

HOUSE BILL REPORT

HB 1928

As Passed House:
February 14, 2022

Title: An act relating to equine industry support.

Brief Description: Concerning equine industry support.

Sponsors: Representatives Schmick, Stokesbary, Sutherland, Wicks and Dent.

Brief History:

Committee Activity:

Appropriations: 1/31/22, 2/3/22 [DP].

Floor Activity:

Passed House: 2/14/22, 90-8.

Brief Summary of Bill

- Creates the Washington Equine Industry Reinvestment Account (Reinvestment Account) in the State Treasury, funded through an annual mandatory State General Fund transfer.
- Establishes the formula for calculating the amount of the annual transfer from the State General Fund to the Reinvestment Account.
- Directs the Legislature to annually appropriate moneys in the Reinvestment Account for a variety of purposes, including Washington Horse Racing Commission operations, breeder awards, nonprofit races, equine activities, race purses, equine health and safety programs, and maintaining and repairing facilities.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 30 members: Representatives Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member;

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Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 1 member: Representative Ormsby, Chair.

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

Staff: Jackie Wheeler (786-7125).

Background:

The Washington Horse Racing Commission (Commission) is responsible for licensing, regulating, and supervising all race meets held in Washington where the parimutuel system of betting is used.

The receipts from a parimutuel tax must be deposited in the Washington Horse Racing Commission Operating Account (Operating Account), a nonappropriated account in the custody of the State Treasurer, in addition to any gifts, grants, or endowments the Commission receives. Except for gifts, grants, and endowments (which are spent based on their terms), moneys in the Operating Account are used for the Commission's operating expenses and other specified purposes. Up to \$300,000 per fiscal year can be spent on developing the equine industry, maintaining and upgrading racing facilities, and assisting equine health research.

After June 30, 2023, no salary, wages, or other compensation can be paid by the state in connection with the work of the Commission. Moneys paid to the Commission and left over at the end of each biennium, except for any amount retained for working capital, are to go to the Fair Fund.

Primary responsibilities of the Commission, in addition to its licensing and regulatory responsibilities, include:

- encouraging the training and development of the equine industry in Washington for racing or recreational use of horses; and
- ensuring that any facility used as a racetrack should be maintained and upgraded to provide a safe environment for the public and horses.

The Horse Racing Commission Washington Bred Owner's Bonus Fund and Breeder Awards Account uses specified receipts to assist new tracks and for Washington bred breeder awards.

Summary of Bill:

The Washington Equine Industry Reinvestment Account (Reinvestment Account) is created

in the State Treasury. Resources going into the Reinvestment Account consist of an annual mandatory State General Fund transfer and any other funds appropriated or transferred to the Reinvestment Account at the direction of the Legislature.

Beginning with state fiscal year 2023 (which begins July 1, 2022, and ends June 30, 2023), the Legislature must annually appropriate the funds in the Reinvestment Account as follows:

- Seven and one-half percent is appropriated to the Washington Horse Racing Commission Operating Account.
- Seven and one-half percent is to be deposited into the Horse Racing Commission Washington Bred Owners' Bonus Fund and Breeder Awards Account for breeder awards.
- The remaining 85 percent is appropriated to the Washington Horse Racing Commission for the following purposes:
 - 10 percent to support nonprofit races;
 - 15 percent to be awarded as grants to support equine activities; and
 - 60 percent to the Class 1 racing associations licensed by the Commission, of which 75 percent of this amount is to be designated for purses and the remainder for equine health and safety programs, research, and facility improvements and maintenance.

By July 1, 2022, and by July 1 of each year thereafter, the State Treasurer must transfer an amount not to exceed \$6 million per year from the State General Fund to the Washington Equine Industry Reinvestment Account. This maximum amount may be increased after each biennium based on a calculation of inflation by the Department of Revenue. The amount to be transferred, up to the maximum, is based on a Department of Revenue estimate of the amount of state sales and use taxes collected the previous year on the following equine-related products ("equine" means a horse, pony, mule, donkey, or hinny):

- equines;
- equine feed;
- prescription drugs, over-the-counter drugs, or dietary supplements dispensed or to be dispensed for equines;
- equine tack (including equipment used to ride or care for an equine such as saddles, driving harnesses, girths, cinches, bridles, martingales, halters, lead ropes, whips, long reins, wraps, and other items used in handling and caring for equines);
- horse bedding and grooming supplies; and
- other taxable sales directly related to equine ownership, riding, or boarding.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The primary responsibilities of the Horse Racing Commission (Commission) are to protect the horses, protect the riders and those that care for the horses, and to ensure a fair and level playing field. The funding from this bill would allow the Commission to continue fulfilling these duties while also saving and creating hundreds of direct and indirect jobs, supporting the agriculture industry, returning tourism to small communities, protecting green space, and supporting other equine programs and activities like 4-H, thoroughbred adoption organizations, and therapy programs for veterans. This bill would also re-establish Class C Horse Racing in the state in cities like Kennewick, Dayton, and Walla Walla. Without this kind of help, the industry is in peril, and we will lose the ecosystem that supports horses in Washington. This is a small investment in the horse industry for Washington. By dedicating a portion of the state's revenue back into the industry that generates it, it will help support an industry that has further reaching impact on Washington residents than any other sports team. Similar legislation has been enacted in Texas and it has proven to have the successful impact on the horse racing industry that was expected.

(Opposed) None.

Persons Testifying: Representative Joe Schmick, prime sponsor; Tim Donohue, Dayton Days, Inc.; Doug Moore, Washington Horse Racing Commission; Julie Scofield; Sara Stewart, Evergreen Equestrian Club; Pat LePlay, Washington Horseman's Benevolent and Protective Association; Phil Ziegler and Ron Crockett, Emerald Downs; and Debbie Pabst.

Persons Signed In To Testify But Not Testifying: None.