

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 6481

Chapter 274, Laws of 2004

58th Legislature
2004 Regular Session

HORSE RACING--PARIMUTUEL WAGERING

EFFECTIVE DATE: 4/1/04

Passed by the Senate March 8, 2004
YEAS 42 NAYS 7

BRAD OWEN

President of the Senate

Passed by the House March 3, 2004
YEAS 79 NAYS 17

FRANK CHOPP

Speaker of the House of Representatives

CERTIFICATE

I, Milton H. Doumit, Jr.,
Secretary of the Senate of the
State of Washington, do hereby
certify that the attached is
ENGROSSED SUBSTITUTE SENATE BILL
6481 as passed by the Senate and
the House of Representatives on
the dates hereon set forth.

MILTON H. DOUMIT JR.

Secretary

Approved April 1, 2004.

FILED

April 1, 2004 - 12:30 p.m.

GARY F. LOCKE

Governor of the State of Washington

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 6481

AS AMENDED BY THE HOUSE

Passed Legislature - 2004 Regular Session

State of Washington 58th Legislature 2004 Regular Session

By Senate Committee on Commerce & Trade (originally sponsored by Senators Hewitt, Jacobsen, Deccio, Rasmussen and Honeyford)

READ FIRST TIME 02/06/04.

1 AN ACT Relating to governing class 1 racing associations' authority
2 to participate in parimutuel wagering; amending RCW 67.16.200 and
3 67.16.160; adding a new section to chapter 67.16 RCW; providing an
4 expiration date; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 67.16 RCW
7 to read as follows:

8 (1) The horse racing commission may authorize advance deposit
9 wagering to be conducted by:

10 (a) A licensed class 1 racing association operating a live horse
11 racing facility; or

12 (b) The operator of an advance deposit wagering system accepting
13 wagers pursuant to an agreement with a licensed class 1 racing
14 association. The agreement between the operator and the class 1 racing
15 association must be approved by the commission.

16 (2) An entity authorized to conduct advance deposit wagering under
17 subsection (1) of this section:

18 (a) May accept advance deposit wagering for races conducted in this
19 state under a class 1 license or races not conducted within this state

1 on a schedule approved by the class 1 licensee. A system of advance
2 deposit wagering located outside or within this state may not accept
3 wagers from residents or other individuals located within this state,
4 and residents or other individuals located within this state are
5 prohibited from placing wagers through advance deposit wagering
6 systems, except with an entity authorized to conduct advance deposit
7 wagering under subsection (1) of this section;

8 (b) May not accept an account wager in an amount in excess of the
9 funds on deposit in the advance deposit wagering account of the
10 individual placing the wager;

11 (c) May not allow individuals under the age of twenty-one to open,
12 own, or have access to an advance deposit wagering account;

13 (d) Must include a statement in all forms of advertising for
14 advance deposit wagering that individuals under the age of twenty-one
15 are not allowed to open, own, or have access to an advance deposit
16 wagering account; and

17 (e) Must verify the identification, residence, and age of the
18 advance deposit wagering account holder using methods and technologies
19 approved by the commission.

20 (3) As used in this section, "advance deposit wagering" means a
21 form of parimutuel wagering in which an individual deposits money in an
22 account with an entity authorized by the commission to conduct advance
23 deposit wagering and then the account funds are used to pay for
24 parimutuel wagers made in person, by telephone, or through
25 communication by other electronic means.

26 (4) In order to participate in advance deposit wagering, the holder
27 of a class 1 racing association license must have conducted at least
28 one full live racing season. All class 1 racing associations must
29 complete a live race meet within each succeeding twelve-month period to
30 maintain eligibility to continue participating in advance deposit
31 wagering.

32 (5) When more than one class 1 racing association is participating
33 in advance deposit wagering the moneys paid to the racing associations
34 shall be allocated proportionate to the gross amount of all sources of
35 parimutuel wagering during each twelve-month period derived from the
36 associations' live race meets. This percentage must be calculated
37 annually. Revenue derived from advance deposit wagers placed on races

1 conducted by the class 1 racing association shall all be allocated to
2 that association.

