

HOUSE BILL REPORT

HB 1291

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to advance deposit wagering.

Brief Description: Allowing advance deposit wagering to continue beyond October 1, 2007.

Sponsors: Representatives Quall, Priest, Wood, Condotta, Moeller, Conway and Simpson; by request of Horse Racing Commission.

Brief History:

Committee Activity:

Commerce & Labor: 1/25/07, 1/26/07 [DP].

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| <p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Removes the expiration date for horse racing advance deposit wagering. |
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HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Green, Moeller and Williams.

Staff: Joan Elgee (786-7106).

Background:

The Horse Racing Commission (HRC) regulates horse racing in Washington. The HRC licenses facilities, as well as owners, trainers, jockeys, and others who participate in horse racing. It also determines the time and duration of race meets and supervises the meets. A class 1 racing association is one that owns and operates its own race facility with at least 40 days of racing a year. Currently, Emerald Downs is the only class 1 racing association in the state.

Class 1 racing associations pay a parimutuel tax and license fees, which support the HRC. Additional taxes are used for Washington-bred owner bonuses, Washington-bred breeder awards, capital construction, and nonprofit race meets.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In 2004, the Legislature authorized advance deposit wagering (ADW) by a class 1 racing association or by an operator of ADW who accepts wagers under an HRC-approved agreement with a class 1 racing association. Advanced deposit wagering is a form of parimutuel wagering in which an individual deposits money in an account to be used to pay for wagers made in person, by telephone, or through communication by other electronic means.

Advanced deposit wagering may be accepted for races conducted in Washington under a class 1 license or for races conducted outside Washington on a schedule approved by the class 1 licensee. Operators conducting ADW:

- may not accept a wager that exceeds the individual's funds on deposit;
- may not allow individuals under the age of 21 to participate; and
- must verify the identity, age, and residence of the account holder.

By rule, the operator conducting ADW pays a source market fee on all accounts held by Washington residents. The fee is distributed to the class 1 racing association and the HRC. The fee is further distributed to awards, owner bonuses, and the nonprofit race meets.

The provisions authorizing advance deposit wagering expire on October 1, 2007.

Summary of Bill:

The expiration date for horse racing advance deposit wagering is removed.

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Advance deposit wagering (ADW) has had a positive effect industry-wide and is vital to the economic stability of the thoroughbred industry. Advanced deposit wagering has worked the way it should and we have had no problems with it. Before ADW, money was being wagered but the state was losing out.

(Opposed) None.

Persons Testifying: Carol Smith-Merkulov and Robert Leichner, Washington State Horse Racing Commission; Maryann O'Connell, Washington Horsemen's Benevolent & Protective Association; and Ron Crockett, Susie Sourwine, and Jim Halstrom, Northwest Racing Emerald Downs.

Persons Signed In To Testify But Not Testifying: None.