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ENGROSSED SUBSTITUTE HOUSE BILL 1120

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State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Revenue (originally sponsored by Representatives Roland, Forner, Leonard, Holland, Scott, Valle, Day, O'Brien, Prince, Bowman, R. Meyers, Tate, H. Myers, Hine, Fuhrman, Rayburn, Prentice, Jacobsen, R. King, Chandler, Wilson, Inslee, Wood, Rasmussen, Cooper, R. Johnson, Vance, Sheldon, Morris, Appelwick, Brumsickle, Hochstatter, Van Luven, Paris, Haugen, Kremen, Zellinsky, Edmondson, Brough, Phillips, Lisk, Betrozoff, Wynne, Nealey, Miller, Fraser, Wineberry, Sprenkle, Orr, McLean and Anderson).

Read first time January 29, 1991.

1 AN ACT Relating to horse racing; amending RCW 67.16.014, 67.16.102,  
2 67.16.105, 67.16.130, 67.16.170, and 67.16.200; reenacting and amending  
3 RCW 67.16.100 and 67.16.175; repealing RCW 67.16.210, 67.16.220,  
4 67.16.910, and 67.16.911; and declaring an emergency.

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

6 **Sec. 1.** RCW 67.16.014 and 1987 c 453 s 3 are each amended to read  
7 as follows:

8 In addition to the commission members appointed under RCW  
9 67.16.012, there shall be four ex officio nonvoting members consisting  
10 of: (1) Two members of the senate, one from the majority political  
11 party and one from the minority political party, both to be appointed  
12 by the president of the senate; and (2) two members of the house of  
13 representatives, one from the majority political party and one from the  
14 minority political party, both to be appointed by the speaker of the

1 house of representatives. The appointments shall be for the term of  
2 two years or for the period in which the appointee serves as a  
3 legislator, whichever expires first. Members may be reappointed, and  
4 vacancies shall be filled in the same manner as original appointments  
5 are made. The ex officio members shall assist in the policy making,  
6 rather than administrative, functions of the commission, and shall  
7 collect data deemed essential to future legislative proposals and  
8 exchange information with the commission. The ex officio members shall  
9 be deemed engaged in legislative business while in attendance upon the  
10 business of the commission and shall be limited to such allowances  
11 therefor as otherwise provided in RCW 44.04.120, the same to be paid  
12 from the horse racing commission fund as being expenses relative to  
13 commission business.

14 (~~This section shall expire on October 31, 1991.~~)

15 **Sec. 2.** RCW 67.16.100 and 1985 c 466 s 67 and 1985 c 146 s 6 are  
16 each reenacted and amended to read as follows:

17 In addition to the license fees required by this chapter, the  
18 licensee shall pay to the commission the percentages of the gross  
19 receipts of all parimutuel machines at each race meet in accordance  
20 with RCW 67.16.105, which sums shall be paid daily to the commission.

21 All sums paid to the commission, together with all sums collected  
22 for license fees under the provisions of this chapter, shall be  
23 disposed of by the commission as follows: (~~Twenty-two~~) Fifty percent  
24 thereof shall be retained by the commission for the payment of the  
25 salaries of its members, secretary, clerical, office, and other help  
26 and all expenses incurred in carrying out the provisions of this  
27 chapter. No salary, wages, expenses, or compensation of any kind shall  
28 be paid by the state in connection with the work of the commission.  
29 (~~Forty~~) One percent shall, on the next business day following the

1 receipt thereof, be paid to the state treasurer to be deposited in the  
2 general fund, and three percent shall, on the next business day  
3 following the receipt thereof, be paid to the state treasurer, who is  
4 hereby made ex officio treasurer of a fund to be known as the "state  
5 trade fair fund" which shall be maintained as a separate and  
6 independent fund, and made available to the director of trade and  
7 economic development for the sole purpose of assisting state trade  
8 fairs. ((~~Thirty-five~~)) Forty-six percent shall be paid to the state  
9 treasurer, who is hereby made ex officio treasurer of a fund to be  
10 known as the "fair fund," which shall be maintained as a separate and  
11 independent fund outside of the state treasury, and made available to  
12 the director of agriculture for the sole purpose of assisting fairs in  
13 the manner provided in Title 15 RCW. Any moneys collected or paid to  
14 the commission under the terms of this chapter and not expended at the  
15 close of the fiscal biennium shall be paid to the state treasurer and  
16 be placed in the general fund. The commission may, with the approval  
17 of the office of financial management, retain any sum required for  
18 working capital.

