

SENATE BILL REPORT

SB 6200

As Reported By Senate Committee On:
Commerce & Trade, January 29, 2004

Title: An act relating to the management of moneys by the Washington horse racing commission.

Brief Description: Relating to provisions of the Washington horse racing commission's authority.

Sponsors: Senators Hewitt, Rasmussen, Honeyford and Prentice; by request of Horse Racing Commission.

Brief History:

Committee Activity: Commerce & Trade: 1/29/04 [DPS].

SENATE COMMITTEE ON COMMERCE & TRADE

Majority Report: That Substitute Senate Bill No. 6200 be substituted therefor, and the substitute bill do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin, Keiser and Mulliken.

Staff: John Dziejcz (786-7784)

Background: The Horse Racing Commission has the dual responsibility of regulating horse racing and encouraging the equine industry in Washington. The commission currently authorizes parimutuel betting on horse race "meets" at one Class A (for-profit, owner-operated) facility, Emerald Downs in Auburn; and four Class C (nonprofit, ten days or less of racing per year) tracks in Kennewick, Waitsburg, Walla Walla and Dayton.

The commission's operations are primarily financed through a tax of 1.30 percent on the daily gross receipts of the Class A race track, with a small percentage of funds generated from fines imposed for regulatory violations, and licensing fees. Taxable gross receipts in 2000 were \$165 million; in 2003, the amount had declined to \$139 million, continuing a long-term trend.

An additional 1 percent tax is levied on the daily gross receipts of the Class A race track. Funds raised by this tax are annually distributed equally to: (a) owners of Washington-bred horses that either win, place, show, or finish fourth at a Class A race meet; and (b) the Class A race track to offset part of the capital construction costs of the licensee's new track.

A one-tenth of 1 percent tax is also levied on the gross receipts of all race meets, and is used to add to the prize money, or "purses" paid at Class C race meets that have been in operation for five or more years. Annually, the commission must distribute \$300,000 for this purpose, with the commission's operating account responsible for any difference between \$300,000 and the amount raised by the tax. In 2004, that amount is approximately \$161,000.

Summary of Substitute Bill: Three accounts in the custody of the State Treasurer are created: the Horse Racing Commission's operating account, the Washington Bred Owners' Bonus Fund, and the Class C Purse Fund. The operating account is appropriated; the other two are not. All three accounts are allotted and authorized to retain interest earned, with interest on the operating account dedicated to the Class C Purse Fund. The purse fund is also the repository of revenue from fines.

Substitute Bill Compared to Original Bill: The definition of steward or board of stewards is deleted.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Transferring these funds to interest bearing accounts in the state treasury generates badly needed revenue to support the equine industry in Washington. In addition, it provides for greater fiscal monitoring and efficiency of operations. The deletion of the definition of stewards avoids an issue that is not directly related to the primary goal of the bill.

Testimony Against: None.

Testified: Robert Leichner, Horse Racing Commission; Bev Hermanson, WSFSE.