
HOUSE BILL 2575

State of Washington

58th Legislature

2004 Regular Session

By Representatives Cairnes, Cody, Conway, Wood and Kenney; by request of Horse Racing Commission

Read first time 01/16/2004. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to the management of moneys by the Washington horse
2 racing commission; amending RCW 67.16.010, 67.16.102, and 67.16.105;
3 reenacting and amending RCW 43.79A.040; adding new sections to chapter
4 67.16 RCW; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 67.16 RCW
7 to read as follows:

8 Upon making a determination that an individual or licensee has
9 violated a commission rule, the board of stewards may assess a fine,
10 suspend or revoke a person's license, or any combination of these
11 penalties. The commission must adopt by rule standard penalties for a
12 rules violation. All fines collected must be deposited in the
13 Washington horse racing commission class C purse fund account, created
14 in section 4 of this act, and used as authorized in RCW 67.16.105(3).

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 67.16 RCW
16 to read as follows:

17 The Washington horse racing commission Washington bred owners'
18 bonus fund account is created in the custody of the state treasurer.

1 All receipts collected by the commission under RCW 67.16.102(1) must be
2 deposited into the account. Expenditures from the account may be used
3 only as authorized in RCW 67.16.102. Only the secretary of the
4 commission or the secretary's designee may authorize expenditures from
5 the account. The account is subject to allotment procedures under
6 chapter 43.88 RCW, but an appropriation is not required for
7 expenditures.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 67.16 RCW
9 to read as follows:

10 The Washington horse racing commission operating account is created
11 in the custody of the state treasurer. All receipts collected by the
12 commission under RCW 67.16.105(2) must be deposited into the account.
13 Moneys in the account may be spent only after appropriation.
14 Expenditures from the account may be used only for operating expenses
15 of the commission. Investment earnings from the account must be
16 distributed to the Washington horse racing commission class C purse
17 fund account, created in section 4 of this act, pursuant to RCW
18 43.79A.040.

19 NEW SECTION. **Sec. 4.** A new section is added to chapter 67.16 RCW
20 to read as follows:

21 The Washington horse racing commission class C purse fund account
22 is created in the custody of the state treasurer. All receipts from
23 RCW 67.16.105(3) must be deposited into the account. Expenditures from
24 the account may be used only for the purposes provided in RCW
25 67.16.105(3). Only the secretary of the commission or the secretary's
26 designee may authorize expenditures from the account. The account is
27 subject to allotment procedures under chapter 43.88 RCW, but an
28 appropriation is not required for expenditures.

29 **Sec. 5.** RCW 67.16.010 and 1991 c 270 s 1 are each amended to read
30 as follows:

31 ~~((Unless the context otherwise requires, words and phrases as used
32 herein shall mean:))~~ The definitions in this section apply throughout
33 this chapter unless the context clearly requires otherwise.

34 (1) "Commission" shall mean the Washington horse racing commission,
35 hereinafter created.

1 (2) "Parimutuel machine" shall mean and include both machines at
2 the track and machines at the satellite locations, that record
3 parimutuel bets and compute the payoff.

4 (3) "Person" shall mean and include individuals, firms,
5 corporations and associations.

6 (4) "Race meet" shall mean and include any exhibition of
7 thoroughbred, quarter horse, paint horse, appaloosa horse racing,
8 arabian horse racing, or standard bred harness horse racing, where the
9 parimutuel system is used.

10 ~~((Singular shall include the plural, and the plural shall include
11 the singular; and words importing one gender shall be regarded as
12 including all other genders.))~~

13 (5) "Stewards" or "board of stewards" means the persons appointed
14 by the secretary of the commission who are responsible for the proper
15 conduct of a race meet in accordance with this chapter and the rules of
16 racing adopted by the commission.

17 **Sec. 6.** RCW 67.16.102 and 2001 c 53 s 1 are each amended to read
18 as follows:

19 (1) Notwithstanding any other provision of chapter 67.16 RCW to the
20 contrary the licensee shall withhold and shall pay daily to the
21 commission, in addition to the percentages authorized by RCW 67.16.105,
22 one percent of the gross receipts of all parimutuel machines at each
23 race meet which sums shall, at the end of each meet, be paid by the
24 commission to the licensed owners of those horses finishing first,
25 second, third and fourth Washington bred only at each meet from which
26 the additional one percent is derived in accordance with an equitable
27 distribution formula to be promulgated by the commission prior to the
28 commencement of each race meet: PROVIDED, That nothing in this section
29 shall apply to race meets which are nonprofit in nature, are of ten
30 days or less, and have an average daily handle of less than one hundred
31 twenty thousand dollars(~~(; PROVIDED, That)~~).

