

SENATE BILL REPORT

SB 6382

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, January 23, 2006

Title: An act relating to authorizing the Washington horse racing commission to expend a statutorily limited amount of its operating funds for the development of the equine industry, improvement of racing facilities, and equine health research.

Brief Description: Authorizing the Washington horse racing commission to expend a statutorily limited amount of its operating funds for the development of the equine industry, improvement of racing facilities, and equine health research.

Sponsors: Senators Hewitt, Kohl-Welles, Rasmussen, Finkbeiner, Pflug and Sheldon; by request of Horse Racing Commission.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 1/23/06 [DPS].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6382 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Honeyford, Keiser and Prentice.

Staff: John Dzedzic (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 financed primarily through a tax of 1.30 percent on the daily gross receipts of the Class A race track, with the remainder generated from fines imposed for regulatory violations, and licensing fees.

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 finish fourth or better at a Class A race meet and (b) offset part of the capital construction costs of the licensee's new track. Interest earned on these funds supports small race tracks.

Another one-tenth of 1 percent tax is also levied on the gross receipts of the Class A race track, 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 recent years, the difference has been about \$150,000 per year.

Summary of Substitute Bill: When sufficient funds exist, the Horse Racing Commission is authorized to expend, after appropriation, up to \$300,000 per fiscal year to help upgrade nonprofit racing facilities, and assist in equine health research.

Substitute Bill Compared to Original Bill: A technical change is made to correctly refer to "nonprofit race meets" instead of "small race courses."

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: Emerald Downs has experience increased receipts, and its first profitable operating year, since advanced deposit wagering was approved in 2004. Consequently, revenues to the Horse Racing Commission have also increased. This increase in income, along with administrative efficiencies, have made it possible that the requested funds can be available to support non-profit racing, which have been experiencing difficult financial times as well recently.

Testimony Against: None.

Who Testified: PRO: Bob Leichner, Carol Smith-Merkulov, Horse Racing Commission; Jim Halstrom, Northwest Racing Assn. (Emerald Downs).

CON: No one.