
HOUSE BILL 1992

State of Washington

66th Legislature

2019 Regular Session

By Representative Schmick

Read first time 02/11/19. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to sports wagering; amending RCW 9.46.010,
2 9.46.0237, 67.16.010, 67.16.060, and 67.16.251; reenacting and
3 amending RCW 67.16.200; adding new sections to chapter 9.46 RCW;
4 adding new sections to chapter 67.16 RCW; and adding a new section to
5 chapter 67.17 RCW.

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

7 **Sec. 1.** RCW 9.46.010 and 1996 c 101 s 2 are each amended to read
8 as follows:

9 (1) The public policy of the state of Washington on gambling is
10 to keep the criminal element out of gambling and to promote the
11 social welfare of the people by limiting the nature and scope of
12 gambling activities and by strict regulation and control.

13 (2) It is hereby declared to be the policy of the legislature,
14 recognizing the close relationship between professional gambling and
15 organized crime, to restrain all persons from seeking profit from
16 professional gambling activities in this state; to restrain all
17 persons from patronizing such professional gambling activities; to
18 safeguard the public against the evils induced by common gamblers and
19 common gambling houses engaged in professional gambling; and at the
20 same time, both to preserve the freedom of the press and to avoid
21 restricting participation by individuals in activities and social

1 pastimes, which activities and social pastimes are more for amusement
2 rather than for profit, do not maliciously affect the public, and do
3 not breach the peace.

4 (3) The legislature further declares that the raising of funds
5 for the promotion of bona fide charitable or nonprofit organizations
6 is in the public interest as is participation in such activities and
7 social pastimes as are hereinafter in this chapter authorized.

8 (4) The legislature further declares that the conducting of
9 bingo, raffles, and amusement games and the operation of punchboards,
10 pull-tabs, card games, sports wagering, and other social pastimes,
11 when conducted pursuant to the provisions of this chapter and any
12 rules and regulations adopted pursuant thereto, are hereby
13 authorized, as are only such lotteries for which no valuable
14 consideration has been paid or agreed to be paid as hereinafter in
15 this chapter provided.

16 (5) The legislature further declares that fishing derbies shall
17 not constitute any form of gambling and shall not be considered as a
18 lottery, a raffle, or an amusement game and shall not be subject to
19 the provisions of this chapter or any rules and regulations adopted
20 hereunder.

21 (6) The legislature further declares that raffles authorized by
22 the fish and wildlife commission involving hunting big game animals
23 or wild turkeys shall not be subject to the provisions of this
24 chapter or any rules and regulations adopted hereunder, with the
25 exception of this section and RCW 9.46.400.

26 (7) All factors incident to the activities authorized in this
27 chapter shall be closely controlled, and the provisions of this
28 chapter shall be liberally construed to achieve such end.

29 **Sec. 2.** RCW 9.46.0237 and 2005 c 351 s 1 are each amended to
30 read as follows:

31 (1) "Gambling," as used in this chapter, means staking or risking
32 something of value upon the outcome of a contest of chance or a
33 future contingent event not under the person's control or influence,
34 upon an agreement or understanding that the person or someone else
35 will receive something of value in the event of a certain outcome.
36 Gambling does not include fishing derbies as defined by this chapter,
37 parimutuel betting, sports wagering, and handicapping contests as
38 authorized by chapter 67.16 RCW, bona fide business transactions
39 valid under the law of contracts, including, but not limited to,

1 contracts for the purchase or sale at a future date of securities or
2 commodities, and agreements to compensate for loss caused by the
3 happening of chance, including, but not limited to, contracts of
4 indemnity or guarantee and life, health, or accident insurance. In
5 addition, a contest of chance (~~which~~) that is specifically excluded
6 from the definition of lottery under this chapter (~~shall~~) does not
7 constitute gambling.

8 (2) For the purposes of this section, "sports wagering" has the
9 same meaning as provided in RCW 67.16.010.

10 NEW SECTION. Sec. 3. A new section is added to chapter 9.46 RCW
11 to read as follows:

12 "Sports wagering" has the same meaning as provided in RCW
13 67.16.010.

14 NEW SECTION. Sec. 4. A new section is added to chapter 67.16
15 RCW to read as follows:

16 The legislature authorizes sports wagering at the physical
17 property of a class 1 racing association authorized and licensed by
18 the Washington state horse racing commission, at a class 1 racing
19 association's authorized off-track satellite betting locations, and
20 at tribal casinos.

