Z-0277.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SENATE BILL 5563**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Fortunato and Warnick; by request of Horse Racing Commission

AN ACT Relating to horse racing; amending RCW 67.16.010, 67.16.012, 67.16.050, 67.16.070, 67.16.100, 67.16.101, 67.16.102, 67.16.105, 67.16.140, 67.16.160, 67.16.170, 67.16.175, 67.16.251, and 67.16.280; and reenacting and amending RCW 67.16.200.

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

**Sec.**  RCW 67.16.010 and 2004 c 246 s 5 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Commission" ((~~shall mean~~)) means the Washington horse racing commission, hereinafter created.

(2) "Parimutuel machine" ((~~shall mean and include~~)) means both machines at the track and machines at the satellite locations, that record parimutuel bets and compute the payoff.

(3) "Parimutuel wagering" means a form of wagering on the outcome of a horse race or horse races in which all wagers are pooled and held by a parimutuel pool host for distribution of the total amount, less deductions authorized by law, to holders of tickets on the winning contestants.

(4) "Person" ((~~shall mean and include~~)) means individuals, firms, corporations, and associations.

((~~(4)~~)) (5) "Race meet" ((~~shall mean and include~~)) means any exhibition of thoroughbred, quarter horse, paint horse, appaloosa horse racing, arabian horse racing, or standard bred harness horse racing, where the parimutuel system is used.

**Sec.**  RCW 67.16.012 and 2011 1st sp.s. c 21 s 13 are each amended to read as follows:

There is hereby created the Washington horse racing commission, to consist of three commissioners, appointed by the governor and confirmed by the senate. The commissioners shall be citizens, residents, and qualified electors of the state of Washington((~~, one of whom shall be a breeder of racehorses and shall be of at least one year's standing~~)). The terms of the members shall be six years. Each member shall hold office until his or her successor is appointed and qualified. Vacancies in the office of commissioner shall be filled by appointment to be made by the governor for the unexpired term. Any commissioner may be removed at any time at the pleasure of the governor. Before entering upon the duties of his or her office, each commissioner shall enter into a surety company bond, to be approved by the governor and attorney general, payable to the state of Washington, in the penal sum of five thousand dollars, conditioned upon the faithful performance of his or her duties and the correct accounting and payment of all sums received and coming within his or her control under this chapter, and in addition thereto each commissioner shall take and subscribe to an oath of office of the same form as that prescribed by law for elective state officers.

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

Every person making application for license to hold a race meet, under the provisions of this chapter shall file an application with the commission which shall set forth the time, the place, the number of days such meet will continue, and such other information as the commission may require. The commission shall be the sole judge of whether or not the race meet shall be licensed and the number of days the meet shall continue. No person who has been convicted of any crime involving moral turpitude shall be issued a license, nor shall any license be issued to any person who has violated the terms or provisions of this chapter, or any of the rules and regulations of the commission made pursuant thereto, or who has failed to pay to the commission any or all sums required under the provisions of this chapter. The license shall specify the number of days the race meet shall continue and the number of races per day, which shall include not less than six ((~~nor more than eleven~~)) live races per day, and for which a fee shall be paid daily in advance of ((~~five hundred dollars~~)) $500 for each live race day ((~~for those licensees which had gross receipts from parimutuel machines in excess of fifty million dollars in the previous year and two hundred dollars for each day for meets which had gross receipts from parimutuel machines at or below fifty million dollars in the previous year; in addition any newly authorized live race meets shall pay two hundred dollars per day for the first year~~)): PROVIDED, That if unforeseen obstacles arise, which prevent the holding, or completion of any race meet, the license fee for the meet, or for a portion which cannot be held may be refunded the licensee, if the commission deems the reasons for failure to hold or complete the race meet sufficient. Any unexpired license held by any person who violates any of the provisions of this chapter, or any of the rules or regulations of the commission made pursuant thereto, or who fails to pay to the commission any and all sums required under the provisions of this chapter, shall be subject to cancellation and revocation by the commission. Such cancellation shall be made only after a summary hearing before the commission, of which three days' notice, in writing, shall be given the licensee, specifying the grounds for the proposed cancellation, and at which hearing the licensee shall be given an opportunity to be heard in opposition to the proposed cancellation.

