
THIRD READING

Bill No: AB 1389
Author: Blanca Rubio (D)
Introduced: 2/21/25
Vote: 21

SENATE GOVERNMENTAL ORG. COMMITTEE: 15-0, 7/8/25
AYES: Padilla, Valladares, Archuleta, Ashby, Blakespear, Cervantes, Dahle,
Hurtado, Jones, Ochoa Bogh, Richardson, Rubio, Smallwood-Cuevas, Wahab,
Weber Pierson

ASSEMBLY FLOOR: 67-0, 4/10/25 (Consent) - See last page for vote

SUBJECT: Horse racing: out-of-state thoroughbred races: New York Stakes

SOURCE: Author

DIGEST: This bill adds the New York Stakes to the group of identified race meetings which are exempt from the current 75-race per day limit on imported races into California for the purposes of wagering.

ANALYSIS:

Existing law:

- 1) Article IV, Section 19(b) of the Constitution of the State of California authorizes the Legislature to provide for the regulation of horse races and grants the California Horse Racing Board the authority to regulate the various forms of horse racing authorized in this state.
- 2) 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.

- 3) Limits the number of races that may be imported by associations and fairs to no more than 75 races-per-day on days when live thoroughbred or fair racing is being conducted in this state, with specified exceptions.
- 4) Exempts from that 75 races-per-day limit any imported races that are part of the race card of the Kentucky Derby, the Kentucky Oaks, the Preakness Stakes, the Belmont Stakes, the Jockey Club Gold Cup, the Travers Stakes, the Pegasus World Cup, the Arlington Million, the Breeders' Cup World Championship, the Dubai World Cup, the Arkansas Derby, the Apple Blossom Handicap, the Blue Grass Stakes, the Whitney Stakes, or the Haskell Invitational.

This bill adds the New York Stakes to the group of identified race meetings which are exempt from the current 75-race per day limit on imported races into California for the purposes of wagering.

Background

Author's Statement. According to the author's office, "this bill would exempt all races imported by a thoroughbred association or fair that are part of the race card of the overall New York Stakes day from the 75-race per day limit as defined in current law. The law has been amended over the years to allow the importation of certain prominent races outside of this cap for promotional and financial reasons."

Further, "this bill will help increase the wagering handle on this specific day, which will result in higher purses, racetrack revenue, and breeders' awards in California. Purses are critical to California's racing industry because they provide revenue to horse owners for their racing operations. In addition, they provide revenue to breeders through an increase in the value of their breeding stock."

Satellite Wagering. Satellite wagering via an off-track facility has been legal in California since the 1980s when California racetracks started 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. However, while off-track-betting and simulcasting can open new revenue pathways, they often cannibalize traditional on-track income, putting tracks at further financial risk and potentially contributing to closures.

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.

Distribution of Audiovisual Signals and Wagering. Thoroughbred racing associations and fairs in California can distribute the audiovisual signal and accept wagers on the results of out-of-state thoroughbred races during their own race meetings. This is allowed even on days when no live races are being held at their venues. There is a limit on the number of out-of-state races that can be imported into California for betting purposes. On days when there is live thoroughbred or fair racing happening in California, the total number of races imported from out-of-state must not exceed 75 races-per-day.

However, there are exceptions to this limit. Races that are part of specific major events like the Kentucky Derby, Breeder's Cup, and other specified races can be imported without falling under the 75 race-per-day limit. Additional exceptions are made for importing races into certain geographical zones of California when no local live racing is occurring. Any wagering on these out-of-state races must comply with specific provisions of California's Horse Racing Law that govern how betting should be conducted. Wagers on out-of-state races are not allowed after 7 p.m. Pacific Standard Time unless there is consent from the local harness or quarter horse racing associations conducting live racing in certain counties.

Racetrack Attendance. Prior to the COVID-19 Pandemic, and closure of non-essential businesses in California, the horse racing industry had already been experiencing a general decline in the number of people attending and wagering at live tracks in California. This has been occurring for more than three decades due to myriad 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.

Despite poor weather conditions and a sloppy racing surface, Churchill Downs reported that 147,406 people attended the 2025 Kentucky Derby. The all-sources betting handle on the Derby and the entire racing card reported records of \$234.4

million and \$349 million, respectively. NBC Sports reported an average of 17.7 million viewers across NBC and Peacock for their 25th Kentucky Derby broadcast, the largest television audience for the race since 1989. The declining attendance at live horse racing events in California has prompted racetracks to rely on revenues from in-state and out-of-state satellite wagering and account wagering.

