

“Mini-satellite” Wagering Facilities

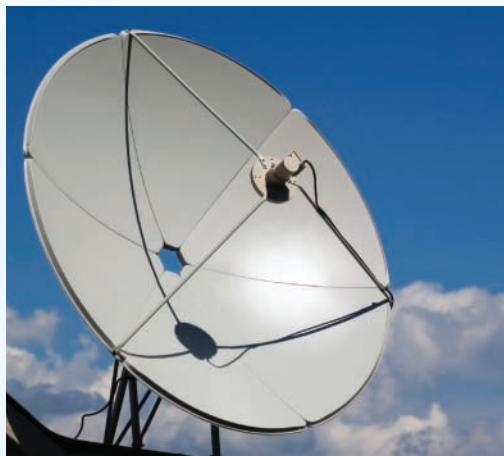
Since 1986, California has allowed off-track betting in satellite wagering facilities located at fairs and racing associations throughout the state. In 2007, new legislation (AB 241 – Price) was enacted to authorize the creation of 15 additional “mini-satellites” in each racing zone. The stated intent of this legislation was to make the sport of horseracing more accessible to potential California bettors.

The new mini-satellite legislation cited the fact that there are over 18,000 lottery outlets, more than 90 card clubs and 60 tribal casinos where people can make a bet in California. However, there are only 32 places to wager on a horserace in the entire state.

Unlike the bigger satellite wagering facilities, which are located in settings that cater to existing fans, it was envisioned that the mini-satellites would be set-up within establishments that serve a larger population of adult clientele. It was also hoped that locating mini-satellites in existing bars, card clubs, casinos, etc. would help attract a new more casual bettor to the sport.

Preliminary experience with the mini-satellite model is quite encouraging. California’s first mini-satellite opened in November at the Commerce Club, the world’s largest poker club. As discussed in a separate article in this issue (page 10), the Commerce Club mini-satellite is handling more than \$80,000 in horseracing wagers per day. Other card club based mini-satellites are in the works and it is reasonable to expect that they will perform at a proportionate level.

Requirements that must be met to establish a mini-satellite include approval from the CHRB, buy-in from the horsemen’s organization (TOC), and consent from any preexisting satellite facility within 20-mile radius of the new site. The latter requirement has not been an obstacle in the southern zone, where both Hollywood Park and Santa Anita have consented to mini-satellites within their 20-mile radius. However, it has raised significant issues in underserved urban areas in the



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northern zone, where the San Mateo Fair has to date refused requests for a couple of sites in San Francisco, which is slightly less than 20 miles to the north.

Increasing the statewide distribution network for our sport is critical to the success of California horseracing, whether it be in areas where aging facilities need to be replaced or in new locations. At the urging of TOC and other horseracing stakeholders, Senator Price has introduced legislation (SB 1439) that would ensure that the growth of additional mini-satellites in prime locations is not unreasonably restricted by existing satellite operators.

In its present state, this bill would reduce the 20-mile consent radius to 15 miles for existing facilities, allow mini-satellites to be located within the radius restriction on a 1-year trial basis, provide a process for determining if a new mini-satellite has any negative impact on existing facility revenue and allow for payment of mitigation fees where appropriate.

Mini-satellites will not fix everything for California horseracing, but they do have the capacity to create a substantial new source of revenue and attract a new variety of horseracing fan. SB 1439 is still a “work in progress,” but it is critical that a final bill be passed by the legisla-

ture and ultimately signed by the Governor in this year’s session.

TOC members are encouraged to contact their legislators to voice their support for SB 1439. To identify your legislature, go to www.ca.gov, click on “Senator,” then “Your Senator,” enter your address and both your Senator and Assemblyperson will pop up. You can also view a sample SB 1439 support letter for your legislator on the TOC website.

Communicating your support for SB 1439 is an easy thing to do and it can make a huge difference in how decisions are made in the Capitol. Now is the time to weigh in on this important measure. Questions regarding this issue should be directed to Guy Lamothe in the TOC office.