

SENATE BILL REPORT

EHB 1845

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, APRIL 1, 1993

Brief Description: Modifying certain horse racing purses.

SPONSORS: 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

Majority Report: Do pass as amended.

Signed by Senators Moore, Chairman; Amondson, Barr, Cantu, Fraser, McAuliffe, Newhouse, and Vognild.

Staff: Traci Ratzliff (786-7452)

Hearing Dates: March 29, 1993; April 1, 1993

BACKGROUND:

The total amount bet on horse racing is called the "handle." A little over 80 percent of this 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.

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 currently 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:

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, until such time as a permanent racing facility is built and operating in western Washington.

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.

SUMMARY OF PROPOSED SENATE AMENDMENT:

Provisions of the act expire January 1, 1994.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

This bill will help keep grade A horse racing alive in this state until a new race track is built in western Washington by providing additional funds for purses at the spring and summer race meet at Yakima Meadows.

TESTIMONY AGAINST: None

TESTIFIED: Rep. Lemmon, prime sponsor (pro); Frank Warnke, Emerald Racing Association, Horsemen's Association (pro); Jack McCann, President, Emerald Racing Association; Carl Olsen, President, Horsemen's Association