adds a new subsection 2050(a)(5) to provide that persons eligible for health care services include CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity. The new subsection 2050(a)(5) also provides that such health care services shall be administered so as to not displace persons who are current beneficiaries. A new subsection 2050(a)(5)(A) states that

for the purposes of Rule 2050, employees of horsemen's organizations and racing-related charities are considered members of such entities.

CREATION OR ELIMINATION OF JOBS WITHIN THE STATE OF CALIFORNIA

The proposed amendment to Rule 2050 will implement the provisions of Assembly Bill 1723, which amended Business and Professions Code section 19641. Board Rule 2050 establishes the appropriate uses for funds paid to the designated charitable corporations under the provisions of Business and Professions Code section 19641. Rule 2050 also states who is eligible to receive benefits. The proposed amendment to Rule 2050 adds the following classes of persons as eligible beneficiaries: CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity, and provides that such health care services shall be administered so as to not displace persons who are current beneficiaries. The Board has determined that the proposed amendment will not affect the creation or elimination of jobs within the State of California, as it deals solely with persons who are eligible to receive health care services from the horsemen's charitable corporations.

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

The proposed amendment to Rule 2050 will implement the provisions of Assembly Bill 1723, which amended Business and Professions Code section 19641. Board Rule 2050 establishes the appropriate uses for funds paid to the designated charitable corporations under the provisions of Business and Professions Code section 19641. Rule 2050 also states who is eligible to receive benefits. The proposed amendment to Rule 2050 adds the following classes of persons as eligible beneficiaries: CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity, and provides that such health care services shall be administered so as to not displace persons who are current beneficiaries. The Board has determined the proposed amendment will not affect the creation of new or elimination of existing businesses within the State of California, as it deals solely with persons who are eligible to receive health care services from the horsemen's charitable corporations.

EXPANSION OF BUSINESSES OR ELIMINATION OF EXISTING BUSINESSES WITHIN THE STATE OF CALIFORNIA

The proposed amendment to Rule 2050 will implement the provisions of Assembly Bill 1723, which amended Business and Professions Code section 19641. Board Rule 2050 establishes the appropriate uses for funds paid to the designated charitable corporations under the provisions of Business and Professions Code section 19641. Rule 2050 also states who is eligible to receive benefits. The proposed amendment to Rule 2050 adds the following classes of persons as eligible beneficiaries: CHRB licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall

occur solely at clinics operated by the entity, and provides that such health care services shall be administered so as to not displace persons who are current beneficiaries. The Board has determined the proposed amendment will not affect the expansion of businesses or elimination of existing businesses within the State of California, as it deals solely with persons who are eligible to receive health care services from the horsemen's charitable corporations.

INITIAL DETERMINATION

The Board has made an initial determination that the proposed amendment to Board Rule 2050 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 will implement the provisions of Assembly Bill 1723, which amended Business and Professions Code section 19641. Board Rule 2050 establishes the appropriate uses for funds paid to the designated charitable corporations under the provisions of Business and Professions Code section 19641. Rule 2050 also states who is eligible to receive benefits. The proposed amendment to Rule 2050 adds the following classes of persons as eligible beneficiaries: CHRБ licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity, and provides that such health care services shall be administered so as to not displace persons who are current beneficiaries.

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

The proposed amendment to Rule 2050 will implement the provisions of Assembly Bill 1723, which amended Business and Professions Code section 19641. Board Rule 2050 establishes the appropriate uses for funds paid to the designated charitable corporations under the provisions of Business and Professions Code section 19641. Rule 2050 also states who is eligible to receive benefits. The proposed amendment to Rule 2050 adds the following classes of persons as eligible beneficiaries: CHRБ licensees, employees of racing associations, and members of horsemen's organizations and other racing-related charitable organizations representing or assisting backstretch personnel. In addition, the proposed amendment stipulates that such services shall occur solely at clinics operated by the entity, and provides that such health care services shall be administered so as to not displace persons who are current beneficiaries.

Based on the above facts detailed in the Economic Impact Analysis, the Board has made an initial determination that the proposed amendment to Board Rule 2050 will not have a significant statewide adverse economic impact directly affecting business including the ability of California business to compete with businesses in other states. The proposed regulation will benefit the health and welfare of California residents who work at the state's horse racing tracks by promoting worker health and wellness. Protecting the health and wellbeing of persons working with race horses promotes safety and worker safety, as healthy workers are more focused and aware, which reduces job performance risk of injury. The proposed regulation will not benefit the state's environment.

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 2050 was discussed at the January 2018 Regular Board Meeting. No alternatives to the recommendations were proposed by the Board or by any other individual or entity. 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
April 6, 2018

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 23. CHARITY FOUNDATIONS AND WELFARE FUNDS
PROPOSED AMENDMENT OF
RULE 2050. BENEFICIARIES, WELFARE PROGRAMS AND ACTIVITIES

2050. Beneficiaries, Welfare Programs and Activities.

(a) These regulations establish the appropriate uses for funds paid to the designated charitable corporations under the provisions of ~~Section~~section 19641(b)(1) of the Business and Professions Code. The directors or trustees of the welfare fund shall limit the eligibility for benefits to natural persons who engage in occupations directly relating to the physical care of horses at California racetracks or approved auxiliary stable areas and to the spouse or dependent children of such persons. Natural persons who have engaged in occupations directly relating to the physical care of horses at California racetracks or approved auxiliary stable areas, and their spouse or

dependent children, may be eligible for benefits for not more than one year after the termination of such employment. Welfare funds may be expended for:

(1) Health care services including costs associated with the contracting for physicians' or dentists' professional services, hospitalization of an eligible beneficiary or dependent, outpatient, rehabilitative or preventative medical programs, restorative dental services, alcohol and drug abuse treatments, and capital outlay for medical or dental clinics and necessary equipment.

(2) Extended medical and health assurance including supplemental medical and hospitalization insurance coverage premiums, support or residential board and care facilities including capital outlay expenditures and reimbursements for beneficiaries confined to convalescent facilities or to facilities or institutions providing geriatric care.

(3) Emergency financial assistance including temporary family assistance financial aid, food or subsidized meal tickets or food vouchers, temporary housing expenses, emergency transportation expenses, burial expenses for an eligible beneficiary or immediate family member, and legal expenses of an eligible beneficiary.

(4) Educational and recreational activities including counseling and chaplaincy programs, Alcoholics Anonymous or similar programs, intra-mural sports activities and sports equipment, tickets and transportation to sports events, health and hygiene education classes, legal/immigration clinics, classes in spoken English, and expenditures for counselors, chaplains, and instructors for such activities.

(5) Notwithstanding any other provision of this regulation, CHRB licensees, employees of racing associations, and members of horsemen's organizations and racing-related charitable organizations that represent or assist backstretch personnel are eligible to receive health care services. Such services shall occur solely at clinic locations that are operated by the entity that

administers the welfare fund established by the horsemen's organization described in Business and Professions Code section 19641(b)(1). The health care services shall be administered so as to not displace beneficiaries who are eligible under subsection (a) of this regulation.

(A) For the purposes of this regulation, employees of horsemen's organizations and racing-related charitable organizations are considered members of such entities.

(~~5~~6) Administration costs necessary to administer, supervise and audit the operations of the charitable corporation provided that the expenditures for such administration purposes not exceed ~~15% percent~~ of the total expenditures for any fiscal year.

Authority: Section 19440,
Business and Professions Code.

Reference: Section 19641,
Business and Professions Code; ~~and Section 9.00, Chapter 324, Statutes of 1983~~
(~~Budget Act of 1983~~).