

Date of Hearing: May 2, 2018

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Adam Gray, Chair

AB 2739 (Gray) – As Introduced February 16, 2018

SUBJECT: Horse racing: out-of-state thoroughbred races: Whitney Stakes

SUMMARY: This bill adds the “Whitney Stakes” to the group of stake races in Horse Racing Law which are exempt from the 50-race per day limit on imported races.

EXISTING LAW:

- 1) Grants the California Horse Racing Board (CHRB) the authority to regulate the various forms of horse racing authorized in this state.
- 2) 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.
- 3) 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 Arlington Million, the Breeders’ Cup, the Dubai World Cup, the Arkansas Derby, the Apple Blossom Handicap, or the Haskell Invitational.
- 4) 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.

FISCAL EFFECT: This bill is keyed non-fiscal by Legislative Counsel.

COMMENTS:

Whitney Stakes. The \$1.25 million Whitney Stakes is a Grade 1 stakes race for three-year-old Thoroughbreds, located at the Saratoga Race Course, New York. The Whitney Stakes, one of North America’s premier races for older horses on the dirt, is the marquee race on the blockbuster day of racing that includes five stakes. Some of the greatest horses in American racing history have won the Whitney, including Dr. Fager, War Admiral, and Kelso. The race also produced one of the most dramatic upsets in racing history when Secretariat finished second in the 1973 Whitney to Onion.

Purpose of the bill. This measure provides that all races imported by a thoroughbred association or fair that are part of the race card of the overall Whitney Stakes day would be exempted from the 50-race per day limit as defined in current law. Over the years, this law has been amended to allow specific notable races to be imported outside of this cap for promotional and financial reasons.

The author's office notes that this bill will help increase the wagering handle on this specific day (Whitney Stakes) which will lead to increased purses, racetrack revenue, and breeders' awards in California. Purses are important to California's racing industry because they provide revenue to horse owners for their racing operations and to breeders through an increase in the value of their breeding stock. The author's office states "California's racing industry has found that it's much easier to make a big day bigger relative to their marketing efforts rather than trying to increase attendance on a typical Wednesday or Thursday." The author's office believes that this bill will also provide the racing industry a marketing tool to increase on-track and off-track attendance on this designated day because racing fans will want to wager on all the races from the host track of the prestigious Whitney Stakes horse race.

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 retransmission 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 otherwise would not have 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.

Related legislation: AB 2270 (McCarty) of 2018. Authorizes a quarter horse association and a harness racing association to offer wagering on a nightly program of out-of-country harness racing, if certain conditions are met, and provides that funds distributed to a harness racing association will be 50% commission and 50% purses and that funds distributed to a quarter horse racing association will be commissions. (In Senate Rules for Assignment)

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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