

INITIAL STATEMENT OF REASONS

RULE 1433. APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING.

RULE 1440. APPROVAL OF CONCESSIONAIRES.

RULE 1440.5. LICENSING OF CONTRACTORS AND SUB-CONTRACTORS.

RULE 2057. INITIAL APPLICATION AND APPROVAL OF A SIMULCAST FACILITY.

RULE 2059. INITIAL APPLICATION AND APPROVAL OF A SIMULCAST ORGANIZATION.

RULE 2066. APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY.

RULE 2071. LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING BY A CALIFORNIA APPLICANT.

RULE 2072. APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING BY AN OUT-OF-STATE APPLICANT

SPECIFIC PURPOSE OF THE REGULATION

The amendment of California Horse Racing Board (Board) Rule 1433, Application for License to Conduct a Horse Racing Meeting, will update the references to the Application for License to Conduct a Horse Racing Meeting, CHRB-17, and Application for License to Conduct a Horse Racing Meeting of a California Fair, CHRB-18, which are incorporated by reference, to implement the latest revised versions of the applications. The applications have been revised to incorporate the requirement that an association or fair provide horse ambulance services during racing and training, pursuant to subsection (b) of Board Rule 1468, Ambulance Service.

The amendment of Board Rule 1440, Approval of Concessionaires, will clarify the approval term and renewal process. It will also update the reference to the *Application for License/Contractor or Sub-contractor, Application for Approval/Concessionaire*, CHRB-87, which is incorporated by reference, to reflect its retitling as *Application for Approval as a Concessionaire*, CHRB-87.

The amendment of Board Rule 1440.5, Licensing of Contractors and Sub-contractors, will clarify the license term and renewal process, extend the application review period to 30 days, set a one-year time limit for completion of an application, and require the Board to approve or deny an application within 60 days of being deemed complete. It will also eliminate the reference to the *Application for License/Contractor or Sub-contractor, Application for Approval/Concessionaire*, CHRB-87, which is incorporated by reference. Instead, it will incorporate by reference the new *Application for License as a Contractor or Sub-contractor*, CHRB-86.

The amendment of Board Rule 2057 will establish a \$500 application fee, extend the application review period to 30 days, set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, establish a five-year license term, provide that changes to an

application subsequent to approval be permitted by order of the Board or by Board approval of a written request, and require each simulcast wagering facility licensed prior to January 1, 2024, to file a new application by January 1, 2025, to renew its license. The amendment will also update the reference to the Personal History Record, CHRB-25A, to reflect the latest revision thereto, and update the references to the Application for Authorization to Operate a Simulcast Wagering Facility, CHRB-25, to implement the revised application. The application has been revised to request a check for the \$500 application fee, provide notice to the applicant of a five-year license term, include instructions for the full disclosure statement, and provide numbering to the application for ease of reference.

The amendment to Board Rule 2059, Initial Application and Approval of a Simulcast Organization, will extend the application review period to 30 days, set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, and update the references to the Application for Approval to Operate a Simulcast Organization, CHRB-34, to implement the latest revision to the application. The revised application has been numbered for ease of reference.

The amendment to Board Rule 2066, Application for License to Operate a Minisatellite Wagering Facility, will set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, and update the reference to the Personal History Record, CHRB-25A, which is incorporated by reference, to reflect the latest revision to the form.

The amendment to Board Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant, will set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, and update the reference to the Application for License to Conduct Advance Deposit Wagering, CHRB-132, to implement the latest revision of the application. The revised application removes the language asking for submittal of the contract allowing the applicant to accept wagers on races conducted by an association or fair, along with the appropriate horsemen's approval. In its place, language is added requesting submittal of the contract allowing the applicant to accept wagers on races conducted outside of California for a particular breed of horse.

The amendment to Board Rule 2072, Approval to Conduct Advance Deposit Wagering by an Out-of-State Applicant, will set a one-year time limit for completion of an application, require the Board to approve or deny an application within 60 days of being deemed complete, and update the reference to the Application For Approval to Conduct Advance Deposit Wagering, CHRB-133, to implement the latest revised version of the application. The revised application removes the language asking for submittal of the contract that allows the applicant to accept wagers on races conducted by an association or fair, along with the appropriate horsemen's approval. In its place, language is added requesting submittal of the contract that allows the applicant to accept wagers on races conducted outside of California for a particular breed of horse.