32 (2) The additional one percent ((of the gross receipts of all
33 parimutuel machines at each race meet and the amount retained by the
34 commission as specified in RCW 67.16.100(1)) specified in subsection
35 (1) of this section shall be deposited ((daily in a time deposit)) by
36 the commission ((and)) in the Washington horse racing commission
37 Washington bred owners' bonus fund account created in section 2 of this

1 act. The interest derived (~~((therefrom))~~) from this account shall be
2 distributed annually on an equal basis to those race courses at which
3 independent race meets are held which are nonprofit in nature and are
4 of ten days or less(~~((:PROVIDED, That))~~). Prior to receiving a payment
5 under this (~~(section)~~) subsection any new race course shall meet the
6 qualifications set forth in this section for a period of two years(~~((:PROVIDED, FURTHER, That said))~~). All funds distributed (~~(funds)~~) under
7 this subsection shall be used for the purpose of maintaining and
8 upgrading the respective racing courses and equine quartering areas of
9 said nonprofit meets.
10

11 (3) The commission shall not permit the licensees to take into
12 consideration the benefits derived from this section in establishing
13 purses.

14 (~~((+2))~~) (4) The commission is authorized to pay at the end of the
15 calendar year one-half of the one percent collected from a new licensee
16 under subsection (1) of this section for reimbursement of capital
17 construction of that new licensee's new race track for a period of
18 fifteen years. This reimbursement does not include interest earned on
19 that one-half of one percent and such interest shall continue to be
20 collected and disbursed as provided in RCW 67.16.101 and subsection (1)
21 of this section.

22 **Sec. 7.** RCW 67.16.105 and 2003 1st sp.s. c 27 s 1 are each amended
23 to read as follows:

24 (1) Licensees of race meets that are nonprofit in nature and are of
25 ten days or less shall be exempt from payment of a parimutuel tax.

26 (2) Licensees that do not fall under subsection (1) of this section
27 shall withhold and pay to the commission daily for each authorized day
28 of parimutuel wagering the following applicable percentage of all daily
29 gross receipts from its in-state parimutuel machines:

30 (a) If the gross receipts of all its in-state parimutuel machines
31 are more than fifty million dollars in the previous calendar year, the
32 licensee shall withhold and pay to the commission daily 1.30 percent of
33 the daily gross receipts; and

34 (b) If the gross receipts of all its in-state parimutuel machines
35 are fifty million dollars or less in the previous calendar year, the
36 licensee shall withhold and pay to the commission daily 1.803 percent
37 of the daily gross receipts.

1 (3) In addition to those amounts in subsection (2) of this section,
2 a licensee shall forward one-tenth of one percent of the daily gross
3 receipts of all its in-state parimutuel machines to the commission for
4 payment to those nonprofit race meets as set forth in RCW 67.16.130 and
5 subsection (1) of this section, but said percentage shall not be
6 charged against the licensee. Payments to nonprofit race meets under
7 this subsection shall be distributed on a pro rata per-race-day basis
8 and used only for purses at race tracks that have been operating under
9 RCW 67.16.130 and subsection (1) of this section for the five
10 consecutive years immediately preceding the year of payment. The
11 commission shall transfer funds generated under subsection (2) of this
12 section equal to the difference between:

- 13 (a)(i) Funds collected under this subsection (3);
14 (ii) Interest earned from the Washington horse racing commission
15 operating account created in section 3 of this act; and
16 (iii) Fines imposed by the board of stewards in a calendar year;
17 and

18 (b) Three hundred thousand dollars((τ));
19 and distribute that amount under this subsection (3).

