

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 5762

Chapter 87, Laws of 1997

55th Legislature
1997 Regular Session

EQUINE INDUSTRY--SIMULCAST OF RACES--ELIMINATING LIMITS ON
NONPROFIT RACE MEETS

EFFECTIVE DATE: 4/19/97

Passed by the Senate April 16, 1997
YEAS 32 NAYS 17

BRAD OWEN

President of the Senate

Passed by the House April 9, 1997
YEAS 84 NAYS 14

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved April 19, 1997

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5762** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

Secretary

FILED

April 19, 1997 - 10:58 a.m.

GARY LOCKE

Governor of the State of Washington

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5762

AS AMENDED BY THE HOUSE

Passed Legislature - 1997 Regular Session

State of Washington

55th Legislature

1997 Regular Session

By Senate Committee on Commerce & Labor (originally sponsored by Senators Heavey, West, Schow, Deccio, Rasmussen, Brown, McCaslin and Goings)

Read first time 02/27/97.

1 AN ACT Relating to benefiting the equine industry by parimutuel
2 satellite and simulcast wagering restricted to live racing facilities
3 and providing lottery games; amending RCW 67.16.050, 67.16.105, and
4 67.16.200; creating a new section; repealing RCW 67.16.190 and
5 67.16.250; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that Washington's
8 equine racing industry creates economic, environmental, and
9 recreational impacts across the state affecting agriculture, horse
10 breeding, the horse training industry, agricultural fairs and youth
11 programs, and tourism and employment opportunities. The Washington
12 equine industry has incurred a financial decline coinciding with
13 increased competition from the gaming industry in the state and from
14 the lack of a class 1 racing facility in western Washington from 1993
15 through 1995. This act is necessary to preserve, restore, and
16 revitalize the equine breeding and racing industries and to preserve in
17 Washington the economic and social impacts associated with these
18 industries. Preserving Washington's equine breeding and racing
19 industries, and in particular those sectors of the industries that are

1 dependent upon live horse racing, is in the public interest of the
2 state. The purpose of this act is to preserve Washington's equine
3 breeding and racing industries and to protect these industries from
4 adverse economic impacts. This act does not establish a new form of
5 gaming in Washington or allow expanded gaming within the state beyond
6 what has been previously authorized. Simulcast wagering has been
7 allowed in Washington before the effective date of this act.
8 Therefore, this act does not allow gaming of any nature or scope that
9 was prohibited before the effective date of this act.

10 **Sec. 2.** RCW 67.16.050 and 1985 c 146 s 3 are each amended to read
11 as follows:

12 Every person making application for license to hold a race meet,
13 under the provisions of this chapter shall file an application with the
14 commission which shall set forth the time, the place, the number of
15 days such meet will continue, and such other information as the
16 commission may require. The commission shall be the sole judge of
17 whether or not the race meet shall be licensed and the number of days
18 the meet shall continue. No person who has been convicted of any crime
19 involving moral turpitude shall be issued a license, nor shall any
20 license be issued to any person who has violated the terms or
21 provisions of this chapter, or any of the rules and regulations of the
22 commission made pursuant thereto, or who has failed to pay to the
23 commission any or all sums required under the provisions of this
24 chapter. The license shall specify the number of days the race meet
25 shall continue and the number of races per day, which shall ((be))
26 include not less than six nor more than eleven live races per day, and
27 for which a fee shall be paid daily in advance of five hundred dollars
28 for each live race day for those ((meets)) licensees which had gross
29 receipts from parimutuel machines in excess of fifty million dollars in
30 the previous year and two hundred dollars for each day for meets which
31 had gross receipts from parimutuel machines at or below fifty million
32 dollars in the previous year; in addition any newly authorized live
33 race meets shall pay two hundred dollars per day for the first year:
34 PROVIDED, That if unforeseen obstacles arise, which prevent the
35 holding, or completion of any race meet, the license fee for the meet,
36 or for a portion which cannot be held may be refunded the licensee, if
37 the commission deems the reasons for failure to hold or complete the
38 race meet sufficient. Any unexpired license held by any person who

1 violates any of the provisions of this chapter, or any of the rules or
2 regulations of the commission made pursuant thereto, or who fails to
3 pay to the commission any and all sums required under the provisions of
4 this chapter, shall be subject to cancellation and revocation by the
5 commission. Such cancellation shall be made only after a summary
6 hearing before the commission, of which three days' notice, in writing,
7 shall be given the licensee, specifying the grounds for the proposed
8 cancellation, and at which hearing the licensee shall be given an
9 opportunity to be heard in opposition to the proposed cancellation.

