
SUBSTITUTE SENATE BILL 5598

State of Washington

68th Legislature

2023 Regular Session

By Senate Business, Financial Services, Gaming & Trade (originally sponsored by Senators Mullet, Fortunato, Nguyen, Keiser, Schoesler, Kauffman, Hunt, Padden, J. Wilson, Conway, Dozier, Stanford, and Van De Wege)

READ FIRST TIME 02/17/23.

1 AN ACT Relating to the funding of legalized horse racing and the
2 recreational use of horses in Washington state; amending RCW
3 67.16.050, 67.16.280, and 67.16.105; adding a new section to chapter
4 67.16 RCW; creating a new section; providing an effective date; and
5 declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 67.16
8 RCW to read as follows:

9 The commission may impose fees, as the commission deems
10 reasonable and appropriate, in compliance with the horseracing
11 integrity and safety act of 2020, 15 U.S.C. Sec. 3051 et seq., as
12 amended. The commission may adopt rules to implement this section.

13 **Sec. 2.** RCW 67.16.050 and 1997 c 87 s 2 are each amended to read
14 as follows:

15 Every person making application for license to hold a race meet,
16 under the provisions of this chapter shall file an application with
17 the commission which shall set forth the time, the place, the number
18 of days such meet will continue, and such other information as the
19 commission may require. The commission shall be the sole judge of
20 whether or not the race meet shall be licensed and the number of days

1 the meet shall continue. No person who has been convicted of any
2 crime involving moral turpitude shall be issued a license, nor shall
3 any license be issued to any person who has violated the terms or
4 provisions of this chapter, or any of the rules and regulations of
5 the commission made pursuant thereto, or who has failed to pay to the
6 commission any or all sums required under the provisions of this
7 chapter. The license shall specify the number of days the race meet
8 shall continue and the number of races per day, which shall include
9 not less than six nor more than (~~eleven~~) 11 live races per day, and
10 for which a fee shall be paid daily in advance of (~~five hundred~~
11 ~~dollars for each live race day for those licensees which had gross~~
12 ~~receipts from parimutuel machines in excess of fifty million dollars~~
13 ~~in the previous year and two hundred dollars for each day for meets~~
14 ~~which had gross receipts from parimutuel machines at or below fifty~~
15 ~~million dollars in the previous year~~) \$200; in addition any newly
16 authorized live race meets shall pay (~~two hundred dollars~~) \$200 per
17 day for the first year: PROVIDED, That if unforeseen obstacles arise,
18 which prevent the holding, or completion of any race meet, the
19 license fee for the meet, or for a portion which cannot be held may
20 be refunded the licensee, if the commission deems the reasons for
21 failure to hold or complete the race meet sufficient. Any unexpired
22 license held by any person who violates any of the provisions of this
23 chapter, or any of the rules or regulations of the commission made
24 pursuant thereto, or who fails to pay to the commission any and all
25 sums required under the provisions of this chapter, shall be subject
26 to cancellation and revocation by the commission. Such cancellation
27 shall be made only after a summary hearing before the commission, of
28 which three days' notice, in writing, shall be given the licensee,
29 specifying the grounds for the proposed cancellation, and at which
30 hearing the licensee shall be given an opportunity to be heard in
31 opposition to the proposed cancellation.

32 **Sec. 3.** RCW 67.16.280 and 2016 c 160 s 1 are each amended to
33 read as follows:

34 (1)(~~(a)~~) The Washington horse racing commission operating
35 account is created in the custody of the state treasurer. All
36 receipts collected by the commission under RCW 67.16.105(2) must be
37 deposited into the account. Beginning July 1, 2023, through July 1,
38 2029, the legislature must annually appropriate \$6,000,000 from the
39 general fund to this account. Expenditures from the account may be

1 used only for the operating expenses of the commission and for
2 purposes set forth in subsection (3) of this section. Only the
3 commission or the commission's designee may authorize expenditures
4 from the account. The account is subject to allotment procedures
5 under chapter 43.88 RCW, but an appropriation is not required for
6 expenditures.

7 ~~((b))~~ (2) The commission has the authority to receive such
8 gifts, grants, and endowments from public or private sources as may
9 be made from time to time in trust or otherwise for the use and
10 purpose of regulating or supporting nonprofit race meets as set forth
11 in RCW 67.16.130 and 67.16.105(1); such gifts, grants, and endowments
12 must also be deposited into the horse racing commission operating
13 account and expended according to the terms of such gift, grant, or
14 endowment.

