
SUBSTITUTE HOUSE BILL 1703

State of Washington

69th Legislature

2025 Regular Session

By House Finance (originally sponsored by Representatives Stearns, Schmick, and Goodman)

READ FIRST TIME 02/26/25.

1 AN ACT Relating to establishing an equine industry tax credit,
2 allowing the horse racing commission to impose a fee, and using
3 equine industry sales tax revenues for federal regulatory compliance;
4 adding new sections to chapter 67.16 RCW; adding a new section to
5 chapter 82.04 RCW; creating a new section; providing effective dates;
6 and declaring an emergency.

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

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

10 The commission may impose fees, as the commission deems
11 reasonable and appropriate, in order to pay federal fees and be in
12 compliance with the horseracing integrity and safety act of 2020, 15
13 U.S.C. Sec. 3051 et seq., as amended. Revenues from the fees under
14 this section must be deposited in the Washington equine industry
15 federal regulatory account created in section 4 of this act. The
16 commission may adopt rules to implement this section.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
18 RCW to read as follows:

19 (1)(a) In computing the tax imposed under this chapter, a credit
20 is allowed for all amounts paid by a person licensed to conduct race

1 meets in this state in an amount equal to the amount paid by the
2 person in the prior calendar year to:

3 (i) The federal horseracing integrity safety authority; or

4 (ii) The Washington horse racing commission.

5 (b) Amounts paid are inclusive of any applicable true-up
6 calculations or credits made, granted, or applied to an assessment
7 imposed on the person by the federal horseracing integrity safety
8 authority, for covered race meets in the state, pursuant to the
9 horseracing integrity and safety act of 2020, 15 U.S.C. Sec. 3051 et
10 seq., as amended.

11 (2) A person must have made the payment before claiming a credit
12 authorized under this section. The credit may be used against any tax
13 due under this chapter. The amount of the credit claimed for a
14 reporting period may not exceed the tax otherwise due under this
15 chapter for that reporting period. No refunds may be granted for any
16 unused credits.

17 (3) To claim a credit under this section, a person must:

18 (a) File an application with the department by the 31st day of
19 January following the calendar year in which the applicant made
20 payments as outlined in subsection (1) of this section. The
21 application must be made to the department in a form and manner
22 prescribed by the department;

23 (b) Electronically file with the department all returns, forms,
24 and any other information required by the department, in an
25 electronic format as provided or approved by the department. Any
26 return, form, or information required to be filed in an electronic
27 format under this section is not filed until received by the
28 department in electronic format;

29 (c) Keep records necessary for the department to verify
30 eligibility under this section.

31 (4) The Washington horse racing commission must provide to the
32 department, upon request, such information as may be needed to verify
33 eligibility for credit under this section, including information
34 regarding payments received by the commission.

35 (5) Chapter 82.32 RCW applies to the administration of this
36 section.

37 (6) The definitions in this subsection apply throughout this
38 section unless the context clearly requires otherwise.

39 (a) "Race meet" has the same meaning as in RCW 67.16.010.

40 (b) "Returns" has the same meaning as "return" in RCW 82.32.050.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 67.16
2 RCW to read as follows:

3 (1) By January 1, 2026, and by January 1st of each year
4 thereafter, the state treasurer, based upon information provided by
5 the department of revenue, must transfer from the general fund to the
6 Washington equine industry federal regulatory account created in
7 section 4 of this act an amount not to exceed \$1,500,000 per fiscal
8 year directly derived from the imposition of state sales and use
9 taxes collected by a class 1 racing association in the prior calendar
10 year.

11 (2) Following each biennium, the maximum amount allowed to be
12 transferred per subsection (1) of this section shall be reviewed and
13 adjusted for inflation based on changes in the consumer price index.

14 (3) For purposes of this section, the following definitions
15 apply:

16 (a) "Consumer price index" means, for any 12-month period, the
17 average consumer price index for that 12-month period for the
18 Seattle, Washington area for urban wage earners and clerical workers,
19 all items, compiled by the bureau of labor statistics, United States
20 department of labor.

21 (b) "Class 1 racing association" has the meaning provided in RCW
22 67.16.200.

23 NEW SECTION. **Sec. 4.** A new section is added to chapter 67.16
24 RCW to read as follows:

25 The Washington equine industry federal regulatory account is
26 created in the state treasury. All receipts transferred to the
27 account pursuant to section 3 of this act must be deposited into the
28 account. Moneys in the account may be spent only after appropriation.
29 Expenditures from the account may be used only to pay fees charged by
30 the federal horseracing integrity safety authority pursuant to the
31 horseracing integrity and safety act of 2020, 15 U.S.C. Sec. 3051 et
32 seq., as amended.

33 NEW SECTION. **Sec. 5.** RCW 82.32.805 and 82.32.808 do not apply
34 to section 2 of this act.

35 NEW SECTION. **Sec. 6.** Sections 1, 3, and 4 of this act are
36 necessary for the immediate preservation of the public peace, health,

1 or safety, or support of the state government and its existing public
2 institutions, and take effect July 1, 2025.

3 NEW SECTION. **Sec. 7.** Section 2 of this act takes effect January
4 1, 2026.

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