

HOUSE BILL REPORT

SSB 6285

As Reported by House Committee On:
Commerce & Gaming
Appropriations

Title: An act relating to the operating and reserve accounts of the horse racing commission.

Brief Description: Concerning the operating and reserve accounts of the horse racing commission.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Fain, Hobbs and Roach).

Brief History:

Committee Activity:

Commerce & Gaming: 2/23/16 [DP];
Appropriations: 2/27/16, 2/29/16 [DP].

Brief Summary of Substitute Bill

- Moves the Washington Horse Racing Commission Operating Account to the State Treasury from the custody of the State Treasurer.
- Creates the Washington Horse Racing Commission Operating Reserve Account, a nonappropriated account in the custody of the State Treasurer.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Scott, Van De Wege and Vick.

Staff: Peter Clodfelter (786-7127).

Background:

Washington Horse Racing Commission.

The Washington Horse Racing Commission (Commission) is responsible for licensing, regulating, and supervising all race meets held in the State of Washington where the

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parimutuel system of betting is used. The Commission is also responsible for inspecting each race course in the state at least once a year.

Betting or wagering on a horse race is lawful in the State of Washington only if it is by the parimutuel method, which is a betting system in which the bets of a particular type are pooled, taxes and commissions are removed, and payoffs are calculated by sharing the pool among all of the winning bets. Licensees operating race meets must withhold and pay to the Commission daily, for each authorized day of parimutuel wagering, a parimutuel tax that is a percentage of all the licensees' daily gross receipts from the licensees' in-state parimutuel machines. Those receipts must be deposited in the Washington Horse Racing Commission Operating Account (Operating Account).

Washington Horse Racing Commission Operating Account.

Within the custody of the State Treasurer is the Operating Account. In addition to the percentage of licensees' daily gross receipts from licensees' parimutuel wagering machines that must be deposited into the Operating Account, the Commission may receive and, if so, must deposit into the Operating Account gifts, grants, and endowments from public or private sources.

Gifts, grants, and endowments must be expended according to the terms of the gift, grant, or endowment. Otherwise, moneys in the Operating Account must be used for the Commission's operating expenses. If there are sufficient funds in the Operating Account to cover the Commission's operating expenses, the Commission may spend up to \$300,000 per fiscal year for the purposes of developing the equine industry, maintaining and upgrading racing facilities, and assisting equine health research. Moneys in the Operating Account may be spent only after appropriation.

Article VII, Section 6 of the Washington State Constitution.

Article VII, section 6 of the Washington State Constitution requires all taxes levied and collected for state purposes to be paid in money only into the State Treasury.

Summary of Bill:

The Washington Horse Racing Commission Operating Account.

The Washington Horse Racing Commission Operating Account is moved to the State Treasury from the custody of the State Treasurer.

The Washington Horse Racing Commission Operating Reserve Account.

The Washington Horse Racing Commission Operating Reserve Account (Reserve Account) is created in the custody of the State Treasurer. All receipts from legislative appropriations and other sources, as directed by the Legislature, must be deposited into the Reserve Account. Expenditures from the Reserve Account may be used only for the Washington Horse Racing Commission's (Commission's) operating expenses. Only the Commission or the Commission's designee may authorize expenditures from the Reserve Account. The Reserve Account is subject to allotment procedures, but an appropriation is not required for expenditures. The Reserve Account is allowed to retain its interest earnings.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2016.

Staff Summary of Public Testimony:

(In support) Stakeholders support the approach taken in this bill, as well as the alternative approach taken in the other bill that also addresses this issue concerning the Washington Horse Racing Commission Operating Account, House Bill 2320. Either approach would work.

(Opposed) None.

Persons Testifying: Dylan Doty, Muckleshoot Indian Tribe.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 27 members: Representatives Dunshee, Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Cody, Dent, Fitzgibbon, Haler, Hansen, Harris, S. Hunt, Jinkins, Lytton, MacEwen, Magendanz, Manweller, Pettigrew, Robinson, Sawyer, Schmick, Springer, Stokesbary, Sullivan, Tharinger, Van Werven and Walkinshaw.

Minority Report: Do not pass. Signed by 5 members: Representatives Ormsby, Vice Chair; Condotta, Hudgins, Kagi and Taylor.

Minority Report: Without recommendation. Signed by 1 member: Representative Senn.

Staff: Lily Sobolik (786-7157).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Commerce & Gaming:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2016.

Staff Summary of Public Testimony:

(In support) The Senate has taken a different approach with this bill. In the unlikely event that there is not an operating budget at the beginning of a biennium, the Washington Horse Racing Commission would still be able to send employees to Emerald Downs. July is the biggest month of the year for horse racing. The ability to continue operations during that time is very important for Emerald Downs, the City of Auburn, and the thousands of others who rely on horse racing.

(Opposed) None.

Persons Testifying: Scott Sigmon.

Persons Signed In To Testify But Not Testifying: None.