PROBLEM

The applications used by the various entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board require updating and revision, either to incorporate regulatory provisions, better reflect the actual processes pertaining to statutory requirements, or correct technical errors and provide for clarity. Additionally, the rules governing these applications require amendment to account for the actual timelines involved in the processing of these applications, as well to implement the revised versions of these applications, which are incorporated by reference.

NECESSITY

Subsection (a) of Board Rule 1433 will be amended to update the reference to the Application for License to Conduct a Horse Racing Meeting, CHRB-17, and Application for License to Conduct a Horse Racing Meeting of a California Fair, CHRB-18, which are incorporated by reference, to implement the latest versions of the applications. Items 16A and 16A1 of the CHRB-17 form and items 15A and 15A1 of the CHRB-18 form have been amended to incorporate the requirement that an association or fair provide horse ambulance services during racing and training, pursuant to subsection (b) of Board Rule 1468, Ambulance Service. Additionally, non-substantive technical edits have been made for clarity. Subsection (a) of Board Rule 1433 will also be amended to update the reference to the Personal History Record, CHRB-25A, to reflect the latest version of the form.

Subsection (b) of Board Rule 1440 will be amended to clarify an application is submitted in order to apply for approval, not to automatically be approved. This is necessary so an applicant understands that the application is subject to review and must meet certain requirements. Additionally, subsection (b) will also be amended to update the references to the *Application for License/Contractor or Sub-contractor, Application for Approval/Concessionaire*, CHRB-87, to reflect its retitling as *Application for Approval as a Concessionaire*, CHRB-87.

Subsection (c) will be added to Board Rule 1440 to clarify and codify the approval term. Currently, the rule does not specify an approval term. However, in practice, the Board grants a one-year approval. Therefore, the addition of subsection (c) will provide for consistency and clarity.

Subsection (d) will be added to Board Rule 1440 to codify and clarify the approval renewal process. Currently, the rule does not address renewal of an approval. However, in reality an approval is renewable annually. Thus, the addition of subsection (d) will help eliminate any ambiguity in that regard.

The *Application for License/Contractor or Sub-contractor, Application for Approval/Concessionaire*, CHRB-87, will be retitled as *Application for Approval as a*

Concessionaire, CHRB-87. This is necessary because the form will retain only the content pertaining to the concessionaire approval, while a new *Application for License as a Contractor or Sub-contractor*, CHRB-86, will be created to capture all the content pertaining to the contractor license. There are different regulatory requirements for concessionaire approvals and contractor licenses, and each is governed by its own rule. This can lead to confusion for applicants in understanding which provisions apply. Additionally, having separate applications for the two entities will allow for any future regulatory changes to be implemented more easily into the applications.

The Application for Approval as a Concessionaire, CHRB-87, will be the means by which an entity may apply for approval as a concessionaire. As a standalone form, the CHRB-87 will allow for easy incorporation of any future regulatory changes. It will also help prevent confusion as to which provisions apply to concessionaires versus contractors, as there are separate rules with different provisions for these two types of entities, yet they are currently required to complete the same application form.

Subsection (a) of Board Rule 1440.5 will be amended to eliminate the reference to the *Application for License/Contractor or Sub-contractor, Application for Approval/Concessionaire*, CHRB-87, as the form will be retitled as *Application for Approval as a Concessionaire*, CHRB-87, and revised to pertain only to the concessionaire approval. Subsection (a) will be amended to incorporate by reference the new *Application for License as a Contractor or Sub-contractor*, CHRB-86, which will be the form used to apply for a contractor license.

Subsection (b) of Board Rule 1440.5 will be amended to clarify the license term. This is necessary because, technically, the current language is ambiguous with respect to an initial license term, as it could be interpreted as meaning that the initial term is no longer than a month. Thus, language will be added to specify the first and last days of the initial term, as well as renewal terms.

Subsection (b)(1) will be added to Board Rule 1440.5 to clarify the renewal process. This is necessary because new contractors are typically unaware of what is required for a license renewal. Therefore, language will be added to codify the informal process currently in place. Language will also be added stating that the Board may require an entity to submit a new application after a lapse in licensure. This is necessary, as the lapse could be indicative of changes that have occurred that require examination and assessment to determine suitability as a Board-licensed contractor.

