



Rule Change Proposal Form

Must be received by November 11, 2022

120 days prior to the Board of Directors meeting

1. Proposed Change (select one):

- Add new rule
- Delete existing rule. Reference rule as it appears in the 2022 Official Handbook.

Rule # _____ Page # _____

- Change existing rule. Reference rule as it appears in the 2022 official Handbook.

Rule # PIP rules Page # _____

2. Proposed Effective Date:

- January 1, 2024
- Other _____

3. Is this proposal changing a rule that was implemented within the last two year? YES NO
 (Refer to PHBA Rule #33, Page 22)

4. Explain why this rule change is needed: (Use attachments if needed)

see attached

5. Contact Information of person submitting/proposed change:

Name: Marleen Cowie PHBA ID# 14582 life
 Address: 6610 Rt 20 A
 City: Perry State: NY Zip: 14530
 Phone: (585) 727-4868 Email: mycowie@rochester.rr.com
 Signature: *Marleen Cowie* Date: Nov 11, 2022

6. Writing proposed rule changes:

- Define the problem and develop as many positive solutions as you can.
- Determine if any other rules would be affected if your proposal were to be adopted, and specify the rule numbers.
- Submit proper wording for a proposed rule change by typing or neatly printing the exact wording being proposed. If you propose changes to existing language, ~~strike through~~ the words you propose to delete. Type in **bold and italics** the words you propose to add.
- Determine the financial impact (both income and expense) your proposal could have on PHBA.

The PHBA President will assign proposed rule changes to specific committees for their recommendations. Some committees may be asked to review a proposed rule change and report their recommendations to another committee that ultimately reports to the Board of Directors. Committee Chairs will need to coordinate that input. Committees are free to discuss other proposed rule changes but the assigned committee's recommendation is that which will be used during voting at the Board of Directors Meeting.

PLEASE RETURN TO yellahrses@palominohba.com or fax to (918) 438-1232

Palomino Incentive Program

The Palomino Incentive Program (PIP) is a great program wherein success is demonstrated through a monetary payout. PHBA recognizes that its members spend their valuable time and personal resources to show or have their horses shown. PHBA wanted a way to give back to owners and breeders some of those hard-earned monies and the PIP can do that.

The PIP is available to all Palomino and Palomino Bred horses of any age ~~through a one-time nomination~~. They become eligible for yearly cash payouts in Open and Amateur divisions. As the PIP pays money to the Horse Owner, Foal Nominator and Stallion Owner, each can benefit from an increased value of their horses.

Purpose:

- Promote PHBA owners, breeders, and nominators
 - Horse Owners: 70% of total payout
 - Foal Nominators: 10% of total payout
 - Stallion Owners: 20% of total payout
- PIP payout based on points earned
- Increase value of foals
 - PIP monies encourage showing of foals
 - PIP nomination increases sales

Guidelines:

- All PIP participants must be current PHBA members in good standing
- PIP payout funds come from Stallion Owner subscriptions, Foal Nominator payments, **and owner re-enrollment fees**.
 - Funds are maintained in a separate PHBA account
 - Funds are distributed directly proportionally to PHBA sanctioned points earned by nominated foals
 - All nomination fees paid each year will be paid back in the three categories (owners/nominators/stallion owners) in the same year, less 7% retained for the next year's payment

- Calculation of PIP earnings shall be based on official PHBA show records as of January 31st following the completion of show year in which the points were earned. Subsequent correction of show results for any reason shall not affect prior calculations
- Points earned in Youth programs, Novice Amateur, Amateur Walk/Trot and Amateur Select programs are not included in the tabulations as these divisions are limiting as to the age and/or experience of the rider

PIP Board of Directors:

- The PIP Board shall consist of members from PHBA Executive Board, Computer, Finance, Show Rules, Registrations/Transfers/Breeders Committees and a member-at-large as a stallion owner/exhibitor
- The PHBA EB member will chair this board and appoint the member-at-large.
- Each committee shall vote for their member on the PIP Board
- The PIP Board shall keep the history of the program in its entirety and track the current year nominations and points

Foal Owner Information:

