

SENATE BILL REPORT

ESSB 5762

As Passed Senate, March 14, 1977

Title: An act relating to benefiting the equine industry by parimutuel satellite and simulcast wagering restricted to live racing facilities and providing lottery games.

Brief Description: Benefiting the equine industry.

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators Heavey, West, Schow, Deccio, Rasmussen, Brown, McCaslin and Goings).

Brief History:

Committee Activity: Commerce & Labor: 2/24/97, 2/25/97 [DPS].
Passed Senate, 3/14/97, 33-16.

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 5762 be substituted therefor, and the substitute bill do pass.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson, Franklin, Fraser, Heavey and Newhouse.

Staff: Traci Ratzliff (786-7452)

Background: Parimutuel wagering on thoroughbred horse racing has declined from a high of \$240 million in 1992 to \$144 million in 1996. The horse population has declined, as have the purses paid at the three major race tracks in this state, during this time period. As a result, great concern exists regarding the long-term viability of the thoroughbred racing industry in this state.

Full card simulcasting (importing and exporting simulcasts of horse races with common pool wagering) has been utilized by other states that operate live horse racing, except for the state of Washington. States allow simulcasting in an effort to increase revenues generated by parimutuel wagering, thereby increasing the purses and ultimately the horse population necessary to sustain the live racing industries in these states.

Currently, race tracks and satellite facilities in this state are permitted to simulcast one out-of-state horse race per day of national or regional interest and Breeder's Cup Day of races.

Common pool wagering (i.e. co-mingling of wagers from in- and out-of-state bettors) is not permitted under current law.

Currently, race tracks running live meets are authorized to simulcast their live races to other race tracks and satellite facilities in this state, under certain conditions. The fee charged by the sending track for the simulcasting of such races is currently negotiated by the parties sending and receiving these simulcasts.

Currently, one tenth of 1 percent of all parimutuel wagering is deposited into the nonprofit purse fund. This fund is used to enhance purses at nonprofit race meets in this state. Any amounts received in excess of \$150,000 a year are remitted to the general fund.

Summary of Bill: Simulcasting of Out-of-State Races: A class 1 racing association may be authorized by the Horse Racing Commission to simulcast out-of-state races to its racing facility. A class 1 racing association is defined as a licensee who, on an annual basis, conducts at least 40 days of live racing within four successive calendar months.

A class 1 racing association running a live race meet may simulcast in one out-of-state program of races (approximately 11 races), plus one race of national or regional interest, per day. On non-live race days, the association may bring in up to two out-of-state programs of races (approximately 22 races), a maximum of two days per week. An association may not operate more than five days per week. Out-of-state races must not be simulcast to satellite facilities but only to the grandstands of class 1 facilities. However, the current practice of permitting the simulcast of one race per day of national or regional interest (including Breeder's Cup Day of races) to satellite facilities is continued.

A class 1 racing association that is not running a live race meet may simulcast as many out-of-state programs of races as it can during a 12-hour period of time. An association simulcasting out-of-state races must also accept simulcasts of all in-state live races. An association may not operate more than five days per week.

Common pool wagering on out-of-state races is required. A racing association may adjust the takeout rate and breakage rate on out-of-state races to achieve a common pool rate with other participants in the wagering pool.

A racing association simulcasting out-of-state races must contribute 50 percent of the parimutuel revenues (less the simulcast costs) generated on such races to fund the horsemen's purse account established for live races at the association's track.

Simulcasting of In-State Races: A class 1 racing association may be authorized to transmit simulcasts of its live races to locations outside the state of Washington. Common pool wagering may be conducted on such races.

A racing association may simulcast its live races to other tracks in the state. A track receiving such simulcasts must pay a fee of 5.5 percent of the gross parimutuel receipts to the sending track. A track receiving such simulcasts must contribute 50 percent (less the cost of purchasing the simulcast) of its share of the parimutuel receipts to the horsemen's purse account established for live races at this association's track.

Fifty percent of the fees (less the simulcast costs) generated by an association that simulcasts its races to out-of-state locations or in-state tracks must be deposited into the horsemen's purse account established for live races at this association's track.

A racing association may simulcast its live races to in-state satellite facilities that are not located within 60 miles of another racing facility conducting a live meet. However, live races may be simulcast to satellite facilities that are located within 60 miles of another racing facility that is not conducting a live race meet.

General Provisions: Language is added to clarify that the provisions authorizing the simulcast of in-state and out-of-state races do not constitute an expansion of gaming nor the authorization of new forms of gaming in the state. Furthermore, simulcasting of in-state and out-of-state races with common pool wagering is intended to protect live racing in the state and to promote fan attendance at live race tracks in the state. Class III gaming compacts must not be amended based on the simulcasting provisions contained in the act.

Nonprofit Purse Fund: The current \$150,000 cap on funds deposited into nonprofit purse fund is eliminated.

Appropriation: None.

Fiscal Note: Requested on February 14, 1997.

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

Testimony For: Thirty-nine out of 40 states that conduct live horse racing have approved full card simulcasting with common pool wagering. This is done to increase the fan interest in horse racing and to generate more wagering on horse racing, which in turn increases the purses paid to owners of winning horses running at the live race meets. Increasing purses for live racing in this state is needed to spur the breeding and ultimately the racing of these horses in state. The breeding of horses has taken a considerable downturn in this state since the close of Longacres. The state needs to implement full card simulcasting as a method for helping to revive the industry.

Testimony Against: This bill is flawed. It will decrease the number of live race days operated at Playfair race track in Spokane by only requiring a minimum of 30 days of live racing in order for a track to operate full card simulcasting of out-of-state races. This limited number of days would destroy the live racing industry in Spokane.

Testified: PRO: Senator Mike Heavey, prime sponsor; Barbara Shinpoch, State Horse Racing Commission; Marlyta Deck, WA State Fairs; Larry Hillis, WA HBPA; Marie Connelly, Vice President, General Manager, Emerald Downs; Billy Alimen, Yakima Meadows; Ralph Vacca, WA Thoroughbred Breeders Assn.; Greg Stewart; Central WA Fair Assn.; Chris Clifford, private citizen; CON: Mike Odom, Organization for Preservation of Horse Racing in the Northwest; Jack Pring, owner, Playfair race track; Dan Hillyard, Secretary/Treasurer, Playfair Inc.; Steve Werly, Muckleshoot Tribe; Sunny Bargala, member, Muckleshoot Tribal Council; Thomas Blaine, owner, satellite racing facility; Ed McManus, feed dealer, horse supplier; Leslie Johnson, owner/breeder.

House Amendment(s): (1) Language prohibiting the amending of Class III tribal/state gaming compacts based on the act is stricken.

(2) The goals of the bill are clarified: to preserve the state horse breeding and racing industries; to promote fan attendance at class 1 racing facilities in the state; and to prohibit the expansion of gaming beyond those activities already authorized.

(3) The Joint Legislative Audit and Review Committee (JLARC) is directed to study the impact of the simulcasting provisions of the bill and the removal of the cap on the nonprofit purse

account on fan attendance at the class 1 race tracks, purses at class 1 race tracks and nonprofit race tracks in the state, number of horses running at class 1 race tracks, and horse breeding population in the state. JLARC may provide recommendations to the Legislature regarding modifications to state law that would improve the attainment of the goals outlined in ESSB 5762. A report must be completed by June 30,2000.