

# SENATE BILL REPORT

## SB 5266

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, February 13, 2001  
Ways & Means, March 26, 2001

**Title:** An act relating to the sale of thoroughbred horses.

**Brief Description:** Providing a tax exemption for thoroughbred horses.

**Sponsors:** Senators Patterson, Constantine, B. Sheldon and Kohl-Welles.

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 1/30/01, 2/13/01  
[DPS-WM].

Ways & Means: 2/20/01, 3/26/01 [DPS (LCF)].

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 5266 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Benton, Franklin, Honeyford, Patterson, Rasmussen, Regala, West and Winsley.

**Staff:** Catherine Mele (786-7470)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5266 as recommended by Committee on Labor, Commerce & Financial Institutions be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Fraser, Hewitt, Honeyford, Kohl-Welles, Long, Parlette, Rasmussen, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

**Staff:** David Schumacher (786-7474)

**Background:** The retail sales tax does not apply to sales of purebred horses for breeding purposes where the horses are registered in a nationally recognized breed association. A claims race at a race track occurs when a horse in the race may be claimed or purchased for a specified price before the race. Currently, racing associations do not collect retail sales tax for breeding horses but do collect the tax for horses that do not breed.

**Summary of Substitute Bill:** All sales of thoroughbred race horses are exempt from retail sales tax at claims races.

**Substitute Bill Compared to Original Bill:** The substitute deletes an incorrect reference to the Revised Code of Washington and replaces it with a correct reference.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For (Labor, Commerce & Financial Institutions):** Thoroughbred horse racing is searching for ways to revitalize the industry and to bring people into the industry. A claiming race establishes the price on horses at the race track. When someone claims a stallion or a mare, he or she pays the exact price with no taxes. When someone claims a gelding he or she pays the retail sales taxes. This bill makes the price the same despite whether the horse is a stallion, mare, or gelding.

**Testimony Against (Labor, Commerce & Financial Institutions):** None.

**Testified (Labor, Commerce & Financial Institutions):** PRO: Frank J. Warnke, WHAC Advocates Inc.; Mary Ann O'Connell, WA Horsemen's Benevolent and Protection Assn.; Ralph Vacca, WA Thoroughbred Breeders Assn.

**Testimony For (Ways & Means):** The current tax system exempts some thoroughbreds but not others. This would solve that problem

**Testimony Against (Ways & Means):** None.

**Testified (Ways & Means):** Frank Warnke, WHAC (pro); Mary Ann O'Connell, WHBPA (pro).