

Date of Hearing: April 20, 2016

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Adam Gray, Chair

AB 2287 (Wilk) – As Amended March 17, 2016

SUBJECT: Horse racing: satellite wagering: out-of-country thoroughbred races

SUMMARY: On the first Saturday in November, would allow a thoroughbred racing association or fair to accept wagers on out-of-country races, until 6:30 p.m., without the consent of the harness or quarter horse racing association that is then conducting a live racing meeting in the state.

EXISTING LAW:

- 1) Provides that California Horse Racing Board (CHRB) shall regulate the various forms of horse racing authorized in this state.
- 2) Provides that CHRB shall have all powers necessary to carry out the purposes of the Horse Racing Law, such as adopting rules and regulations to protect the public, allocating dates for and controlling horse racing and pari-mutuel wagering, and enforcing all rules and regulations.
- 3) Limits the number of races that may be imported by associations and fairs to no more than 50 races per day on days when live Thoroughbred or fair racing is being conducted in this state, with specified exceptions.
- 4) Exempts from that 50-race per day limit races imported that are part of the race card of certain prominent races, including the Kentucky Derby, the Kentucky Oaks, the Preakness Stakes, the Belmont Stakes, the Jockey Club Gold Cup, the Travers Stakes, the Breeders' Cup, the Dubai Cup, or the Haskell Invitational.
- 5) Authorizes Thoroughbred racing associations or fairs to distribute the audiovisual signal and accept wagers on the results of out-of-state and international Thoroughbred races during the calendar period the association or fair is conducting live racing, including days on which there is no live racing being conducted by the association or fair.
- 6) Authorizes a thoroughbred racing association or fair to distribute the audiovisual signal and accept wagers on the results of out-of-country thoroughbred races during the calendar period the association or fair is conducting a race meeting, without the consent of the participating horsemen's and horsewomen's organization. These imported races are subject to specified conditions, including the condition that a thoroughbred racing association or fair may not accept wagers on out-of-country races commencing after 5:30 p.m., Pacific Standard Time, without the consent of the harness or quarter horse racing association that is then conducting a live racing meeting.

FISCAL EFFECT: Unknown

COMMENTS:

Purpose of the bill: According to the author's office, this bill is intended to help increase the wagering handle on out-of-country races on a specific day if/when the Breeders Cup is hosted by a California racetrack and the live race card may extend beyond 5:30 p.m. AB 2287 would be a limited exemption with the goal of increasing the overall day's total wagering handle to generate more revenue for purses, breeder's awards and racetrack commissions. Purses provide revenue directly to horsemen (owners and trainers) through winnings of their horses; purses also indirectly provide revenue to breeders. Statistical data 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).

Background: Current law limits the number of races that may be imported from the United States by a thoroughbred association or fair to no more than 50 races per day on days when live thoroughbred or fair racing is being conducted in this state, with specified exceptions. In addition, a thoroughbred racing association or fair is authorized to distribute the audiovisual signal and accept wagers on the results of out-of-country thoroughbred races during the calendar period the association or fair is conducting a race meeting, without the consent of the participating horsemen's and horsewomen's organization. These imported races are subject to specified conditions.

Satellite Wagering: Satellite wagering via an off-track facility has been legal in California since 1985. It was authorized at a time when California racetracks were beginning to experience declining attendance and handle figures. The industry believed that making the product easier to access not only would expose and market horse racing to potential customers, but also would make it more convenient for the existing patrons to wager more often.

Simulcasting: Simulcasting is the process of transmitting the audio and video signal of a live racing performance from one facility to a satellite for re-transmission to other locations or venues where pari-mutuel wagering is permitted. Simulcasting provides racetracks with the opportunity to increase revenues by exporting their live racing content to as many wagering locations as possible, such as other racetracks, fair satellite facilities and Indian casinos. Revenues are increased because simulcasting provides racetracks that export their live content with additional customers in multiple locations who would not have otherwise been able to place wagers on the live racing event.

Racetrack Attendance: Over the past 20 years, the industry has witnessed a general decline in the number of people attending and wagering at live horse racetracks 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. The declining 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.

Prior legislation: AB 2655 (Hall, Chapter 149, Statutes of 2014) added the "Apple Blossom Handicap" to the group of stakes races in Horse Racing Law which are exempt from the 50-race per day limit on imported races.

AB 2693 (Governmental Organization, Chapter 350, Statutes of 2012), among other things, added the "Arkansas Derby" to the group of stakes races in Horse Racing Law which are exempt from the 50-race per day limit on imported races.

AB 707 (Garrick, Chapter 84, Statutes of 2011) increased from 32 to 50; the limitation on the total number of out-of-state thoroughbred races that may be imported per day by a thoroughbred association or fair that is conducting a live race meet with approval by the CHRB.

AB 2790 (Governmental Organization, Chapter 141, Statutes of 2010) added the "Arlington Million" to the list of imported races not subject to the limitation of 32 races per day.

SB 899 (Denham, Chapter 279, Statutes of 2010) deleted the statewide cap on the number of out-of-country thoroughbred races that a thoroughbred racing association or fair may import, simulcast, and on which wagers may be accepted statewide in any given year.

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 763 (Chesbro, Chapter 122, Statutes of 2009) authorized the Humboldt County Fair to offer satellite wagering on eight out-of-state races during the August days when the fair is offering live racing, if specified conditions are met.

SB 379 (Denham, Chapter 443, Statutes of 2007) added the "Dubai World Cup" to a specified day of races that would be exempted from the 23-race day limit on imported races for satellite wagering.

AB 509 (Jerome Horton, Chapter 235, Statutes of 2004) allowed a thoroughbred racing association or fair to import the audiovisual signal, and accept wagers on, the results of out-of-country thoroughbred races.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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