

Date of Hearing: April 18, 2018

**ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION**

Adam Gray, Chair

AB 3164 (Fong) – As Amended April 16, 2018

**SUBJECT:** Satellite wagering: Kern County: Shasta County.

**SUMMARY:** Would allow any fair in Shasta or Kern County to operate a satellite wagering facility by agreement between the fair and an entity, as described in Horse Racing Law (racing associations, racing fairs, respective horsemen's organizations and advanced deposit wagering providers), under certain conditions. Specifically, this bill:

1) Provides any fair in Kern or Shasta County who operates a satellite wagering facility within the boundaries of the fair, under certain conditions, may operate the facility by an agreement between the fair and an entity, as described in Business and Professions Code Section 19604.

**EXISTING LAW:**

1) Provides that the CHRB regulate the various forms of horse racing authorized in this state.

2) Authorizes CHRB to permit licensed racing associations, county fairs, and district agricultural associations to operate satellite wagering facilities, as specified

3) Authorizes an association licensed to conduct a racing meeting to also operate a satellite wagering facility at its racetrack enclosure, under specified conditions that differ between the northern zone and the central and southern zones, and provides specific guidelines for the operation and location of these facilities.

4) Authorizes fairs to contract for the operation and management of not more than three satellite wagering facilities that are licensed jointly to the 1a District Agricultural Association and the 5th District Agricultural Association and that are located on the fairgrounds of the 1a District Agricultural Association or within the boundaries of the City and County of San Francisco with an individual racing association or a partnership, joint venture, or other affiliation of two or more racing associations that are licensed to conduct thoroughbred meetings within the northern zone.

5) Permits fairs in the Counties of San Joaquin, Sacramento, Humboldt, Shasta, Kern, and Fresno, with the approval of CHRB and the CDFA, to operate a satellite wagering facility on leased premises within the boundaries of the fair.

6) Provides that the San Mateo County Fair may operate a satellite wagering facility on its fairgrounds or on leased premises in San Mateo County contingent upon the closure of a racing association licensed in the year 2002 to conduct a thoroughbred race meeting in that county.

7) Authorizes CHRB to approve the Solano County Fair to operate a satellite wagering facility on the fairgrounds or on leased premises in Solano County, if the fair ceases to conduct live horse racing at the site of its 2002 racing meeting, as specified.

8) Prohibits a satellite wagering facility from being established if the proposed facility is within 20 miles of an existing satellite wagering facility or any track where live racing occurs.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

Purpose of this bill. According to the author's office, this bill makes a minor change to the state's Horse Racing Law regarding the licensing and location of satellite wagering facilities in Kern and Shasta County by clarifying the facility may be operated by an agreement between the fair and racing associations, racing fairs, respective horsemen's organizations and advanced deposit wagering providers, as described in Business and Professions Code Section 19604. This option is held by other fairs in the state relating to their satellite wagering operations.

Since the 1990s, both fairs had offered satellite wagering on its fairgrounds but declines in attendance and revenue induced their unfortunate closure in recent years. The goal of this bill is to provide these fairs with a tool, which might allow for prudent and creative business decisions relating to satellite wagering operations in the future.

Simulcasting and satellite wagering facilities. 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 satellite wagering locations as possible, such as other racetracks, fairs, and Indian casinos. Satellite wagering facilities accept wagers on races broadcast via simulcast from in-state and out-of-state racetracks. These locations in turn also receive a great deal of revenue from satellite wagering. In some cases, facilities are simulcast-only facilities that do not have live racing.

California has allowed off-track betting in satellite wagering facilities throughout the state for over 30 years. Satellite wagering was authorized at a time when California racetracks were beginning to experience declining attendance and handle figures. At the time, it was believed that making the product easier to access would expose and market horse racing to additional customers and make it more convenient for existing patrons to wager more often. Currently, there are 25 satellite-wagering facilities in California. In addition, since the mid-1990s, several state-designated or county fairs have received the statutory authority to locate additional satellite-wagering facilities off their respective fairgrounds (Shasta County Fair, Kern County Fair, Los Angeles County Fair, California Exposition and State Fair, Fresno District Fair, Alameda County Fair, San Mateo County Fair, and Solano County Fair) but within the boundaries of the fair district. To date, only the Fresno County Fair has exercised this authority by leasing space in a card club in downtown Fresno.

In 2007, AB 241 (Price), Chapter 594, Statutes of 2007, was enacted to authorize the creation of 15 additional "mini-satellites" in each racing zone for a total of 45. The stated intent of this legislation was to make the sport of horse racing even more accessible to potential California bettors and to increase the handle - the amount wagered on horse races. To date, ten mini-satellites have been opened statewide.

Attendance declines: There has been a general decline in the number of people attending and wagering at satellite wagering facilities 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 advanced deposit wagering. Declining attendance has caused operations to be scaled back or facilities closed.

Prior legislation. AB 460 (Bigelow), Chapter 817, Statutes of 2017. Authorizes a fair to contract with two or more fairs that are licensed to conduct thoroughbred meetings or simulcast wagering within the northern zone for the operation and management of a satellite wagering facility, as specified.

AB 270 (Perea), Chapter 393, Statutes of 2011. Created an exception in law by authorizing a satellite wagering facility, located on a fairground, to elect not to be subject to the requirements related to a satellite facility supervisor if the board of directors of the fair, after a public hearing, deems those requirements to be not economically feasible.

SB 1439 (Price) of 2010. Would have decreased the exclusion zone in which a "mini-satellite" horse racing wagering facility can be situated in proximity to an existing horse racing satellite wagering facility or live horse racing racetrack from a 20 to 15 mile radius. (Failed passage on Senate Floor)

AB 2215 (Fuentes), Chapter 255, Statutes of 2010. Among other things, authorized a mini-satellite wagering facility to enter into an agreement with an advance deposit wagering (ADW) provider to accept and facilitate the placement of any wager at its facility that a California resident could make through that ADW provider.

AB 241 (Price), Chapter 594, Statutes of 2007. Increased up to 45 mini-satellite wagering sites throughout the State, as defined, that would be able to offer wagering on horse racing via satellite wagering in the northern, central and southern racing zones, as specified. This bill authorized any fair to operate a satellite wagering facility on leased premises within the boundaries of that fair, as specified.

AB 401 (Jerome Horton), Chapter 556, Statutes of 2003. Permits the California Exposition and State Fair, with the approval of CDFA and the authorization of CHRB, to operate one satellite wagering facility within the boundaries of that fair in addition to any facility otherwise

AB 1316 (Dickerson) Chapter 872, Statutes of 2002. Authorized a fair in Shasta County to operate one satellite wagering facility within the boundaries of the fair as specified.

AB 2554 (Thomson) Chapter 874, Statutes of 2002. Authorizes the CHRB to approve the Solano County Fair to operate a satellite wagering facility on the fairgrounds or on leased premises in Solano County as specified.

AB 2338 (Papan) Chapter 1063, Statutes of 2002. Provides that the San Mateo County Fair may operate a satellite wagering facility on its fairgrounds or on leased premises in San Mateo County contingent upon the closure of a racing association as specified.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California Authority of Racing Fairs

**Opposition**

None on file

**Analysis Prepared by:** Eric Johnson / G.O. / (916) 319-2531