

FINAL BILL REPORT

SHB 2167

C 159 L 94
Synopsis as Enacted

Brief Description: Regulating race tracks.

By House Committee on Revenue (originally sponsored by Representatives Heavey, G. Fisher, Lemmon, Forner, Veloria, Roland, Eide, Campbell, Jones, Dorn, Zellinsky, Rayburn, Springer, Leonard and Patterson).

House Committee on Commerce & Labor
House Committee on Revenue
Senate Committee on Trade, Technology & Economic Development

Background: In 1991, the Legislature enacted ESHB 1120. Among other provisions, this bill reduced the parimutuel tax on horse race tracks with an average daily handle of more than \$250,000 by approximately 2.5 percent. The bill also required licensees who are nonprofit corporations and who have race meets of 30 days or more to pay the Horse Racing Commission 2.5 percent of their daily gross receipts. The commission was required to deposit these additional 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), when it operated Longacres Park in its final two years of existence.

After Longacres closed in 1992, Emerald was awarded the license to operate the 1993 summer race meet at Yakima Meadows. In 1993, the Legislature enacted EHB 1845, which reduced Emerald's contribution to the fund to 1.25 percent of its daily gross receipts and required Emerald to use the additional money it retained to enhance purses for the owners of winning horses.

The money in the fund may be spent only after legislative appropriation. Expenditures from the fund are to be used to benefit and support interim continuation of thoroughbred racing, capital construction of a new race track facility, and programs enhancing the general welfare, safety, and advancement of the Washington thoroughbred industry. At the end of the 1993 racing season, the fund contained \$8.37 million.

In the 1993 Capital Budget, \$8.2 million of the fund was appropriated to the Horse Racing Commission. The

appropriation was subject to the following conditions and limitations:

- (1) The appropriation is provided solely for the benefit and support of thoroughbred horse racing;
- (2) No expenditures may be made to construct horse race or related facilities until the commission has made a determination that the applicant has the ability to complete the construction of a facility and fund its operation and the applicant has completed all permitting requirements; and
- (3) The commission must insure that any expenditure will protect the state's long-term interest in the continuation and development of thoroughbred horse racing.

The Horse Racing Commission has not distributed any of the money in the fund.

Summary: Until June 1, 1995, licensees who are nonprofit corporations and who have race meets of 30 days or more do not contribute any portion of their daily gross receipts to the Washington Thoroughbred Racing Fund. Until that time, these licensees are required to use 1.25 percent of daily gross receipts to increase purses, and to place 1.25 percent of daily gross receipts into an escrow or trust account and use this money solely for construction of a new thoroughbred race track facility in western Washington.

Effective June 1, 1995, nonprofit licensees who have race meets of 30 days or more must again contribute 2.5 percent of their daily gross receipts to the Washington Thoroughbred Racing Fund.

All funds, including interest, remaining in the newly created escrow or trust account must be forwarded to the state general fund if a new race track is not built by January 1, 2001.

Votes on Final Passage:

House	97	0	
Senate	47	0	(Senate amended)
House	88	0	(House concurred)

Effective: March 30, 1994