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**ENGROSSED SUBSTITUTE SENATE BILL 6481**

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**State of Washington**

**58th Legislature**

**2004 Regular Session**

**By** Senate Committee on Commerce & Trade (originally sponsored by Senators Hewitt, Jacobsen, Deccio, Rasmussen and Honeyford)

READ FIRST TIME 02/06/04.

1       AN ACT Relating to governing class 1 racing associations' authority  
2 to participate in parimutuel wagering; amending RCW 67.16.200; adding  
3 a new section to chapter 67.16 RCW; and declaring an emergency.

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

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

7       (1) The horse racing commission may authorize advance deposit  
8 wagering to be conducted by:

9       (a) A licensed class 1 racing association operating a live horse  
10 racing facility; or

11       (b) The operator of an advance deposit wagering system accepting  
12 wagers pursuant to an agreement with a licensed class 1 racing  
13 association. The agreement between the operator and the class 1 racing  
14 association must be approved by the commission.

15       (2) No system of advance deposit wagering located outside of or  
16 within the state of Washington may accept wagers from residents or  
17 other persons located within this state, nor shall residents or other  
18 persons located within this state place wagers through advance deposit  
19 wagering systems, except with a licensed class 1 racing association

1 authorized to conduct advance deposit wagering, or an operator of an  
2 advance deposit wagering system under an agreement approved by the  
3 commission with a licensed class 1 racing association. Advance deposit  
4 wagering may be accepted for races conducted in the state of Washington  
5 under a class 1 license or races not conducted within the state of  
6 Washington on a schedule approved by the class 1 licensee.

7 (3) As used in this section, "advance deposit wagering" means a  
8 form of parimutuel wagering in which an individual deposits money in an  
9 account with an entity authorized by the commission to conduct advance  
10 deposit wagering and then the account funds are used to pay for  
11 parimutuel wagers made in person, by telephone, or through  
12 communication by other electronic means.

13 (4) In order to participate in advance deposit wagering, the holder  
14 of a class 1 racing association license must have conducted at least  
15 one full live racing season. All class 1 racing associations must  
16 complete a live race meet within each succeeding twelve-month period to  
17 maintain eligibility to continue participating in advance deposit  
18 wagering.

19 (5) When more than one class 1 racing association is participating  
20 in advance deposit wagering the moneys paid to the racing associations  
21 shall be allocated proportionate to the gross amount of all sources of  
22 parimutuel wagering during each twelve-month period derived from the  
23 associations' live race meets. This percentage must be calculated  
24 annually. Revenue derived from advance deposit wagers placed on races  
25 conducted by the class 1 racing association shall all be allocated to  
26 that association.

27 (6) The commission shall adopt rules regulating advance deposit  
28 wagering.

29 **Sec. 2.** RCW 67.16.200 and 2001 1st sp.s. c 10 s 2 are each amended  
30 to read as follows:

31 (1) A class 1 racing association licensed by the commission to  
32 conduct a race meet may seek approval from the commission to conduct  
33 parimutuel wagering (~~(on its program)~~) at a satellite location or  
34 locations within the state of Washington. In order to participate in  
35 parimutuel wagering at a satellite location or locations within the  
36 state of Washington, the holder of a class 1 racing association license  
37 must have conducted at least one full live racing season. All class 1

1 racine associations must hold a live race meet within each succeeding  
2 twelve-month period to maintain eligibility to continue to participate  
3 in parimutuel wagering at a satellite location or locations. The sale  
4 of parimutuel pools at satellite locations shall be conducted (~~only~~  
5 ~~during the licensee's race meet and~~) simultaneous to all parimutuel  
6 wagering activity conducted at the licensee's live racing facility in  
7 the state of Washington. The commission's authority to approve  
8 satellite wagering at a particular location is subject to the following  
9 limitations:

10 (a) The commission may approve only one satellite location in each  
11 county in the state; however, the commission may grant approval for  
12 more than one licensee to conduct wagering at each satellite location.  
13 A satellite location shall not be operated within twenty driving miles  
14 of any class 1 racing facility. For the purposes of this section,  
15 "driving miles" means miles measured by the most direct route as  
16 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 races conducted at its 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

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

6 (5) Upon written application to the commission, a class 1 racing  
7 association may be authorized to transmit simulcasts of live horse  
8 races conducted at its racetrack to licensed racing associations  
9 located within the state of Washington and approved by the commission  
10 for the receipt of the simulcasts. The commission shall permit  
11 parimutuel pools on the simulcast races to be combined in a common  
12 pool. The fee for in-state, track-to-track simulcasts shall be five  
13 and one-half percent of the gross parimutuel receipts generated at the  
14 receiving location and payable to the sending racing association. A  
15 racing association that transmits simulcasts of its races to other  
16 licensed racing associations shall pay at least fifty percent of the  
17 fee that it receives for the simulcast signal to the horsemen's purse  
18 account for its live race meet after first deducting the actual cost of  
19 sending the simulcast signal. A racing association that receives races  
20 simulcast from class 1 racing associations within the state shall pay  
21 at least 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 and the actual direct 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)~~) a multijurisdictional common pool  
28 and may change its commission and breakage rates to achieve a common  
29 rate with other 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) (A licensed racing association may also be approved to import~~  
36 ~~one simulcast race of regional or national interest on each live race~~  
37 ~~day.~~

1       ~~(c) The commission may allow simulcast races of regional or~~  
2 ~~national interest to be sent to satellite locations. The simulcasts~~  
3 ~~shall be limited to one per day except for Breeder's Cup special events~~  
4 ~~day.~~

5       (d)) When open for parimutuel wagering, a class 1 racing  
6 association which imports simulcast races shall also conduct simulcast  
7 parimutuel wagering within its licensed racing enclosure on all races  
8 simulcast from other class 1 racing associations within the state of  
9 Washington.

