
SECOND SUBSTITUTE SENATE BILL 6562

State of Washington

55th Legislature

1998 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Schow, Heavey, Rasmussen and Anderson)

Read first time 02/26/98.

1 AN ACT Relating to relief for the equine industry by amending the
2 parimutuel tax on horse racing to provide additional support for
3 licensed racing associations, the state fair account, the state trade
4 fair account, and the Washington horse racing commission, and modifying
5 the membership thereof; amending RCW 15.04.090, 67.16.012, 67.16.100,
6 67.16.105, 67.16.170, and 9.46.100; adding a new section to chapter
7 15.76 RCW; adding a new section to chapter 43.31 RCW; adding new
8 sections to chapter 43.131 RCW; adding new sections to chapter 67.16
9 RCW; making appropriations; providing a contingent effective date; and
10 declaring an emergency.

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

12 **Sec. 1.** RCW 15.04.090 and 1961 c 11 s 15.04.090 are each amended
13 to read as follows:

14 The director of agriculture may, at his discretion, for a period of
15 not to exceed ten years, lease state lands which are now or may
16 hereafter be, under his direction and control, the retention of which
17 he deems unnecessary for present state purposes or needs, to any
18 nonprofit group or organization having educational, agricultural or
19 youth development purposes. Such leases shall be upon such terms as

1 the director deems beneficial to the state. All rental funds received
2 by the director under the provisions of this section shall be deposited
3 in the ((~~"fair fund" provided in RCW 67.16.100~~)) fair fund created
4 under section 2 of this act.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 15.76 RCW
6 to read as follows:

7 The fair fund is created in the custody of the state treasury. All
8 moneys received by the department of agriculture for the purposes of
9 this fund shall be deposited into the fund. Expenditures from the fund
10 may be used only for assisting fairs in the manner provided in this
11 chapter. Only the director of agriculture or the director's designee
12 may authorize expenditures from the fund. The fund is subject to
13 allotment procedures under chapter 43.88 RCW, but no appropriation is
14 required for expenditures.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.31 RCW
16 to read as follows:

17 The state trade fair fund is created in the custody of the state
18 treasury. All moneys received by the department of community, trade,
19 and economic development for the purposes of this fund shall be
20 deposited into the fund. Expenditures from the fund may be used only
21 for the purpose of assisting state trade fairs. Only the director of
22 community, trade, and economic development or the director's designee
23 may authorize expenditures from the fund. The fund is subject to
24 allotment procedures under chapter 43.88 RCW, but no appropriation is
25 required for expenditures.

26 **Sec. 4.** RCW 67.16.012 and 1987 c 453 s 2 are each amended to read
27 as follows:

28 There is hereby created the Washington horse racing commission, to
29 consist of ((~~three~~)) five commissioners, appointed by the governor and
30 confirmed by the senate. The commissioners shall be citizens,
31 residents, and qualified electors of the state of Washington, one of
32 whom shall be a breeder of race horses and shall be of at least one
33 year's standing. The terms of the members shall be six years. Each
34 member shall hold office until his or her successor is appointed and
35 qualified. Vacancies in the office of commissioner shall be filled by
36 appointment to be made by the governor for the unexpired term. Any

1 commissioner may be removed at any time at the pleasure of the
2 governor. Before entering upon the duties of his or her office, each
3 commissioner shall enter into a surety company bond, to be approved by
4 the governor and attorney general, payable to the state of Washington,
5 in the penal sum of five thousand dollars, conditioned upon the
6 faithful performance of his or her duties and the correct accounting
7 and payment of all sums received and coming within his or her control
8 under this chapter, and in addition thereto each commissioner shall
9 take and subscribe to an oath of office of the same form as that
10 prescribed by law for elective state officers.