10 **Sec. 3.** RCW 67.16.105 and 1995 c 173 s 2 are each amended to read
11 as follows:

12 (1) Licensees of race meets that are nonprofit in nature, are of
13 ten days or less, and have an average daily handle of one hundred
14 twenty thousand dollars or less shall withhold and pay to the
15 commission daily for each authorized day of racing one-half percent of
16 the daily gross receipts from all parimutuel machines at each race
17 meet.

18 (2) Licensees ~~((of race meets))~~ that do not fall under subsection
19 (1) of this section shall withhold and pay to the commission ~~((daily
20 for each authorized day of racing))~~ the following applicable percentage
21 of all daily gross receipts from ~~((all))~~ its in-state parimutuel
22 machines ~~((at each race meet))~~:

23 (a) If the daily gross receipts of all its in-state parimutuel
24 machines are more than two hundred fifty thousand dollars, the licensee
25 shall withhold and pay to the commission daily two and one-half percent
26 of the daily gross receipts; and

27 (b) If the daily gross receipts of all its in-state parimutuel
28 machines are two hundred fifty thousand dollars or less, the licensee
29 shall withhold and pay to the commission daily one percent of the daily
30 gross receipts.

31 (3) In addition to those amounts in subsections (1) and (2) of this
32 section, ~~((all))~~ a licensee~~((s))~~ shall forward one-tenth of one percent
33 of the daily gross receipts of all its in-state parimutuel machines to
34 the commission ~~((daily))~~ for payment to those nonprofit race meets as
35 set forth in RCW 67.16.130 and subsection (1) of this section, but said
36 percentage shall not be charged against the licensee~~((s. The total of
37 such payments shall not exceed one hundred fifty thousand dollars in
38 any one year and any amount in excess of one hundred fifty thousand~~

1 dollars shall be remitted to the general fund)). Payments to nonprofit
2 race meets under this subsection shall be distributed on a pro rata
3 per-race-day basis and used only for purses at race tracks that have
4 been operating under RCW 67.16.130 and subsection (1) of this section
5 for the five consecutive years immediately preceding the year of
6 payment.

7 ~~((4) In addition to those sums paid to the commission in
8 subsection (2) of this section, licensees who are nonprofit
9 corporations and have race meets of thirty days or more shall retain
10 and dedicate: (a) An amount equal to one and one quarter percent of
11 the daily gross receipts of all parimutuel machines at each race meet
12 to be used solely for the purpose of increasing purses; and (b) an
13 amount equal to one and one quarter percent of the daily gross receipts
14 of all parimutuel machines at each race meet to be deposited in an
15 escrow or trust account and used solely for construction of a new
16 thoroughbred race track facility in western Washington. Said
17 percentages shall come from that amount the licensee is authorized to
18 retain under RCW 67.16.170(2). The commission shall adopt such rules
19 as may be necessary to enforce this subsection.~~

20 ~~(5) In the event the new race track is not constructed before
21 January 1, 2001, all funds including interest, remaining in the escrow
22 or trust account established in subsection (4) of this section, shall
23 revert to the state general fund.)~~

24 **Sec. 4.** RCW 67.16.200 and 1991 c 270 s 10 are each amended to read
25 as follows:

26 (1) A racing association licensed by the commission to conduct a
27 race meet may seek approval from the commission to conduct parimutuel
28 wagering on its program at a satellite location or locations within the
29 state of Washington. The sale of parimutuel pools at satellite
30 locations shall be conducted only during the licensee's race meet and
31 simultaneous to all parimutuel wagering activity conducted at the
32 licensee's live racing facility in the state of Washington. The
33 commission's authority to approve satellite wagering at a particular
34 location is subject to the following limitations:

35 (a) The commission may approve only one satellite location in each
36 county in the state; however, the commission may grant approval for
37 more than one licensee to conduct wagering at each satellite
38 location((-

1 ~~(b) The commission shall not allow a licensee to conduct satellite~~
2 ~~wagering at a satellite location within twenty ground miles of the~~
3 ~~licensee's racing facility. For purposes of this section, "ground~~
4 ~~miles" means miles measured from point to point in a straight line.~~

