

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

SB 1294 (Rubio) – As Introduced February 20, 2026

SENATE VOTE: 38-0

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

SUMMARY: This bill would add 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. Specifically, **this bill:**

1) Adds the Japan Cup to the group of races which are exempt from the 75-race per day limit on imported races in California by a thoroughbred or fair racing association in the state when operating a race meeting.

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) Grants the California Horse Racing Board (CHRB) the authority to regulate the various forms of horse racing authorized in this state.
- 3) 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.
- 4) 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.
- 5) Exempts from that 75-race per day limit races imported races that are part of the race card of certain prominent races, including 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.

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

COMMENTS:

Purpose of the bill. According to the author's office, "This bill 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.”

Background.

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.

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.

Pari-mutuel wagering. Pari-mutuel wagering means, literally, a mutuel wager or "betting among ourselves". It is similar to a stock transaction. When you buy a \$2.00 ticket on a horse, you are, in effect, buying one share of the horse's performance in the race. Pari-mutuel 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 upon at the time the bet is placed.

Satellite wagering. Satellite wagering via off-track betting has been legal in California since the 1980s, when California racetracks were beginning to experience declining attendance and handle figures. The industry believed that making the product easier to access would not only expose and market horse racing to potential customers, but it would also make it more convenient for existing patrons to wager more often.

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. This includes other racetracks, fair satellite facilities, and Indian casinos. Revenues are increased because simulcasting provides racetracks that export their real-time content to additional customers in multiple locations who would not have otherwise been able to place wagers on the live racing event.

Advanced Deposit Wagering. In 2001, SB 471 (Hertzberg), Chapter 198, authorized a racing association or fair to accept bets via the telephone or Internet during the period that they are conducting a live race meet. ADW is a form of wagering that allows for bettors to deposit funds, in advance of a horse race, into an account in order to wager online 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 the CHRB. Over the past five years, ADW betting has dramatically increased, while at the same time wagering has declined at the traditional outlets (on-track and satellite wagering locations in the state).

Racetrack attendance. Over the past 30 years, the horse racing industry has witnessed a general decline in the number of people attending and wagering at live tracks in California because of several factors, including increased competition from other forms of gaming, the unwillingness of customers to travel a significant distance to racetracks, and the availability of off-track wagering. The decline in attendance at live horse racing events has prompted racetracks to rely on revenues from in-state and out-of-state satellite wagering and account wagering.

Related legislation. AB 2536 (Rubio) of 2026. This bill would make various minor and technical changes to the California Horse Racing Law, as specified. (Senate Committee on Governmental Organization)

AB 2792 (Committee on Governmental Organization) of 2026. This bill would add the New York Stakes to the group of races which are exempt from the 75-race per day limit on imported races in California by a thoroughbred or fair racing association in the state when operating a race meeting. (Senate Committee on Governmental Organization)

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: Eric Johnson / G.O. / (916) 319-2531