

# SENATE BILL REPORT

## SB 6393

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As Reported by Senate Committee On:  
Labor, Commerce & Consumer Protection, January 21, 2010

**Title:** An act relating to modifying distributions of funds by the horse racing commission to nonprofit race meets.

**Brief Description:** Modifying distributions of funds by the horse racing commission to nonprofit race meets.

**Sponsors:** Senators Hewitt, Kohl-Welles and Shin; by request of Horse Racing Commission.

**Brief History:**

**Committee Activity:** Labor, Commerce & Consumer Protection: 1/18/10, 1/21/10 [DPS].

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### SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

**Majority Report:** That Substitute Senate Bill No. 6393 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Holmquist, Ranking Minority Member; Franklin, Honeyford, King and Kline.

**Staff:** Kathleen Buchli (786-7488)

**Background:** Licensees that are subject to a parimutuel tax must pay a percentage of all daily gross receipts from its in-state parimutuel machines to the Horse Racing Commission (Commission). Additionally, one-tenth of 1 percent of the daily gross receipts from the licensee's in-state parimutuel machines must be forwarded to the Commission for payment to nonprofit race meets. These payments are distributed on a pro rata per-race-day basis and used to fund purses at Kennewick, Walla Walla, Waitsburg, and Dayton, and include funds generated under the parimutuel tax in an amount equal to the difference between funds collected under the additional one-tenth of 1 percent of daily gross receipts from in-state parimutuel machines, interest earned from the Washington Horse Racing Commission Operating Account, fines imposed by the Board of Stewards, and \$300,000.

**Summary of Bill (Recommended Substitute):** Payments to nonprofit race meets will not be distributed on a pro rata per-race-day basis. The commission must distribute funds on a per-race-day basis equal to \$15,800 per race day from funds generated under the additional percentage of daily gross receipts from in-state parimutuel machines. If the funds so

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generated will not fund purses equal to \$15,800 per race day, the Commission may fund purses: first, through fines imposed by the Board of Stewards and the Commission; second, from a Commission approved percentage of a source market fee; third, from interest earned from the Washington Horse Racing Commission Operating Account; and fourth, from the Washington Horse Racing Commission Operating Account. If funds generated exceed \$15,800 per race day, the excess must be returned to the licensee.

**EFFECT OF CHANGES MADE BY LABOR, COMMERCE & CONSUMER PROTECTION COMMITTEE (Recommended Substitute):** An erroneous reference is removed and the requirement that funds that may be used to fund purses are to be deposited in the Washington Horse Racing Commission Operating Account if not so used.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: Currently, the Commission distributes \$300,000 every year to nonprofit race meets. The current economic conditions makes it more difficult for these race meets to continue. Without the change in this law we will be required to provide them \$300,000 in purses regardless to the number of races and this could lead to higher purses than previously contemplated. All Class C tracks have been consulted and they are in support of this. This enables the Commission to make the most out of a diminished resource.

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