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

17 ~~(ii) Subject to subsection (1)(c)(i) of this section, the~~
18 ~~commission may allow a licensee to conduct satellite wagering at a~~
19 ~~satellite location within fifty ground miles of the racing facility of~~
20 ~~another licensee who conducts race meets of under thirty days, but only~~
21 ~~if the licensee seeking to conduct satellite wagering suspends its~~
22 ~~satellite program during the conduct of the meets of all licensees~~
23 ~~within fifty ground miles)). A satellite location shall not be~~
24 ~~operated within twenty driving miles of any class 1 racing facility.~~
25 ~~For the purposes of this section, "driving miles" means miles measured~~
26 ~~by the most direct route as determined by the commission; and~~

27 ~~(b) A licensee shall not conduct satellite wagering at any~~
28 ~~satellite location within sixty driving miles of any other racing~~
29 ~~facility conducting a live race meet.~~

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

33 ~~(3) The licensee shall combine the parimutuel pools of the~~
34 ~~satellite location with those of the racing facility for the purpose of~~
35 ~~determining odds and computing payoffs. The amount wagered at the~~
36 ~~satellite location shall be combined with the amount wagered at the~~
37 ~~racing facility for the application of take out formulas and~~
38 ~~distribution as provided in RCW 67.16.102, 67.16.105, 67.16.170, and~~
39 ~~67.16.175. A satellite extension of the licensee's racing facility~~

1 shall be subject to the same application of the rules of racing as the
2 licensee's racing facility.

3 (4) Upon written application to the commission, a class 1 racing
4 association may be authorized to transmit simulcasts of live horse
5 races conducted at its racetrack to locations outside of the state of
6 Washington approved by the commission and in accordance with the
7 interstate horse racing act of 1978 (15 U.S.C. Sec. 3001 to 3007) or
8 any other applicable laws. The commission may permit parimutuel pools
9 on the simulcast races to be combined in a common pool. A racing
10 association that transmits simulcasts of its races to locations outside
11 this state shall pay at least fifty percent of the fee that it receives
12 for sale of the simulcast signal to the horsemen's purse account for
13 its live races after first deducting the actual cost of sending the
14 signal out of state.

15 (5) Upon written application to the commission, a class 1 racing
16 association may be authorized to transmit simulcasts of live horse
17 races conducted at its racetrack to licensed racing associations
18 located within the state of Washington and approved by the commission
19 for the receipt of the simulcasts. The commission shall permit
20 parimutuel pools on the simulcast races to be combined in a common
21 pool. The fee for in-state, track-to-track simulcasts shall be five
22 and one-half percent of the gross parimutuel receipts generated at the
23 receiving location and payable to the sending racing association. A
24 racing association that transmits simulcasts of its races to other
25 licensed racing associations shall pay at least fifty percent of the
26 fee that it receives for the simulcast signal to the horsemen's purse
27 account for its live race meet after first deducting the actual cost of
28 sending the simulcast signal. A racing association that receives races
29 simulcast from class 1 racing associations within the state shall pay
30 at least fifty percent of its share of the parimutuel receipts to the
31 horsemen's purse account for its live race meet after first deducting
32 the purchase price and the actual direct costs of importing the race.

33 (6) A class 1 racing association may be allowed to import
34 simulcasts of horse races from out-of-state racing facilities. With
35 the prior approval of the commission, the class 1 racing association
36 may participate in an interstate common pool and may change its
37 commission and breakage rates to achieve a common rate with other
38 participants in the common pool.

1 (a) The class 1 racing association shall make written application
2 with the commission for permission to import simulcast horse races for
3 the purpose of parimutuel wagering. Subject to the terms of this
4 section, the commission is the sole authority in determining whether to
5 grant approval for an imported simulcast race.

6 (b) During the conduct of its race meeting, a class 1 racing
7 association may be allowed to import no more than one simulcast race
8 card program during each live race day. A licensed racing association
9 may also be approved to import one simulcast race of regional or
10 national interest on each live race day. A class 1 racing association
11 may be permitted to import two simulcast programs on two nonlive race
12 days per each week during its live meet. A licensee shall not operate
13 parimutuel wagering on more than five days per week. Parimutuel
14 wagering on imported simulcast programs shall only be conducted at the
15 live racing facility of a class 1 racing association.

16 (c) The commission may allow simulcast races of regional or
17 national interest to be sent to satellite locations. The simulcasts
18 shall be limited to one per day except for Breeder's Cup special events
19 day.