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

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

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

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

30 (3) "Person" (~~shall~~) means and include individuals, firms,
31 corporations and associations.

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

1 (5) "Sports wagering" means the placing of wagers on the outcome
2 of professional and collegiate sports contests at sports wagering
3 facilities authorized under this chapter.

4 (6) "Sports wagering facility" means the physical property of a
5 class 1 racing association, authorized off-track betting locations,
6 and tribal casinos.

7 NEW SECTION. Sec. 6. A new section is added to chapter 67.16
8 RCW to read as follows:

9 The Washington state gambling commission must:

- 10 (1) Regulate sports wagering;
- 11 (2) Adopt rules and regulations prescribing conditions under
12 which all authorized sports wagering is conducted in this state; and
- 13 (3) Regulate and maintain sports wagering by a class 1 racing
14 association and off-track betting locations of the highest quality
15 and free from any corrupt, incompetent, dishonest, or unprincipled
16 practices, and negotiate with federally recognized Indian tribes in
17 accordance with RCW 9.46.360 regarding sports wagering authorized at
18 tribal casinos.

19 NEW SECTION. Sec. 7. A new section is added to chapter 9.46 RCW
20 to read as follows:

21 In accordance with section 6 of this act, the commission must
22 regulate sports wagering.

23 **Sec. 8.** RCW 67.16.060 and 2008 c 24 s 1 are each amended to read
24 as follows:

25 (1) (~~It shall be~~) Except for authorized sports wagering, it is
26 unlawful:

27 (a) To conduct pool selling, bookmaking, or to circulate hand
28 books; or

29 (b) To bet or wager on any horse race other than by the
30 parimutuel method; or

31 (c) For any licensee to take more than the percentage provided in
32 RCW 67.16.170 and 67.16.175; or

33 (d) For any licensee to compute breaks in the parimutuel system
34 at more than ten cents.

35 (2) Any willful violation of the terms of this chapter, or of any
36 rule, regulation, or order of the commission (~~shall~~) constitutes a
37 gross misdemeanor and when such violation is by a person holding a

1 license under this chapter, the commission may cancel the license
2 held by the offender, and such cancellation (~~shall~~) operates as a
3 forfeiture of all rights and privileges granted by the commission and
4 of all sums of money paid to the commission by the offender; and the
5 action of the commission in that respect (~~shall be~~) are final.

6 (3) The commission (~~shall have~~) has power to exclude from any
7 and all race courses of the state of Washington any person whom the
8 commission deems detrimental to the best interests of racing or any
9 person who willfully violates any of the provisions of this chapter
10 or of any rule, regulation, or order issued by the commission.

11 (4) Every race meet held in this state contrary to the provisions
12 of this chapter is hereby declared to be a public nuisance.

13 NEW SECTION. **Sec. 9.** A new section is added to chapter 67.17
14 RCW to read as follows:

15 (1) After payment of winning wagers and payment to a licensed
16 sports wagering vendor, gross receipts from sports wagering must be
17 divided as follows:

18 (a) 2.5 percent of gross receipts to the Washington horse racing
19 commission;

20 (b) 2.5 percent of gross receipts to the Washington state
21 gambling commission;

22 (c) 2.5 percent of gross receipts to the problem gambling account
23 created in RCW 41.05.751;

24 (d) 2.5 percent of gross receipts to the Washington breeder
25 awards account created in RCW 67.16.275;

26 (e) 2.5 percent of gross receipts to the Washington bred owners'
27 bonus fund created in RCW 67.16.275;

28 (f) 2.5 percent of gross receipts to the class C purse fund
29 account created in RCW 67.16.285 for purses, payment of jockey
30 insurance security, capital improvements and license fees. A class C
31 race meet must supply a report to the commission regarding use of all
32 such funds; and

33 (g) The remainder is to be divided equally between the class 1
34 racing association and the class C purse fund account created in RCW
35 67.16.285 after deducting direct expenses required to operate sports
36 wagering.

37 (2) Retention percentages in subsection (1) of this section do
38 not apply to tribal casinos.