Status of the Horse Racing Industry in California. The California horse racing industry's long-term health is threatened by a combination of factors, including competition from racing in other states, other forms of gaming within California, declining attendance, and the potential for higher return from development than operating revenues. As resources shrink, the industry is experiencing deficits in virtually every one of its revenue sources. Traditional take out, allocation and distribution formulas are no longer able to sustain ongoing operations.

As the value of racing operations decline, track ownership is struggling to maximize the necessary return on the investment and tempted by alternative uses of the property that yield higher returns. Consequently, the racing industry is suffering unprecedented instability and capital flight. Tens of thousands of industry jobs are in immediate jeopardy, along with breeding farms and precious open space in urban centers throughout California. Also at risk is a substantial amount of local and state revenue generated both directly and indirectly by the industry.

Further exacerbating the horse racing industries woes, the USA Today published an article in June of this year titled, "ICE raid on track workers sends shockwaves around racing, 'puts horses at risk.'" In the article, USA Today reports that federal Immigration and Customs Enforcement agents raided the Delta Downs racetrack in Vinton, Louisiana on June 17. More than 80 backstretch workers were reportedly detained, which the article notes "should be a wake-up call for an industry that would simply not be able to function without a workforce of grooms and hotwalkers and stall cleaners who are, by some credible estimates, 75% immigrants. They come from places like Venezuela, Panama, Colombia and Mexico, working low-wage jobs but filling indispensable roles, caring round-the-clock for animals worth hundreds of thousands, even millions of dollars."

Prominent trainer Dale Romans told reporters during a Kentucky Derby-week news conference set up to address the threat posed by a potential U.S. Immigration and Customs Enforcement raid at a racetrack, "if we couldn't have an immigrant workforce on the backside, I don't know how horse racing exists."

The New York Stakes. The New York Stakes is a Grade I American thoroughbred horse race for fillies and mares aged four-years-old and older run over a distance of one and one-quarter miles on the turf and scheduled annually in early June at Belmont Park in Elmont, New York. Prior to 1962, the race was open to horses of either sex. For 1972 only, it was restricted to three-year-old fillies. Inaugurated in 1940 as the New York Handicap at Aqueduct Racetrack, it was moved to Belmont Park in 1961 but returned to Aqueduct in 1963, where it remained until 1975, when it was permanently shifted to Belmont Park. Since its inception, it has been contested at various distances on both dirt and turf.

The annual race headlines the day-before-Belmont Stakes card, which is the third and final leg of horse racing's Triple Crown. The current purse is \$750,000. In 2022, Homerique won the New York Stakes, giving trainer Chad Brown his third victory in this prestigious race.

Related/Prior Legislation

SB 347 (Strickland, 2025) authorizes thoroughbred and Appaloosa horses to enter into quarter horse races at any distance, as specified; and, amends the conditions that a licensed quarter horse racing association can conduct thoroughbred racing as part of its racing program, as specified. This bill is pending in the Senate Governmental Organization Committee.

SB 844 (Rubio, 2025) increases the limit on the importation of out-of-state thoroughbred races by a California thoroughbred racing association or fair for pari-mutuel wagering from 75 to 80 races-per-day, as specified. This bill is pending in the Assembly Governmental Organization Committee.

AB 1526 (Committee on Governmental Organization, 2025) makes various technical and non-substantive changes to provisions of law related to horse racing. This bill is pending in on the Senate Floor.

AB 1946 (Alanis, Chapter 366, Statutes of 2024) added the Whitney Stakes to the group of races which are exempt from the existing imported race-per-day limitation.

AB 3261 (M. Fong, Chapter 439, Statutes of 2024) raised the previous limit on the importation of out-of-state thoroughbred races, for the purposes of accepting wagers on those races, from 50 to 75 out-of-state races-per-day; and, prohibited, when the total number of those races imported is between 51 and 75 races-per-day,

a thoroughbred association or fair from accepting wagers on those races commencing after 5:00 p.m. without the consent of the harness or quarter horse racing association that is then conducting a live race meeting in the County of Orange or the County of Sacramento.

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

SUPPORT: (Verified 7/8/25)

None received

OPPOSITION: (Verified 7/8/25)

None received

ASSEMBLY FLOOR: 67-0, 4/10/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Irwin, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Patterson, Pellerin, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Bauer-Kahan, Calderon, Carrillo, Chen, Gallagher, Garcia, Hoover, Jackson, Papan, Petrie-Norris, Quirk-Silva, Celeste Rodriguez

Prepared by: Brian Duke / G.O. / (916) 651-1530
7/10/25 15:52:55

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