Subsection (c) of Board Rule 1440.5 will be renumbered as subsection (c)(1) and merged with the current subsection (c)(1). This is necessary because subsection (c) will no longer set forth what the deficiency notice shall include, which is currently specified in subsections (c)(1) and (c)(2). The new subsection (c)(1) will extend the application review period from 14 calendar days to 30 calendar days. This is necessary for consistency with actual processing times, after taking staff workload into consideration, and with the application processing times in the Board's other rules.

Subsection (c)(2) of Board Rule 1440.5 will be amended to set a one-year time limit for completion of an application. The current language regarding instructions for requesting additional time to complete an application will be stricken, as the Board will no longer be required to approve or deny an incomplete application, which will be explained later. The Board has determined that a one-year time limit is appropriate in that it will provide ample time for an applicant to complete an application yet not present an undue burden in having to maintain an active file for an indefinite period of time.

Subsection (d) of Board Rule 1440.5 will be amended to require the Board to approve or deny an application that has been deemed complete within 60 calendar days, instead of having to act on an application within 90 calendar days of receipt regardless of whether the application is complete. This is necessary to eliminate the undue burden presented by an incomplete application whereby the applicant may have no intention of completing it. The Board has had instances in which applicants had partially completed their applications but, for various reasons, had no intention of completing them. (This applies to the various applications used for approval and licensing of entities involved in horse racing and pari-mutuel wagering.) These instances involved staff having to prepare analyses, Board packages for the public, and confidential Board packages for Board members. These items were then presented to the Board, which had to deny the applications, as they were incomplete. Additionally, the Board has determined that 60 calendar days is an appropriate amount of time, after an application is deemed complete, within which staff may prepare the required presentation materials and the Board formally act on the item.

Non-substantive technical edits will be made to subsections (f) and (f)(2) of Board Rule 1440.5 for clarity.

The Application for License as a Contractor or Sub-contractor, CHRB-86, will be added as the means by which an entity may apply for a license as a contractor. This is necessary, as the *Application for License/Contractor or Sub-contractor, Application for Approval/Concessionaire*, CHRB-87, will no longer serve as the form by which an entity applies for a license as a contractor. The CHRB-86 form will incorporate all content from the current CHRB-87 form that pertains to contractors. As a standalone form, the CHRB-86 will allow for easy incorporation of any future regulatory changes. It will also help prevent confusion as to which provisions apply to contractors versus concessionaires, as there are separate rules with different provisions for these two types of entities, yet they are currently required to complete the same application form.

The amendment to Board Rule 2057 will strike the word "Initial" from the title, as a five-year license term will be instituted, and renewal of a license will require a subsequent application, which will both be discussed later.

Subsection (a) of Board Rule 2057 will be amended to update the reference to the Application for Authorization to Operate a Simulcast Wagering Facility, CHRB-25, which is incorporated by reference, to implement the proposed revision to the form, which will be discussed later. Subsection (a) will also be amended to require a \$500 application

fee. This is necessary to recover the administrative costs associated with the application process, as each existing simulcast wagering facility will be required to undergo renewal of its license on a date to be determined by the Board, which will be discussed later, and every five years thereafter, if desired.

Subsection (a)(1) of Board Rule 2057 will be amended to update the reference to the Personal History Record, CHRB-25A, which is incorporated by reference, to implement the latest version of the form, which will be discussed later.

Subsection (a)(2) of Board Rule 2057 will be amended to update the reference to the CHRB-25 form, which is incorporated by reference, to implement the proposed revision to the form, which will be discussed later.

Subsection (b) of Board Rule 2057 will be renumbered as subsection (b)(1) and merged with the existing subsection (b)(1). This is necessary because subsection (b) will no longer set forth what the deficiency notice shall include, which is currently specified in subsections (b)(1) and (b)(2). The new subsection (b)(1) will extend the application review period from 14 calendar days to 30 calendar days. This is necessary for consistency with actual processing times, after taking staff workload into consideration, and with the application processing times in the Board's other rules.

Subsection (b)(2) of Board Rule 2057 will be amended to set a one-year time limit for completion of an application. The current language regarding instructions for requesting additional time to complete an application will be stricken, as the Board will no longer be required to approve or deny an incomplete application, which will be explained later. The Board has determined that a one-year time limit is appropriate in that it will provide ample time for an applicant to complete an application yet not present an undue burden in having to maintain an active file for an indefinite period of time.

