

# FINAL BILL REPORT

## ESSB 5762

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C 87 L 97

Synopsis as Enacted

**Brief Description:** Benefiting the equine industry.

**Sponsors:** Senate Committee on Commerce & Labor (originally sponsored by Senators Heavey, West, Schow, Deccio, Rasmussen, Brown, McCaslin and Goings).

**Senate Committee on Commerce & Labor**

**House Committee on Trade & Economic Development**

**Background:** Parimutuel wagering on thoroughbred horse racing has declined from a high of \$240 million in 1992 to \$144 million in 1996. The horse population has declined, as have the purses paid at the three major race tracks in this state, during this time period. As a result, great concern exists regarding the long-term viability of the thoroughbred racing industry in this state.

Full card simulcasting (importing and exporting simulcasts of horse races with common pool wagering) has been utilized by all other states that operate live horse racing. These states allow simulcasting in an effort to increase revenues generated by parimutuel wagering, thereby increasing the purses and ultimately the horse population necessary to sustain the live racing industries in these states.

Currently, race tracks and satellite facilities in this state are permitted to simulcast one out-of-state horse race per day of national or regional interest and the Breeder's Cup Day of races.

Common pool wagering (i.e. co-mingling of wagers from in- and out-of-state bettors) is not permitted under current law.

Currently, race tracks running live meets are authorized to simulcast their live races to other race tracks and satellite facilities in this state, under certain conditions. The fee charged by the sending track for the simulcasting of such races is currently negotiated by the parties sending and receiving these simulcasts.

Currently, one tenth of 1 percent of all parimutuel wagering is deposited into the nonprofit purse fund. This fund is used to enhance purses at nonprofit race meets in this state. Any amounts received in excess of \$150,000 a year are remitted to the general fund.

**Summary:** *Simulcasting of Out-of-State Races.* A class 1 racing association may be authorized by the Horse Racing Commission to simulcast out-of-state races to its racing facility. A class 1 racing association is defined as a licensee who, on an annual basis, conducts at least 40 days of live racing within four successive calendar months.

A class 1 racing association running a live race meet may simulcast in one out-of-state program of races (approximately 11 races), plus one race of national or regional interest, per day. On non-live race days, the association may bring in up to two out-of-state programs of races (approximately 22 races), a maximum of two days per week. An association may not operate more than five days per week. Out-of-state races must not be simulcast to satellite facilities but only to the grandstands of class 1 facilities. However, the current practice of permitting the simulcast of one race per day of national or regional interest (including the Breeder's Cup Day of races) to satellite facilities is continued.

A class 1 racing association that is not running a live race meet may simulcast as many out-of-state programs of races as it can during a 12-hour period of time. An association simulcasting out-of-state races must also accept simulcasts of all in-state live races. An association may not operate more than five days per week.

Common pool wagering on out-of-state races is required. A racing association may adjust the takeout rate and breakage rate on out-of-state races to achieve a common pool rate with other participants in the wagering pool.

A racing association simulcasting out-of-state races must contribute 50 percent of the parimutuel revenues (less the simulcast costs) generated on such races to fund the horsemen's purse account established for live races at the association's track.

*Simulcasting of In-State Races.* A class 1 racing association may be authorized to transmit simulcasts of its live races to locations outside the state of Washington. Common pool wagering may be conducted on such races.

A racing association may simulcast its live races to other tracks in the state. A track receiving such simulcasts must pay a fee of 5.5 percent of the gross parimutuel receipts to the sending track. A track receiving such simulcasts must contribute 50 percent (less the cost of purchasing the simulcast) of its share of the parimutuel receipts to the horsemen's purse account established for live races at the association's track.

Fifty percent of the fees (less the simulcast costs) generated by an association that simulcasts its races to out-of-state locations or in-state tracks must be deposited into the horsemen's purse account established for live races at the association's track.

A racing association may simulcast its live races to in-state satellite facilities that are not located within 60 miles of another racing facility conducting a live meet. However, live races may be simulcast to satellite facilities that are located within 60 miles of another racing facility that is not conducting a live race meet.

*General Provisions.* The intent and goals of the provisions authorizing the simulcast of in-state and out-of-state races are statutorily established. These include the following: to preserve the state horse breeding and racing industries; to promote fan attendance at class 1 racing facilities in the state; and to prohibit the expansion of gaming beyond those activities already authorized.

The Joint Legislative Audit and Review Committee (JLARC) is directed to study the impact of the simulcasting provisions of the act and the removal of the cap on the nonprofit purse

account on fan attendance at the class 1 race tracks, purses at class 1 race tracks and nonprofit race tracks in the state, the number of horses running at class 1 race tracks, and the horse breeding population in the state. JLARC may provide recommendations to the Legislature regarding modifications to state law that would improve the attainment of the goals outlined in the act. A report must be completed by June 30, 2000.

*Nonprofit Purse Fund.* The current \$150,000 cap on funds deposited into nonprofit purse fund is eliminated.

**Votes on Final Passage:**

Senate	33	16
House	84	14 (House amended)
Senate	32	17 (Senate concurred)

**Effective:** April 19, 1997