

2 **ESSB 5762** - H COMM AMD

3 By Committee on Trade & Economic Development

4 ADOPTED AS AMENDED 4/9/97

5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that Washington's  
8 equine racing industry creates economic, environmental, and  
9 recreational impacts across the state affecting agriculture, horse  
10 breeding, the horse training industry, agricultural fairs and youth  
11 programs, and tourism and employment opportunities. The Washington  
12 equine industry has incurred a financial decline coinciding with  
13 increased competition from the gaming industry in the state and from  
14 the lack of a class 1 racing facility in western Washington from 1993  
15 through 1995. This act is necessary to preserve, restore, and  
16 revitalize the equine breeding and racing industries and to preserve in  
17 Washington the economic and social impacts associated with these  
18 industries. Preserving Washington's equine breeding and racing  
19 industries, and in particular those sectors of the industries that are  
20 dependent upon live horse racing, is in the public interest of the  
21 state. The purpose of this act is to preserve Washington's equine  
22 breeding and racing industries and to protect these industries from  
23 adverse economic impacts. This act does not establish a new form of  
24 gaming in Washington or allow expanded gaming within the state beyond  
25 what has been previously authorized. Simulcast wagering has been  
26 allowed in Washington before the effective date of this act.  
27 Therefore, this act does not allow gaming of any nature or scope that  
28 was prohibited before the effective date of this act.

29 **Sec. 2.** RCW 67.16.050 and 1985 c 146 s 3 are each amended to read  
30 as follows:

31 Every person making application for license to hold a race meet,  
32 under the provisions of this chapter shall file an application with the  
33 commission which shall set forth the time, the place, the number of  
34 days such meet will continue, and such other information as the  
35 commission may require. The commission shall be the sole judge of

1 whether or not the race meet shall be licensed and the number of days  
2 the meet shall continue. No person who has been convicted of any crime  
3 involving moral turpitude shall be issued a license, nor shall any  
4 license be issued to any person who has violated the terms or  
5 provisions of this chapter, or any of the rules and regulations of the  
6 commission made pursuant thereto, or who has failed to pay to the  
7 commission any or all sums required under the provisions of this  
8 chapter. The license shall specify the number of days the race meet  
9 shall continue and the number of races per day, which shall ((be))  
10 include not less than six nor more than eleven live races per day, and  
11 for which a fee shall be paid daily in advance of five hundred dollars  
12 for each live race day for those ((meets)) licensees which had gross  
13 receipts from parimutuel machines in excess of fifty million dollars in  
14 the previous year and two hundred dollars for each day for meets which  
15 had gross receipts from parimutuel machines at or below fifty million  
16 dollars in the previous year; in addition any newly authorized live  
17 race meets shall pay two hundred dollars per day for the first year:  
18 PROVIDED, That if unforeseen obstacles arise, which prevent the  
19 holding, or completion of any race meet, the license fee for the meet,  
20 or for a portion which cannot be held may be refunded the licensee, if  
21 the commission deems the reasons for failure to hold or complete the  
22 race meet sufficient. Any unexpired license held by any person who  
23 violates any of the provisions of this chapter, or any of the rules or  
24 regulations of the commission made pursuant thereto, or who fails to  
25 pay to the commission any and all sums required under the provisions of  
26 this chapter, shall be subject to cancellation and revocation by the  
27 commission. Such cancellation shall be made only after a summary  
28 hearing before the commission, of which three days' notice, in writing,  
29 shall be given the licensee, specifying the grounds for the proposed  
30 cancellation, and at which hearing the licensee shall be given an  
31 opportunity to be heard in opposition to the proposed cancellation.

32 **Sec. 3.** RCW 67.16.105 and 1995 c 173 s 2 are each amended to read  
33 as follows:

34 (1) Licensees of race meets that are nonprofit in nature, are of  
35 ten days or less, and have an average daily handle of one hundred  
36 twenty thousand dollars or less shall withhold and pay to the  
37 commission daily for each authorized day of racing one-half percent of

1 the daily gross receipts from all parimutuel machines at each race  
2 meet.