Subsection (c) of Board Rule 2057 will be amended to require the Board to approve or deny an application within 60 calendar days of being deemed complete, instead of having to act on an application within 90 calendar days of receipt regardless of whether the application is still incomplete. This is necessary to eliminate the undue burden presented by an incomplete application, as staff must prepare an analysis, a Board package for the public, and a confidential Board package for Board members. The agenda item must then be heard at a meeting by the Board, which must deny the incomplete application. Additionally, the Board has determined that 60 calendar days is an appropriate amount of time, after an application is deemed complete, within which staff may prepare the required presentation materials and the Board formally act on the item.

Subsection (e) of Board Rule 2057 will be amended to establish a five-year license term. This is necessary to allow the Board to examine circumstances that may have changed over time, such as changes to personnel that would require occupational licensing or workers' compensation coverage that may have expired. Also, entity licensees may fail to report information that must otherwise be reported immediately to

the Board, and the license renewal process would help ensure the Board is aware of essential information. Additionally, the Board has determined that a license period of five years is appropriate, as it will allow the Board to ensure regulatory compliance without incurring an undue administrative burden or presenting a burden to licensees. The five-year license period will also provide for consistency with Board Rule 2066, which provides for a five-year license term for a minisatellite wagering facility.

Subsection (f) will be added to Board Rule 2057 to provide that changes or amendments to information or operating procedures in an approved application be permitted by order of the Board or by Board approval of a written request. This is necessary to ensure that any changes to the application are deemed appropriate by the Board. Additionally, the provision will provide for consistency with Board rules 2066, 2071, and 2072, which each contain similar language.

Subsection (g) will be added to Board Rule 2057 to require each simulcast wagering facility licensed before January 1, 2024, to file a new application by January 1, 2025, to renew its license. These renewals are necessary, as each such entity has been licensed for over five years and, therefore, will be out of compliance with the proposed amendment to subsection (e). Furthermore, it is likely that some entities have undergone changes that warrant examination by the Board.

The proposed revision of the Application for Authorization to Operate a Simulcast Wagering Facility, CHRB-25, will add language informing the applicant of the \$500 application fee and the five-year license term. This is necessary for consistency with the proposed changes to Board Rule 2057 and to help ensure the applicant is aware of these new provisions. The proposed revision will also provide directions for the required full disclosure statement. This is necessary because the directions set forth the information required by the full disclosure statement. Additionally, the proposed revision will number each application item by category and make non-substantive technical edits for clarity.

Subsections (a) and (a)(3) of Board Rule 2059 will be amended to update the references to the Application for Approval to Operate a Simulcast Organization, CHRB-34, which is incorporated by reference, to implement the latest revision to the form, which numbers the application items for ease of reference and makes non-substantive technical edits for clarity.

Subsection (b) of Board Rule 2059 will be renumbered as subsection (b)(1) and merged with the current subsection (b)(1). This is necessary because subsection (b) will no longer set forth what the deficiency notice shall include, which is currently specified in subsections (b)(1) and (b)(2). The new subsection (b)(1) will extend the application review period from 14 calendar days to 30 calendar days. This is necessary for consistency with actual processing times, after taking staff workload into consideration, and with the application processing times in the Board's other rules.

Subsection (b)(2) of Board Rule 2059 will be amended to set a one-year time limit for completion of an application. The current language regarding instructions for requesting additional time to complete an application will be stricken, as the Board will no longer be required to approve or deny an incomplete application, which will be explained later. The Board has determined that a one-year time limit is appropriate in that it will provide ample time for an applicant to complete an application yet not present an undue burden in having to maintain an active file for an indefinite period of time.

Subsection (c) of Board Rule 2059 will be amended to require the Board to approve or deny an application within 60 calendar days of being deemed complete, instead of having to act on an application regardless of whether it is still incomplete. This is necessary to eliminate the undue burden presented by an incomplete application, as staff must prepare an analysis, a Board package for the public, and a confidential Board package for Board members. The agenda item must then be heard at a meeting by the Board, which must deny the incomplete application.

Finally, non-substantive technical edits will be made to Board Rule 2059 for clarity.

Subsection (a) of Board Rule 2066 will be amended to update the reference to the Personal History Record, CHRB-25A, to reflect the latest version of the form.