19 **Sec. 3.** RCW 67.16.102 and 1982 c 132 s 5 are each amended to read  
20 as follows:

21 (1) Notwithstanding any other provision of chapter 67.16 RCW to the  
22 contrary the licensee shall withhold and shall pay daily to the  
23 commission, in addition to the percentages authorized by RCW 67.16.100  
24 and 67.16.130, as now or hereafter amended, and RCW 67.16.105, one  
25 percent of the gross receipts of all parimutuel machines at each race  
26 meet which sums shall, at the end of each meet, be paid by the  
27 commission to the licensed owners of those horses finishing first,  
28 second, third and fourth Washington bred only at each meet from which  
29 the additional one percent is derived in accordance with an equitable

1 distribution formula to be promulgated by the commission prior to the  
2 commencement of each race meet: PROVIDED, That nothing in this section  
3 shall apply to race meets which are nonprofit in nature, or of ten days  
4 or less or which have an average daily handle of less than one hundred  
5 twenty thousand dollars: PROVIDED, That the additional one percent of  
6 the gross receipts of all parimutuel machines at each race meet and the  
7 amount retained by the commission as specified in RCW 67.16.100 shall  
8 be deposited daily in a time deposit by the commission and the interest  
9 derived therefrom shall be distributed annually on an equal basis to  
10 those race courses at which independent race meets are held which are  
11 nonprofit in nature and are of ten days or less: PROVIDED, That prior  
12 to receiving a payment under this section any new race course shall  
13 meet the qualifications set forth in this section for a period of two  
14 years: PROVIDED, FURTHER, That said distributed funds shall be used  
15 for the purpose of maintaining and upgrading the respective racing  
16 courses and equine quartering areas of said nonprofit meets. The  
17 commission shall not permit the licensees to take into consideration  
18 the benefits derived from this section in establishing purses.

19 (2) The commission is authorized to pay fifty percent of the funds  
20 retained under this section to a new licensee, from that new licensee's  
21 race meet, for reimbursement of capital construction of the licensee's  
22 new racetrack for a period of five years.

23 **Sec. 4.** RCW 67.16.105 and 1987 c 347 s 4 are each amended to read  
24 as follows:

25 ~~((Except as provided for satellite wagers in RCW 67.16.210,))~~ The  
26 licensee shall pay to the commission daily for each authorized day of  
27 racing the following applicable percentage of all daily gross receipts  
28 from all parimutuel machines at each race meet, including satellites:

1       (1) If the daily gross receipts of all parimutuel machines,  
2 including satellites, are more than two hundred fifty thousand dollars,  
3 the licensee shall pay to the commission daily two and one-half percent  
4 of the daily gross receipts(~~(, if the daily gross receipts are two~~  
5 ~~hundred thousand dollars or less))~~);

6       (2) If the daily gross receipts of all parimutuel machines,  
7 including satellites, are two hundred fifty thousand dollars or less,  
8 the licensee shall pay to the commission daily one percent of the daily  
9 gross receipts(~~(, if the daily gross receipts are two hundred thousand~~  
10 ~~one dollars to four hundred thousand dollars; and~~

11       ~~(3) Four percent of the daily gross receipts if the daily gross~~  
12 ~~receipts are four hundred thousand one dollars or more)).~~

13       **Sec. 5.** RCW 67.16.130 and 1985 c 146 s 8 are each amended to read  
14 as follows:

15       (1) Notwithstanding any other provision of law or of chapter 67.16  
16 RCW, the commission may license race meets which are nonprofit in  
17 nature, of ten days or less, and which have an average daily handle of  
18 one hundred twenty thousand dollars or less, at a daily licensing fee  
19 of ten dollars, and the sponsoring nonprofit association shall be  
20 exempt from any other fees as provided for in chapter 67.16 RCW or by  
21 rule or regulation of the commission: PROVIDED, That the commission on  
22 or after January 1, 1971 may deny the application for a license to  
23 conduct a racing meet by a nonprofit association, if same shall be  
24 determined not to be a nonprofit association by the Washington state  
25 racing commission.

26       (2) Notwithstanding any other provision of law or of chapter 67.16  
27 RCW the licensees of race meets which are nonprofit in nature, of ten  
28 days or less, and which have an average daily handle of one hundred  
29 twenty thousand dollars or less, shall withhold and shall pay daily to

1 the commission (~~the percentages authorized by RCW 67.16.105,~~  
2 ~~67.16.170, and 67.16.175~~) one-half percent.

