
CONSENT

Bill No: SB 1294
Author: Rubio (D)
Introduced: 2/20/26
Vote: 21

SENATE GOVERNMENTAL ORG. COMMITTEE: 15-0, 4/14/26
AYES: Rubio, Alvarado-Gil, Archuleta, Ashby, Blakespear, Cervantes, Choi,
Dahle, Hurtado, Ochoa Bogh, Padilla, Richardson, Smallwood-Cuevas, Wahab,
Weber Pierson

SUBJECT: Horse racing: out-of-state thoroughbred races: Japan Cup

SOURCE: Author

DIGEST: This bill 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 wagering.

ANALYSIS:

Existing law:

- 1) Authorizes, pursuant to Article IV, Section 19(b) of the Constitution of the State of California, the Legislature to provide for the regulation of horse races and grants the California Horse Racing Board the authority to regulate the various forms of horse racing authorized in this state.
- 2) Authorizes thoroughbred racing associations or fairs to distribute the audiovisual signal and accept wagers on the results of out-of-state and international thoroughbred races during the calendar period the association or fair is conducting live racing, including days on which there is no live racing being conducted by the association or fair.

- 3) Limits the number of races that may be imported by associations and fairs to no more than 75 races-per-day on days when live thoroughbred or fair racing is being conducted in this state, with specified exceptions.
- 4) Exempts from that 75 races-per-day limit any imported races that are part of the race card of the Kentucky Derby, the Kentucky Oaks, the Preakness Stakes, the Belmont Stakes, the Jockey Club Gold Cup, the Travers Stakes, the Pegasus World Cup, the Arlington Million, the Breeders' Cup World Championship, the Dubai World Cup, the Arkansas Derby, the Apple Blossom Handicap, the Blue Grass Stakes, the Whitney Stakes, or the Haskell Invitational.

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Background

Author Statement. According to the author's office, "SB 1294 will support California jobs in the horse racing industry and the sport of horse racing by expanding the number of horse races exempted from the state's limitation on the number of horse races allowed to be imported by associations or fairs in California for the purposes of wagering. This bill adds the Japan Cup to the existing list of races exempted under the California Horse Racing Law."

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.

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, 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 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-mutual wagering system regulated by the California Horse Racing Board (CHRB). Currently, eight ADW providers are operating in the state under a CHRB license. During the 2023-2024 fiscal year,

off-track betting within the state provided 13% of the total handle. The balance of the handle comes from out-of-state and ADW wagers – ADW accounted for about 45% or \$1.34 billion. ADW remains the only legal form of online wagering in California.

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 ongoing 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 easy access to 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 and overseas, other forms of gaming within California, declining attendance, and the potential for higher value return by redeveloping the track property rather than continuing to operate in the face of declining 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 as well as 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 last year titled, “ICE raid on track workers sends shockwaves around racing, ‘puts horses at risk.’” The article notes that federal Immigration and Customs Enforcement (ICE) agents raided the Delta Downs racetrack in Vinton, Louisiana on June 17, 2025. 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 U.S. Immigration and Customs Enforcement raid at a racetrack, “if we couldn’t have an immigrant workforce on the backside, I don’t know how horse racing exists.”

Japan Cup. The Japan Cup is a Group 1 horse race in Japan, held annually on the last Sunday of November at Tokyo Racecourse in Fuchū, Tokyo. It is a flat race run at 2400 meters (about one and a half miles, or 12 furlongs) with a maximum of 18 horses. First run in 1981, the Japan Cup was created by the Japanese Racing Association to give local horses the opportunity to compete against those of international caliber and to promote goodwill within the racing community worldwide.

This bill 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 wagering.

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

SUPPORT: (Verified 4/14/26)

None received

OPPOSITION: (Verified 4/14/26)

None received

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