
Commerce & Labor Committee

ESSB 6481

Brief Description: Governing class 1 racing associations' authority to participate in parimutuel wagering.

Sponsors: Senate Committee on Commerce & Trade (originally sponsored by Senators Hewitt, Jacobsen, Deccio, Rasmussen and Honeyford).

Brief Summary of Engrossed Substitute Bill

- Allows the Washington Horse Racing Commission (HRC) to authorize a class 1 racing association to conduct parimutuel wagering on imported simulcast races at satellite locations.
- Allows the HRC to authorize a class 1 racing association or its contractor to conduct advance deposit wagering in which individuals deposit funds to pay for wagers made in person, by telephone, or through communication by other electronic means.

Hearing Date: 2/19/04

Staff: Chris Cordes (786-7103).

Background:

Regulation of Horse Racing

The Washington Horse Racing Commission (HRC) is responsible for regulating horse racing in Washington. The HRC licenses racing facilities and the employees who participate in horse racing. It determines the place, time, and duration of race meets and is responsible for supervision of the race meets. Under the authorizing statute, wagering on horse races is authorized only by the parimutuel method.

Satellite Wagering

The HRC may authorize licensed racing associations to conduct parimutuel wagering at satellite locations. This wagering may be conducted only on the licensee's races and only during the licensee's race meet simultaneously with all parimutuel wagering activity conducted at the live racing facility. Only one satellite location may be approved in each county.

Simulcast Racing Programs

The HRC may allow a class 1 racing association to import simulcasts of horse races from out-of-state racing facilities for parimutuel wagering. The HRC may allow imported simulcast races of regional or national interest to be sent to satellite locations, generally limited to one per day. Other licensed racing associations may also be approved to import one simulcast race of regional or national interest on each live race day.

Parimutuel wagering is permitted on imported simulcast races only at a class 1 licensee's live racing facility and for not more than 14 hours in any 24-hour period or five days per week.

Class 1 racing associations are licensees that conduct at least 40 days of live racing during each 12-month period.

When provisions limiting simulcast wagering were changed in 1997 and 2001, these enactments stated that the new provisions did not establish a new form of gaming in Washington and that the statute did not allow gaming of any nature or scope that was prohibited before these enactments. The 2001 enactment also provided that if a state or federal court finds the increase in the number of imported simulcast races to be an expansion of gaming, the 2001 act is void.

Advance Deposit Wagering (ADW)

ADW is permitted in at least 16 other states as a form of parimutuel wagering in which an individual deposits money in an account to be used to pay for wagers made by the individual. In some states, this activity is permitted over the telephone, but not using the Internet (Kentucky, Maryland, New York, and Pennsylvania). Other states permit the activity using any telephonic or electronic means, but may place other limits on the activity, such as prohibiting the use of credit (Idaho, Massachusetts, and New Jersey) or requiring verification of the individual's identity and age (California and Wyoming).

Summary of Bill:

Satellite Wagering

The HRC may permit only class 1 licensees to conduct parimutuel wagering at satellite locations. To participate, the class 1 licensee must have conducted at least one full live racing season and must hold a live race meet within each succeeding 12-month period to maintain eligibility to continue participating.

Class 1 licensees may be approved to disseminate imported simulcast race card programs to locations outside the live racing facility of the licensee if the licensee has conducted at least 40 days of live racing with an average on-track handle of at least \$150,000 per day during the 12 months preceding the application.

Authority is deleted for licensed racing associations that are not class 1 licensees to import a simulcast race.

Various limits on the use of imported simulcast races are deleted, including the one-per-day limit on sending simulcast races to satellite locations. Provisions are also deleted that limit parimutuel wagering at satellite locations to the programs of the class 1 licensee, that require wagering at satellite locations to be conducted only during the licensee's live race meets, and that limit wagering on imported simulcast races to 14 hours in any 24-hour period and five days per week.

Provisions enacted in 2001 are deleted that would have made the 2001 legislation void if a state or federal court made a finding that the increase in the authorized number of imported simulcast races was an expansion of gaming.

Advance Deposit Wagering (ADW)

The HRC is permitted to authorize ADW when conducted by a licensed class 1 racing association operating a live horse racing facility or by an operator of an ADW who accepts wagers under an HRC-approved agreement with a licensed class 1 racing association. ADW is a form of parimutuel wagering in which an individual deposits money in an account to be used to pay for parimutuel wagers made in person, by telephone, or through communication by other electronic means.

To participate in ADW, the class 1 licensee must have conducted at least one full live racing season and must complete a live race meet within each succeeding 12-month period to maintain eligibility to continue participating. ADW may be accepted for races conducted in Washington under a class 1 license or for races not conducted in Washington on a schedule approved by the class 1 licensee.

When more than one class 1 licensee participates in ADW, the moneys paid must be allocated among the associations in proportion to the gross amount of all parimutuel wagering derived from the live race meets during each 12-month period. Revenue derived from ADW for the races of a particular class 1 licensee must be allocated to that licensee.

Except for these authorized ADW systems conducted by a class 1 licensee or its contractor, ADW systems in or outside Washington may not accept wagers from Washington residents or other individuals or businesses located in Washington. In addition, residents or other individuals or businesses located in Washington may not place wagers through unauthorized advance deposit wagering systems.

Rules Authority: The bill requires the HRC to adopt rules to regulate advance deposit wagering.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.