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CHRB NEWS RELEASE

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BOARD ACTS TO DEFRAY WORKERS' COMPENSATION COSTS

POMONA, CA – The California Horse Racing Board voted Wednesday to utilize a percentage of horsemen's purses and racetrack commissions amounting to about \$3 million to help defray the cost of workers' compensation coverage for licensed thoroughbred stable employees and jockeys beginning November 1, subject to Governor Gray Davis signing authorizing legislation.

Assembly Bill 2931, which was approved by the Legislature and submitted to the governor for his signature, would allow horsemen and racetracks to divert a percentage of purses and commissions from the stabling and vanning fund "to be used to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers." The Board action Wednesday will allow that process to take place if the governor signs the bill.

Jack Liebau, president of Magna California Racing, said the high cost of workers' compensation insurance is driving trainers out of the state and worsening the horse shortage, creating a crisis for the California horse-racing industry. He and other racing executives met with representatives of the Thoroughbred Owners of California and the California Thoroughbred Trainers to determine the amount of funding required to create a program to deal with the crisis.

Liebau asked that the effective date to begin funding the program be November 1 in order to make certain that all parts of the program are in place. This includes working out the final details with the insurance company that will offer the coverage.

Elaborating after the Board meeting, Liebau said the entire cost of the program would total about \$5.2 million, including the \$3 million from the vanning and stabling fund. As also authorized by AB 2931, additional funds from purses and the California Marketing Committee fund will be used to defray the cost of workers' compensation insurance. Most of the money will be used for premiums and, if necessary, to cover the "unfunded gap," which is the spread between anticipated losses or claims and the point where reinsurance kicks in.

Liebau said some money from the vanning and stabling fund also will be directed to the California Thoroughbred Horsemen's Foundation, which provides medical care to racetrack workers, the theory being that an injured worker who receives proper immediate care will be less likely to file a claim under workers' compensation.

Craig Fravel, vice president of the Del Mar Thoroughbred Club, told the Board that the objective of the program is for it to become self-sufficient and offer reduced premiums through improved payroll reporting and risk and claims management.

Existing law allows racetracks and horsemen to utilize as much as 1.25 percent from commissions and purses to help offset the cost of vaning and stabling horses at off-track locations. Less than .75 percent is currently being used for that purpose. The balance remains in purses and commissions. The Board action would increase the deduction to .87 percent in Northern California and .94 percent in Southern California, which Liebau said amounts to about \$3 million for the program.

In other business, the Board received a report from CHRB Vice Chairman Roger Licht, who serves as chairman of the Pari-Mutuel Operations Committee, concerning meetings and discussions that he has had with representatives of out-of-state simulcast sites. These discussions were prompted by concerns that some out-of-state sites might be attracting California bettors by offering cash rebates. He listed four sites that collectively handled more than \$20 million during the Del Mar meet alone.

Licht said some of representatives assured him that they do not accept bets over the phone from callers within California area codes. Other representatives said they only accept wagers from bettors within their own states, such as Oklahoma and North Dakota.

Various racetrack executives thanked Licht for his work to this point and promised to fund additional investigation of this matter. He asked them for a report at the next Board meeting.

The Board approved applications for horse racing meets by Churchill Downs Fall Operating Company at Hollywood Park from November 6 through December 22 and the Pacific Racing Association at Golden Gate Fields from November 6 through March 30.

The Board tabled a proposed regulation that would prohibit any horse scratched from a claiming race from racing for a higher price for a period of 60 days. This regulation was drafted out of concern that owners and trainers may somehow be learning that claims have been submitted for their horses, so they are scratching their horses to avoid losing them. The CHRB and industry will continue reviewing this matter to determine if there are ways other than the proposed regulation to deal with this concern.

Staff reported that total handle on Advance Deposit Wagering reached \$111 million through September 8, representing 6.25 percent of the total California handle since ADW began in January. However, on certain weeks ADW has generated as much as 10 percent of the total handle.

The Board authorized the Del Mar Thoroughbred Club to distribute \$170,707 in Charity Racing Day proceeds to 22 beneficiaries. More than 70 percent of this money will go to charities associated with the horse-racing industry, including \$20,000 to the California Center for Equine Health and Performance.

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