Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 1526
Author: Committee on Governmental Organization
Amended: 8/18/26 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: license fee deposits: minisatellite wagering facilities

SOURCE: Author

DIGEST: This bill makes various technical and non-substantive changes to provisions of the Horse Racing Law including, among other things: eliminating the 90-day time limit on conducting specified audits and authorizes the California Horse Racing Board to permit exceptions to the requirement, and eliminates an existing statutory requirement that each application for a license to conduct a horse race meeting by a private racing association to include a $10,000 deposit, as specified.

Senate Floor Amendments of 8/18/26 eliminate an existing statutory requirement that each application for a license to conduct a horse race meeting by a private racing association to include a $10,000 deposit and eliminate associated references in Horse Racing Law.

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.

5) Requires each application for a license to conduct a horse racing meeting to be accompanied by a deposit to secure the payment of any license fee imposed pursuant to specified provisions of that law, in the form of a certified check payable to the Treasurer of the State of California, in the amount of $10,000.

6) Requires a person engaged in the conduct of a recognized horse racing meeting to pay a separate license fee imposed under other provisions of the Horse Racing Law in lieu of the license fee subject to that deposit requirement.

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 above-mentioned 90-day time limit on conducting the annual audit described above and authorizes the CHRB to permit exceptions to the audit requirement.

3) Eliminates the above-mentioned $10,000 deposit requirement and eliminates associated references in the Horse Racing Law.

4) Makes other non-substantive changes, including deleting obsolete statutes.

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."

Additionally, "the $10,000 deposit is no longer relevant as racing associations now pay their annual proportional share to support CHRB and related programs. Further, even if a racing association chose not to pay their share of the funding formula, a $10,000 deposit would be extremely ineffective. To compare, in FY 2024-25, associations paid a pro-rata proportion of over $18 million, far greater than a $10,000 deposit."

And lastly, "staff are no longer collecting these outdated deposit checks from associations and instead state in their review that the 'deposit is on file' when the license is issued. The CHRB would prefer to remove the deposit requirement and related references and accurately represent that no deposit is necessary or has been collected to eliminate staff acting contrary to statute or collecting funds without merit from licensees."

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.

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.

Additionally, Horse Racing Law requires that each application for a license to conduct a horse race meeting by a private racing association include a $10,000 deposit. Relatedly, when the CHRB issues a license, it must specify certain information per statute, including a recitation of the payment to and receipt by the CHRB of the deposit to secure payment of the license fee. This deposit was originally used to secure the license fee and provide upfront funding to the Board and drug testing program. However, the California Legislature has overhauled the CHRB's license fee mechanisms several times, making this deposit unnecessary.

Currently, each racing association conducting racing pays a proportional amount as determined by an annual formula devised by the CHRB in consultation with stakeholders (Bus. & Prof. Code § 19616.51). Per statute, this proportional amount is considered a license fee and supports the CHRB and the equine drug testing program. The CHRB stopped collecting deposits from racing associations in 2015, yet it is still technically required by statute.

This bill eliminates the $10,000 deposit requirement and the associated references in Horse Racing Law.

Related/Prior Legislation

SB 397 (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 was never heard 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, Chapter 9, Statutes of 2026) 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.

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

SUPPORT: (Verified 8/17/26)

None received

OPPOSITION: (Verified 8/17/26)

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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8/19/26 10:35:20

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