

Date of Hearing: April 4, 2018

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Adam Gray, Chair

AB 2270 (McCarty) – As Introduced February 13, 2018

SUBJECT: Horse racing: out-of-country harness racing

SUMMARY: Would authorize wagering on a nightly program of out-of-country harness racing from a single racetrack, regardless of the number of races offered, if specified conditions are met. Specifically, **this bill:**

1) Allows wagering on a nightly program of out-of-country harness racing from a single racetrack, regardless of the number of races imported, if all of the following conditions are met:

a) Only a harness racing association may import a nightly program of out-of-country harness racing from a single racetrack on days when a harness racing association is conducting live racing.

b) On days when a harness racing association does not conduct live racing, a quarter horse association conducting live racing on that day may accept wagers on a nightly program of out-of-country harness racing from a single racetrack.

c) A nightly program of out-of-country harness racing from a single racetrack may be imported in addition to the authorizations, as specified.

2) Provides that after the deductions required by this article and the rules of the board, the remaining funds from the total amount handled on out-of-country harness racing authorized pursuant to this subdivision shall be distributed equally to the racing associations conducting night meetings in that calendar year.

3) Provides that funds distributed to a harness racing association pursuant to this subdivision shall be distributed 50 percent as commissions and 50 percent as purses. Funds distributed to a quarter horse racing association pursuant to this subdivision shall be distributed as commissions.

4) Makes technical and clarifying changes.

EXISTING LAW:

1) Provides, under Article IV, Section 19(b) of the California Constitution, that the Legislature may provide for the regulation of horse races and horse race meetings and wagering on the results.

2) Grants the California Horse Racing Board (CHRB) the authority to regulate the various forms of horse racing authorized in this state.

3) Allows the CHRB to authorize a licensed harness racing association that is conducting a live racing meeting in this state to accept wagers on the full card of races conducted by another racing association on the day that the other association conducts the Breeders' Crown Stakes, the

Meadowlands Pace, the Hambletonian, the Cane Pace, the Kentucky Futurity, or the North American Cup.

4) Authorizes a licensed quarter horse racing association that is conducting a live racing meeting in this state to accept wagers on races conducted by the racing association that conducts the American Quarter Horse Racing Challenge, Texas Classic Futurity and Remington Park Futurity, if the races are conducted on the same day.

5) Allows the CHRB to authorize a harness or quarter horse association conducting a race meeting to accept wagers on the results of out-of-state or out-of-country harness or quarter horse races and, with the CHRB's approval and with the concurrence of the horsemen's organization contracting with the association, other designated harness or quarter horse races during the period it is conducting the racing meeting, if all of the following conditions are met:

- a) The authorization complies with federal laws.
- b) Wagering is offered only within the racing inclosure and only within 36 hours of the running of the out-of-state feature race.
- c) The association conducts at least seven live races, and imports not more than 10 races on those days during a racing meeting when live races are being run, except as specified.
- d) If only one breed of horse is being raced on a given day, then the association conducting the live racing may import those races that would otherwise be simulcast by the association that is not racing, as specified.
- e) No quarter horse or harness racing association shall accept wagers on out-of-state or out-of-country quarter horse or harness races commencing before 5:30 p.m., Pacific Standard Time, without the consent of any thoroughbred association or fair that is then conducting a live racing meeting in this state.

FISCAL EFFECT: Unknown

COMMENTS:

Background. In the late 1990's, California racetracks began importing additional races from out-of-state and out-of-country locations to provide California's horse racing patrons with the opportunity to wager on quality races offered by racetracks throughout the country. Since the introduction of this practice (which, incidentally is authorized in many other states that likewise allow pari-mutuel wagering on horse races), wagering on these non-California races has been well received by the betting patron, as evidenced by modest increases in overall wagering activity. This has also helped the industry offset a continued reduction in on-track and off-track wagering activity. However, current law however restricts the number of quarter horse or harness races that can be imported via satellite to ten races per day by the respective racing association.

