

# SENATE BILL REPORT

## SB 5672

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As of February 19, 2013

**Title:** An act relating to supporting youth programs through agricultural fairs and the horse racing commission.

**Brief Description:** Supporting youth programs through agricultural fairs and the horse racing commission.

**Sponsors:** Senators Hewitt, Honeyford, Becker, Holmquist Newbry, Brown, Schoesler, Dammeier, King and Roach.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/18/13.

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Staff:** Mac Nicholson (786-7445)

**Background:** Agricultural fairs may receive funding from the state fair fund, which is administered by the Department of Agriculture. State law requires an annual \$2 million transfer into the fair fund from the general fund. In fiscal year 2012 and 2013, the required transfer was \$3.5 million.

The Washington Horse Racing Commission (Commission) is the state agency charged with licensing and regulating the horse racing industry, and has a responsibility to encourage the training and development of the equine industry in Washington. The Commission collects a percentage of parimutuel wagering daily gross receipts to fund its operating expenses. The Commission may also spend up to \$300,000 per year from the operating account to develop the equine industry, maintain and upgrade racing facilities, and assist equine health research.

In fiscal year 2012, Washington Lottery beneficiaries were as follows:

- Washington Opportunity Pathways Account, \$121.8 million;
- stadium bonds, \$10 million for football stadium and \$2.7 million for baseball stadium;
- problem gambling, \$291,000;
- economic development, \$3 million from unclaimed prizes; and
- veterans' innovation program.

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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.*

**Summary of Bill:** During calendar year 2013, \$5 million must be distributed from the state lottery account as follows:

- \$2.5 million to the state fair fund; and
- \$2.5 million to the Horse Racing Commission operating account.

Distribution amounts must increase 2 percent over the previous year. Distributions will stop June 30, 2023.

After June 30, 2023, \$2 million per fiscal year must be transferred into the fair fund from the general fund.

Money in the Commission operating account may be used to increase the size of purses for horse racing events; provide educational opportunities at horse racing facilities for children involved in 4-H and other horse owners involved in training; provide jockey insurance mitigation and suppression at class C tracks; and market activities related to the horse racing industry.

**Appropriation:** \$5 million from the state lottery account.

**Fiscal Note:** Not requested.

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

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

**Staff Summary of Public Testimony:** PRO: The horseracing industry in Washington has been around for over 80 years. Emerald Downs has done a good job of managing and running the horse racing industry in Washington. In order to be a successful industry, there must be good breeders and owners, and they must all work together with the track. It is important for Emerald Downs to be successful; if they do not succeed, there will not be anywhere for the horse racing industry participants to continue their vocation. Purses have declined recently and this bill will help address that issue. The horse racing industry supplies many jobs throughout the state. This bill adds to the solvency of Emerald Downs. The lottery is a good and stable source of funding for these programs. The bill would provide a dedicated source of funding that would allow fairs to enhance youth programs. Fairs are the culmination of years of hard work, and provide skills and development for youth. Fairs promote education, showcase agriculture, create hundreds of jobs, generate revenue for local services, and generate tax money for government. There is no better place to put money than in the fairgrounds. Youth learn life skills at the fairs.

**Persons Testifying:** PRO: Bob Fraser, Sophia McKee, Jim Halstrom, Emerald Downs; Richard Hartzell, WA State Fairs Assn.; Greg Stewart, Central WA State Fair; Nathaniel Lubbers, Matthew Lubbers, Clark County 4-H Llama and Swine Project; Kirk Gresham, Clark County Fair; MaryAnn O'Connell, WA Horsemen's Benevolent and Protective Assn.; Anne Sweet, WA Thoroughbred Breeders & Owners Assn.; Sue Spooner; Douglas Moore, Horse Racing Commission; Cassy Schilter, Zachary Schilter, Michelle Schilter, Tammy Remund, Southwest WA Fair; Mikayla Mantegna, Pierce County Fair.