

**Department of Professional and Vocational Standards
BOARD OF PILOT COMMISSIONERS**

ITEM 233 of the Budget Bill

Budget page 652
Budget line No. 31

**For Support of the Board of Pilot Commissioners From the
Pilot Commissioners' Special Fund**

Amount requested _____	\$11,907
Estimated to be expended in 1949-50 Fiscal Year _____	11,614
Increase (2.5 percent) _____	\$293

Summary of Increases

	Total increase	Work load or salary adjustments	New services	Budget page	Line No.
Salaries and Wages _____	\$93	\$93	---	652	43
Operating Expenses _____	200	200	---	652	44
Equipment _____	---	---	---	652	45
Total Increase _____	\$293	\$293	---		

RECOMMENDATIONS

Amount budgeted _____	\$11,907
Legislative Auditor's Recommendation _____	11,907
Reduction _____	None

ANALYSIS

The work load of the agency appears to be fairly constant. However, it is regulated by shipping activity with the sole source of income being derived by a percentage (5%) of the inward and outward bar pilotage fees from the three bays. Any unencumbered balance in the Pilot Commissioners' Special Fund in excess of \$6,500 as of June 30 of each year accrues to the General Fund.

The commission is composed of three members who are charged with the responsibility of qualifying applicants as pilots to operate vessels on San Francisco, Suisun and San Pablo Bays.

CALIFORNIA HORSE RACING BOARD

ITEM 234 of the Budget Bill

Budget page 653
Budget line No. 41

For Support of the California Horse Racing Board From the Fair and Exposition Fund

Amount requested _____	\$140,747
Estimated to be expended in 1949-50 Fiscal Year _____	125,348
Increase (12.3 percent) _____	\$15,399

Summary of Increases

			INCREASE DUE TO		
	Total increase		Work load or salary adjustments	New services	Budget page
Salaries and Wages	\$10,683		\$2,499	\$8,184	653
Operating Expense	4,653		—173	4,826	653
Equipment	63		—245	308	653
Total Increase	\$15,399		\$2,081	\$13,318	

RECOMMENDATIONS

Amount budgeted	\$140,747
Legislative Auditor's Recommendation	140,747
Reduction	None

ANALYSIS

We recommend the amount requested be approved.

The Horse Racing Board has set up a tentative schedule of racing for 1950-51 of 395 days, or 10.8 percent less than the racing days estimated for the Fiscal Year 1949-50. The decline of 48 days of racing in 1950-51 is only temporary due to shifting of racing dates by such tracks as Golden Gate, Tanforan, Western Harness Meet and Hollywood Park, the latter due to the destructive fire in May, 1949.

Salaries and Wages

Regardless of the decline in racing dates for the Fiscal Year 1950-51, the request for two additional investigators is recommended. There are several reasons which make it necessary to increase the present number of investigators. The first reason is because of conflict in racing dates in the year 1950-51 which increases the difficulty of assigning investigators to tracks which are widely separated. This situation is also complicated by legislation passed at the 1949 Session of the Legislature. Chapter 586 made quarter horse racing mandatory at fairs and permissible at major tracks which is the first time pari-mutuel betting has been authorized on quarter horse racing. Chapter 885 authorized 10 additional days of harness racing and Chapter 1319 authorized 15 additional days of racing in the San Francisco Bay area, the dates causing conflicts with various fairs. The Fiscal Year 1950-51 includes two additional fairs that will have horse racing.

The increase in salaries and wages attributable to the two additional investigators is \$8,184. The remaining increase \$2,499 is due to increased salary adjustments resulting in a total increase in salaries and wages of \$10,683.

Operating Expense

The chief increases in operating expense are due to the printing of a new rules book, accounting for \$2,100. The balance of the increase is due to increases in travel and automobile mileage traceable to the two proposed investigators.

Funds for the printing of a revised rule book were provided in the 1947-48 budget, but due to the delay in publication the funds were reverted.

Equipment

The net increase in equipment is \$63 over the estimate for 1949-50. The additional items include a desk and two files to equip existing clerical positions and to keep pace with normal expansion of records. The projector and screen are required for board members review of racing pictures in which irregularities occur. The Horse Racing Board has followed the practice of borrowing the camera equipment from the race track, a practice we feel should be discouraged.

GENERAL SUMMARY

The law legalizing racing with pari-mutuel wagering was enacted in 1933. The law established the California Horse Racing Board and established conditions under which racing could be conducted, and provided for the appointment by the Governor of three nonsalaried members. The board also has a full-time salaried secretary. The board is vested with all powers necessary and proper to enable it to carry out fully and effectually the purpose of the Racing Act, and is given full power to prescribe rules, regulations, and conditions under which race meetings shall be conducted.

The California Horse Racing Board organization is divided functionally into three sections:

1. Investigation Section, responsible for the conduct of the racing meets.
2. License Section, responsible for issuance of licenses to jockeys, owners, and handlers.
3. Revenue Collection Section, responsible for collection of State's revenue from the pari-mutuel machines. This work is performed by independent accountants located at the various tracks.

The days of racing in California are as follows:

<i>Fiscal Year</i>	<i>Days of racing</i>
1947-48—Actual	363
1948-49—Actual	367
1949-50—Revised estimate	443
1950-51—Proposed	395

The several major tracks make available to the State of California numerous free services such as office space, loan of equipment, operating expenses and loan of employees, etc. The monetary value of these services is sufficient that if borne entirely by the State, it would be reflected in a fairly substantial percentage increase in the support budget of the California Horse Racing Board. It should be emphasized, however, that the California Horse Racing Board is charged with the responsibility of regulating the industry from which it receives these numerous favors, and as a matter of sound governmental policy, we believe that the full cost of operation of this regulatory agency should be reflected in the support appropriation made by the State.

We recommend that a study be made by the Department of Finance to determine the total cost of the support of this agency on the basis of a policy which places the total cost of all regularly established functions of the California Horse Racing Board on a basis of full state support.