3 (2) Licensees (~~of race meets~~) that do not fall under subsection  
4 (1) of this section shall withhold and pay to the commission (~~daily~~  
5 ~~for each authorized day of racing~~) the following applicable percentage  
6 of all daily gross receipts from (~~all~~) its in-state parimutuel  
7 machines (~~at each race meet~~):

8 (a) If the daily gross receipts of all its in-state parimutuel  
9 machines are more than two hundred fifty thousand dollars, the licensee  
10 shall withhold and pay to the commission daily two and one-half percent  
11 of the daily gross receipts; and

12 (b) If the daily gross receipts of all its in-state parimutuel  
13 machines are two hundred fifty thousand dollars or less, the licensee  
14 shall withhold and pay to the commission daily one percent of the daily  
15 gross receipts.

16 (3) In addition to those amounts in subsections (1) and (2) of this  
17 section, (~~all~~) a licensee(~~s~~) shall forward one-tenth of one percent  
18 of the daily gross receipts of all its in-state parimutuel machines to  
19 the commission (~~daily~~) for payment to those nonprofit race meets as  
20 set forth in RCW 67.16.130 and subsection (1) of this section, but said  
21 percentage shall not be charged against the licensee(~~s. The total of~~  
22 ~~such payments shall not exceed one hundred fifty thousand dollars in~~  
23 ~~any one year and any amount in excess of one hundred fifty thousand~~  
24 ~~dollars shall be remitted to the general fund~~). Payments to nonprofit  
25 race meets under this subsection shall be distributed on a pro rata  
26 per-race-day basis and used only for purses at race tracks that have  
27 been operating under RCW 67.16.130 and subsection (1) of this section  
28 for the five consecutive years immediately preceding the year of  
29 payment.

30 (~~(4) In addition to those sums paid to the commission in~~  
31 ~~subsection (2) of this section, licensees who are nonprofit~~  
32 ~~corporations and have race meets of thirty days or more shall retain~~  
33 ~~and dedicate: (a) An amount equal to one and one quarter percent of~~  
34 ~~the daily gross receipts of all parimutuel machines at each race meet~~  
35 ~~to be used solely for the purpose of increasing purses; and (b) an~~  
36 ~~amount equal to one and one quarter percent of the daily gross receipts~~  
37 ~~of all parimutuel machines at each race meet to be deposited in an~~  
38 ~~escrow or trust account and used solely for construction of a new~~  
39 ~~thoroughbred race track facility in western Washington. Said~~

1 percentages shall come from that amount the licensee is authorized to  
2 retain under RCW 67.16.170(2). The commission shall adopt such rules  
3 as may be necessary to enforce this subsection.

4 (5) In the event the new race track is not constructed before  
5 January 1, 2001, all funds including interest, remaining in the escrow  
6 or trust account established in subsection (4) of this section, shall  
7 revert to the state general fund.)

8 **Sec. 4.** RCW 67.16.200 and 1991 c 270 s 10 are each amended to read  
9 as follows:

10 (1) A racing association licensed by the commission to conduct a  
11 race meet may seek approval from the commission to conduct parimutuel  
12 wagering on its program at a satellite location or locations within the  
13 state of Washington. The sale of parimutuel pools at satellite  
14 locations shall be conducted only during the licensee's race meet and  
15 simultaneous to all parimutuel wagering activity conducted at the  
16 licensee's live racing facility in the state of Washington. The  
17 commission's authority to approve satellite wagering at a particular  
18 location is subject to the following limitations:

19 (a) The commission may approve only one satellite location in each  
20 county in the state; however, the commission may grant approval for  
21 more than one licensee to conduct wagering at each satellite  
22 location((-

23 (b) The commission shall not allow a licensee to conduct satellite  
24 wagering at a satellite location within twenty ground miles of the  
25 licensee's racing facility. For purposes of this section, "ground  
26 miles" means miles measured from point to point in a straight line.

27 (c)(i) The commission may allow a licensee to conduct satellite  
28 wagering at a satellite location within fifty ground miles of the  
29 racing facility of another licensee who conducts race meets of thirty  
30 days or more, but only if the satellite location is the racing facility  
31 of another licensee who conducts race meets of thirty days or more and  
32 only if the licensee seeking to conduct satellite wagering suspends its  
33 program during the conduct of the meets of all licensees within fifty  
34 ground miles; except that the commission may allow a licensee that  
35 conducts satellite wagering at another track, pursuant to this  
36 subsection, to use other satellite locations, used by that track with  
37 the approval of the owner of that track, even though those satellite  
38 locations are within a fifty ground mile radius.