20 (d) When open for parimutuel wagering, a class 1 racing association
21 which imports simulcast races shall also conduct simulcast parimutuel
22 wagering within its licensed racing enclosure on all races simulcast
23 from other class 1 racing associations within the state of Washington.

24 (e) When not conducting a live race meeting, a class 1 racing
25 association may be approved to conduct simulcast parimutuel wagering on
26 imported simulcast races. The conduct of simulcast parimutuel wagering
27 on the simulcast races shall be for not more than twelve hours during
28 any twenty-four hour period, for not more than five days per week and
29 only at its live racing facility.

30 (f) On any imported simulcast race, the class 1 racing association
31 shall pay fifty percent of its share of the parimutuel receipts to the
32 horsemen's purse account for its live race meet after first deducting
33 the purchase price of the imported race and the actual costs of
34 importing the race.

35 (7) For purposes of this section, a class 1 racing association is
36 defined as a licensee approved by the commission which conducts during
37 each twelve-month period at least forty days of live racing within four
38 successive calendar months. The commission may by rule increase the

1 number of live racing days required to maintain class 1 racing
2 association status.

3 (8) This section does not establish a new form of gaming in
4 Washington or allow expanded gaming within the state beyond what has
5 been previously authorized. Simulcast wagering has been allowed in
6 Washington before the effective date of this act. Therefore, this
7 section does not allow gaming of any nature or scope that was
8 prohibited before the effective date of this act. This section is
9 necessary to protect the Washington equine breeding and racing
10 industries, and in particular those sectors of these industries that
11 are dependent upon live horse racing. The purpose of this section is
12 to protect these industries from adverse economic impacts and to
13 promote fan attendance at class 1 racing facilities. Therefore,
14 imported simulcast race card programs shall not be disseminated to any
15 location outside the live racing facility of the class 1 racing
16 association and a class 1 racing association is strictly prohibited
17 from simulcasting imported race card programs to any location outside
18 its live racing facility.

19 NEW SECTION. Sec. 5. (1) The joint legislative audit and review
20 committee shall conduct an evaluation to determine the extent to which
21 this act has achieved the following outcomes:

22 (a) The extent to which purses at Emerald Downs, Playfair, and
23 Yakima Meadows have increased as a result of the provisions of this
24 act;

25 (b) The extent to which attendance at Emerald Downs, Playfair, and
26 Yakima Meadows has increased specifically as a result of the provisions
27 of this act;

28 (c) The extent to which the breeding of horses in this state has
29 increased specifically related to the provisions of this act;

30 (d) The extent to which the number of horses running at Emerald
31 Downs, Playfair, and Yakima Meadows has increased specifically as a
32 result of the provisions of this act;

33 (e) The extent to which nonprofit racetracks in this state have
34 benefitted from this act including the removal of the cap on the
35 nonprofit race meet purse fund; and

36 (f) The extent to which Emerald Downs, Playfair, and Yakima Meadows
37 are capable of remaining economically viable given the provisions of

1 this act and the increase in competition for gambling or entertainment
2 dollars.

3 (2) The joint legislative audit and review committee may provide
4 recommendations to the legislature concerning modifications that could
5 be made to existing state laws to improve the ability of this act to
6 meet the above intended goals.

7 (3) The joint legislative audit and review committee shall complete
8 a report on its finding by June 30, 2000. The report shall be provided
9 to the appropriate committees of the legislature by December 1, 2000.

10 NEW SECTION. **Sec. 6.** The following acts or parts of acts are each
11 repealed:

12 (1) RCW 67.16.190 and 1985 c 146 s 12 & 1981 c 70 s 3; and

13 (2) RCW 67.16.250 and 1994 c 159 s 3 & 1991 c 270 s 12.

14 NEW SECTION. **Sec. 7.** If any provision of this act or its
15 application to any person or circumstance is held invalid, the
16 remainder of the act or the application of the provision to other
17 persons or circumstances is not affected.

18 NEW SECTION. **Sec. 8.** This act is necessary for the immediate
19 preservation of the public peace, health, or safety, or support of the
20 state government and its existing public institutions, and takes effect
21 immediately.

Passed the Senate April 16, 1997.

Passed the House April 9, 1997.

Approved by the Governor April 19, 1997.

Filed in Office of Secretary of State April 19, 1997.