

HOUSE BILL REPORT

HB 2213

As Reported by House Committee On: Commerce & Gaming

Title: An act relating to modifying Washington state horse racing commission provisions.

Brief Description: Modifying Washington state horse racing commission provisions.

Sponsors: Representatives MacEwen, Peterson, Schmick and Kloba; by request of Horse Racing Commission.

Brief History:

Committee Activity:

Commerce & Gaming: 1/13/20, 1/21/20 [DP].

Brief Summary of Bill

- Removes the restriction that the state may not pay for salary, wages, expenses, or compensation in connection with the work of the Washington Horse Racing Commission.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 11 members: Representatives Peterson, Chair; Kloba, Vice Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Morgan, Ramel, Vick and Young.

Staff: Kyle Raymond (786-7190).

Background:

The Washington Horse Racing Commission (Commission) is responsible for licensing, regulating, and supervising all race meets held in Washington where the parimutuel system of betting is used. The Commission is also responsible for inspecting each race course in the state at least once a year.

Betting or wagering on a horse race is lawful in Washington only if it is by the parimutuel method, which is a betting system in which the bets of a particular type are pooled, taxes and

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commissions are removed, and payoffs are calculated by sharing the pool among all of the winning bets. Licensees that operate race meets must withhold and pay to the Commission daily, for each authorized day of parimutuel wagering, a parimutuel tax that is a percentage of all the licensees' daily gross receipts from the licensees' in-state parimutuel machines.

The receipts from the parimutuel tax must be deposited in the Washington Horse Racing Commission Operating Account (Account), in addition to any gifts, grants, or endowments the Commission receives. The Commission, or the Commission's designee, may authorize expenditures from the Account. Moneys in the Account must be used for the Commission's operating expenses, except as otherwise required in the terms of a gift, grant, or endowment.

The state may not pay for salary, wages, expenses, or compensation, of any kind, in connection with the work of the Commission.

Summary of Bill:

The restriction that the state may not pay for salary, wages, expenses, or compensation in connection with the work of the Commission is removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The statute this bill amends has remain unchanged since 1933, and things have changed dramatically since it was first enacted. The Commission has been able to manage regulatory costs for years as competition of other forms of wagering has increased, which has resulted in a downward turn for the horse racing industry.

In addition, costs the Commission has no control of may result in the Commission having to shut down per Office of Financial Management (OFM) requirements. This would also result in any parimutuel wagering or racing in the state being shut down. The major drivers of cost to the Commission include salaries and benefits for seasonal employees. In addition, the Commission is required to pay certain central service costs, only some of which the Commission is able to use.

Given these trends, the Commission is looking towards the future for alternative funding, and this bill is needed to help prepare for that. The Commission plans to meet with the Governor's Office and the OFM to discuss options for the Commission.

This bill does not obligate any outside funding, and the bill is not a request to supplement the industry. Rather, the bill would allow the Commission to submit a request for funding to the OFM. The Commission is not aware of any other agency in the state that is not able to submit a similar request to the OFM.

This bill will support the Commission's work in continuing to regulate the industry and to protect its participants, including both the human and equine athletes.

(Opposed) None.

Persons Testifying: Representative MacEwen, prime sponsor; Doug Moore and Amanda Benton, Washington Horse Racing Commission.

Persons Signed In To Testify But Not Testifying: None.