11 **Sec. 5.** RCW 67.16.100 and 1995 c 399 s 166 are each amended to
12 read as follows:

13 (1) All sums paid to the commission under this chapter, including
14 those sums collected for license fees and excluding those sums
15 collected under RCW 67.16.102(~~(7)~~) and 67.16.105(3)(~~(7) and~~
16 ~~67.16.105(4)~~)), shall be disposed of by the commission as follows:
17 (~~((a) Fifty~~) One hundred percent thereof shall be retained by the
18 commission for the payment of the salaries of its members, secretary,
19 clerical, office, and other help and all expenses incurred in carrying
20 out the provisions of this chapter. No salary, wages, expenses, or
21 compensation of any kind shall be paid by the state in connection with
22 the work of the commission.

23 (~~((b) One percent shall, on the next business day following the~~
24 ~~receipt thereof, be paid to the state treasurer to be deposited in the~~
25 ~~general fund.~~

26 (~~(c) Three percent shall, on the next business day following the~~
27 ~~receipt thereof, be paid to the state treasurer, who is hereby made ex~~
28 ~~officio treasurer of a fund to be known as the "state trade fair fund"~~
29 ~~which shall be maintained as a separate and independent fund, and made~~
30 ~~available to the director of community, trade, and economic development~~
31 ~~for the sole purpose of assisting state trade fairs.~~

32 (~~(d) Forty six percent shall be paid to the state treasurer, who is~~
33 ~~hereby made ex officio treasurer of a fund to be known as the "fair~~
34 ~~fund," which shall be maintained as a separate and independent fund~~
35 ~~outside of the state treasury, and made available to the director of~~
36 ~~agriculture for the sole purpose of assisting fairs in the manner~~
37 ~~provided in Title 15 RCW.))~~

1 (2) Any moneys collected or paid to the commission under the terms
2 of this chapter and not expended at the close of the fiscal biennium
3 shall be paid to the state treasurer and be placed in the ~~((general))~~
4 fair fund created in section 2 of this act. The commission may, with
5 the approval of the office of financial management, retain any sum
6 required for working capital.

7 **Sec. 6.** RCW 67.16.105 and 1997 c 87 s 3 are each amended to read
8 as follows:

9 (1) Licensees of race meets that are nonprofit in nature ~~((~~7~~))~~ and
10 are of ten days or less ~~((~~7~~, and have an average daily handle of one~~
11 ~~hundred twenty thousand dollars or less shall withhold and pay to the~~
12 ~~commission daily for each authorized day of racing one half percent of~~
13 ~~the daily gross receipts from all parimutuel machines at each race~~
14 ~~meet))~~ shall be exempt from payment of a parimutuel tax.

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

19 (a) If the ~~((daily))~~ gross receipts of all its in-state parimutuel
20 machines are more than ~~((two hundred fifty thousand))~~ fifty million
21 dollars in the previous calendar year, the licensee shall withhold and
22 pay to the commission daily ~~((two and one half))~~ 1.30 percent of the
23 daily gross receipts; and

24 (b) If the ~~((daily))~~ gross receipts of all its in-state parimutuel
25 machines are ~~((two hundred fifty thousand))~~ fifty million dollars or
26 less in the previous calendar year, the licensee shall withhold and pay
27 to the commission daily ~~((one))~~ 0.52 percent of the daily gross
28 receipts.

29 (3) In addition to those amounts in subsection ~~((s (1) and))~~ (2) of
30 this section, a licensee shall forward one-tenth of one percent of the
31 daily gross receipts of all its in-state parimutuel machines to the
32 commission for payment to those nonprofit race meets as set forth in
33 RCW 67.16.130 and subsection (1) of this section, but said percentage
34 shall not be charged against the licensee. Payments to nonprofit race
35 meets under this subsection shall be distributed on a pro rata per-
36 race-day basis and used only for purses at race tracks that have been
37 operating under RCW 67.16.130 and subsection (1) of this section for
38 the five consecutive years immediately preceding the year of payment.

1 **Sec. 7.** RCW 67.16.170 and 1991 c 270 s 8 are each amended to read
2 as follows:

3 (1) Licensees of race meets that are nonprofit in nature(~~(7)~~) and
4 are of ten days or less(~~(, and have an average daily handle of one~~
5 ~~hundred twenty thousand dollars or less)~~) may retain daily for each
6 authorized day of racing (~~(fourteen and one-half)~~) fifteen percent of
7 daily gross receipts of all parimutuel machines at each race meet.