15 ~~((2) In order to provide funding in support of the legislative~~
16 ~~findings in RCW 67.16.101 (1) through (3), and to provide additional~~
17 ~~necessary support to the nonprofit race meets beyond the funding~~
18 ~~provided by RCW 67.16.101(4) and 67.16.102(2), the commission is~~
19 ~~authorized to spend up to three hundred thousand dollars per fiscal~~
20 ~~year from its operating account for the purpose of developing the~~
21 ~~equine industry, maintaining and upgrading racing facilities, and~~
22 ~~assisting equine health research. When determining how to allocate~~
23 ~~the funds available for these purposes, the commission must give~~
24 ~~first consideration to uses that regulate and assist the nonprofit~~
25 ~~race meets and equine health research. These expenditures may occur~~
26 ~~only when sufficient funds remain for the continued operations of the~~
27 ~~horse racing commission.))~~

28 (3) Expenditures from the account must be used for the operating
29 expenses of the commission, with the remaining amount distributed
30 annually as follows:

31 (a) 10 percent for grants to nonprofit entities involved with
32 equine shows, fairs, competitions, performances, parades, youth
33 programs, or educational programs related to equines;

34 (b) 20 percent to nonprofit entities with programs to improve
35 working conditions for employees and families working in the stable
36 areas at covered tracks. The programs may include, but are not
37 limited to, low-fee dental care, medical and burial assistance,
38 educational and recreational programs, disaster relief, and
39 assistance for department of labor and industries claim monitoring
40 programs;

1 (c) 10 percent for grants to class C race meets under RCW
2 67.16.130. Grants for the nonprofit race meets must not exceed 10
3 percent of the funds. If there are less than 10 nonprofit race days
4 awarded, the remainder may be distributed by grant to other approved
5 allocations under this subsection (3) based on greatest need; and

6 (d) 60 percent to the class 1 racing associations allocated by
7 grant by the Washington horse racing commission. Most of the grant
8 funding must be used for equine health and safety programs, research,
9 racetrack surface improvements, and long-term maintenance of the
10 racing surface. Additional allocations may be made for veterinary
11 staff, track security, on-duty paramedics, emergency medical
12 technicians, starting gate personnel, race-day outriders, purchase of
13 track surface materials, and track safety maintenance equipment.

14 (4) On December 1, 2023, and annually thereafter, the commission
15 must report to the appropriate committees of the legislature on the
16 use of grant funds and criteria used to determine grant awards
17 established in subsection (3) of this section.

18 **Sec. 4.** RCW 67.16.105 and 2011 c 12 s 1 are each amended to read
19 as follows:

20 (1) Licensees of race meets that are nonprofit in nature and are
21 of ten days or less are exempt from payment of a parimutuel tax.

22 (2) Licensees that do not fall under subsection (1) of this
23 section must withhold and pay to the commission daily for each
24 authorized day of parimutuel wagering the following applicable
25 percentage of all daily gross receipts from its in-state parimutuel
26 machines:

27 (a) If the gross receipts of all its in-state parimutuel machines
28 are more than fifty million dollars in the previous calendar year,
29 the licensee must withhold and pay to the commission daily 1.30
30 percent of the daily gross receipts; and

31 (b) If the gross receipts of all its in-state parimutuel machines
32 are fifty million dollars or less in the previous calendar year, the
33 licensee must withhold and pay to the commission daily 1.803 percent
34 of the daily gross receipts.

35 (3)(a) In addition to those amounts in subsection (2) of this
36 section, a licensee must forward one-tenth of one percent of the
37 daily gross receipts of all its in-state parimutuel machines to the
38 commission for payment to those nonprofit race meets as set forth in

1 RCW 67.16.130 and subsection (1) of this section, but the percentage
2 may not be charged against the licensee.

3 (b) Payments to nonprofit race meets under this subsection must
4 be distributed on a per-race-day basis and used only for purses at
5 racetracks that have been operating under RCW 67.16.130 and
6 subsection (1) of this section in 2010 or for the five consecutive
7 years immediately preceding the year of payment.

8 (c) As provided in this subsection, the commission must
9 distribute funds up to fifteen thousand eight hundred dollars per
10 race day from funds generated under this subsection (3).

11 (4) Beginning July 1, 1999, at the conclusion of each authorized
12 race meet, the commission must calculate the mathematical average
13 daily gross receipts of parimutuel wagering that is conducted only at
14 the physical location of the live race meet at those race meets of
15 licensees with gross receipts of all their in-state parimutuel
16 machines of more than fifty million dollars. Such calculation shall
17 include only the gross parimutuel receipts from wagering occurring on
18 live racing dates, including live racing receipts and receipts
19 derived from one simulcast race card that is conducted only at the
20 physical location of the live racing meet, which, for the purposes of
21 this subsection, is "the handle." If the calculation exceeds eight
22 hundred eighty-six thousand dollars, the licensee must within ten
23 days of receipt of written notification by the commission forward to
24 the commission a sum equal to the product obtained by multiplying 0.6
25 percent by the handle. Sums collected by the commission under this
26 subsection must be forwarded on the next business day following
27 receipt thereof to the state treasurer to be deposited in the fair
28 fund created in RCW 15.76.115.

29 (5) Until July 1, 2030, licensees subject to the parimutuel tax
30 in this section are exempt from paying the tax as well as the other
31 requirements in subsections (2) through (4) of this section. As of
32 July 1, 2030, licensees subject to the parimutuel tax must withhold
33 and pay the tax to the commission daily, in addition to other
34 requirements, as set forth in subsections (2) through (4) of this
35 section.

36 NEW SECTION. Sec. 5. If specific funding for the purposes of
37 this act, referencing this act by bill or chapter number, is not
38 provided by June 30, 2023, in the omnibus appropriations act, this
39 act is null and void.

1 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of
3 the state government and its existing public institutions, and takes
4 effect July 1, 2023.

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