**Sec.**  RCW 67.16.070 and 1949 c 236 s 2 are each amended to read as follows:

For the purpose of encouraging the breeding, within this state, of valuable thoroughbred, quarter and/or standard bred racehorses, at least one race of each day's meet shall ((~~consist~~)) be offered exclusively ((~~of~~)) for Washington bred horses.

**Sec.**  RCW 67.16.100 and 1998 c 345 s 5 are each amended to read as follows:

(1) All sums paid to the commission under this chapter, including those sums collected for license fees and excluding those sums collected under RCW 67.16.102 and 67.16.105(3), shall be disposed of by the commission as follows: One hundred percent thereof shall be retained by the commission for the payment of the salaries of its members, secretary, clerical, office, and other help and all expenses incurred in carrying out the provisions of this chapter. ((~~No salary, wages, expenses, or compensation of any kind shall be paid by the state in connection with the work of the commission.~~))

(2) Any moneys collected or paid to the commission under the terms of this chapter and not expended at the close of the fiscal biennium shall be either dispersed to Washington state registered equestrian nonprofit organizations or recognized equine-related youth organizations through a grant process set up by the commission or paid to the state treasurer and be placed in the fair fund created in RCW 15.76.115. The commission may, with the approval of the office of financial management, retain any sum required for working capital.

**Sec.**  RCW 67.16.101 and 2006 c 174 s 2 are each amended to read as follows:

The legislature finds that:

(1) A primary responsibility of the horse racing commission is the encouragement of the training and development of the equine industry in the state of Washington whether the result of this training and development results in legalized horse racing or in the recreational use of horses;

(2) The horse racing commission has a further major responsibility to assure that any facility used as a racecourse should be maintained and upgraded to ((~~insure~~)) ensure the continued safety of both the public and the horse at any time the facility is used for the training or contesting of these animals;

(3) Nonprofit race meets within the state have difficulty in obtaining sufficient funds to provide the maintenance and upgrading necessary to assure this safety at these facilities, or to permit frequent use of these facilities by 4-H children or other horse owners involved in training; and

(4) The one percent of the parimutuel machine gross receipts used to pay a special purse to the licensed owners of Washington bred horses is available for the purpose of drawing interest, thereby obtaining funds to be disbursed to achieve the necessary support to these nonprofit race meets.

**Sec.**  RCW 67.16.102 and 2009 c 87 s 1 are each amended to read as follows:

(1) Notwithstanding any other provision of ((~~chapter 67.16 RCW~~)) this chapter to the contrary, the licensee shall withhold and shall pay daily to the commission, in addition to the percentages authorized by RCW 67.16.105, one percent of the gross receipts of all parimutuel machines at each race meet which sums shall, at the end of each meet, be paid by the commission to the licensed owners of those Washington bred only horses finishing first, second, third, and fourth at each meet from which the additional one percent is derived in accordance with an equitable distribution formula to be promulgated by the commission prior to the commencement of each race meet: PROVIDED, That nothing in this section shall apply to race meets which are nonprofit in nature, are of ten days or less, and have an average daily handle of less than one hundred twenty thousand dollars.

(2) The additional one percent specified in subsection (1) of this section shall be deposited by the commission in the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account created in RCW 67.16.275. The interest derived from this account shall be distributed annually on an equal basis to those racecourses at which independent race meets are held which are nonprofit in nature and are of ten days or less. Prior to receiving a payment under this subsection, any new racecourse shall meet the qualifications set forth in this section for a period of two years. All funds distributed under this subsection shall be used for the purpose of maintaining and upgrading the respective racing courses and equine quartering areas of said nonprofit meets.

(3) The commission shall not permit the licensees to take into consideration the benefits derived from this section in establishing purses.

((~~(4) The commission is authorized to pay at the end of the calendar year one-half of the one percent collected from a new licensee under subsection (1) of this section for reimbursement of capital construction of that new licensee's new racetrack for a period of fifteen years. This reimbursement does not include interest earned on that one-half of one percent and such interest shall continue to be collected and disbursed as provided in RCW 67.16.101 and subsection (1) of this section.~~))

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

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

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

(a) If the gross receipts of all its in-state parimutuel machines are more than ((~~fifty million dollars~~)) $20,000,000 in the previous calendar year, the licensee must withhold and pay to the commission daily 1.30 percent of the daily gross receipts; and

(b) If the gross receipts of all its in-state parimutuel machines are ((~~fifty million dollars~~)) $20,000,000 or less in the previous calendar year, the licensee must withhold and pay to the commission daily ((~~1.803~~)) 1.8 percent of the daily gross receipts.

