
SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

Senator Susan Rubio

Chair

2025 - 2026 Regular

Bill No: AB 2536 **Hearing Date:** 6/23/2026
Author: Blanca Rubio
Version: 3/27/2026 Amended
Urgency: No **Fiscal:** Yes
Consultant: Brian Duke

SUBJECT: Horse racing: satellite wagering facilities: authorizations

DIGEST: This bill makes various revisions to existing Horse Racing Law governing current authorizations for satellite wagering facilities in the state, as specified.

ANALYSIS:

Existing law:

- 1) Prohibits, pursuant to the Horse Racing Law, 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 of the track.
- 2) Requires, before a satellite wagering facility may be licensed for the 1997 and subsequent calendar years, the Department of Food and Agriculture (CDFA) to conduct a one-year test at the proposed site 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.
- 3) Authorizes fairs to 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 two or more racing associations or fairs that are licensed to conduct thoroughbred meetings or simulcast wagering within the northern zone.

This bill:

- 1) Expands the above-mentioned 20-mile exemption to include the entire state.
- 2) Deletes the requirement that the CDFR conduct a one-year test as described above.
- 3) Expands the above-mentioned authorization for fairs to contract for thoroughbred meetings or simulcast wagering within the state, as specified.

Background

Author Statement. According to the author’s office, “this 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.”

Horse Racing in California. The horse racing industry in California is grappling with a multifaceted crisis that threatens its long-term viability. Over the past three to four decades, California’s horse racing industry has seen a significant decline in attendance, purses, and betting handle—a trend that mirrors shifts in consumer habits and growing competition from alternative forms of entertainment and gambling. In its heyday, iconic tracks like Santa Anita, Del Mar, and Hollywood Park attracted tens of thousands of spectators on race days, creating a vibrant atmosphere that drove robust on-track wagering. As simulcasting emerged in the 1980s and online betting platforms took off in the early 2000s, fans increasingly chose to place their bets from home or at local simulcast facilities rather than visiting the tracks, causing live attendance to plummet.

In 2023, it was announced that the Golden Gate Fields racing track on the eastern shore of the San Francisco Bay would be closing permanently at the end of their 2024 meet. In early 2025, the California Authority of Racing Fairs (CARF) announced that it would abandon plans to organize horse racing in Northern California throughout several county fairs. At the time of last summer’s racing meet, there were roughly 900 horses stalled in Pleasanton at the Alameda County fairgrounds, however with the closure of Golden Gate Fields and increasing financial distress, there were somewhere between 450 and 500 at the time of

CARF's announcement.

The Alameda County Fair Board voted in January of this year to shut down their racing operations, citing an outdated water drainage system and an inability to sustain so many horses. Again, the larger issue continues to be the increasing unprofitability of the industry. According to a recent article by *NBC Bay Area News* titled "Race horses forced out of Alameda County Fairgrounds leaving owners, trainers scrambling," Alameda County Fairgrounds CEO Jerome Hoban said, "[i]t's no secret that horse racing has been economically moving in the wrong direction for a long time," and that "[t]he Alameda County Fair has lost over \$2 million in just the fall race meet." This effectively ended the long-standing northern zone regional circuit.

Satellite Wagering. Satellite wagering via an off-track facility has been legal in California since the 1980s when California racetracks began experiencing 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 make it more convenient for the existing patrons to wager more frequently. However, while off-track-betting and simulcasting can open new revenue pathways, they may 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.

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, Breeders' 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 either Sacramento or Orange County.

Advance Deposit Wagering. The California horse racing industry entered into a new era in 2002 with the advent of Advance Deposit Wagering (ADW) which allows customers to deposit funds into an account in order to wager online and/or over the phone. These wagers are commingled into pools at the host track where the races are run, and within the pari-mutuel wagering system regulated by CHRB. Currently, eight ADW providers are operating in the state under a CHRB license. During the 2023-2024 fiscal year (FY), off-track betting within the state provided 13 percent of the total handle. The balance of the handle comes from out-of-state and ADW wagers – ADW accounted for about 45 percent or \$1.34 billion. ADW remains the only legal form of online wagering in California.

Pari-mutuel Wagering. Horse racing has been active in California since the 1800s, but horse racing as we now know it – under the pari-mutuel wagering system – was not made possible until the electorate passed a constitutional amendment in 1933. The expressed intent of California's Horse Racing Law is to allow pari-mutuel wagering on horse races. Pari-mutuel, from the French term for mutual betting, is a betting system in which all bets of a particular type are placed together in a pool, and payoff odds are calculated by sharing the pool among all winning bets. Pari-mutuel betting differs from fixed-odds betting in that the final payout is not determined until the pool is closed – in fixed-odds betting, the payout is agreed at the time the bet is sold.

Prior/Related Legislation

SB 1294 (Rubio, 2026) adds the Japan Cup to the existing group of thoroughbred horse race meetings that are exempt from the 75 race-per-day limit on imported races into California for the purposes of wagering. (Pending in the Assembly Governmental Organization Committee)

AB 2792 (Committee on Governmental Organization, 2026) adds the New York Stakes to the existing group of thoroughbred horse race meetings that are exempt from the 75 race-per-day limit on imported races into California for the purposes of wagering. (Pending in the Senate Governmental Organization Committee)

SB 844 (S. Rubio, 2025) increases the 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. (Pending in the Assembly Governmental Organization Committee)

AB 1526 (Committee on Governmental Organization, 2025) makes various technical and non-substantive changes to provisions of the Horse Racing Law, as specified. (Pending on the Senate Floor)

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

SUPPORT:

None received

OPPOSITION:

None received