- Ideally, foals are nominated in their weanling year
 - PIP payouts become effective in the yearling year of the foal's nomination
 - A horse of any age, at any time of its show career, may be enrolled
 - Points earned prior to nomination are not eligible for PIP payouts
- Foal nominations will be verified by a PIP Logo on their registration papers
- Foal nomination fees are non-refundable
 - Palomino and Palomino Bred foals sired by stallions that have been subscribed in the year foals were conceived are eligible
 - These foals are eligible when their form, appropriate fee and original registration certificate have been received by PHBA office
- Nomination Fees:
 - Weanlings, \$100.00
 - Yearlings, \$200.00
 - Two-year-old, \$300.00

- Three-year-old, \$400.00
- Four and older horses, \$600.00

Stallion Owner Information:

- Stallion Nomination Fees are paid annually and must be postmarked on or before December 31st prior to breeding season. Fees:
 - \$200, if paid on or before December 31st prior to breeding season
 - Or \$300, if paid January 1st through breeding season or after
- Nominated Stallion Owners shall receive the PIP Logo for advertising usage

Hardship Nomination Information:

When a stallion owner of record* waives the right to nominate a stallion for a designated foaling year, the stallion may be nominated by another party (typically the foal owner, so that the foal is eligible for enrollment). Hardship Waiver Form is available on the PHBA website.

- The stallion nominator, the party who pays the nomination fee, will receive the 20% of PIP earnings from all offspring foaled in the nominated year.
- The stallion owner hereby waives any rights to the 20% of PIP earnings for that foaling year.

Hardship Clause:

The owner of an offspring may apply for its sire's nomination by waiver hardship under the following circumstances:

- The current stallion owner of record* is deceased and/or ownership is in probate or dispute
 - The applicant must provide documentation of such owner status
- The current stallion owner of record could not be reached after every reasonable effort has been made to contact him/them.
 - The applicant must provide documentation of multiple attempts and the various methods of contacting said owner
- Should the stallion in question be deceased, applicant must provide documentation of such

Hardship Waiver applications will be reviewed by the PIP Board for approval on a case by case basis. Upon acceptance of the Hardship Waiver application, all applicable fees must be paid in full before the PIP nomination process is complete.

*Stallion owner of record is based on PHBA registration. If the stallion is not a registered Palomino, the current owner of record shall be based on any other PHBA recognized equine registry.

Mare Owner Information:

- PHBA and PB foals from mares bred to PIP stallions have a marketable edge over many non-participants. A PIP-nominated foal earnings make for a more attractive purchase to “show home” buyers who would like to receive PIP payouts
- Mare owners that nominate these foals will be eligible for PIP payouts as such
- Mare owners remain eligible for these PIP payouts even after the foal(s) are sold

PIP Re-Enrollment Plan

The original PIP enrollment will be valid for the initial owner/nominator. If the horse changes hands, the new owner(s) must pay a \$100 re-enrollment fee to receive the owner's share of annual PIP payouts.

- ***In order for an owner to remain eligible to receive the recorded owner's share (70%) of PIP monies earned by his/her horse, an optional PIP re-enrollment fee of \$100 will be due at the same time the horse's ownership is transferred at PHBA to their name (above and beyond other applicable transfer fees, memberships, etc.).***
- ***The re-enrollment fee will apply to all new owners. If any buyer (new owner) opts not to re-enroll at the same time they transfer the horse at PHBA, any qualifying PIP points earned by that horse will NOT count towards PIP payout until payment is received.***
- ***Should any owner elect not to pay the re-enrollment fee, PHBA will continue to pay the stallion subscriber and foal nominator's share for points earned regardless.***
- ***Ownership money earned by the horse will remain in the PIP and be paid out to qualifying owners according to the PIP rules. Any future buyer (new owner) will have the option of re-enrolling at the time of transfer to their ownership for \$100.***
- ***All re-enrollment fees will be added to the PIP fund and paid out in their entirety in accordance to the then current rules of program payout (currently 70% to the owner of record at PHBA on December 31 of the show year, 20% to the stallion subscriber, and 10% to the foal nominator).***
- ***If a horse is show leased and earns points in PHBA's Open and/or Amateur divisions, the PIP will pay out to the recorded owner of record on December 31. Payout will include eligible points earned by the lessee.***

