

THIRD READING

Bill No: AB 1526
Author: Committee on Governmental Organization
Amended: 6/2/26 in Senate
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

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 76-0, 5/1/25 (Consent) - See last page for vote

SUBJECT: Horse racing: audits of the horsemen's organizations: minisatellite wagering facilities

SOURCE: Author

DIGEST: This bill makes various technical and non-substantive changes to provisions of the Horse Racing Law, as specified.

Senate Floor Amendments of 6/2/26 eliminate the 90-day time limit on conducting the annual audit and authorize the California Horse Racing Board (CHRB) to permit exceptions to the audit requirement.

ANALYSIS:

Existing law:

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

- 2) Authorizes the CHRB to approve minisatellite wagering sites, as defined, under specified conditions.
- 3) Requires an organization formed by associations or fairs to operate the audiovisual signal system to execute a specified agreement with the association conducting a racing meeting and the minisatellite wagering facility that specifies, among other things, the components of its racing program, including, out-of-zone, out-of-state, and out-of-country races, that an association or fair will make available to the site.
- 4) Requires an annual audit of the financial books and records of the horsemen's organizations, with respect to pension funds received by the organizations pursuant to specified laws, to be conducted by a nationally recognized accounting firm within 90 days of the close of the fund's business year.

This bill:

- 1) Requires explicitly the above mentioned agreement to specify which live in-state races would be provided by the association or fair to the site.
- 2) Eliminates the 90-day time limit on conducting the annual audit described above and authorizes the CHRB to permit exceptions to the audit requirement.
- 3) Makes other non-substantive changes, including deleting obsolete statute.

Background

Author's Statement. According to the author's office, "this bill removes an outdated provision concerning mini-satellite wagering sites and makes related technical updates. Furthermore, it defines 'live' for mini-satellite contractual purposes to mean 'live in-state' races as part of the organization's overall racing program."

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 (ICE) 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 ICE raid at a

racetrack, “if we couldn’t have an immigrant workforce on the backside, I don’t know how horse racing exists.”

California Horse Racing Board. The CHRB designates the organizations that represent California horsemen for each breed. Pursuant to specified sections of the Business and Professions Code, CHRB rules, and requirements outlined in applicable license applications, recognized industry participants that receive statutory distributions are required to comply with annual reporting obligations. Specifically, existing law requires an annual audit of the financial books and records of the horsemen’s organizations, with respect to pension funds received by the organizations pursuant to specified laws, to be conducted by a nationally recognized accounting firm within 90 days of the close of the fund’s business year. Under Business and Professions Code section 19613.2(c), the CHRB may take disciplinary action against a horsemen’s organization that fails to annually file its audited financial statements.

Individuals seeking a copy of a horsemen’s organization’s complete audited financial statements may obtain one by contacting the CHRB headquarters office in Sacramento.

According to the California Thoroughbred Trainers (CTT), the current statutory timeframe is not workable because CTT must first obtain financial information and related data from other entities before it can complete and submit the report. Rather than routinely submitting the annual report late, CTT is seeking to revise the statute so that the reporting deadline more accurately reflects the time needed to receive the necessary information and data.

Specifically, AB 1526 eliminates the 90-day time limit on conducting the annual audit and would authorize the CHRB to permit exceptions to the audit requirement.

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 1389 (Rubio, 2025) 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. This bill is pending 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.: Yes Local: No

SUPPORT: (Verified 6/2/26)

None received

OPPOSITION: (Verified 6/2/26)

None received

ASSEMBLY FLOOR: 76-0, 5/1/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, 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: Chen, McKinnor, Papan

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6/17/26 16:28:15

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