1 **Sec. 10.** RCW 67.16.200 and 2013 c 23 s 178 and 2013 c 18 s 1 are
2 each reenacted and amended to read as follows:

3 (1) A class 1 racing association licensed by the commission to
4 conduct a race meet may seek approval from the commission to conduct
5 sports wagering and/or parimutuel wagering at a satellite location or
6 locations within the state of Washington. In order to participate in
7 sports wagering and/or parimutuel wagering at a satellite location or
8 locations within the state of Washington, the holder of a class 1
9 racing association license must have conducted at least one full live
10 racing season. All class 1 racing associations must hold a live race
11 meet within each succeeding twelve-month period to maintain
12 eligibility to continue to participate in sports wagering and/or
13 parimutuel wagering at a satellite location or locations. The sale of
14 sports wagers and parimutuel pools at satellite locations (~~shall~~)
15 must be conducted simultaneous to all sports wagering and parimutuel
16 wagering activity conducted at the licensee's live racing facility in
17 the state of Washington. The commission's authority to approve
18 satellite wagering at a particular location is subject to the
19 following limitations:

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

29 (b) A licensee (~~shall~~) may not conduct satellite wagering at
30 any satellite location within sixty driving miles of any other racing
31 facility conducting a live race meet.

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

35 (3) The licensee (~~shall~~) must combine the parimutuel pools of
36 the satellite location with those of the racing facility for the
37 purpose of determining odds and computing payoffs. The amount wagered
38 at the satellite location (~~shall~~) must be combined with the amount
39 wagered at the racing facility for the application of take out
40 formulas and distribution as provided in RCW 67.16.102, 67.16.105,

1 67.16.170, and 67.16.175. A satellite extension of the licensee's
2 racing facility shall be subject to the same application of the rules
3 of racing as the licensee's racing facility.

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

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

36 (6) A class 1 racing association may be allowed to import
37 simulcasts of horse races from out-of-state racing facilities. With
38 the prior approval of the commission, the class 1 racing association
39 may participate in a multijurisdictional common pool and may change

1 its commission and breakage rates to achieve a common rate with other
2 participants in the common pool.

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

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

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

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

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

33 (9) This section does not establish a new form of gaming in
34 Washington or allow expanded gaming within the state beyond what has
35 been previously authorized. Simulcast wagering has been allowed in
36 Washington before April 19, 1997. Therefore, this section does not
37 allow gaming of any nature or scope that was prohibited before April
38 19, 1997. This section is necessary to protect the Washington equine
39 breeding and racing industries, and in particular those sectors of
40 these industries that are dependent upon live horse racing. The

1 purpose of this section is to protect these industries from adverse
2 economic impacts and to promote fan attendance at class 1 racing
3 facilities. Therefore, a licensed class 1 racing association may be
4 approved to disseminate imported simulcast race card programs to
5 satellite locations approved under this section, provided that the
6 class 1 racing association has conducted at least forty live racing
7 days with an average on-track handle on the live racing product of a
8 minimum of one hundred fifty thousand dollars per day during the
9 twelve months immediately preceding the application date. However, to
10 promote the development of a new class 1 racing association facility
11 and to meet the best interests of the Washington equine breeding and
12 racing industries, the commission may by rule reduce the required
13 minimum average on-track handle on the live racing product from one
14 hundred fifty thousand dollars per day to thirty thousand dollars per
15 day.

16 (10) A licensee conducting simulcasting under this section shall
17 place signs in the licensee's gambling establishment under RCW
18 9.46.071. The informational signs concerning problem and compulsive
19 gambling must include a toll-free telephone number for problem and
20 pathological gamblers and be developed under RCW 9.46.071.

21 (11) Chapter 10, Laws of 2001 1st sp. sess. does not establish a
22 new form of gaming in Washington or allow expanded gaming within the
23 state beyond what has been previously authorized. Simulcast wagering
24 has been allowed in Washington before August 23, 2001. Therefore,
25 this section does not allow gaming of any nature or scope that was
26 prohibited before August 23, 2001. Chapter 10, Laws of 2001 1st sp.
27 sess. is necessary to protect the Washington equine breeding and
28 racing industries, and in particular those sectors of these
29 industries that are dependent upon live horse racing. The purpose of
30 chapter 10, Laws of 2001 1st sp. sess. is to protect these industries
31 from adverse economic impacts and to promote fan attendance at class
32 1 racing facilities.

33 **Sec. 11.** RCW 67.16.251 and 2005 c 351 s 2 are each amended to
34 read as follows:

35 Class 1 racing associations may conduct horse race and sports
36 wagering handicapping contests. The commission shall establish rules

1 for the conduct of handicapping contests involving the outcome of
2 multiple horse races.

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