- *New owners must pay the re-enrollment fee in order to be eligible for any owner payoff. The owner's portion of the PIP money earned for the calendar year will be paid to the owner of record as of December 31 regardless of the status of a show lease on file for a horse.*

Other Regulations:

- Nomination fees must be received in U.S. funds
- Payment is due at time of nomination with accompanying form
- Payment to PIP must be a separate check from any other payments
- All nominations (foal and stallion) must be postmarked by deadlines stated. No postal meter stampings will be accepted.
- Any financial audit or review by a certified public accountant of the PIP account and transactions shall be conducted in compliance with current PHBA Bylaws and Constitution
- An annual review of the statistics and program performance shall be done by the PIP Board of Directors. The recommendations of the PIP Board will be forwarded to the PHBA Executive Board for review and/or action
- PHBA reserves the right to amend, in whole or in part, the conditions of the PIP as it, in its sole discretion, determines to ensure fairness and equality to all participants. Further, at its sole discretion, PHBA may cancel the program at any time and refund monies if it deems participation is insufficient to justify the program
- All earnings and/or nominations are subject to U.S. Internal Revenue Service and/or Oklahoma Tax Commission rules and regulations pertaining to withholding of tax and the appropriate reporting
- PIP monies payable to a person/entity suspended from PHBA membership or show privileges will be withheld for the term of the suspension, or funds may be used to pay a participant's delinquent account with PHBA. If suspension continues longer than two (2) years from the date the funds are awarded, such funds shall be forfeited and returned to the PIP account.
- An entrant is ineligible to participate in the PIP where prohibited by law because of legal residence, sites approved event, or any other basis, and the total prohibited portion of the earned points or purse money shall be disregarded in calculation of an earned portion of the PIP payouts

All disputes arising out of the application or interpretation of any rules or conditions of the PIP shall be decided by PHBA.

In order to possibly help strengthen the PHBA Palomino Incentive Program, I suggest these modifications to the program regarding transfer of ownership of PIP enrolled horses beginning January 1, 2024.

Currently, the initial PIP enrollment is lifelong for eligible horses, regardless of the number of owners that horse has in its lifetime. The present PIP enrollment will be valid for the initial owner/nominator. Beginning January 1, 2024, if the horse changes hands, the new owner(s) must pay a \$100 Re-enrollment Fee to receive the owner's share of annual PIP payouts.

Re-enrollment of the horse is completely optional and will not affect payouts for the horse's nominator or the stallion subscriber; they will continue to receive their portions of any earned PIP funds generated by that horse regardless of the owner's choice to participate in the program. Each subsequent owner of the horse will receive the option to enroll in the PIP for the \$100 fee, though it is optional. If the owner decides to not re-enroll in the PIP, they forfeit the owner's portion of any PIP funds earned by that horse. This is a way for the horse owner to contribute to the program much like the stallion owner and foal nominator already do. The owner receives 70 percent of the payout, so it seems logical for them to also contribute.

If a horse is show leased and earns points in PHBA's Open and/or Amateur divisions, the PIP will pay out to the recorded owner of record on December 31. Payout will include eligible points earned by the lessee.

Horses impacted by the change could be notified via advertisements, verbiage on transfers, or direct communication from PHBA. A form should be created with the needed re-enrollment information. This information will be up dated on the new registration certificates of affected horses as those papers circulate through the PHBA office.

Going forward, any time a horse's ownership is transferred, the new owner may pay the re-enrollment fee to remain eligible for PIP owner payouts.

Financial impact, pros and cons-

Income, Pros

-Strengthen PIP program in 2 ways

- New owners will help contribute monetarily to the program to receive their 70% of the payout
- PIP payout will strengthen if current PIP nominated horse(s), when sold, are not re-enrolled, forfeiting the owner's portion of 70%, therefore leaving more money to be distributed in payout

-Stallion and foal nominators will still receive their portion of PIP payout even if new owner(s) do/es not renew re-enrollment

Expense, Cons

-Create a re-enrollment form

-Office time to update records