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**SENATE BILL 5598**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Senators Mullet, Fortunato, Nguyen, Keiser, Schoesler, Kauffman, Hunt, Padden, J. Wilson, Conway, Dozier, Stanford, and Van De Wege

AN ACT Relating to providing supplementary funding to legalized horse racing and the recreational use of horses in Washington state; amending RCW 67.16.050 and 67.16.280; adding a new section to chapter 82.08 RCW; adding a new section to chapter 67.16 RCW; repealing RCW 67.16.105; and declaring an emergency.

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

NEW SECTION. **Sec.**  A new section is added to chapter 82.08 RCW to read as follows:

(1) By July 1, 2023, and by July 1st of each year thereafter, the state treasurer, based upon information provided by the department, must transfer from the general fund to the Washington equine industry reinvestment account created in section 2 of this act an amount not to exceed $6,000,000 per fiscal year from revenues deposited into the general fund for the previous fiscal year directly derived from the imposition of state sales and use taxes charged or levied on the following equine-related products, services, or uses:

(a) Equines;

(b) Equine feed;

(c) Prescription drugs, over-the-counter drugs, or dietary supplements to be dispensed to equines;

(d) Equine tack which includes, but is not limited to, 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;

(e) Horse bedding and grooming supplies;

(f) Sale of horses, including equines claimed at class 1 and class C regulated race meets; and

(g) Other taxable sales directly related to equine ownership, riding, or boarding.

(2) For purposes of this section, "equine" has the same definition as in RCW 4.24.530.

(3) Following each biennium, the transfer amount in subsection (1) of this section must be reviewed and may be increased based on inflationary calculations as determined by the department.

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

(1) The Washington equine industry reinvestment account is created in the state treasury to provide assistance to legalized horse racing and the recreational use of horses in Washington state. Revenues in the account consist of moneys transferred to the account pursuant to section 1 of this act and other revenue appropriated or transferred to the account pursuant to legislative directive. Moneys in the account may be spent only after appropriation.

(2) Beginning with the 2024 fiscal year, the legislature must annually appropriate moneys in the account as follows:

(a) An amount of $6,000,000 to the Washington horse racing commission operating account created in RCW 67.16.280. From this appropriation all commission activities and operating costs must be funded based on budget projections from the office of financial management.

(b) The remaining amount must be distributed as follows:

(i) 10 percent to support nonprofit class C race meets under RCW 67.16.130. Grants for the nonprofit race meets must not exceed 10 percent of the funds. If there are less than 10 nonprofit race days awarded, the remainder may be distributed by grant to other approved allocations under this subsection (2)(b) based on greatest need;

(ii) 10 percent to supplement Washington breeders and bred horses consistent with RCW 67.16.075;

(iii) 10 percent to be awarded as grants to support equine activities as defined in RCW 4.24.530;

(iv) 65 percent to the class 1 racing associations allocated by grant from the Washington horse racing commission. Twenty-five percent of this allocation must be used for assistance in shipping and recruitment of horses to Washington from outside of the state, with the remainder being used for equine health and safety programs, research, racetrack surface improvements, and long-term maintenance of the racing surface. Additional allocations may be made for veterinary staff, track security, on-duty paramedics, emergency medical technicians, starting gate personnel, race-day outriders, purchase of track surface materials, and track safety maintenance equipment; and

(v) Five percent to the local affiliate and representative of horsemen and horsewomen in Washington state, the Washington horseman's benevolent and protective association, who are authorized to apply for grants to implement health and welfare benevolent programs for eligible persons and families working in the stable area at covered tracks. Such programs may include, but are not limited to, low-fee dental care, medical and burial assistance, educational and recreational programs, disaster relief, and assistance for department of labor and industries claim monitoring programs.

**Sec.**  RCW 67.16.050 and 1997 c 87 s 2 are each amended to read as follows:

Every person making application for license to hold a race meet, under the provisions of this chapter shall file an application with the commission which shall set forth the time, the place, the number of days such meet will continue, and such other information as the commission may require. The commission shall be the sole judge of whether or not the race meet shall be licensed and the number of days the meet shall continue. No person who has been convicted of any crime involving moral turpitude shall be issued a license, nor shall any license be issued to any person who has violated the terms or provisions of this chapter, or any of the rules and regulations of the commission made pursuant thereto, or who has failed to pay to the commission any or all sums required under the provisions of this chapter. The license shall specify the number of days the race meet shall continue and the number of races per day, which shall include not less than six nor more than ((~~eleven~~)) 11 live races per day, and for which a fee shall be paid daily in advance of ((~~five hundred dollars for each live race day for those licensees which had gross receipts from parimutuel machines in excess of fifty million dollars in the previous year and two hundred dollars for each day for meets which had gross receipts from parimutuel machines at or below fifty million dollars in the previous year~~)) $200; in addition any newly authorized live race meets shall pay ((~~two hundred dollars~~)) $200 per day for the first year: PROVIDED, That if unforeseen obstacles arise, which prevent the holding, or completion of any race meet, the license fee for the meet, or for a portion which cannot be held may be refunded the licensee, if the commission deems the reasons for failure to hold or complete the race meet sufficient. Any unexpired license held by any person who violates any of the provisions of this chapter, or any of the rules or regulations of the commission made pursuant thereto, or who fails to pay to the commission any and all sums required under the provisions of this chapter, shall be subject to cancellation and revocation by the commission. Such cancellation shall be made only after a summary hearing before the commission, of which three days' notice, in writing, shall be given the licensee, specifying the grounds for the proposed cancellation, and at which hearing the licensee shall be given an opportunity to be heard in opposition to the proposed cancellation.

**Sec.**  RCW 67.16.280 and 2016 c 160 s 1 are each amended to read as follows:

(1)((~~(a)~~)) The Washington horse racing commission operating account is created in the custody of the state treasurer. ((~~All receipts collected by the commission under RCW 67.16.105(2) must be deposited into the account.~~)) Expenditures from the account may be used only for the operating expenses of the commission. Only the commission or the commission's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

((~~(b)~~)) (2) The commission has the authority to receive such gifts, grants, and endowments from public or private sources as may be made from time to time in trust or otherwise for the use and purpose of regulating or supporting nonprofit race meets as set forth in RCW 67.16.130 ((~~and 67.16.105(1)~~)); such gifts, grants, and endowments must also be deposited into the horse racing commission operating account and expended according to the terms of such gift, grant, or endowment.

((~~(2) In order to provide funding in support of the legislative findings in RCW 67.16.101 (1) through (3), and to provide additional necessary support to the nonprofit race meets beyond the funding provided by RCW 67.16.101(4) and 67.16.102(2), the commission is authorized to spend up to three hundred thousand dollars per fiscal year from its operating account for the purpose of developing the equine industry, maintaining and upgrading racing facilities, and assisting equine health research. When determining how to allocate the funds available for these purposes, the commission must give first consideration to uses that regulate and assist the nonprofit race meets and equine health research. These expenditures may occur only when sufficient funds remain for the continued operations of the horse racing commission.~~))

NEW SECTION. **Sec.**  RCW 67.16.105 (Gross receipts—Commission's percentage—Distributions) and 2011 c 12 s 1, 2010 c 39 s 1, 2004 c 246 s 7, 2003 1st sp.s. c 27 s 1, 1998 c 345 s 6, 1997 c 87 s 3, 1995 c 173 s 2, 1994 c 159 s 2, 1993 c 170 s 2, 1991 c 270 s 6, 1987 c 347 s 4, 1985 c 146 s 7, 1982 c 32 s 3, & 1979 c 31 s 6 are each repealed.

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

**--- END ---**