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

12 (a) If the daily gross receipts of all its in-state parimutuel
13 machines are more than (~~(two hundred fifty thousand)~~) fifty million
14 dollars in the previous calendar year, the licensee may retain daily
15 (~~(twelve and one-half)~~) 13.70 percent of the daily gross receipts; and

16 (b) If the daily gross receipts of all its in-state parimutuel
17 machines are (~~(two hundred fifty thousand)~~) fifty million dollars or
18 less in the previous calendar year, the licensee may retain daily
19 (~~(fourteen)~~) 14.48 percent of the daily gross receipts.

20 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.131 RCW
21 to read as follows:

22 The reduction in parimutuel taxes and redistributions under
23 sections 5 through 7, chapter . . . , Laws of 1998 (sections 5 through
24 7 of this act) shall be reviewed under this chapter before June 30,
25 2001.

26 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.131 RCW
27 to read as follows:

28 The following acts or parts of acts, as now existing or hereafter
29 amended, are each repealed, effective June 30, 2001:

30 (1) RCW 67.16.100 and 1998 c . . . s 5 (section 5 of this act), 1995
31 c 399 s 166, & 1991 c 270 s 4;

32 (2) RCW 67.16.105 and 1998 c . . . s 6 (section 6 of this act), 1997
33 c 87 s 3, 1995 c 173 s 2, 1994 c 159 s 2, 1993 c 170 s 2, 1991 c 270 s
34 6, 1987 c 347 s 4, 1985 c 146 s 7, 1982 c 32 s 3, & 1979 c 31 s 6; and

35 (3) RCW 67.16.170 and 1998 c . . . s 7 (section 7 of this act), 1991
36 c 270 s 8, 1987 c 347 s 2, 1985 c 146 s 9, 1983 c 228 s 1, & 1979 c 31
37 s 5.

1 NEW SECTION. **Sec. 10.** (1) All sums paid to the commission under
2 this chapter, including those sums collected for license fees and
3 excluding those sums collected under RCW 67.16.102 and 67.16.105(3),
4 shall be disposed of by the commission as follows:

5 (a) Fifty percent thereof shall be retained by the commission for
6 the payment of the salaries of its members, secretary, clerical,
7 office, and other help and all expenses incurred in carrying out the
8 provisions of this chapter. No salary, wages, expenses, or
9 compensation of any kind shall be paid by the state in connection with
10 the work of the commission.

11 (b) One percent shall, on the next business day following the
12 receipt thereof, be paid to the state treasurer to be deposited in the
13 general fund.

14 (c) Three percent shall, on the next business day following the
15 receipt thereof, be paid to the state treasurer to be deposited in the
16 state trade fair fund created in section 3 of this act.

17 (d) Forty-six percent shall, on the next business day following the
18 receipt thereof, be paid to the state treasurer to be deposited in the
19 fair fund created in section 2 of this act.

20 (2) Any moneys collected or paid to the commission under the terms
21 of this chapter and not expended at the close of the fiscal biennium
22 shall be paid to the state treasurer and be placed in the general fund.
23 The commission may, with the approval of the office of financial
24 management, retain any sum required for working capital.

25 NEW SECTION. **Sec. 11.** (1) Licensees of race meets that are
26 nonprofit in nature and are of ten days or less shall withhold and pay
27 to the commission daily for each authorized day of parimutuel wagering
28 one-half percent of the gross receipts of its parimutuel machines at
29 each race meet.

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

34 (a) If the gross receipts of all its in-state parimutuel machines
35 are more than fifty million dollars in the previous calendar year, the
36 licensee shall withhold and pay to the commission daily two and one-
37 half percent of the daily gross receipts; and

1 (b) If the gross receipts of all its in-state parimutuel machines
2 are fifty million dollars or less in the previous calendar year, the
3 licensee shall withhold and pay to the commission daily one percent of
4 the daily gross receipts.