Subsection (e) of Board Rule 2066 will be renumbered as subsection (e)(1) and merged with the current subsection (e)(1). This is necessary, as subsection (e) will no longer set forth the deficiency notice requirements as specified in subsections (e)(1) and (e)(2). The provision regarding instructions for requesting additional time will be stricken from subsection (e)(2), as the Board will no longer be required to approve or deny an incomplete application, which will be explained later. Subsection (e)(2) will be amended to set a one-year time limit for completion of an application. The Board has determined that a one-year time limit is appropriate in that it will provide ample time for an applicant to complete an application yet not present an undue burden in having to maintain an active file for an indefinite period of time.

Subsection (f) of Board Rule 2066 will be amended to require the Board to approve or deny an application within 60 calendar days of being deemed complete, instead of requiring the Board to act within 90 days of receipt regardless of whether the application is still incomplete. This is necessary to eliminate the undue burden presented by an incomplete application, as staff must prepare an analysis, a Board package for the public, and a confidential Board package for Board members. The agenda item must then be heard at a meeting by the Board, which must deny the incomplete application. Additionally, the Board has determined that 60 calendar days is an appropriate amount of time, after an application is deemed complete, within which staff may prepare the required presentation materials and the Board formally act on the item. Finally, the language regarding request for additional time will be eliminated, as the Board will act only after the application is deemed complete.

Subsection (b) of Board Rule 2071 will be amended to update the reference to the Application for License to Conduct Advance Deposit Wagering, CHRB-132, which is incorporated by reference, to implement the latest revision to the form, which will be discussed later.

Subsection (j) of Board Rule 2071 will be renumbered as subsection (j)(1) and merged with the current subsection (j)(1). This is necessary because subsection (j) will no longer set forth the deficiency notice requirements as stipulated in the current subsections (j)(1) and (j)(2). Subsection (j)(2) will be amended to strike the language regarding request for additional time and, instead, set a one-year time limit for completion of an application. The Board has determined that a one-year time limit is appropriate in that it will provide ample time for an applicant to complete an application yet not present an undue burden in having to maintain an active file for an indefinite period of time.

Subsection (k) of Board Rule 2071 will be amended to require the Board to approve or deny an application within 60 calendar days of being deemed complete, instead of having to act on it within 90 calendar days of receipt regardless of it still being incomplete. This is necessary to eliminate the undue burden presented by an incomplete application, as staff must prepare an analysis, a Board package for the public, and a confidential Board package for Board members. The agenda item must then be heard at a meeting by the Board, which must deny the incomplete application. Additionally, the Board has determined that 60 calendar days is an appropriate amount of time, after an application is deemed complete, within which staff may prepare the required presentation materials and the Board formally act on the item. Finally, the language regarding request for additional time will be eliminated, as the Board will act only after the application is deemed complete.

Finally, non-substantive technical edits will be made to Board Rule 2071 for clarity.

The proposed revised version of the Application for License to Conduct Advance Deposit Wagering, CHRB-132, will strike the current language in item 1E of the form, which requests the contract that allows the advance deposit wagering provider to accept wagers from California residents on races conducted by a particular racing association or fair, along with the appropriate horsemen's approval of the contract. This is necessary because, in practice, the association or fair is responsible for submitting a copy of said contract with its application for license to conduct a horse racing meeting. Instead, language will be added that requests the contract that allows the advance deposit wagering provider to accept wagers from California residents on races conducted outside of California for a particular breed of horse, which is needed if the applicant intends to accept such wagers.

A note will be added to the CHRB-132 form informing the applicant that it may accept wagers from California residents on races conducted by a racing association or fair if said association or fair includes with its race meet license application an agreement allowing the applicant to accept those wagers, along with the appropriate horsemen's

organization approval. This is necessary so that the applicant is aware that no supporting documentation is needed in that regard.

In item 3B10 of the CHRB-132 form, "Department of Business Oversight" will be changed to "Department of Financial Protection and Innovation" to reflect that agency's name change.

In item 3C5 of the CHRB-132 form, the language regarding shares will be changed to "membership interest," as the item is regarding a limited liability company, which does not have outstanding shares. Instead, members hold an interest in the entity.

Item 3C6 of the CHRB-132 form will be stricken, as it does not pertain to a limited liability company.

Item 3C7 of the CHRB-132 form will be renumbered as 3C6 because the current 3C6 will be stricken. The language regarding shares will be replaced with language referring to membership since the latter applies to a limited liability company, to which the item pertains.

