

# HOUSE BILL REPORT

## HB 1315

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**As Reported by House Committee On:**  
Commerce & Labor  
General Government Appropriations

**Title:** An act relating to the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account.

**Brief Description:** Concerning the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account.

**Sponsors:** Representatives Quall, Conway, Sullivan, Simpson and Wood; by request of Horse Racing Commission.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/21/09, 1/23/09 [DP];

General Government Appropriations: 2/10/09, 2/17/09 [DP].

**Brief Summary of Bill**

- Provides that amounts retained by racing associations for Washington-bred breeder awards must be deposited by the Washington Horse Racing Commission (Commission) into an account and specifies that the Commission must use the amounts for the breeder awards.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Crouse, Green, Moeller and Williams.

**Staff:** Joan Elgee (786-7106)

**Background:**

The Washington Horse Racing Commission (Commission) regulates horse racing in Washington. The Commission licenses facilities, as well as owners, trainers, jockeys, and

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*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.*

others who participate in horse racing. Emerald Downs is the only for-profit racing association licensee in the state.

State law provides for owner bonuses and breeder awards for Washington-bred horses placing at for-profit race meets. The owner bonus is paid by the Commission to owners of Washington-bred horses finishing first, second, third, and fourth in a race. The licensee retains 1 percent of the gross receipts and the Commission deposits the receipts into the Washington Bred Owners' Bonus Fund Account, a non-appropriated account.

A licensee may also retain 1 percent of receipts from exotic (multiple) wagers to be used for Washington-bred breeder awards. Of the amounts retained for breeder awards, the track retains 25 percent for capital purposes. Source market fees from advance-deposit wagering are added to the breeder awards. By rule, breeder awards are awarded to first, second, and third place finishers. Unlike owner bonuses, the breeder awards are not required to be placed in an account and distributed by the Commission.

In 2007 the Commission conducted a study of the processing of owner bonuses and breeder awards.

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**Summary of Bill:**

The Washington Horse Racing Commission (Commission) Washington-bred owners' bonus fund is renamed to include breeder awards. The amounts retained from race meets for breeder awards must be paid to the Commission and deposited into the account. The amounts must be used by the Commission for breeder awards, in accordance with rules and qualifications adopted by the Commission.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 4, which renames the Washington Bred Owners' Bonus Fund Account for purposes of retention of earnings and takes effect August 1, 2009.

**Staff Summary of Public Testimony:**

(In support) This bill transfers responsibility to distribute breeder awards from Emerald Downs to the Commission. Before 2007 the breeders association was distributing the awards and holding back an administrative fee. The Commission did a study and learned there was no authority for holding back the fee. There is a statutory mandate for the awards to be distributed so the state should be responsible for doing it. Industry supports this change.

(Opposed) None.

**Persons Testifying:** Representative Quall, prime sponsor; and Robert Lopez, Washington Horse Racing Commission.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS

**Majority Report:** Do pass. Signed by 13 members: Representatives Darneille, Chair; Takko, Vice Chair; McCune, Ranking Minority Member; Armstrong, Blake, Dunshee, Hudgins, Kenney, Pedersen, Sells, Short, Van De Wege and Williams.

**Staff:** Serah Stetson (786-7109)

### **Summary of Recommendation of Committee On General Government Appropriations Compared to Recommendation of Committee On Commerce & Labor:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 4, which renames the Washington Bred Owners' Bonus Fund Account for purposes of retention of earnings and takes effect August 1, 2009.

### **Staff Summary of Public Testimony:**

(In support) It's important that state mandated funds be distributed by the state and have policy oversight. It isn't necessary for Emerald Downs to be writing the checks when the Horse Racing Commission is better equipped to determine who should receive them.

(Opposed) None.

**Persons Testifying:** Jim Halstrom, Northwest Racing dba Emerald Downs; and Robert Lopez, Washington Horse Racing Commission.

**Persons Signed In To Testify But Not Testifying:** None.