5 (3) In addition to those amounts in subsections (1) and (2) of this
6 section, a licensee shall forward one-tenth of one percent of the daily
7 gross receipts of all its in-state parimutuel machines to the
8 commission for payment to those nonprofit race meets as set forth in
9 RCW 67.16.130 and subsection (1) of this section, but said percentage
10 shall not be charged against the licensee. Payments to nonprofit race
11 meets under this subsection shall be distributed on a pro rata per-
12 race-day basis and used only for purses at race tracks that have been
13 operating under RCW 67.16.130 and subsection (1) of this section for
14 the five consecutive years immediately preceding the year of payment.

15 NEW SECTION. **Sec. 12.** (1) Licensees of race meets that are
16 nonprofit in nature and are of ten days or less may retain daily for
17 each authorized day of racing fourteen and one-half percent of daily
18 gross receipts of all parimutuel machines at each race meet.

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

23 (a) If the daily gross receipts of all its in-state parimutuel
24 machines are more than fifty million dollars in the previous calendar
25 year, the licensee may retain daily twelve and one-half percent of the
26 daily gross receipts; and

27 (b) If the daily gross receipts of all its in-state parimutuel
28 machines are fifty million dollars or less in the previous calendar
29 year, the licensee may retain daily fourteen percent of the daily gross
30 receipts.

31 **Sec. 13.** RCW 9.46.100 and 1991 sp.s. c 16 s 917 are each amended
32 to read as follows:

33 There is hereby created the gambling revolving fund which shall
34 consist of all moneys receivable for licensing, penalties, forfeitures,
35 and all other moneys, income, or revenue received by the commission.
36 The state treasurer shall be custodian of the fund. All moneys
37 received by the commission or any employee thereof, except for change

1 funds and an amount of petty cash as fixed by rule or regulation of the
2 commission, shall be deposited each day in a depository approved by the
3 state treasurer and transferred to the state treasurer to be credited
4 to the gambling revolving fund. Disbursements from the revolving fund
5 shall be on authorization of the commission or a duly authorized
6 representative thereof. In order to maintain an effective expenditure
7 and revenue control the gambling revolving fund shall be subject in all
8 respects to chapter 43.88 RCW but no appropriation shall be required to
9 permit expenditures and payment of obligations from such fund. All
10 expenses relative to commission business, including but not limited to
11 salaries and expenses of the director and other commission employees
12 shall be paid from the gambling revolving fund.

13 ~~((The state treasurer shall transfer to the general fund one~~
14 ~~million dollars from the gambling revolving fund for the 1991-93 fiscal~~
15 ~~biennium-))~~ During the 1997-1999 fiscal biennium, moneys in the
16 gambling revolving fund may be appropriated for the purposes of
17 agricultural fairs.

18 NEW SECTION. Sec. 14. The sum of five hundred fifty thousand
19 dollars for fiscal year 1998 and one million nine hundred fifty
20 thousand dollars for fiscal year 1999, or as much thereof as may be
21 necessary, is appropriated from the general fund to the department of
22 agriculture solely for the purposes of chapter 15.76 RCW and section 2
23 of this act.

24 NEW SECTION. Sec. 15. The sum of thirty-seven thousand dollars
25 for fiscal year 1998 and one hundred twenty-eight thousand dollars for
26 fiscal year 1999, or as much thereof as may be necessary, is
27 appropriated from the general fund to the department of community,
28 trade, and economic development solely for deposit in the state trade
29 fair fund for the purpose of assisting state trade fairs.

30 NEW SECTION. Sec. 16. Sections 10 through 12 of this act are each
31 added to chapter 67.16 RCW.

32 NEW SECTION. Sec. 17. If any provision of this act or its
33 application to any person or circumstance is held invalid, the
34 remainder of the act or the application of the provision to other
35 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 18.** (1) Sections 1 through 9, 13 through 15,
2 and 17 of this act are necessary for the immediate preservation of the
3 public peace, health, or safety, or support of the state government and
4 its existing public institutions, and take effect immediately.

5 (2) Sections 10 through 12 of this act take effect July 1, 2001, if
6 the repeal of RCW 67.16.100, 67.16.105, and 67.16.170 under section 9
7 of this act becomes effective.

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