

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

AB 2536 (Blanca Rubio) – As Amended April 6, 2026

SUBJECT: Horse racing: satellite wagering facilities: authorizations.

SUMMARY: This bill would make revisions to existing Horse Racing Law governing current authorizations for satellite wagering facilities in the state. **Specifically, this bill:**

- 1) Expands the authorization for designated fairs to contract with licensed thoroughbred meetings or simulcast wagering operators for the operation and management of defined satellite wagering facilities within the City and County of San Francisco, extending this authority statewide rather than limiting it to the northern zone. Additionally, would delete a requirement that a one-year test period be held before licensing such a satellite wagering facility.
- 2) Expands a current exception for northern zone to the entire state that allows a racing association or any existing satellite wagering facility to grant consent to the location of another satellite wagering facility within 20 miles of the facility or track.
- 3) Makes technical and clarifying changes.

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) Provides for the California Horse Racing Board (CHRB) that regulates the various forms of horse racing authorized in this state.
- 3) Prohibits a satellite wagering facility, except a facility that is located at a track where live racing is conducted, from being located within 20 miles of any existing satellite wagering facility or of any track where a racing association conducts a live racing meeting, except, in the northern zone, the racing association or existing satellite wagering facility is authorized to waive this prohibition and consent to locating the new satellite wagering facility within 20 miles of the facility or track.
- 4) Authorizes the Department of Food and Agriculture (CDFA) to approve no more than three satellite wagering facilities located either on the grounds of the 1a District Agricultural Association or within the boundaries of the City and County of San Francisco. The fair may contract for the operation and management of a satellite wagering facility with an individual racing association or a partnership, joint venture, or other affiliation of 2 or more racing associations or fairs that are licensed to conduct thoroughbred meetings or simulcast wagering within the northern zone.
- 5) States, before a satellite wagering facility may be licensed for the 1997 and subsequent calendar years, CDFA shall conduct a one-year test at the proposed site (mentioned-above) in order to determine the impact of the proposed facility on total state parimutuel revenues and on

attendance and wagering at existing racetracks and fair satellite wagering facilities in the Counties of Alameda, San Mateo, Santa Clara, and Solano.

6) Permits the San Joaquin, Humboldt, Shasta, and Fresno Fairs, with the approval of CHRB and CDFA, to operate a satellite wagering facility on leased premises within the boundaries of the fair.

FISCAL EFFECT: This bill is keyed fiscal by Legislative Counsel.

COMMENTS:

Purpose of the bill. According to the author's office, the bill is intended to provide technical and clarifying changes to the Horse Racing Law following the cessation of live horse racing in Northern California in December 2024. This update is necessary because current authorizations for satellite wagering and related distributions are tied to geographic racing zones (Northern, Central, and Southern). The bill would extend an existing satellite wagering authorization, contingent upon consent from entities involved in statewide live racing operations. It would not expand current law; rather, it ensures that an existing authorization remains available should the industry choose to utilize it.

Background.

Thoroughbred horse racing in Northern California. This follows a series of track closures and the rejection of regulatory proposals to conduct live fair meets at designated fairs. The long-standing regional circuit effectively ended after the permanent closure of Golden Gate Fields in June 2024, and the subsequent failure of a short-lived replacement meet at Pleasanton later that year.

A central reason for the absence of racing is the state's shift toward operating a single Thoroughbred circuit. Members of the CHRB, along with industry groups such as the Thoroughbred Owners of California, have argued that reinstating Northern California racing would redirect purse money from the live Thoroughbred meets in Southern California.

Some CHRB members have stated publicly that the current pause is intended to be temporary. However, they have emphasized that live racing in the southern part of the state must first be stabilized before any reconsideration of licensing a revived Northern California circuit.

Wager via simulcast. 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, authorized the creation of 15 additional “mini-satellite” wagering facilities in each racing zone, for a statewide total of 45. The purpose of this legislation was to expand access to horse racing for potential California bettors and to increase the daily wagering handle. To date, ten mini-satellite facilities have opened across the state.

Since 1994, AB 1418 (Tucker) has also permitted the Department of Food and Agriculture to approve up to three satellite wagering facilities to be jointly licensed to the 1a District Agricultural Association and the 5th District Agricultural Association. These facilities must be located either on the fairgrounds of the 1a District Agricultural Association or within the boundaries of the City and County of San Francisco. To date, none of these authorized satellite facilities have been established.

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.

Related legislation. AB 1526 (Committee on Governmental Organization) of 2025. This bill would make various technical and non-substantive changes to provisions of the Horse Racing Law, as specified. (Senate Inactive File)

SB 844 (S. Rubio) of 2025. This bill would increase a current cap on the importation of out-of-state thoroughbred races by a thoroughbred association or fair, on days when live thoroughbred or fair racing is being conducted in the state from 75 to 80 races-per-day. (Assembly Committee on Governmental Organization)

Prior legislation. AB 3261 (M. Fong), Chapter 439, Statutes of 2024. Increased a prior cap on the importation of out-of-state thoroughbred races by a thoroughbred association or fair, on days when live thoroughbred or fair racing is being conducted in the state from 50 to 75 races-per-day.

AB 1074 (Alanis), Chapter 275, Statutes of 2023. Provided if the CHRB does not license a thoroughbred race meet at a racetrack (Golden Gate Fields) located in the cities of Berkeley and Albany after July 1, 2024, and no live horse racing is being conducted in the northern zone, this bill would deem a thoroughbred racing association or racing fair in the southern or central zone,

as specified, to be operating in the northern zone for the purpose of conducting all permissible forms of wagering in the northern zone and making and receiving required distributions from those wagers.

SB 1439 (Price) of 2010. Would have decreased the exclusion zone in which a "mini-satellite" horse racing wagering facility can be situated in proximity to an existing horse racing satellite wagering facility or live horse racing racetrack from a 20 to 15-mile radius. (Failed passage on Senate Floor)

AB 2215 (Fuentes), Chapter 255, Statutes of 2010. Among other things, authorized a mini-satellite wagering facility to enter into an agreement with an advance deposit wagering (ADW) provider to accept and facilitate the placement of any wager at its facility that a California resident could make through that ADW provider.

AB 241 (Price), Chapter 594, Statutes of 2007. Increased up to 45 mini-satellite wagering sites throughout the State, as defined, that would be able to offer wagering on horse racing via satellite wagering in the northern, central and southern racing zones, as specified. This bill authorized any fair to operate a satellite wagering facility on leased premises within the boundaries of that fair, as specified.

AB 2554 (Thomson) Chapter 874, Statutes of 2002. Authorized the CHRB to approve the Solano County Fair to operate a satellite wagering facility on the fairgrounds or on leased premises in Solano County as specified.

AB 2338 (Papan) Chapter 1063, Statutes of 2002. Provided that the San Mateo County Fair may operate a satellite wagering facility on its fairgrounds or on leased premises in San Mateo County contingent upon the closure of a racing association as specified.

AB 1418 (Tucker), Chapter 311, Statutes of 1994. Among various provisions, allowed the Department of Food and Agriculture to approve not more than 3 satellite wagering facilities that are licensed jointly to the 1a District Agricultural Association and the 5th District Agricultural Association and that are located on the fairgrounds of the 1a District Agricultural Association or within the boundaries of the City and County of San Francisco.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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