

SENATE BILL REPORT

SB 5791

As of February 21, 2013

Title: An act relating to supporting youth programs through agricultural fairs and the horse racing industry.

Brief Description: Supporting youth programs through agricultural fairs and the horse racing industry.

Sponsors: Senators Fain, Hobbs, Litzow, Eide, Hill, King, Keiser, Murray, Dammeier, Hatfield, Becker, Kohl-Welles, Honeyford and McAuliffe.

Brief History:

Committee Activity: Commerce & Labor: 2/22/13.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Mac Nicholson (786-7445)

Background: State Fair Fund. Agricultural fairs may receive funding from the state fair fund, which is administered by the Department of Agriculture. State law requires an annual \$2 million transfer into the fair fund from the general fund. In fiscal year 2012 and 2013, the required transfer was \$3.5 million.

Horse Racing Commission. The Washington Horse Racing Commission (Commission) is the state agency charged with licensing and regulating the horse racing industry, and has a responsibility to encourage the training and development of the equine industry in Washington. Funding for the Commission comes from a number of sources, including a parimutuel tax and daily live race license fees. Additional parimutuel taxes are collected to fund nonprofit race meets and the owners' bonus. Funds in the Commission operating account can only be used to fund Commission operating expenses. The Commission may spend up to \$300,000 per year from the operating account to provide additional support to nonprofit race meets and to develop the equine industry, maintain and upgrade racing facilities, and assist equine health research.

The commission has the authority to receive gifts, grants, and endowments for the use and purpose of regulating or supporting nonprofit meets. Nonprofit meets are those meets that are nonprofit in nature and are of ten days or fewer.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Licenses of race meets that are not considered nonprofit are allowed to retain a percentage of daily gross receipts of all in-state parimutuel machines. If daily gross receipts were more than \$50 million in the previous year, licenses can keep 13.7 percent. If daily gross receipts were less than \$50 million in the previous year, the licensee can keep 14.48 percent.

State Lottery. In fiscal year 2012, the following were Washington Lottery beneficiaries:

- Washington Opportunity Pathways Account, \$121.8 million;
- stadium bonds, \$10 million for the football stadium and \$2.7 million for the baseball stadium;
- problem gambling, \$291,000;
- economic development, \$3 million from unclaimed prizes; and
- the veterans' innovation program.

Summary of Bill: State Lottery. During calendar year 2013, \$5 million must be distributed from the state lottery account as such:

- \$2.5 million to the state fair fund; and
- \$2.5 million to the Horse Racing Commission operating account.

Distribution amounts must increase 2 percent over the previous year. Distributions will stop June 30, 2023.

State Fair Fund. After June 30, 2023, \$2 million per fiscal year must be transferred into the state fair fund from the general fund.

Horse Racing Commission. Collection of the parimutuel tax to support Commission operating expenses and the daily race license fees is suspended until 2023.

The Commission must separately account for the lottery funds received under the legislation as the horse industry support funds (support funds). Up to \$150,000 of the support funds can be allocated annually to nonprofit race meets. Additional uses of funds for nonprofit race meets are authorized and include increasing purses, insurance, and providing educational opportunities.

Expenditures of the support funds can be used for:

- operating expenses of the Commission;
- educational opportunities for children involved in 4-H and other horse owners involved in training;
- increasing the size of purses at race meets that are not considered nonprofit;
- maintaining and upgrading racing facilities;
- marketing and equine industry educational expenses related to race meets that are not considered nonprofit.

The Commission may receive gifts, grants, and endowments for race meets that are not considered nonprofit.

Licenses can keep an additional 1.3 percent of daily gross receipts of in-state parimutuel machines.

Appropriation: \$5 million from the state lottery

Fiscal Note: Requested on February 21, 2013.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.