(3)(a) In addition to those amounts in subsection (2) of this section, a licensee must forward one-tenth of one percent of the daily gross receipts of all its in-state parimutuel machines to the commission for payment to those nonprofit race meets as set forth in RCW 67.16.130 and subsection (1) of this section, but the percentage may not be charged against the licensee.

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

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

~~(4) Beginning July 1, 1999, at the conclusion of each authorized race meet, the commission must calculate the mathematical average daily gross receipts of parimutuel wagering that is conducted only at the physical location of the live race meet at those race meets of licensees with gross receipts of all their in-state parimutuel machines of more than fifty million dollars. Such calculation shall include only the gross parimutuel receipts from wagering occurring on live racing dates, including live racing receipts and receipts derived from one simulcast race card that is conducted only at the physical location of the live racing meet, which, for the purposes of this subsection, is "the handle." If the calculation exceeds eight hundred eighty-six thousand dollars, the licensee must within ten days of receipt of written notification by the commission forward to the commission a sum equal to the product obtained by multiplying 0.6 percent by the handle. Sums collected by the commission under this subsection must be forwarded on the next business day following receipt thereof to the state treasurer to be deposited in the fair fund created in RCW 15.76.115.~~)) approved for race dates in the current calendar year and operating under RCW 67.16.130 and subsection (1) of this section. If no nonprofit racing dates are approved, any amount in the fund that exceeds $180,000 at the end of each fiscal year must be deposited into the commission's operating account.

(c) As provided in this subsection, the commission must distribute funds up to $30,000 per race day from funds generated under this subsection (3).

**Sec.**  RCW 67.16.140 and 1973 1st ex.s. c 216 s 3 are each amended to read as follows:

No employee of the horse racing commission shall simultaneously serve as an employee of any track at which that individual will also serve as an employee of the commission.

**Sec.**  RCW 67.16.160 and 2004 c 274 s 3 are each amended to read as follows:

No later than ((~~ninety~~)) 90 days after July 16, 1973, the horse racing commission shall adopt, pursuant to chapter 34.05 RCW, reasonable rules implementing to the extent applicable to the circumstances of the horse racing commission the conflict of interest laws of the state of Washington as set forth in chapter 42.52 RCW. In no case may a commissioner make any wager on the outcome of a live horse race at a race meet conducted in Washington state under the authority of the commission. For authorized simulcast races held outside the state of Washington, a commissioner is permitted to wager.

**Sec.**  RCW 67.16.170 and 1998 c 345 s 7 are each amended to read as follows:

(1) Licensees of race meets that are nonprofit in nature and are of ten days or less may retain daily for each authorized day of racing fifteen percent of daily gross receipts of all parimutuel machines at each race meet.

(2) Licensees of race meets that do not fall under subsection (1) of this section may retain daily for each authorized day of parimutuel wagering ((~~the following percentages from the daily gross receipts of all its in-state parimutuel machines:~~

~~(a) If the daily gross receipts of all its in-state parimutuel machines are more than fifty million dollars in the previous calendar year, the licensee may retain daily 13.70 percent of the daily gross receipts; and~~

~~(b) If the daily gross receipts of all its in-state parimutuel machines are fifty million dollars or less in the previous calendar year, the licensee may retain daily 14.48 percent of the daily gross receipts.~~)) no more than 15 percent of the daily gross receipts.

**Sec.**  RCW 67.16.175 and 2009 c 87 s 2 are each amended to read as follows:

(1) In addition to the amounts authorized to be retained in RCW 67.16.170, race meets may retain daily for each authorized day of racing an additional six percent of the daily gross receipts of all parimutuel machines from exotic wagers at each race meet.

(2) ((~~Except as provided in subsection (3) of this section, of~~)) Of the amounts retained in subsection (1) of this section, one-sixth shall be paid to the commission at the end of the race meet for deposit in the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account created in RCW 67.16.275. Such amounts shall be used by the commission for Washington bred breeder awards, in accordance with the rules and qualifications adopted by the commission.

