

SENATE BILL REPORT

HB 1928

As of February 23, 2022

Title: An act relating to equine industry support.

Brief Description: Concerning equine industry support.

Sponsors: Representatives Schmick, Stokesbary, Sutherland, Wicks and Dent.

Brief History: Passed House: 2/14/22, 90-8.

Committee Activity: Ways & Means: 2/24/22.

Brief Summary of Bill

- Creates the Washington Equine Industry Reinvestment Account (Reinvestment Account) in the State Treasury, funded through an annual mandatory State General Fund transfer.
- Establishes the formula for calculating the amount of the annual transfer from the State General Fund to the Reinvestment Account.
- Directs the Legislature to annually appropriate moneys in the Reinvestment Account for a variety of purposes, including Washington Horse Racing Commission operations, breeder awards, nonprofit races, equine activities, race purses, equine health and safety programs, and maintaining and repairing facilities.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Trevor Press (786-7446)

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.

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

The receipts from a parimutuel tax must be deposited in the Washington Horse Racing Commission Operating Account (Operating Account), a nonappropriated account in the custody of the State Treasurer, in addition to any gifts, grants, or endowments the Commission receives. Except for gifts, grants, and endowments, which are spent based on their terms, moneys in the Operating Account are used for the Commission's operating expenses and other specified purposes. Up to \$300,000 per fiscal year can be spent on developing the equine industry, maintaining and upgrading racing facilities, and assisting equine health research.

After June 30, 2023, no salary, wages, or other compensation can be paid by the state in connection with the work of the Commission. Moneys paid to the Commission and left over at the end of each biennium, except for any amount retained for working capital, are to go to the Fair Fund.

Primary responsibilities of the Commission, in addition to its licensing and regulatory responsibilities, include:

- encouraging training and development of the equine industry in Washington for racing or recreational use of horses; and
- ensuring that any facility used as a racetrack should be maintained and upgraded to provide a safe environment for the public and horses.

The Horse Racing Commission Washington Bred Owner's Bonus Fund and Breeder Awards Account uses specified receipts to assist new tracks and for Washington bred breeder awards.

Summary of Bill: The Washington Equine Industry Reinvestment Account (Reinvestment Account) is created in the State Treasury. Resources going into the Reinvestment Account consist of an annual mandatory State General Fund transfer and any other funds appropriated or transferred to the Reinvestment Account at the direction of the Legislature.

Beginning with state fiscal year 2023, the Legislature must annually appropriate the funds in the Reinvestment Account as follows:

- 7.5 percent is appropriated to the Operating Account;
- 7.5 percent is to be deposited into the Horse Racing Commission Washington Bred Owners' Bonus Fund and Breeder Awards Account for breeder awards; and
- the remaining 85 percent is appropriated to the Commission for the following purposes:
 - 10 percent to support nonprofit races;
 - 15 percent to be awarded as grants to support equine activities; and
 - 60 percent to the class 1 racing associations licensed by the Commission, of which 75 percent of this amount is to be designated for purses and the remainder for equine health and safety programs, research, and facility improvements and maintenance.

By July 1, 2022, and by July 1st of each year thereafter, the State Treasurer must transfer an amount not to exceed \$6 million per year from the State General Fund to the Reinvestment Account. This maximum amount may be increased after each biennium based on a calculation of inflation by the Department of Revenue. The amount to be transferred, up to the maximum, is based on a Department of Revenue estimate of the amount of state sales and use taxes collected the previous year on the following equine-related products:

- equines, meaning a horse, pony, mule, donkey, or hinny;
- equine feed;
- prescription drugs, over-the-counter drugs, or dietary supplements dispensed or to be dispensed for equines;
- equine tack, including equipment used to ride or care for an equine such as saddles, driving harnesses, girths, cinches, bridles, martingales, halters, lead ropes, whips, long reins, wraps, and other items used in handling and caring for equines;
- horse bedding and grooming supplies; and
- other taxable sales directly related to equine ownership, riding, or boarding.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.