3 (6) The commission shall adopt rules regulating advance deposit
4 wagering.

5 (7) This section expires October 1, 2007.

6 **Sec. 2.** RCW 67.16.200 and 2001 1st sp.s. c 10 s 2 are each amended
7 to read as follows:

8 (1) A class 1 racing association licensed by the commission to
9 conduct a race meet may seek approval from the commission to conduct
10 parimutuel wagering (~~((on its program))~~) at a satellite location or
11 locations within the state of Washington. In order to participate in
12 parimutuel wagering at a satellite location or locations within the
13 state of Washington, the holder of a class 1 racing association license
14 must have conducted at least one full live racing season. All class 1
15 racing associations must hold a live race meet within each succeeding
16 twelve-month period to maintain eligibility to continue to participate
17 in parimutuel wagering at a satellite location or locations. The sale
18 of parimutuel pools at satellite locations shall be conducted (~~((only~~
19 ~~during the licensee's race meet and))~~) simultaneous to all parimutuel
20 wagering activity conducted at the licensee's live racing facility in
21 the state of Washington. The commission's authority to approve
22 satellite wagering at a particular location is subject to the following
23 limitations:

24 (a) The commission may approve only one satellite location in each
25 county in the state; however, the commission may grant approval for
26 more than one licensee to conduct wagering at each satellite location.
27 A satellite location shall not be operated within twenty driving miles
28 of any class 1 racing facility. For the purposes of this section,
29 "driving miles" means miles measured by the most direct route as
30 determined by the commission; and

31 (b) A licensee shall not conduct satellite wagering at any
32 satellite location within sixty driving miles of any other racing
33 facility conducting a live race meet.

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

1 (3) The licensee shall combine the parimutuel pools of the
2 satellite location with those of the racing facility for the purpose of
3 determining odds and computing payoffs. The amount wagered at the
4 satellite location shall be combined with the amount wagered at the
5 racing facility for the application of take out formulas and
6 distribution as provided in RCW 67.16.102, 67.16.105, 67.16.170, and
7 67.16.175. A satellite extension of the licensee's racing facility
8 shall be subject to the same application of the rules of racing as the
9 licensee's racing facility.

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

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

1 horsemen's purse account for its live race meet after first deducting
2 the purchase price and the actual direct costs of importing the race.

3 (6) A class 1 racing association may be allowed to import
4 simulcasts of horse races from out-of-state racing facilities. With
5 the prior approval of the commission, the class 1 racing association
6 may participate in ~~((an interstate))~~ a multijurisdictional common pool
7 and may change its commission and breakage rates to achieve a common
8 rate with other participants in the common pool.

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

14 ~~(b) ((A licensed racing association may also be approved to import
15 one simulcast race of regional or national interest on each live race
16 day.~~

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

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

26 ~~((e) The conduct of parimutuel wagering on imported simulcast
27 races shall be for not more than fourteen hours during any twenty four
28 hour period, for not more than five days per week and only at the live
29 racing facility of a class 1 racing association.~~

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

35 (7) For purposes of this section, a class 1 racing association is
36 defined as a licensee approved by the commission to conduct during each
37 twelve-month period at least forty days of live racing. If a live race
38 day is canceled due to reasons directly attributable to acts of God,

1 labor disruptions affecting live race days but not directly involving
2 the licensee or its employees, or other circumstances that the
3 commission decides are beyond the control of the class 1 racing
4 association, then the canceled day counts toward the forty-day
5 requirement. The commission may by rule increase the number of live
6 racing days required to maintain class 1 racing association status or
7 make other rules necessary to implement this section.