(3) ((~~Of the amounts retained for breeder awards under subsection (2) of this section, twenty-five percent shall be retained by a new licensee for reimbursement of capital construction of the new licensee's new racetrack for a period of fifteen years.~~

~~(4)~~)) As used in this section, "exotic wagers" means any multiple wager. Exotic wagers are subject to approval of the commission.

**Sec.**  RCW 67.16.200 and 2013 c 23 s 178 and 2013 c 18 s 1 are each reenacted and amended to read as follows:

(1) A class 1 racing association licensed by the commission to conduct a race meet may seek approval from the commission to conduct parimutuel wagering at a satellite location or locations within the state of Washington. In order to participate in parimutuel wagering at a satellite location or locations within the state of Washington, the holder of a class 1 racing association license must have conducted at least one full live racing season. All class 1 racing associations must hold a live race meet within each succeeding twelve-month period to maintain eligibility to continue to participate in parimutuel wagering at a satellite location or locations. ((~~The sale of parimutuel pools at satellite locations shall be conducted simultaneous to all parimutuel wagering activity conducted at the licensee's live racing facility in the state of Washington.~~)) The commission's authority to approve satellite wagering at a particular location is subject to the following limitations:

(a) The commission may approve only one satellite location in each county in the state; provided however, the commission may approve two satellite locations in counties with a population exceeding one million. The commission may grant approval for more than one licensee to conduct wagering at each satellite location. A satellite location shall not be operated within twenty driving miles of any class 1 racing facility. For the purposes of this section, "driving miles" means miles measured by the most direct route as determined by the commission; and

(b) A licensee shall not conduct satellite wagering at any satellite location within sixty driving miles of any other class 1 racing facility conducting a live race meet.

(2) Subject to local zoning and other land use ordinances, the commission shall be the sole judge of whether approval to conduct wagering at a satellite location shall be granted.

(3) The licensee shall combine the parimutuel pools of the satellite location with those of the racing facility for the purpose of determining odds and computing payoffs. The amount wagered at the satellite location shall be combined with the amount wagered at the racing facility for the application of take out formulas and distribution as provided in RCW 67.16.102, 67.16.105, 67.16.170, and 67.16.175. A satellite extension of the licensee's racing facility shall be subject to the same application of the rules of racing as the licensee's racing facility.

(4) Upon written application to the commission, a class 1 racing association may be authorized to transmit simulcasts of live horse races conducted at its racetrack to locations outside of the state of Washington approved by the commission and in accordance with the interstate horse racing act of 1978 (15 U.S.C. Sec. 3001 to 3007) or any other applicable laws. The commission may permit parimutuel pools on the simulcast races to be combined in a common pool. A racing association that transmits simulcasts of its races to locations outside this state shall pay at least fifty percent of the fee that it receives for sale of the simulcast signal to the horsemen's or horsewomen's purse account for its live races after first deducting the actual cost of sending the signal out of state.

(5) Upon written application to the commission, a class 1 racing association may be authorized to transmit simulcasts of live horse races conducted at its racetrack to licensed racing associations located within the state of Washington and approved by the commission for the receipt of the simulcasts. The commission shall permit parimutuel pools on the simulcast races to be combined in a common pool. The fee for in-state, track-to-track simulcasts shall be five and one-half percent of the gross parimutuel receipts generated at the receiving location and payable to the sending racing association. A racing association that transmits simulcasts of its races to other licensed racing associations shall pay at least fifty percent of the fee that it receives for the simulcast signal to the horsemen's or horsewomen's purse account for its live race meet after first deducting the actual cost of sending the simulcast signal. A racing association that receives races simulcast from class 1 racing associations within the state shall pay at least fifty percent of its share of the parimutuel receipts to the horsemen's or horsewomen's purse account for its live race meet after first deducting the purchase price and the actual direct costs of importing the race.

(6) A class 1 racing association may be allowed to import simulcasts of horse races from out-of-state racing facilities. With the prior approval of the commission, the class 1 racing association may participate in a multijurisdictional common pool and may change its commission and breakage rates to achieve a common rate with other participants in the common pool.

(a) The class 1 racing association shall make written application with the commission for permission to import simulcast horse races for the purpose of parimutuel wagering. Subject to the terms of this section, the commission is the sole authority in determining whether to grant approval for an imported simulcast race.