20 (4) Beginning July 1, 1999, at the conclusion of each authorized
21 race meet, the commission shall calculate the mathematical average
22 daily gross receipts of parimutuel wagering that is conducted only at
23 the physical location of the live race meet at those race meets of
24 licensees with gross receipts of all their in-state parimutuel machines
25 of more than fifty million dollars. Such calculation shall include
26 only the gross parimutuel receipts from wagering occurring on live
27 racing dates, including live racing receipts and receipts derived from
28 one simulcast race card that is conducted only at the physical location
29 of the live racing meet, which, for the purposes of this subsection, is
30 "the handle." If the calculation exceeds eight hundred eighty-six
31 thousand dollars, the licensee shall within ten days of receipt of
32 written notification by the commission forward to the commission a sum
33 equal to the product obtained by multiplying 0.6 percent by the handle.
34 Sums collected by the commission under this subsection shall be
35 forwarded on the next business day following receipt thereof to the
36 state treasurer to be deposited in the fair fund created in RCW
37 15.76.115.

1 **Sec. 8.** RCW 43.79A.040 and 2003 c 403 s 9, 2003 c 313 s 10, 2003
2 c 191 s 7, 2003 c 148 s 15, 2003 c 92 s 8, and 2003 c 19 s 12 are each
3 reenacted and amended to read as follows:

4 (1) Money in the treasurer's trust fund may be deposited, invested,
5 and reinvested by the state treasurer in accordance with RCW 43.84.080
6 in the same manner and to the same extent as if the money were in the
7 state treasury.

8 (2) All income received from investment of the treasurer's trust
9 fund shall be set aside in an account in the treasury trust fund to be
10 known as the investment income account.

11 (3) The investment income account may be utilized for the payment
12 of purchased banking services on behalf of treasurer's trust funds
13 including, but not limited to, depository, safekeeping, and
14 disbursement functions for the state treasurer or affected state
15 agencies. The investment income account is subject in all respects to
16 chapter 43.88 RCW, but no appropriation is required for payments to
17 financial institutions. Payments shall occur prior to distribution of
18 earnings set forth in subsection (4) of this section.

19 (4)(a) Monthly, the state treasurer shall distribute the earnings
20 credited to the investment income account to the state general fund
21 except under (b) and (c) of this subsection.

22 (b) The following accounts and funds shall receive their
23 proportionate share of earnings based upon each account's or fund's
24 average daily balance for the period: The Washington promise
25 scholarship account, the college savings program account, the
26 Washington advanced college tuition payment program account, the
27 agricultural local fund, the American Indian scholarship endowment
28 fund, the students with dependents grant account, the basic health plan
29 self-insurance reserve account, the contract harvesting revolving
30 account, the Washington state combined fund drive account, the
31 Washington international exchange scholarship endowment fund, the
32 developmental disabilities endowment trust fund, the energy account,
33 the fair fund, the fruit and vegetable inspection account, the game
34 farm alternative account, the grain inspection revolving fund, the
35 juvenile accountability incentive account, the law enforcement
36 officers' and fire fighters' plan 2 expense fund, the local tourism
37 promotion account, the produce railcar pool account, the rural
38 rehabilitation account, the stadium and exhibition center account, the

1 youth athletic facility account, the self-insurance revolving fund, the
2 sulfur dioxide abatement account, the children's trust fund, (~~and~~)
3 the investing in innovation account, the Washington horse racing
4 commission Washington bred owners' bonus fund account, the Washington
5 horse racing commission class C purse fund account, and the Washington
6 horse racing commission operating account (earnings from the Washington
7 horse racing commission operating account must be credited to the
8 Washington horse racing commission class C purse fund account).
9 However, the earnings to be distributed shall first be reduced by the
10 allocation to the state treasurer's service fund pursuant to RCW
11 43.08.190.

12 (c) The following accounts and funds shall receive eighty percent
13 of their proportionate share of earnings based upon each account's or
14 fund's average daily balance for the period: The advanced right of way
15 revolving fund, the advanced environmental mitigation revolving
16 account, the city and county advance right-of-way revolving fund, the
17 federal narcotics asset forfeitures account, the high occupancy vehicle
18 account, the local rail service assistance account, and the
19 miscellaneous transportation programs account.

20 (5) In conformance with Article II, section 37 of the state
21 Constitution, no trust accounts or funds shall be allocated earnings
22 without the specific affirmative directive of this section.

23 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
24 preservation of the public peace, health, or safety, or support of the
25 state government and its existing public institutions, and takes effect
26 immediately.

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