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**SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION****Senator Bill Dodd****Chair****2021 - 2022 Regular**

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<b>Bill No:</b>	SB 494	<b>Hearing Date:</b>	3/9/2021
<b>Author:</b>	Dodd		
<b>Version:</b>	2/17/2021	Introduced	
<b>Urgency:</b>	No	<b>Fiscal:</b>	No
<b>Consultant:</b>	Brian Duke		

**SUBJECT:** Horse racing: out-of-state thoroughbred races: Delaware Handicap

**DIGEST:** This bill adds the Delaware Handicap to the group of out-of-state horseraces that are exempt from the 50-race per day limit on imported races in California.

**ANALYSIS:**

Existing law:

- 1) Article IV, Section 19(b) of the Constitution of the State of California provides 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) 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.
- 4) 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.
- 5) Exempts from that 50-race per day limit races imported races 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 Cup, the Arkansas Derby, the Apple Blossom Handicap, and the Haskell Invitational.

- 6) Authorizes and defines “advanced deposit wagering” (ADW) as a form of pari-mutuel wagering in which a person residing within California or outside of this state establishes an account with an ADW provider, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizes the ADW provider holding the account to place wagers on the account owner’s behalf.

This bill:

- 1) Adds the Delaware Handicap to the existing list of out-of-state horseraces that are exempt from the 50 imported race per day limitation.
- 2) Makes technical, non-substantive changes.

## Background

*Purpose of the bill.* According to the author’s office, “this bill simply allows that all races imported by a thoroughbred association or fair that are run as part of the race card of the Delaware Handicap are exempt from the current out-of-state 50-race per day limit. Over the years, this list of exempted races has been increased to allow specific notable races to be imported outside of this limitation for promotional and financial reasons.”

*Satellite wagering.* Satellite wagering via an off-track facility has been legal in California since the 1980s 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 increase 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.* Prior to the COVID-19 Pandemic, and closure of non-essential businesses in California, the horse racing industry had been witnessing a general decline in the number of people attending and wagering at live tracks in California for more than three decades 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.

During the early stages of the Pandemic, horseracing in California was one of the first sports to return to live action. Currently, parimutuel wagering through ADWs is the only authorized form of online gaming in California. This allows fans of horseracing to enjoy the sport and place wagers from the safety of their own homes. The author argues that by adding the race card of the Delaware Handicap to the currently listed horseraces that are exempt from the 50-day race limitation, fans of horseracing will be granted more access to horseracing while observing proper social distancing during the COVID-19 Pandemic.

*The Delaware Handicap.* The Delaware Handicap is a Grade 2 race open to fillies and mares 3-years-old and up. It is run at a distance of 1 ¼ miles and is sometimes referred to as the “Del Cap.” The race is held at Delaware Park in Stanton, Delaware, which is located about ten miles from Wilmington, the largest city in the state. The race was run for the first time in 1937 – the inaugural year of the track – as the New Castle Handicap. It has run under its current name since 1955. In 1953, it became the first-ever \$100,000 race for fillies and mares, making it the richest race in the world for female racers. This year, the Delaware Handicap has been scheduled for Saturday, July 10<sup>th</sup>.

### **Prior/Related Legislation**

AB 1437 (Frazier, 2021) would add the Whitney Stakes to the group of out-of-state horseraces that are exempt from the 50-race per day limit on imported races in California. (Pending in the Assembly Governmental Organization Committee)

AB 1635 (Gray, 2019) would have added the Pegasus World Cup Invitational to the group of out-of-state horseraces that are exempt from the 50-race per day limit on imported races in California. (Never heard in the Senate Governmental Organization Committee)

SB 469 (Dodd, Chapter 22, Statutes of 2019) would have added the Delaware Handicap to the group of out-of-state horseraces that are exempt from the 50-race

per day limit on imported races in California. (Gutted and amended into a horseracing health and safety issue)

AB 2270 (McCarty, Chapter 100, Statutes of 2018) authorized 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.

AB 2330 (Bigelow, Chapter 537, Statutes of 2018) would have added the Florida Derby to the group of out-of-state horseraces that are exempt from the 50-race per day limit on imported races in California. (Gutted and amended into an unrelated issue)

AB 2739 (Gray, 2018) would have added the Whitney Stakes to the group of out-of-state horseraces that are exempt from the 50-race per day limit on imported races in California. (Died on the Senate Inactive File)

AB 2693 (Assembly Governmental Organization Committee, Chapter 350, Statutes of 2012) added the Arkansas Derby to the group of out-of-state horseraces that are exempt from the 50-race per day limit on imported races in California.

AB 471 (Hertzberg, Chapter 198, Statutes of 2001) authorized the use of ADW in California, allowing customers to deposit funds into an account in order to wager online and over the telephone. These wagers are commingled into pools at the host track where the races are run, and within the parimutuel wagering system regulated by the CHRB.

ACA 119 (Hornblower, Resolution Chapter 101, Statutes of 1933) placed Proposition 3 on the June 1933 ballot, which was approved by the voters and authorized the Legislature to provide for the regulation of horse races and horse race meetings and wagering on the results thereof.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: No Local: No

**SUPPORT:**

None received

**OPPOSITION:**

None received