

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2575

Chapter 246, Laws of 2004

58th Legislature
2004 Regular Session

HORSE RACING COMMISSION--ACCOUNTS

EFFECTIVE DATE: 3/31/04

Passed by the House February 11, 2004
Yeas 94 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 3, 2004
Yeas 45 Nays 0

BRAD OWEN

President of the Senate

Approved March 31, 2004.

GARY F. LOCKE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2575** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

March 31, 2004 - 2:42 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2575

Passed Legislature - 2004 Regular Session

State of Washington 58th Legislature 2004 Regular Session

By House Committee on Commerce & Labor (originally sponsored by Representatives Cairnes, Cody, Conway, Wood and Kenney; by request of Horse Racing Commission)

READ FIRST TIME 02/05/04.

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

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

28 (2) The additional one percent ((of the gross receipts of all
29 parimutuel machines at each race meet and the amount retained by the
30 commission as specified in RCW 67.16.100(1)) specified in subsection
31 (1) of this section shall be deposited ((daily in a time deposit)) by
32 the commission ((and)) in the Washington horse racing commission
33 Washington bred owners' bonus fund account created in section 2 of this
34 act. The interest derived ((therefrom)) from this account shall be
35 distributed annually on an equal basis to those race courses at which
36 independent race meets are held which are nonprofit in nature and are
37 of ten days or less((; PROVIDED, That)). Prior to receiving a payment

1 under this (~~section~~) subsection any new race course shall meet the
2 qualifications set forth in this section for a period of two years(~~(+~~
3 ~~PROVIDED, FURTHER, That said~~)). All funds distributed (~~funds~~) under
4 this subsection shall be used for the purpose of maintaining and
5 upgrading the respective racing courses and equine quartering areas of
6 said nonprofit meets.

7 (3) The commission shall not permit the licensees to take into
8 consideration the benefits derived from this section in establishing
9 purses.

10 (~~(+2)~~) (4) The commission is authorized to pay at the end of the
11 calendar year one-half of the one percent collected from a new licensee
12 under subsection (1) of this section for reimbursement of capital
13 construction of that new licensee's new race track for a period of
14 fifteen years. This reimbursement does not include interest earned on
15 that one-half of one percent and such interest shall continue to be
16 collected and disbursed as provided in RCW 67.16.101 and subsection (1)
17 of this section.

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

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

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

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

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

34 (3) In addition to those amounts in subsection (2) of this section,
35 a licensee shall forward one-tenth of one percent of the daily gross
36 receipts of all its in-state parimutuel machines to the commission for
37 payment to those nonprofit race meets as set forth in RCW 67.16.130 and

1 subsection (1) of this section, but said percentage shall not be
2 charged against the licensee. Payments to nonprofit race meets under
3 this subsection shall be distributed on a pro rata per-race-day basis
4 and used only for purses at race tracks that have been operating under
5 RCW 67.16.130 and subsection (1) of this section for the five
6 consecutive years immediately preceding the year of payment. The
7 commission shall transfer funds generated under subsection (2) of this
8 section equal to the difference between:

9 (a)(i) Funds collected under this subsection (3);

10 (ii) Interest earned from the Washington horse racing commission
11 operating account created in section 3 of this act; and

12 (iii) Fines imposed by the board of stewards in a calendar year;

13 and

14 (b) Three hundred thousand dollars((τ));

15 and distribute that amount under this subsection (3).

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

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

37 (1) Money in the treasurer's trust fund may be deposited, invested,

1 and reinvested by the state treasurer in accordance with RCW 43.84.080
2 in the same manner and to the same extent as if the money were in the
3 state treasury.

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

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

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

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

1 horse racing commission class C purse fund account, and the Washington
2 horse racing commission operating account (earnings from the Washington
3 horse racing commission operating account must be credited to the
4 Washington horse racing commission class C purse fund account).
5 However, the earnings to be distributed shall first be reduced by the
6 allocation to the state treasurer's service fund pursuant to RCW
7 43.08.190.

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

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

19 NEW SECTION. Sec. 9. This act is necessary for the immediate
20 preservation of the public peace, health, or safety, or support of the
21 state government and its existing public institutions, and takes effect
22 immediately.

Passed by the House February 11, 2004.
Passed by the Senate March 3, 2004.
Approved by the Governor March 31, 2004.
Filed in Office of Secretary of State March 31, 2004.