Item 3C8 of the CHRB-132 form will be renumbered as 3C7 since the current 3C7 will become 3C6. Because the item pertains to a limited liability company, the word "shareholders" will be changed to "members," and the reference to the Securities and Exchange Commission will be stricken. Also, "Department of Business Oversight" will be changed to "Department of Financial Protection and Innovation" to reflect that entity's name change.

In item 3D3 of the CHRB-132 form, the references to shareholders and the Securities and Exchange Commission will be stricken because they do not apply to partnerships or sole proprietorships, to which the item pertains. Accordingly, "partners" will replace "shareholders." Additionally, "Department of Business Oversight" will be changed to "Department of Financial Protection and Innovation" to reflect that entity's name change.

Finally, non-substantive technical edits will be made to the CHRB-132 form for accuracy and clarity.

Subsection (b) of Board Rule 2072 will be amended to update the reference to Application For Approval to Conduct Advance Deposit Wagering, CHRB-133, which is incorporated by reference, to implement the proposed revised version of the form, which will be discussed later.

Subsection (i) of Board Rule 2072 will be renumbered as subsection (i)(1) and merged with the current subsection (i)(1). This is necessary because subsection (i) will no longer set forth the deficiency notice requirements currently in subsections (i)(1) and (i)(2). Subsection (i)(2) will be amended to eliminate the language pertaining to request for additional time to satisfy deficiencies in the application, as the Board will be required to act on only applications that have been deemed complete, which will be discussed later.

Instead, language will be added to set a one-year time limit for completion of an application. The Board has determined that a one-year time limit is appropriate in that it will provide ample time for an applicant to complete an application yet not present an undue burden in having to maintain an active file for an indefinite period of time.

Subsection (j) of Board Rule 2072 will be amended to require the Board to approve or deny an application within 60 calendar days of being deemed complete, instead of requiring the Board to act on the application within 90 calendar days of receipt regardless of whether the application is still incomplete. This is necessary to eliminate the undue burden presented by an incomplete application, as staff must prepare an analysis, a Board package for the public, and a confidential Board package for Board members. The agenda item must then be heard at a meeting by the Board, which must deny the incomplete application. Additionally, the Board has determined that 60 calendar days is an appropriate amount of time, after an application is deemed complete, within which staff may prepare the required presentation materials and the Board formally act on the item. Finally, the language regarding request for additional time will be eliminated, as the Board will act only after the application is deemed complete.

The proposed revised version of the Application for Approval to Conduct Advance Deposit Wagering, CHRB-133, will strike the language in item 1D, which requests the contract that allows the applicant to accept wagers from California residents on races conducted by a particular racing association or fair, as well as the approval from the appropriate horsemen's organization. This is necessary because the association or fair is responsible for submitting said documents with its application for license to conduct a horse racing meeting. In its place, the revision will add language requesting the agreement allowing the applicant to accept wagers from California residents on races conducted outside of California for a specific breed of horse, which is required if the applicant intends to accept such wagers.

A note will be added to the CHRB-133 form regarding wagers on races conducted by an association or fair. This is necessary so that the applicant is aware of the requirements that must be met before the acceptance of such wagers is allowed.

In item 3C4 of the CHRB-133 form, the language referring to the number of shares will be replaced with "membership interest," as the latter is the correct terminology when describing ownership in a limited liability company, to which the item pertains.

In item 3C5 of the CHRB-133 form, the language referring to shares will be replaced with "membership interest," as the latter is the correct terminology when describing ownership in a limited liability company, to which the item pertains. Additionally, the notice regarding persons owning 5% or more of outstanding shares will be stricken, as it does not apply.

Item 3C6 of the CHRB-133 form will be stricken because it does not apply to limited liability companies, to which section 3C pertains.

Item 3C7 of the CHRB-133 form will be renumbered as item 3C6 since the latter will be stricken. The language regarding shares will be replaced with language concerning membership interest, which is the correct terminology when referring to ownership in a limited liability company, the entity type to which section 3C pertains.

Item 3C8 of the CHRB-133 form will be renumbered as item 3C7 since the latter will be renumbered as item 3C6. In the current item 3C8, “shareholders” will be changed to “members,” which is the correct term when referring to owners of a limited liability company. Additionally, the language referring to the Securities and Exchange Commission will be stricken because limited liability companies do not report to said agency, and “corporation” will be replaced with “LLC”.

In item 3D3 of the CHRB-133 form, language pertaining to corporate entities will be stricken and replaced with terminology relating to partnerships, where appropriate, as section D concerns partnerships and sole proprietorships. Also, non-substantive technical edits will be made for accuracy and clarity.