1       ~~(ii) Subject to subsection (1)(c)(i) of this section, the~~  
2 ~~commission may allow a licensee to conduct satellite wagering at a~~  
3 ~~satellite location within fifty ground miles of the racing facility of~~  
4 ~~another licensee who conducts race meets of under thirty days, but only~~  
5 ~~if the licensee seeking to conduct satellite wagering suspends its~~  
6 ~~satellite program during the conduct of the meets of all licensees~~  
7 ~~within fifty ground miles)).~~ A satellite location shall not be  
8 operated within twenty driving miles of any class 1 racing facility.  
9 For the purposes of this section, "driving miles" means miles measured  
10 by the most direct route as determined by the commission; and

11       (b) A licensee shall not conduct satellite wagering at any  
12 satellite location within sixty driving miles of any other racing  
13 facility conducting a live race meet.

14       (2) Subject to local zoning and other land use ordinances, the  
15 commission shall be the sole judge of whether approval to conduct  
16 wagering at a satellite location shall be granted.

17       (3) The licensee shall combine the parimutuel pools of the  
18 satellite location with those of the racing facility for the purpose of  
19 determining odds and computing payoffs. The amount wagered at the  
20 satellite location shall be combined with the amount wagered at the  
21 racing facility for the application of take out formulas and  
22 distribution as provided in RCW 67.16.102, 67.16.105, 67.16.170, and  
23 67.16.175. A satellite extension of the licensee's racing facility  
24 shall be subject to the same application of the rules of racing as the  
25 licensee's racing facility.

26       (4) Upon written application to the commission, a class 1 racing  
27 association may be authorized to transmit simulcasts of live horse  
28  races conducted at its racetrack to locations outside of the state of  
29 Washington approved by the commission and in accordance with the  
30 interstate horse racing act of 1978 (15 U.S.C. Sec. 3001 to 3007) or  
31 any other applicable laws. The commission may permit parimutuel pools  
32 on the simulcast races to be combined in a common pool. A racing  
33 association that transmits simulcasts of its races to locations outside  
34 this state shall pay at least fifty percent of the fee that it receives  
35 for sale of the simulcast signal to the horsemen's purse account for  
36 its live races after first deducting the actual cost of sending the  
37 signal out of state.

38       (5) Upon written application to the commission, a class 1 racing  
39 association may be authorized to transmit simulcasts of live horse

1 races conducted at its racetrack to licensed racing associations  
2 located within the state of Washington and approved by the commission  
3 for the receipt of the simulcasts. The commission shall permit  
4 parimutuel pools on the simulcast races to be combined in a common  
5 pool. The fee for in-state, track-to-track simulcasts shall be five  
6 and one-half percent of the gross parimutuel receipts generated at the  
7 receiving location and payable to the sending racing association. A  
8 racing association that transmits simulcasts of its races to other  
9 licensed racing associations shall pay at least fifty percent of the  
10 fee that it receives for the simulcast signal to the horsemen's purse  
11 account for its live race meet after first deducting the actual cost of  
12 sending the simulcast signal. A racing association that receives races  
13 simulcast from class 1 racing associations within the state shall pay  
14 at least fifty percent of its share of the parimutuel receipts to the  
15 horsemen's purse account for its live race meet after first deducting  
16 the purchase price and the actual direct costs of importing the race.

17 (6) A class 1 racing association may be allowed to import  
18 simulcasts of horse races from out-of-state racing facilities. With  
19 the prior approval of the commission, the class 1 racing association  
20 may participate in an interstate common pool and may change its  
21 commission and breakage rates to achieve a common rate with other  
22 participants in the common pool.

23 (a) The class 1 racing association shall make written application  
24 with the commission for permission to import simulcast horse races for  
25 the purpose of parimutuel wagering. Subject to the terms of this  
26 section, the commission is the sole authority in determining whether to  
27 grant approval for an imported simulcast race.

28 (b) During the conduct of its race meeting, a class 1 racing  
29 association may be allowed to import no more than one simulcast race  
30 card program during each live race day. A licensed racing association  
31 may also be approved to import one simulcast race of regional or  
32 national interest on each live race day. A class 1 racing association  
33 may be permitted to import two simulcast programs on two nonlive race  
34 days per each week during its live meet. A licensee shall not operate  
35 parimutuel wagering on more than five days per week. Parimutuel  
36 wagering on imported simulcast programs shall only be conducted at the  
37 live racing facility of a class 1 racing association.

38 (c) The commission may allow simulcast races of regional or  
39 national interest to be sent to satellite locations. The simulcasts

1 shall be limited to one per day except for Breeder's Cup special events  
2 day.

