

SENATE BILL REPORT

SHB 2167

AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY &
ECONOMIC DEVELOPMENT, FEBRUARY 25, 1994

Brief Description: Regulating race tracks.

SPONSORS: House Committee on Revenue (originally sponsored by Representatives Heavey, G. Fisher, Lemmon, Forner, Veloria, Roland, Eide, Campbell, Jones, Dorn, Zellinsky, Rayburn, Springer, Leonard and Patterson)

HOUSE COMMITTEE ON COMMERCE & LABOR

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Cantu, Erwin, M. Rasmussen and Williams.

Staff: Traci Ratzliff (786-7452)

Hearing Dates: February 25, 1994

BACKGROUND:

In 1991, the Legislature enacted ESHB 1120. Among other provisions, this bill reduced the parimutuel tax on race tracks with an average daily handle of more than \$250,000 by roughly 2.5 percent. The bill also required licensees who are nonprofit corporations and have race meets of 30 days or more to pay to the Horse Racing Commission 2.5 percent of their daily gross receipts. The commission was required to deposit these additional funds into the Washington Thoroughbred Racing Fund (the fund). The only operator required to contribute to the fund under this provision was the nonprofit Emerald Racing Association (Emerald), when it operated Longacres Park in its final two years of existence.

After Longacres closed in 1992, Emerald was awarded the license to operate the 1993 summer race meet at Yakima Meadows. In 1993, the Legislature enacted EHB 1845, which reduced Emerald's contribution to the fund to 1.25 percent of its daily gross receipts and required Emerald to use the additional money it retained to enhance purses for the owners of winning horses.

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 1993 racing season, the fund contained \$8.37 million.

In the 1993 Capital Budget, \$8.2 million of the fund was appropriated to the Horse Racing Commission.

The Horse Racing Commission has not yet distributed any of the money in the fund.

SUMMARY:

Licensees who are nonprofit corporations and have race meets of 30 days or more are no longer required to contribute any portion of their daily gross receipts to the Washington Thoroughbred Racing Fund.

Additional requirements are placed on the use of money retained by race meet licensees who are nonprofit corporations with race meets of 30 days or more. These licensees are required to use 1.25 percent of daily gross receipts for the purpose of increasing purses, and to place 1.25 percent of daily gross receipts into an escrow or trust account and use the money solely for construction of a new thoroughbred race track facility in western Washington.

SUMMARY OF PROPOSED COMMITTEE AMENDMENT:

The earmarking of the 2.5 percent of daily gross receipts from parimutuel wagering to enhanced purses and an escrow or trust account is terminated as of June 1, 1995. Effective June 1, 1995, the 2.5 percent of daily gross receipts will be deposited into the Washington Thoroughbred Racing Fund.

A new provision is added which requires that all funds, including interest, remaining in the escrow or trust account created by this legislation be forwarded to the state general fund if a new race track is not built by January 1, 2001.

Appropriation: none

Revenue: none

Fiscal Note: requested February 3, 1994

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

TESTIMONY FOR:

This bill will result in placing fewer restrictions on the use of funds targeted for the construction of a new race track in Western Washington.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Representative Mike Heavey, original prime sponsor; Frank Warnke, Emerald Racing Association; Marie

Clifford, Emerald Racing Association; Ralph Vacca, Washington
Breeders Association