(b) When open for parimutuel wagering, a class 1 racing association which imports simulcast races shall also conduct simulcast parimutuel wagering within its licensed racing enclosure on all races simulcast from other class 1 racing associations within the state of Washington.

(c) On any imported simulcast race, the class 1 racing association shall pay fifty percent of its share of the parimutuel receipts to the horsemen's or horsewomen's purse account for its live race meet after first deducting the purchase price of the imported race and the actual costs of importing and offering the race.

(7) A licensed nonprofit racing association may be approved to import one simulcast race of regional or national interest on each live race day.

(8) For purposes of this section, a class 1 racing association is defined as a licensee approved by the commission to conduct during each twelve-month period at least forty days of live racing. If a live race day is canceled due to reasons directly attributable to acts of God, labor disruptions affecting live race days but not directly involving the licensee or its employees, or other circumstances that the commission decides are beyond the control of the class 1 racing association, then the canceled day counts toward the forty-day requirement. The commission may by rule increase the number of live racing days required to maintain class 1 racing association status or make other rules necessary to implement this section.

(9) This section does not establish a new form of gaming in Washington or allow expanded gaming within the state beyond what has been previously authorized. Simulcast wagering has been allowed in Washington before April 19, 1997. Therefore, this section does not allow gaming of any nature or scope that was prohibited before April 19, 1997. This section is necessary to protect the Washington equine breeding and racing industries, and in particular those sectors of these industries that are dependent upon live horse racing. The purpose of this section is to protect these industries from adverse economic impacts and to promote fan attendance at class 1 racing facilities. Therefore, a licensed class 1 racing association may be approved to disseminate imported simulcast race card programs to satellite locations approved under this section((~~, provided that the class 1 racing association has conducted at least forty live racing days with an average on-track handle on the live racing product of a minimum of one hundred fifty thousand dollars per day during the twelve months immediately preceding the application date. However, to promote the development of a new class 1 racing association facility and to meet the best interests of the Washington equine breeding and racing industries, the commission may by rule reduce the required minimum average on-track handle on the live racing product from one hundred fifty thousand dollars per day to thirty thousand dollars per day~~)).

(10) A licensee conducting simulcasting under this section shall place signs in the licensee's gambling establishment under RCW 9.46.071. The informational signs concerning problem and compulsive gambling must include a toll-free telephone number for problem and pathological gamblers and be developed under RCW 9.46.071.

(11) Chapter 10, Laws of 2001 1st sp. sess. does not establish a new form of gaming in Washington or allow expanded gaming within the state beyond what has been previously authorized. Simulcast wagering has been allowed in Washington before August 23, 2001. Therefore, this section does not allow gaming of any nature or scope that was prohibited before August 23, 2001. Chapter 10, Laws of 2001 1st sp. sess. is necessary to protect the Washington equine breeding and racing industries, and in particular those sectors of these industries that are dependent upon live horse racing. The purpose of chapter 10, Laws of 2001 1st sp. sess. is to protect these industries from adverse economic impacts and to promote fan attendance at class 1 racing facilities.

**Sec.**  RCW 67.16.251 and 2005 c 351 s 2 are each amended to read as follows:

Class 1 racing associations and licensed advanced deposit wagering companies may conduct horse race handicapping contests. The commission shall establish rules for the ((~~conduct~~)) approval of handicapping contests involving the outcome of multiple horse races.

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

(1)(a) The Washington horse racing commission operating account is created in the custody of the state treasurer. All receipts collected by the commission under RCW 67.16.105(2) must be deposited into the account. Expenditures from the account may be used only for the operating expenses of the commission. Only the commission or the commission's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

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

(2) In order to provide funding in support of the legislative findings in RCW 67.16.101 (1) through (3), and to provide additional necessary support to the nonprofit race meets beyond the funding provided by RCW 67.16.101(4) and 67.16.102(2), the commission is authorized to spend up to ((~~three hundred thousand dollars~~)) $500,000 per fiscal year from its operating account for the purpose of developing the equine industry, maintaining and upgrading racing facilities, and assisting equine health research. When determining how to allocate the funds available for these purposes, the commission must give first consideration to uses that regulate and assist the nonprofit race meets and equine health research. These expenditures may occur only when sufficient funds remain for the continued operations of the horse racing commission.

**--- END ---**