

HOUSE BILL REPORT

HB 1247

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to Washington thoroughbred racing.

Brief Description: Promoting horse racing.

Sponsors: Representatives L. Thomas, Lisk, G. Fisher, Robertson, Casada, Basich, Clements, Ebersole, Horn, Boldt, Mason, B. Thomas, Cairnes, Radcliff, Foreman, Cooke, Chandler, Mielke, Dyer, Mitchell, Schoesler, Skinner, Appelwick, Sheldon, Costa and Morris.

Brief History:

Committee Activity:

Commerce & Labor: 2/2/95, 2/8/95 [DPS].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Lisk, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Goldsmith and Horn.

Minority Report: Do not pass. Signed by 1 member: Representative Fuhrman.

Staff: Pam Madson (786-7166).

Background: The Washington Thoroughbred Racing Fund was created in 1991. Licensees who were nonprofit corporations and had race meets of 30 days or more were required to pay to the Horse Racing Commission 2.5 percent of their daily gross receipts. The commission was required to deposit these funds into the Washington Thoroughbred Racing Fund (the fund). The only operator required to contribute to the fund under this provision was the nonprofit Emerald Racing Association (Emerald), that operated Longacres Park in its final two years of existence. During that time, Emerald contributed over \$8,000,000 to the Washington Thoroughbred Racing Fund.

Money in the fund could be spent only after legislative appropriation and for the following purposes: (1) support of the interim continuation of thoroughbred racing;

(2) capital construction of a new race track facility; and (3) programs enhancing the general welfare, safety, and advancement of Washington's thoroughbred racing industry.

After Longacres closed in 1992, Emerald was awarded the license to operate the 1993 summer races at Yakima Meadows. In 1993, the Legislature reduced the amount contributed to the Thoroughbred Racing Fund to 1.25 percent of daily gross receipts and allowed Emerald to retain the other 1.25 percent to enhance purses for winning horses. Also in 1993, \$8.2 million was appropriated from the fund to the Horse Racing Commission subject to certain restrictions. Expenditures must protect the state's long-term interest in the continuation and development of thoroughbred racing. No money could be spent until the Horse Racing Commission determined that an applicant for a new race track had the ability to complete construction of the facility and fund its operation, and the applicant had completed all the permit requirements for construction of the new facility. No expenditures have been made from this fund.

In 1994, the Legislature allowed Emerald to retain the 1.25 percent of daily gross receipts that it had been contributing to the Thoroughbred Racing Fund, and deposit that amount into an escrow or trust account for construction of a new race track facility in western Washington. This arrangement was to continue until June 1, 1995. Thereafter, 2.5 percent would again go to the commission for deposit into the Thoroughbred Racing Fund. If no race track is built by 2001, all money in the escrow or trust account reverts to the state general fund.

Summary of Substitute Bill: A non-profit licensee having race meets of more than 30 days, may continue to retain 2.5 percent of its daily gross receipts but must continue to dedicate 1.25 percent to enhance purses and 1.25 percent to be deposited in a trust account for construction of a new facility in western Washington. No termination date is specified and no future contribution to the Thoroughbred Racing Fund is required.

Substitute Bill Compared to Original Bill: The substitute bill stipulates that money being deposited into an escrow or trust account for construction of a new race track is for a thoroughbred racing facility in western Washington.

Appropriation: None.

Fiscal Note: Requested on January 23, 1995.

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

Testimony For: With the closure of Longacres, there is less participation and less money collected from horse racing. This bill would preserve what's left of the horse

racine industry in Washington for one more year. Purse money is fuel in the economy of horse racing, and increasing the purse has a widespread effect in the economy. Emerald Racing Association is dedicating a percentage from its retained earnings to build a new race track facility. Emerald was organized to continue the racing industry until a new race track could be built.

Testimony Against: None.

Testified: Representative Les Thomas, prime sponsor (pro); Tammy Warnke, Washington Horseman Action Committee (pro); Marie Clifford, Emerald Racing Association (pro); Carl A. Baze, Horsemen's Benevolent Protection Association (pro); and Ralph Vacca, Washington Thoroughbred Breeders Association (pro).