

FINAL BILL REPORT

EHB 1845

C 170 L 93
Synopsis as Enacted

Brief Description: Modifying certain horse racing purses.

By Representatives Lemmon, Locke, R. Fisher, Forner, J. Kohl, Orr, Hansen, R. Meyers, Edmondson, Eide, Rayburn, Grant, Johanson, Leonard and Brough.

House Committee on Revenue
Senate Committee on Labor & Commerce

Background: The total amount bet on horse racing is called the "handle." A little over 80 percent of the handle is returned by the race organizers to the betters as prizes. The amount remaining is called the "take-out." "Purses" are amounts paid by race organizers to owners of winning horses. Purses, operating costs, and payments to the Horse Racing Commission are paid from the take-out.

All race organizers pay license fees and pari-mutuel tax revenues to the Horse Racing Commission. In addition, payments to the Washington thoroughbred racing fund are required under certain circumstances described below.

The pari-mutuel tax is 1 percent of the handle for average daily handles of up to \$250,000. If the average daily handle is more than \$250,000, the tax is 2.5 percent of the handle. Revenues from both the pari-mutuel tax and license fees are distributed as follows:

Horse Racing Commission	50 percent
State General Fund	1 percent
Trade Fair Fund	3 percent
Fair Fund (agricultural)	46 percent

THE WASHINGTON THOROUGHBRED RACING FUND

Race organizers who are nonprofit corporations and have race meets of 30 days or more per year must pay to the Horse Racing Commission an additional 2.5 percent of the handle. The commission deposits these additional funds in the Washington thoroughbred racing fund in the state treasury. The money in the fund may be spent only after legislative appropriation. Expenditures from the fund are to be used to benefit and support interim continuation of thoroughbred racing, capital construction of a new race track facility,

and programs enhancing the general welfare, safety, and advancement of the Washington thoroughbred industry. At the end of the 1992 racing season the thoroughbred racing fund contained \$7.1 million. This was accumulated during the last two racing seasons at the Longacres track, which was operated during those seasons by Emerald Racing, a nonprofit corporation. No appropriations have been made from the fund.

PURSES

The amount paid in purses is determined by agreement between the race meet organizers and the Horse Owners Association. Emerald Racing set aside 6.5 percent of the handle for purses during the last two seasons at Longacres. With a \$1.3 million average daily handle, purses averaged about \$85,000 per day. Longacres is no longer available for horse racing.

Emerald Racing's summer racing season at Yakima is expected to average \$700,000 to \$800,000 in daily handle. At the current 6.5 percent share for purses there would be about \$50,000 per day for purses.

Summary: Until January 1, 1994, one-half of those moneys that would otherwise be paid into the thoroughbred racing fund are to be retained by the race organizer and must be used for enhancing purses.

The total amount available for purses would be 7.75 percent of the handle, or about \$60,000 per day, at Yakima for Emerald Racing's next season.

The Horse Racing Commission is directed to work with the horse racing industry to ensure that this legislation will not hurt horse racing at other tracks.

Votes on Final Passage:

House	98	0	
Senate	48	0	(Senate amended)
House	97	0	(House concurred)

Effective: April 30, 1993