10       ~~((c) The conduct of parimutuel wagering on imported simulcast~~  
11 ~~races shall be for not more than fourteen hours during any twenty four~~  
12 ~~hour period, for not more than five days per week and only at the live~~  
13 ~~racing facility of a class 1 racing association.~~

14       (f)) (c) On any imported simulcast race, the class 1 racing  
15 association shall pay fifty percent of its share of the parimutuel  
16 receipts to the horsemen's purse account for its live race meet after  
17 first deducting the purchase price of the imported race and the actual  
18 costs of importing and offering the race.

19       (7) For purposes of this section, a class 1 racing association is  
20 defined as a licensee approved by the commission to conduct during each  
21 twelve-month period at least forty days of live racing. If a live race  
22 day is canceled due to reasons directly attributable to acts of God,  
23 labor disruptions affecting live race days but not directly involving  
24 the licensee or its employees, or other circumstances that the  
25 commission decides are beyond the control of the class 1 racing  
26 association, then the canceled day counts toward the forty-day  
27 requirement. The commission may by rule increase the number of live  
28 racing days required to maintain class 1 racing association status or  
29 make other rules necessary to implement this section.

30       (8) This section does not establish a new form of gaming in  
31 Washington or allow expanded gaming within the state beyond what has  
32 been previously authorized. Simulcast wagering has been allowed in  
33 Washington before April 19, 1997. Therefore, this section does not  
34 allow gaming of any nature or scope that was prohibited before April  
35 19, 1997. This section is necessary to protect the Washington equine  
36 breeding and racing industries, and in particular those sectors of  
37 these industries that are dependent upon live horse racing. The  
38 purpose of this section is to protect these industries from adverse

1 economic impacts and to promote fan attendance at class 1 racing  
2 facilities. (~~Therefore, imported simulcast race card programs shall~~  
3 ~~not be disseminated to any location outside the live racing facility of~~  
4 ~~the class 1 racing association and a class 1 racing association is~~  
5 ~~strictly prohibited from simulcasting imported race card programs to~~  
6 ~~any location outside its live racing facility.)) Therefore, a licensed  
7 class 1 racing association may be approved to disseminate imported  
8 simulcast race card programs to locations outside the live racing  
9 facility of the class 1 racing association, provided that the class 1  
10 racing association has conducted at least forty live racing days with  
11 an average on-track handle on the live racing product of a minimum of  
12 one hundred fifty thousand dollars per day during the twelve months  
13 immediately preceding the application date.~~

14 (9) A licensee conducting simulcasting under this section shall  
15 place signs in the licensee's gambling establishment under RCW  
16 9.46.071. The informational signs concerning problem and compulsive  
17 gambling must include a toll-free telephone number for problem and  
18 compulsive gamblers and be developed under RCW 9.46.071.

19 (10) Chapter 10, Laws of 2001 1st sp. sess. does not establish a  
20 new form of gaming in Washington or allow expanded gaming within the  
21 state beyond what has been previously authorized. Simulcast wagering  
22 has been allowed in Washington before August 23, 2001. Therefore, this  
23 section does not allow gaming of any nature or scope that was  
24 prohibited before August 23, 2001. Chapter 10, Laws of 2001 1st sp.  
25 sess. is necessary to protect the Washington equine breeding and racing  
26 industries, and in particular those sectors of these industries that  
27 are dependent upon live horse racing. The purpose of chapter 10, Laws  
28 of 2001 1st sp. sess. is to protect these industries from adverse  
29 economic impacts and to promote fan attendance at class 1 racing  
30 facilities. (~~Therefore, imported simulcast race card programs shall~~  
31 ~~not be disseminated to any location outside the live racing facility of~~  
32 ~~the class 1 racing association and a class 1 racing association is~~  
33 ~~strictly prohibited from simulcasting imported race card programs to~~  
34 ~~any location outside its live racing facility.~~

35 (~~11) If a state or federal court makes a finding that the increase~~  
36 ~~in the number of imported simulcast races that may be authorized under~~  
37 ~~chapter 10, Laws of 2001 1st sp. sess. is an expansion of gaming beyond~~

1 ~~that which is now allowed, chapter 10, Laws of 2001 1st sp. sess. is~~  
2 ~~null and void.~~

3 ~~(12) If any provision of chapter 10, Laws of 2001 1st sp. sess. or~~  
4 ~~its application to any person or circumstance is held invalid, the~~  
5 ~~remainder of chapter 10, Laws of 2001 1st sp. sess. or the application~~  
6 ~~of the provision to other persons or circumstances is also invalid.)~~)

7 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
8 preservation of the public peace, health, or safety, or support of the  
9 state government and its existing public institutions, and takes effect  
10 immediately.

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