8 (8) This section does not establish a new form of gaming in
9 Washington or allow expanded gaming within the state beyond what has
10 been previously authorized. Simulcast wagering has been allowed in
11 Washington before April 19, 1997. Therefore, this section does not
12 allow gaming of any nature or scope that was prohibited before April
13 19, 1997. This section is necessary to protect the Washington equine
14 breeding and racing industries, and in particular those sectors of
15 these industries that are dependent upon live horse racing. The
16 purpose of this section is to protect these industries from adverse
17 economic impacts and to promote fan attendance at class 1 racing
18 facilities. (~~Therefore, imported simulcast race card programs shall
19 not be disseminated to any location outside the live racing facility of
20 the class 1 racing association and a class 1 racing association is
21 strictly prohibited from simulcasting imported race card programs to
22 any location outside its live racing facility.~~) Therefore, a licensed
23 class 1 racing association may be approved to disseminate imported
24 simulcast race card programs to satellite locations approved under this
25 section, provided that the class 1 racing association has conducted at
26 least forty live racing days with an average on-track handle on the
27 live racing product of a minimum of one hundred fifty thousand dollars
28 per day during the twelve months immediately preceding the application
29 date. However, to promote the development of a new class 1 racing
30 association facility and to meet the best interests of the Washington
31 equine breeding and racing industries, the commission may by rule
32 reduce the required minimum average on-track handle on the live racing
33 product from one hundred fifty thousand dollars per day to thirty
34 thousand dollars per day.

35 (9) A licensee conducting simulcasting under this section shall
36 place signs in the licensee's gambling establishment under RCW
37 9.46.071. The informational signs concerning problem and compulsive

1 gambling must include a toll-free telephone number for problem and
2 compulsive gamblers and be developed under RCW 9.46.071.

3 (10) Chapter 10, Laws of 2001 1st sp. sess. does not establish a
4 new form of gaming in Washington or allow expanded gaming within the
5 state beyond what has been previously authorized. Simulcast wagering
6 has been allowed in Washington before August 23, 2001. Therefore, this
7 section does not allow gaming of any nature or scope that was
8 prohibited before August 23, 2001. Chapter 10, Laws of 2001 1st sp.
9 sess. is 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 chapter 10, Laws
12 of 2001 1st sp. sess. is to protect these industries from adverse
13 economic impacts and to promote fan attendance at class 1 racing
14 facilities. ~~((Therefore, imported simulcast race card programs shall
15 not be disseminated to any location outside the live racing facility of
16 the class 1 racing association and a class 1 racing association is
17 strictly prohibited from simulcasting imported race card programs to
18 any location outside its live racing facility.~~

19 ~~((11) If a state or federal court makes a finding that the increase
20 in the number of imported simulcast races that may be authorized under
21 chapter 10, Laws of 2001 1st sp. sess. is an expansion of gaming beyond
22 that which is now allowed, chapter 10, Laws of 2001 1st sp. sess. is
23 null and void.~~

24 ~~((12) If any provision of chapter 10, Laws of 2001 1st sp. sess. or
25 its application to any person or circumstance is held invalid, the
26 remainder of chapter 10, Laws of 2001 1st sp. sess. or the application
27 of the provision to other persons or circumstances is also invalid.))~~

28 **Sec. 3.** RCW 67.16.160 and 1994 c 154 s 314 are each amended to
29 read as follows:

30 No later than ninety days after July 16, 1973, the horse racing
31 commission shall ~~((promulgate))~~ adopt, pursuant to chapter 34.05 RCW,
32 reasonable rules implementing to the extent applicable to the
33 circumstances of the horse racing commission the conflict of interest
34 laws of the state of Washington as set forth in ~~((chapters 42.21 and))~~
35 chapter 42.52 RCW. In no case may a commissioner make any wager on the
36 outcome of a horse race at a race meet conducted under the authority of
37 the commission.

1 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 immediately.

 Passed by the Senate March 8, 2004.

 Passed by the House March 3, 2004.

 Approved by the Governor April 1, 2004.

 Filed in Office of Secretary of State April 1, 2004.