The California Exposition & State Fair has been the site of harness racing meetings since the early 1970s. Since mid-2012, Watch and Wager, LLC at Cal Expo has been operating the only harness race meet in California. Live harness racing is conducted October through May of each

year. There are more than 500 horseman and horsewoman within the sport. These participants fulfil roles relating to the production, preparation, and daily care of racehorses. These individuals are the lifeblood of the harness racing industry, as they provide the investment, time, skills and passion.

It should be noted, there has been a general decline in the number of people attending and wagering at live horse tracks in California due to a number of factors, including increased competition from other forms of gaming, unwillingness of customers to travel a significant distance to racetracks and the availability of off-track wagering. This decline in attendance at live horse racing events has prompted racetracks to rely on revenues from in-state and out-of-state satellite wagering and account wagering.

Purpose of the bill. Over the years, existing law has been amended to allow specific notable races to be imported outside of a ten-race per day limit, as defined in current law. This has been done for scheduling, promotional and financial reasons. This bill would allow a harness or quarter horse racing association in California to import and accept wagers on a nightly program of out-of-country harness racing from a single racetrack, regardless of the number of those races, if specified conditions are met. Revenue generated from the importation of out-of-country harness racing will be distributed equally to the racing associations conducting night meetings in that calendar year.

The author's office believes, this bill will give California's harness racing industry a marketing tool to increase on-track and off-track attendance and provide the industry with a mechanism to increase track commissions, purses, and breeder's awards. Purses provide revenues directly to horsemen (owners and trainers) through winnings of their horses; purses also indirectly provide revenues to breeders. Statistical data analysis has shown that as purses increase the expected price of a buying a horse increases leading to an increase in the supply of foals, yearlings and associated bloodstock (mares and stallions).

The sponsor of this bill, the California Harness Horsemen's Association, notes that harness racing in California is important to the overall health of the agricultural economy and to the local Sacramento community.

The author's office notes that it is vital to the interests of the harness racing industry and organized labor to continue racing in California. This bill will help further the long-term stability of the harness racing industry.

Related legislation. AB 1167 (Gray) of 2017. Would allow the CHRB to authorize a licensed quarter horse racing association that is conducting a live racing meeting in this state to accept wagers on a quarter-horse stakes race with a purse equal to or greater than \$100,000. (Senate Inactive File)

Prior legislation. AB 558 (Low), Chapter 3, Statutes of 2016. Provided that the CHRB may authorize a racing association licensed to conduct a Thoroughbred race meet to include up to six non-thoroughbred races per calendar year, pursuant to specified conditions.

AB 2520 (Hall), Chapter 347, Statutes of 2012. Increased, from eight to 10, the amount of races a harness and quarter horse racing association may import (out-of-state or out-of-country) on live racing days.

AB 897 (Hall), Chapter 225, Statutes of 2011. Authorized the CHRB to permit a licensed California quarter horse racing association that is conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the date that other association conducts the Texas Classic Futurity and Remington Park Futurity.

AB 2201 (Coto), Chapter 253, Statutes of 2010. Authorized the CHRB to permit a California harness racing association to accept wagers on the full card of races conducted by another racing association on the date of the Cane Pace.

AB 136 (Silva), Chapter 221, Statutes of 2009. Deleted the limitation on the total number of out-of-state or out-of-country harness or quarter horse races that may be imported in a calendar year by a harness or quarter horse racing association.

AB 2048 (Silva), Chapter 439, Statutes of 2008. Increased, among other things, the number of races a harness and quarter horse racing association may import on live racing days from six to eight races.

SB 1183 (Margett), Chapter 232, Statutes of 2004. Authorized a harness association to import the full cards of races held by the association hosting the Breeders Crown Stakes, the Meadowlands Pace, the Hambletonian, or the North American Cup on the days that those races are being run.

REGISTERED SUPPORT / OPPOSITION:

Support

California Exposition & State Fair (Cal Expo)
California Harness Horsemen's Association
California Teamsters Public Affairs Council
SEIU California

Opposition

None on file

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