Item 3D5 of the CHRB-133 form will be stricken, as it does not apply to section D.

Item 3D6 of the CHRB-133 form will be renumbered as item 3D5, since the current item 3D5 will be stricken, and non-substantive technical edits will be made for clarity.

In item 4 of the CHRB-133 form, the reference to Rule 2074 will be corrected to “2075,” as the former incorrectly pertains to California entities, while the latter correctly applies to out-of-state entities. Also, non-substantive technical edits will be made to items 4A through 4C for clarity.

Non-substantive technical edits will also be made throughout the CHRB-133 form for clarity.

In the General Instructions to the Personal History Record, CHRB-25A, the reference to the *Application for License/Contractor or Sub-contractor, Application for Approval/Concessionaire*, CHRB-87, will be stricken, and references to the revised, newly titled Application for Approval as a Concessionaire, CHRB-87, and new Application for License as a Contractor or Sub-contractor, CHRB-86, will be added, as the latter two will take the place of the former. Additionally, the CHRB-25A will be revamped for consistency with the other personal history record forms used by the Board’s enforcement division. These changes are needed for uniformity and to ensure the Board’s investigators obtain all the information needed to conduct background investigations. Finally, non-substantive technical edits will be made throughout the form for clarity and accuracy.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDIES, REPORTS, OR DOCUMENTS

The Board did not rely on any technical, theoretical, and/or empirical studies, reports, or documents in proposing this regulatory action.

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.
- The proposed regulation will not have an impact on the creation of new businesses or the elimination of existing businesses within the state.
- The proposed regulation will not have an impact on the expansion of businesses currently doing business within the state.
- The proposed regulation will not benefit the health and welfare of California residents, worker safety, or the state's environment.

The Board has made the initial determination that the proposed regulatory action 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 regulatory action will amend rules governing various applications used by entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board, as well implement revisions to said applications. These rules will be amended to provide for consistency with respect to license terms and processing fees and with actual timelines involved in the processing of these applications. The applications will be revised to incorporate regulatory provisions, correct errors, and provide for clarity and consistency.

CREATION OR ELIMINATION OF JOBS WITHIN THE STATE OF CALIFORNIA

The proposed regulatory action will amend rules governing various applications used by entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board, as well implement revisions to said applications. These rules will be amended to provide for consistency with respect to license terms and processing fees and with actual timelines involved in the processing of these applications. The applications will be revised to incorporate regulatory provisions, correct errors, and provide for clarity and consistency. As such, the proposed regulation will not result in the creation or elimination of jobs within the state.

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

The proposed regulatory action will amend rules governing various applications used by entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board, as well implement revisions to said applications. These rules will be amended to provide for consistency with respect to license terms and processing fees and with actual timelines involved in the processing of these applications. The applications will be revised to incorporate regulatory provisions, correct errors, and provide for clarity and consistency. As such, the proposed regulation will not result in the creation of new businesses or the elimination of existing businesses within the state.

EXPANSION OF BUSINESSES CURRENTLY DOING BUSINESS WITHIN THE STATE OF CALIFORNIA

The proposed regulatory action will amend rules governing various applications used by entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board, as well implement revisions to said applications. These rules will be amended to provide for consistency with respect to license terms and processing fees and with actual timelines involved in the processing of these applications. The applications will be revised to incorporate regulatory provisions, correct errors, and provide for clarity and consistency. As such, the proposed regulation will not result in the expansion of businesses currently doing business within the state.

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

The proposed regulatory action will amend rules governing various applications used by entities involved in horse racing and pari-mutuel wagering to obtain the necessary approvals and licenses issued by the Board, as well implement revisions to said applications. These rules will be amended to provide for consistency with respect to license terms and processing fees and with actual timelines involved in the processing of these applications. The applications will be revised to incorporate regulatory provisions, correct errors, and provide for clarity and consistency. As such, the proposed regulatory action will not result in benefits to the health and welfare of California residents, worker safety, or 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 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, 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.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION

The proposed regulatory action was discussed at the October 19, 2023 Board meeting. No alternatives to the recommendation were proposed by the Board or by any other individual or entity at the Board meeting. No subsequent alternative recommendations were made prior to the notice. The Board invites any interested party to submit comments that offer any alternative proposal.

CALIFORNIA HORSE RACING BOARD
January 19, 2024