
SENATE BILL 5762

State of Washington

55th Legislature

1997 Regular Session

By Senators Heavey, West, Schow, Deccio, Rasmussen, Brown, McCaslin and Goings

Read first time 02/11/97. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to benefiting the equine industry by parimutuel
2 satellite and simulcast wagering restricted to live racing facilities
3 and providing lottery games; amending RCW 67.16.050, 67.16.105,
4 67.16.200, and 67.70.240; adding a new section to chapter 67.70 RCW;
5 adding a new section to chapter 67.16 RCW; creating a new section;
6 repealing RCW 67.16.190 and 67.16.250; and declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** The legislature finds that Washington's
9 equine racing industry creates economic, environmental, and
10 recreational impacts across the state affecting agriculture, horse
11 breeding, the horse training industry, agricultural fairs and youth
12 programs, and tourism and employment opportunities. The Washington
13 equine industry has incurred a financial decline stemming from the
14 direct competition of gambling enterprises operated within the state.
15 This act is necessary to preserve, restore, and revitalize the equine
16 breeding and racing industries and to preserve in Washington the
17 economic impacts associated with these industries. This act is not a
18 new form of gaming in Washington. Tribal state compacts for class III
19 gaming may not be amended based upon this act.

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

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

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

3 (1) Licensees of race meets that are nonprofit in nature, are of
4 ten days or less, and have an average daily handle of one hundred
5 twenty thousand dollars or less shall withhold and pay to the
6 commission daily for each authorized day of racing one-half percent of
7 the daily gross receipts from all parimutuel machines at each race
8 meet.

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

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

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

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

36 ~~((4) In addition to those sums paid to the commission in~~
37 ~~subsection (2) of this section, licensees who are nonprofit~~
38 ~~corporations and have race meets of thirty days or more shall retain~~
39 ~~and dedicate: (a) An amount equal to one and one quarter percent of~~

1 the daily gross receipts of all parimutuel machines at each race meet
2 to be used solely for the purpose of increasing purses; and (b) an
3 amount equal to one and one quarter percent of the daily gross receipts
4 of all parimutuel machines at each race meet to be deposited in an
5 escrow or trust account and used solely for construction of a new
6 thoroughbred race track facility in western Washington. Said
7 percentages shall come from that amount the licensee is authorized to
8 retain under RCW 67.16.170(2). The commission shall adopt such rules
9 as may be necessary to enforce this subsection.

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

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

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

25 (a) The commission may approve only one satellite location in each
26 county in the state; however, the commission may grant approval for
27 more than one licensee to conduct wagering at each satellite
28 location((-

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

33 (c)(i) The commission may allow a licensee to conduct satellite
34 wagering at a satellite location within fifty ground miles of the
35 racing facility of another licensee who conducts race meets of thirty
36 days or more, but only if the satellite location is the racing facility
37 of another licensee who conducts race meets of thirty days or more and
38 only if the licensee seeking to conduct satellite wagering suspends its

1 program during the conduct of the meets of all licensees within fifty
2 ground miles; except that the commission may allow a licensee that
3 conducts satellite wagering at another track, pursuant to this
4 subsection, to use other satellite locations, used by that track with
5 the approval of the owner of that track, even though those satellite
6 locations are within a fifty ground mile radius.

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

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

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

23 (3) The licensee shall combine the parimutuel pools of the
24 satellite location with those of the racing facility for the purpose of
25 determining odds and computing payoffs. The amount wagered at the
26 satellite location shall be combined with the amount wagered at the
27 racing facility for the application of take out formulas and
28 distribution as provided in RCW 67.16.102, 67.16.105, 67.16.170, and
29 67.16.175. A satellite extension of the licensee's racing facility
30 shall be subject to the same application of the rules of racing as the
31 licensee's racing facility.

32 (4) Upon written application to the commission, a class 1 racing
33 association may be authorized to transmit simulcasts of live horse
34 racetrack to locations outside of the state of
35 Washington approved by the commission and in accordance with the
36 interstate horse racing act of 1978 (15 U.S.C. Sec. 3001 to 3007) or
37 any other applicable laws. The commission may permit parimutuel pools
38 on the simulcast races to be combined in a common pool. A racing
39 association that transmits simulcasts of its races to locations outside

1 this state shall pay at least fifty percent of the fee that it receives
2 for sale of the simulcast signal to the horsemen's purse account for
3 its live races after first deducting the actual cost of sending the
4 signal out of state.

5 (5) Upon written application to the commission, a class 1 racing
6 association may be authorized to transmit simulcasts of live horse
7 races conducted at its racetrack to licensed racing associations
8 located within the state of Washington and approved by the commission
9 for the receipt of the simulcasts. The commission may permit
10 parimutuel pools on the simulcast races to be combined in a common
11 pool. The fee for in-state, track-to-track simulcasts shall be three
12 and three-quarters percent of the gross parimutuel receipts generated
13 at the receiving location and payable to the sending racing
14 association. A racing association that transmits simulcasts of its
15 races to other licensed racing associations shall pay at least fifty
16 percent of the fee that it receives for the simulcast signal to the
17 horsemen's purse account for its live race meet after first deducting
18 the actual cost of sending the simulcast signal. A racing association
19 that receives races simulcast from class 1 racing associations within
20 the state shall pay at least fifty percent of its share of the
21 parimutuel receipts to the horsemen's purse account for its live race
22 meet after first deducting the purchase price and the actual direct
23 costs of importing the race.