3 (3) Notwithstanding any other provision of law or of chapter 67.16  
4 RCW or any rule promulgated by the commission, no license for a race  
5 meet which is nonprofit in nature, of ten days or less, and which has  
6 an average daily handle of one hundred twenty thousand dollars or less,  
7 shall be denied for the reason that the applicant has not installed an  
8 electric parimutuel tote board.

9 (4) As a condition to the reduction in fees as provided for in  
10 subsection (1) (~~hereof~~) of this section, all fees charged to horse  
11 owners, trainers, or jockeys, or any other fee charged for a permit  
12 incident to the running of such race meet shall be retained by the  
13 commission as reimbursement for its expenses incurred in connection  
14 with the particular race meet.

15 **Sec. 6.** RCW 67.16.170 and 1987 c 347 s 2 are each amended to read  
16 as follows:

17 (~~Except as provided for satellite wagers in RCW 67.16.220,~~) Race  
18 meets, including satellites, which have gross receipts of all  
19 parimutuel machines for each authorized day of racing may retain the  
20 following from the daily gross receipts of all parimutuel machines:

21 (1) (~~On a daily handle of two hundred thousand dollars or less,~~  
22 ~~the licensee shall retain fourteen~~) If the daily gross receipts of all  
23 parimutuel machines, including satellites, are more than two hundred  
24 fifty thousand dollars, the licensee may retain twelve and one-half  
25 percent of (~~such~~) the daily gross receipts;

26 (2) (~~On a daily handle of two hundred thousand one dollars to four~~  
27 ~~hundred thousand dollars, the licensee shall~~) If the daily gross  
28 receipts of all parimutuel machines, including satellites, are two

1 hundred fifty thousand dollars or less, the licensee may retain  
2 fourteen percent of ((such)) the daily gross receipts; and

3 (3) ~~((On a daily handle of four hundred thousand one dollars or~~  
4 ~~more, the licensee shall retain eleven percent of such gross~~  
5 ~~receipts.))~~ On licensees of race meets that are nonprofit in nature of  
6 ten days or less, and that have an average daily handle of one hundred  
7 twenty thousand dollars or less may retain fourteen and one-half  
8 percent of daily gross receipts.

9 **Sec. 7.** RCW 67.16.175 and 1987 c 453 s 1 and 1987 c 347 s 3 are  
10 each reenacted and amended to read as follows:

11 (1) ~~((Except as provided for satellite wagers in RCW 67.16.210 and~~  
12 ~~67.16.220, daily gross receipts of all parimutuel machines from wagers~~  
13 ~~on exotic races shall be distributed according to this section:~~

14 (a) ~~In addition to the amounts set forth in RCW 67.16.105, an~~  
15 ~~additional two and five tenths percent of gross receipts on races with~~  
16 ~~two or more selections and three and five tenths percent of gross~~  
17 ~~receipts on races with three or more selections shall be paid to the~~  
18 ~~commission. The commission shall retain thirty one percent of the~~  
19 ~~additional percentages from exotic races and shall forward the balance~~  
20 ~~to the state treasurer daily for deposit in the general fund.~~

21 (b) ~~In addition to the amounts authorized to be retained in RCW~~  
22 ~~67.16.170, race meets may retain an additional three percent of the~~  
23 ~~daily gross receipts of all parimutuel machines from wagers on exotic~~  
24 ~~races requiring two selections to be used as provided in subsection (2)~~  
25 ~~of this section.~~

26 (c) ~~In addition to the amounts authorized to be retained in RCW~~  
27 ~~67.16.170, race meets may retain an additional six percent of the daily~~  
28 ~~gross receipts of all parimutuel machines from wagers on exotic races~~  
29 ~~requiring three or more selections to be used as provided in subsection~~

1 ~~(2) of this section.))~~ In addition to the amounts authorized to be  
2 retained in RCW 67.16.170, race meets may retain an additional six  
3 percent of the daily gross receipts of all parimutuel machines from  
4 wagers on exotic wagers.

5 (2) Of the amounts retained in subsection (1) (~~((b) and (c))~~) of  
6 this section, one percent of the daily gross receipts of all parimutuel  
7 machines from wagers on exotic wagers shall be used for Washington-bred  
8 breeder awards(~~(, not to exceed twenty percent of the winner's share of~~  
9 ~~the purse))~~).