3 (d) When open for parimutuel wagering, a class 1 racing association  
4 which imports simulcast races shall also conduct simulcast parimutuel  
5 wagering within its licensed racing enclosure on all races simulcast  
6 from other class 1 racing associations within the state of Washington.

7 (e) When not conducting a live race meeting, a class 1 racing  
8 association may be approved to conduct simulcast parimutuel wagering on  
9 imported simulcast races. The conduct of simulcast parimutuel wagering  
10 on the simulcast races shall be for not more than twelve hours during  
11 any twenty-four hour period, for not more than five days per week and  
12 only at its live racing facility.

13 (f) On any imported simulcast race, the class 1 racing association  
14 shall pay fifty percent of its share of the parimutuel receipts to the  
15 horsemen's purse account for its live race meet after first deducting  
16 the purchase price of the imported race and the actual costs of  
17 importing the race.

18 (7) For purposes of this section, a class 1 racing association is  
19 defined as a licensee approved by the commission which conducts during  
20 each twelve-month period at least forty days of live racing within four  
21 successive calendar months. The commission may by rule increase the  
22 number of live racing days required to maintain class 1 racing  
23 association status.

24 (8) This section does not establish a new form of gaming in  
25 Washington or allow expanded gaming within the state beyond what has  
26 been previously authorized. Simulcast wagering has been allowed in  
27 Washington before the effective date of this act. Therefore, this  
28 section does not allow gaming of any nature or scope that was  
29 prohibited before the effective date of this act. This section is  
30 necessary to protect the Washington equine breeding and racing  
31 industries, and in particular those sectors of these industries that  
32 are dependent upon live horse racing. The purpose of this section is  
33 to protect these industries from adverse economic impacts and to  
34 promote fan attendance at class 1 racing facilities. Therefore,  
35 imported simulcast race card programs shall not be disseminated to any  
36 location outside the live racing facility of the class 1 racing  
37 association and a class 1 racing association is strictly prohibited  
38 from simulcasting imported race card programs to any location outside  
39 its live racing facility.

1        NEW SECTION.    **Sec. 5.**    (1) The joint legislative audit and review  
2 committee shall conduct an evaluation to determine the extent to which  
3 this act has achieved the following outcomes:

4        (a) The extent to which purses at Emerald Downs, Playfair, and  
5 Yakima Meadows have increased as a result of the provisions of this  
6 act;

7        (b) The extent to which attendance at Emerald Downs, Playfair, and  
8 Yakima Meadows has increased specifically as a result of the provisions  
9 of this act;

10       (c) The extent to which the breeding of horses in this state has  
11 increased specifically related to the provisions of this act;

12       (d) The extent to which the number of horses running at Emerald  
13 Downs, Playfair, and Yakima Meadows has increased specifically as a  
14 result of the provisions of this act;

15       (e) The extent to which nonprofit racetracks in this state have  
16 benefitted from this act including the removal of the cap on the  
17 nonprofit race meet purse fund; and

18       (f) The extent to which Emerald Downs, Playfair, and Yakima Meadows  
19 are capable of remaining economically viable given the provisions of  
20 this act and the increase in competition for gambling or entertainment  
21 dollars.

22       (2) The joint legislative audit and review committee may provide  
23 recommendations to the legislature concerning modifications that could  
24 be made to existing state laws to improve the ability of this act to  
25 meet the above intended goals.

26       (3) The joint legislative audit and review committee shall complete  
27 a report on its finding by June 30, 2000. The report shall be provided  
28 to the appropriate committees of the legislature by December 1, 2000.

29       NEW SECTION.    **Sec. 6.**    The following acts or parts of acts are each  
30 repealed:

31       (1) RCW 67.16.190 and 1985 c 146 s 12 & 1981 c 70 s 3; and

32       (2) RCW 67.16.250 and 1994 c 159 s 3 & 1991 c 270 s 12.

33       NEW SECTION.    **Sec. 7.**    If any provision of this act or its  
34 application to any person or circumstance is held invalid, the  
35 remainder of the act or the application of the provision to other  
36 persons or circumstances is not affected.



1        NEW SECTION.    **Sec. 8.**    This act is necessary for the immediate  
2 preservation of the public peace, health, or safety, or support of the  
3 state government and its existing public institutions, and takes effect  
4 immediately."

5        Correct the title.

--- END ---