24 (6) A class 1 racing association may be allowed to import
25 simulcasts of horse races from out-of-state racing facilities. With
26 the prior approval of the commission, the class 1 racing association
27 may participate in an interstate common pool and may change its
28 commission and breakage rates to achieve a common rate with other
29 participants in the common pool.

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

35 (b) During the conduct of its race meeting, a class 1 racing
36 association may be allowed to import no more than one simulcast race
37 card program during each live race day. A licensed racing association
38 may also be approved to import one simulcast race of regional or
39 national interest on each live race day. A class 1 racing association

1 may be permitted to import two simulcast programs on two nonlive race
2 days per each week during its live meet. A licensee shall not operate
3 parimutuel wagering on more than five days per week. Parimutuel
4 wagering on imported simulcast programs shall only be conducted at the
5 live racing facility of a class 1 racing association.

6 (c) The commission may allow simulcast races of regional or
7 national interest to be sent to satellite locations. The simulcasts
8 shall be limited to one per day except for Breeder's Cup special events
9 day.

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

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

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

25 (7) For purposes of this section, a class 1 racing association is
26 defined as a licensee approved by the commission which conducts during
27 each twelve-month period at least thirty days of live racing within
28 three successive calendar months. The commission may by rule increase
29 the number of live racing days required to maintain class 1 racing
30 association status.

31 NEW SECTION. Sec. 5. A new section is added to chapter 67.70 RCW
32 to read as follows:

33 The lottery commission shall conduct at least two, but not more
34 than four, scratch games with equine themes per year. These games are
35 intended to generate additional moneys sufficient to cover the
36 distributions under RCW 67.70.240 (5) and (7).

1 **Sec. 6.** RCW 67.70.240 and 1995 3rd sp.s. c 1 s 105 are each
2 amended to read as follows:

3 The moneys in the state lottery account shall be used only: (1)
4 For the payment of prizes to the holders of winning lottery tickets or
5 shares; (2) for purposes of making deposits into the reserve account
6 created by RCW 67.70.250 and into the lottery administrative account
7 created by RCW 67.70.260; (3) for purposes of making deposits into the
8 state's general fund; (4) ~~((for purposes of making deposits into the
9 housing trust fund under the provisions of section 7 of this 1987 act;~~
10 ~~(5)))~~ for distribution to a county for the purpose of paying the
11 principal and interest payments on bonds issued by the county to
12 construct a baseball stadium, as defined in RCW 82.14.0485, including
13 reasonably necessary preconstruction costs; (5) for distribution to the
14 horse racing commission to be used solely to enhance the equine racing
15 and breeding industries in the state of Washington. The horse racing
16 commission shall adopt rules to implement this subsection; (6) for the
17 purchase and promotion of lottery games and game-related services; and
18 (7) for the payment of agent compensation. Three million dollars shall
19 be distributed under subsection (5) of this section during calendar
20 year ~~((1996))~~ 1997. During subsequent years, such distributions shall
21 equal the prior year's distributions increased by four percent.
22 Distributions under subsections (4) and (5) of this section shall cease
23 when the bonds issued for the construction of the baseball stadium are
24 retired, but not more than twenty years after the tax under RCW
25 82.14.0485 is first imposed.

26 The office of financial management shall require the allotment of
27 all expenses paid from the account and shall report to the ways and
28 means committees of the senate and house of representatives any changes
29 in the allotments.

30 NEW SECTION. **Sec. 7.** A new section is added to chapter 67.16 RCW
31 to read as follows:

32 The moneys generated under RCW 67.70.240 shall be distributed by
33 the commission to enhance the equine breeding and racing in the state
34 of Washington including but not limited to the establishment of an
35 annual Washington Cup day to be held at each class 1 race track as
36 defined in RCW 67.16.200. The legislature hereby finds and declares
37 that the establishment of a day each year, at each class 1 race track,
38 on which a number of stakes races for Washington-bred thoroughbreds,

1 conducted as Washington Cup day, is an event that should be undertaken
2 to further promote the thoroughbred industry in this state. Every
3 class 1 racing association shall make a weekend day available for
4 Washington Cup day and cooperate fully so as to maximize the exposure
5 of Washington Cup day.

6 The commission shall consult with recognized industry leaders
7 including breeders', trainers', and owners' representatives regarding
8 the distribution of all moneys under this section.

9 NEW SECTION. **Sec. 8.** The following acts or parts of acts are each
10 repealed:

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

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

13 NEW SECTION. **Sec. 9.** If any provision of this act or its
14 application to any person or circumstance is held invalid, the
15 remainder of the act or the application of the provision to other
16 persons or circumstances is not affected.

17 NEW SECTION. **Sec. 10.** This act is necessary for the immediate
18 preservation of the public peace, health, or safety, or support of the
19 state government and its existing public institutions, and takes effect
20 immediately.

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