10 (3) (~~Any portion of the remaining moneys retained in subsection~~  
11 ~~(1) (b) and (c) of this section shall be shared equally by the race~~  
12 ~~track and participating horsemen. The amount shared by participating~~  
13 ~~horsemen shall be in addition to and shall not supplant the customary~~  
14 ~~purse structure between race tracks and participating horsemen)) Of  
15 the amounts retained for breeder awards in subsection (2) of this  
16 section, twenty-five percent shall be retained by a new licensee for  
17 reimbursement of capital construction of the licensee's new race track  
18 for a period of five years.~~

19 (4) As used in this section, "exotic races" means any multiple  
20 wager. Exotic races are subject to approval of the commission.

21 **Sec. 8.** RCW 67.16.200 and 1987 c 347 s 1 are each amended to read  
22 as follows:

23 (1) A racing association licensed by the commission to conduct a  
24 race meet may seek approval from the commission to conduct parimutuel  
25 wagering on its program at a satellite location or locations within the  
26 state of Washington. The sale of parimutuel pools at satellite  
27 locations shall be conducted only during the licensee's race meet and  
28 simultaneous to all parimutuel wagering activity conducted at the  
29 licensee's racing facility in the state of Washington. The

1 commission's authority to approve satellite wagering at a particular  
2 location is subject to the following limitations:

3 (a) The commission may approve only one satellite location in each  
4 county in the state; however, the commission may grant four satellite  
5 locations in counties classified AA and two satellite locations in  
6 counties classified as A. The commission may grant approval for more  
7 than one licensee to conduct wagering at each satellite location.

8 (b) The commission shall not allow a licensee to conduct satellite  
9 wagering at a satellite location within ~~((fifty-air))~~ twenty ground  
10 miles of the licensee's racing facility. For purposes of this section  
11 "ground miles" means miles measured from point to point in a straight  
12 line.

13 (c)(i) The commission may allow a licensee to conduct satellite  
14 wagering at a satellite location within fifty ~~((air))~~ ground miles of  
15 the racing facility of another licensee who conducts race meets of  
16 thirty days or more, but only if the satellite location is the racing  
17 facility of another licensee who conducts race meets of thirty days or  
18 more and only if the licensee seeking to conduct satellite wagering  
19 suspends its program during the conduct of the meets of all licensees  
20 within fifty ~~((air))~~ ground miles; except that the commission may allow  
21 a licensee that conducts satellite wagering at another track, pursuant  
22 to this subsection, to use other satellite locations, used by that  
23 track with the approval of the owner of that track, even though those  
24 satellite locations are within a fifty ground mile radius.

25 (ii) Subject to subsection (1)(c)(i) of this section, the  
26 commission may allow a licensee to conduct satellite wagering at a  
27 satellite location within fifty ~~((air))~~ ground miles of the racing  
28 facility of another licensee who conducts race meets of under thirty  
29 days, but only if the licensee seeking to conduct satellite wagering

1 suspends its satellite program during the conduct of the meets of all  
2 licensees within fifty (~~air~~) ground miles.

3 (2) Subject to local zoning and other land use ordinances, the  
4 commission shall be the sole judge of whether approval to conduct  
5 wagering at a satellite location shall be granted.

6 (3) The licensee shall combine the parimutuel pools of the  
7 satellite location with those of the racing facility for the purpose of  
8 determining odds and computing payoffs. The amount wagered at the  
9 satellite location shall be combined with the amount wagered at the  
10 racing facility for the application of take out formulas and  
11 distribution as provided in RCW 67.16.102, 67.16.105, 67.16.130,  
12 67.16.170, and 67.16.175(~~(, 67.16.210, and 67.16.220)~~). A satellite  
13 extension of the licensee's racing facility shall be subject to the  
14 same application of the rules of racing as the licensee's racing  
15 facility.

16 NEW SECTION. **Sec. 9.** The following acts or parts of acts are  
17 each repealed:

- 18 (1) RCW 67.16.210 and 1987 c 347 s 5;
- 19 (2) RCW 67.16.220 and 1987 c 347 s 6;
- 20 (3) RCW 67.16.910 and 1990 c 297 s 24; and
- 21 (4) RCW 67.16.911 and 1990 c 297 s 25.

22 NEW SECTION. **Sec. 10.** This act is necessary for the immediate  
23 preservation of the public peace, health, or safety, or support of the  
24 state government and its existing public institutions, and shall take  
25 effect immediately.