

FINAL BILL REPORT

SB 6678

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Synopsis as Enacted

Brief Description: Repealing parimutuel wagering sunset provisions.

Sponsors: Senators Rasmussen, Roach, Patterson, West, Heavey, Deccio, Winsley, Honeyford, Snyder, Morton, T. Sheldon, Benton, Johnson, Gardner, McDonald, Stevens, Eide, Kohl-Welles, Bauer, Sheahan, Thibaudeau and Shin.

Senate Committee on Commerce, Trade, Housing & Financial Institutions
House Committee on Commerce & Labor

Background: The Horse Racing Commission licenses, regulates, and supervises the conduct of parimutuel wagering on horse racing in the state of Washington. Parimutuel wagering is a system of betting on races in which those wagering on the winners divide, in proportion to their wagers, the total amount wagered minus a percentage for track operators and taxes.

The parimutuel tax is a set percent of gross receipts or handle— of all parimutuel (betting) machines at each horse racing event in the state.

In 1998 the Legislature passed Chapter 345, Laws of 1998 (E2SSB 6562), which amended parimutuel tax provisions and temporarily reduced the parimutuel tax by approximately 50 percent until June 30, 2001. This legislation also provided that the Joint Legislative Audit and Review Committee (JLARC) conduct a sunset review of the tax reduction prior to June 30, 2001.

JLARC issued its report on December 1, 1999.

Prior to the passage of the 1998 law, the state used revenues from the parimutuel tax and licensing fees to fund the operation of the horse racing commission. In addition, these monies funded the state trade fair fund, the agricultural fair fund, and a small percentage went to the general fund. After the passage of the new law, the Horse Racing Commission became the only recipient of the reduced parimutuel tax and horse racing licensee fees. The 1998 law terminated any tax distributions to the state trade fair fund, the agricultural fair fund, and the general fund.

Generally, the JLARC study found that in the calendar year 1999 Emerald Downs (the only operating race track in 1999) reported a financial loss, but that the magnitude of the loss was less than in previous years. In addition, the report concluded that the overall legislative goal of an economically viable horse racing industry has not been achieved. Moreover, allowing the parimutuel tax change to sunset would most likely worsen the financial status of the industry.— As a result of the findings in the report, JLARC recommends that the parimutuel tax reduction not be terminated.

Summary: Provisions that return the parimutuel tax structure and distribution to the way it was before the passage of Chapter 345, Laws of 1998 (E2SSB 6562) are repealed. The parimutuel tax reduction is continued without a termination date.

Votes on Final Passage:

Senate	43	3
House	97	0

Effective: June 8, 2000