CONCURRENCE IN SENATE AMENDMENTS
AB 1526 (Committee on Governmental Organization)
As Amended August 18, 2026
Majority vote

SUMMARY

This bill makes various technical and non-substantive changes to provisions of the Horse Racing Law, as specified. It also removes the requirement for a private racing association to submit a $10,000 deposit with their license applications and makes related conforming changes.

Senate Amendments

1) 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.

2) Make non-substantive changes, including deleting obsolete statutes.

3) Eliminate an existing obsolete 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.

COMMENTS

Background.

Simulcasting. 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, generate a great deal of revenue from satellite wagering. Sometimes, the facility is a simulcast facility without live horse racing.

For over 30 years, California has allowed off-track betting at satellite wagering facilities across the state. Satellite wagering was authorized when California racetracks were experiencing declining attendance and handle figures. At the time, the industry believed that making the product more accessible would expose and market horse racing to more customers and make it easier for existing customers to place bets more often. Currently, there are 24 satellite-wagering facilities throughout the state.

In 2007, AB 241 (Price), Chapter 594, Statutes of 2007, was enacted to allow for 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 horse racing more accessible to would-be California bettors and to increase the daily wagering handle. To date, ten mini-satellites have opened statewide.

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 declines, 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.

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 each application by a private racing association for a license to conduct a horse race meeting to include a $10,000 deposit. Relatedly, when the CHRB issues a license, it must specify certain information required by statute, including a recitation that the CHRB has received the deposit to secure payment of the license fee. The deposit was originally intended to secure payment of the license fee and provide upfront funding for the Board and its drug-testing program. However, the California Legislature has since overhauled the CHRB's license fee mechanisms several times, rendering the 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 (Business and Professions Code Section 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 would eliminate the $10,000 deposit requirement and the associated references in Horse Racing Law.

According to the Author
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. This bill also makes technical and clarifying changes to the Horse Racing Law, updating the statute to reflect recent shifts in industry operations."

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Committee on Appropriations, pursuant to Senate Rule 28.8, negligible state costs.

VOTES:

ASM GOVERNMENTAL ORGANIZATION: 22-0-0
YES: Blanca Rubio, Davies, Alvarez, Berman, Bryan, Carrillo, Dixon, Fong, Gabriel, Gipson, Macedo, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Sanchez, Solache, Soria, Ta, Valencia, Wallis

ASSEMBLY FLOOR: 76-0-3
YES: 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
ABS, ABST OR NV: Chen, McKinnor, Papan

UPDATED

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