

SENATE BILL REPORT

SB 6285

As Reported by Senate Committee On:
Commerce & Labor, January 20, 2016
Ways & Means, February 3, 2016

Title: An act relating to providing that the horse racing commission operating account is a nonappropriated account.

Brief Description: Providing that the horse racing commission operating account is a nonappropriated account.

Sponsors: Senators Fain, Hobbs and Roach.

Brief History:

Committee Activity: Commerce & Labor: 1/20/16 [DP-WM].
Ways & Means: 2/02/16, 2/03/16 [DPS].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Hasegawa, Ranking Minority Member; Conway, Keiser and Warnick.

Staff: Jarrett Sacks (786-7448)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6285 be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Darneille, Hasegawa, Hewitt, Nelson, O'Ban, Padden, Parlette, Pedersen, Rolfes, Schoesler and Warnick.

Staff: Julie Murray (786-7711)

Background: The Washington Horse Racing Commission (Commission) is responsible for licensing and regulating horse racing in Washington. The Commission licenses horse racing

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associations, racing facilities, and the employees who participate in horse racing. The Commission also schedules and supervises race meets. Betting or wagering on a horse race is lawful in Washington only if it is by the pari-mutuel method, which is a betting system where 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.

The Commission funds its operating expenses through a pari-mutuels tax, where it collects a percentage of the pari-mutuel wagering daily gross receipts. A licensee operating races must withhold and pay to the commission a percentage of the gross receipts from its in-state pari-mutuel machines. Those receipts are deposited into the Washington Horse Racing Commission Operating Account.

The Commission Operating Account is funded through the pari-mutuels tax, horse racing licenses and fees, gifts, grants, and endowments. Monies in the account may be spent only after appropriation. Gifts, grants, and endowments must be expended according to the terms of the gift, grant, or endowment. Otherwise, monies in the Commission Operating Account must be used for the Commission's operating expenses. If there are sufficient funds in the 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, with first consideration toward using the money for regulating and assisting nonprofit meets and equine health research.

Summary of Bill (Recommended Substitute): The Washington Horse Racing Commission Operating Reserve Account (Reserve Account) is created in the custody of the state treasury. The Reserve Account is funded from legislative appropriations and other sources directed by the Legislature and must be used for only the operating expenses of the Commission. Expenditures from the Reserve Account do not require an appropriation, but are subject to the allotment procedure. The account is allowed to retain its interest earnings. Other non-substantive technical changes are made to the Washington Horse Racing Commission Operating Account.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): The Washington Horse Racing Commission Operating Reserve Account is created in the custody of the state treasury. The account is funded from legislative appropriations and other sources as directed by the Legislature. Expenditures from the account do not require an appropriation, but the account is subject to the allotment procedure. The account is allowed to retain its interest earnings. Other non-substantive technical changes are made to the Washington Horse Racing Commission Operating Account.

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 (Commerce & Labor): PRO: The Commission's account is appropriated. If there is no budget, the Commission has to shut down. This means race operators have to shut down as well. The risk of operators shutting down is bad for business.

Persons Testifying (Commerce & Labor): PRO: Philip Ziegler, Emerald Downs/President.

Persons Signed In To Testify But Not Testifying (Commerce & Labor): No one.

Staff Summary of Public Testimony on Original Bill (Ways & Means): PRO: This bill will ensure during the July 4th holiday, one of the busiest parts of our season, that the threat of a government shut down does not deter visitors. Because the Commission does require an appropriation for its operating expenses, we were put on notice that the budget impasse could shutdown operations. This was picked up by the media. It is difficult to combat this kind of negative advertising after the fact.

Persons Testifying on Original Bill (Ways & Means): PRO: Philip Ziegler, Emerald Downs/President.

Persons Signed In To Testify But Not Testifying on Original Bill (Ways & Means): No one.