

# SENATE BILL REPORT

## ESSB 5747

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As Passed Senate, February 28, 2011

**Title:** An act relating to Washington horse racing funds.

**Brief Description:** Concerning Washington horse racing funds.

**Sponsors:** Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Hewitt, Kohl-Welles and Conway).

**Brief History:**

**Committee Activity:** Labor, Commerce & Consumer Protection: 2/14/11, 2/17/11 [DPS].  
Passed Senate: 2/28/11, 46-2.

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

**Majority Report:** That Substitute Senate Bill No. 5747 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; Holmquist Newbry, Ranking Minority Member; King, Assistant Ranking Minority Member; Hewitt, Keiser and Kline.

**Staff:** Edith Rice (786-7444)

**Background:** The Washington Horse Racing Commission is authorized to license, regulate, and supervise all race meets in the state. The commission can license race meets which are nonprofit, and meet certain other criteria, for a fee of \$10 per day. The sponsoring nonprofit is exempt from other fees. Other licensees of race meets are not exempt from these fees or taxes.

If a licensee is not exempt from payment of a parimutuel tax they must withhold and pay a specific percentage of all daily gross receipts from its in-state parimutuel machines, based on the gross receipts of all its in-state parimutuel machines in the previous calendar year. A licensee is also required to forward one-tenth of 1 percent of the daily gross receipts of its in-state parimutuel machines to the commission for payment to certain non-profit horse race meets. Payments to nonprofit race meets must only be used for purses at race tracks that have been operating for the five consecutive years immediately preceding the year of payment. The commission is required to distribute \$15,800 per race day from the funds generated. If these funds are not sufficient to pay for purses of \$15,800 per race day the

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commission is authorized to pay for them by other means such as: fines imposed by the board of stewards, a percentage of an authorized source market fee generated from advance deposit wagering, interest earned from the commission operating account or from the account. If more than \$15,800 are generated per race day, the excess must be returned to the licensees. Funds not needed in a calendar year must be deposited in the Washington Horse Racing Commission operating account.

Investment earnings from the Washington Horse Racing Commission operating account are required to be distributed to the class C purse fund account for nonprofit race meets. When determining how to allocate funds available for the purpose of developing the equine industry the commission must give first consideration to uses that assist the nonprofit race meets and equine health research.

**Summary of Engrossed Substitute Bill:** Payments to fund purses at nonprofit race meets must be to only those race tracks that have been operating in 2010 or for the five consecutive years immediately preceding the year of payment. The commission is required to distribute up to \$15,800 from funds generated for nonprofit race meets. Provisions for the commission to cover payment of purses for nonprofit race meets when insufficient funds are generated, are removed. Provisions for return of excess funds to licensees are removed.

Investment earnings from the Washington Horse Racing Commission operating account at the State Treasurer are retained in the operating account, not the class C purse fund.

When determining how to allocate funds available for the purpose of developing the equine industry the commission must give first consideration to uses that regulate the nonprofit race meets and equine health research.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony on Original Bill:** PRO: The economy has effected the racing industry and our funding. This will grandfather 2010 races.

**Persons Testifying:** PRO: Robert Lopez, Washington Horse Racing Commission.