

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5598 S SB	<b>Title:</b> Horses/funding
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Horse Racing Commission	0	0	10,502,000	0	0	10,502,000	0	0	10,502,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>10,502,000</b>	<b>0</b>	<b>0</b>	<b>10,502,000</b>	<b>0</b>	<b>0</b>	<b>10,502,000</b>

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Horse Racing Commission	1.4	0	0	10,502,000	1.4	0	0	10,502,000	1.4	0	0	10,502,000
<b>Total \$</b>	<b>1.4</b>	<b>0</b>	<b>0</b>	<b>10,502,000</b>	<b>1.4</b>	<b>0</b>	<b>0</b>	<b>10,502,000</b>	<b>1.4</b>	<b>0</b>	<b>0</b>	<b>10,502,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Horse Racing Commission	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

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**Phone:**  
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**Date Published:**  
Final 2/23/2023

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5598 S SB	<b>Title:</b> Horses/funding	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

No Fiscal Impact

**Estimated Cash Receipts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tianyi Lan	Phone: 360-786-7432	Date: 02/16/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/20/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/20/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/20/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

SSB 5598 establishes the policy that beginning July 1, 2023 through July 1, 2029 the legislature must annually appropriate six million dollars from the general fund to the Washington horse racing commission operating account.

The Washington horse racing commission operating account earnings from investments are retained by the account under RCW 43.79A.040(b).

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5598 S SB	<b>Title:</b> Horses/funding	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tianyi Lan	Phone: 60-786-7432	Date: 02/16/2023
Agency Preparation: Diana Tibbetts	Phone: 60-534-1520	Date: 02/21/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/21/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/21/2023

Request # 5598-2-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Note: This fiscal note reflects language in SSB 5598, 2023 Legislative Session.

#### COMPARISON OF THE SUBSTITUTE BILL WITH THE ORIGINAL:

The substitute bill removes the connection to retail sales tax generated from equine-related purchases and makes the transfer a \$6 million appropriation to the Washington Horse Racing Commission Operating Account.

#### CURRENT LAW:

The Washington Horse Racing Commission is responsible for licensing, regulating, and supervising all horse race meets held in Washington where the parimutuel system of betting is used.

#### PROPOSAL:

Beginning July 1, 2023, through July 1, 2029, up to \$6 million shall be appropriated annually from the general fund into the Washington Horse Racing Commission Operating Account for commission activities and operating expenses.

#### EFFECTIVE DATE:

This bill contains an emergency clause and takes effect July 1, 2023.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

This legislation results in no revenue impact to taxes administered by the Department of Revenue (department).

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The department will not incur any costs with the implementation of this legislation.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. C - Expenditures By Program (optional)

NONE

## **Part IV: Capital Budget Impact**

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

## **Part V: New Rule Making Required**



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5598 S SB	<b>Title:</b> Horses/funding	<b>Agency:</b> 185-Horse Racing Commission
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Horse Racing Commission Operating Account-Non-Appropriated 169-6	5,251,000	5,251,000	10,502,000	10,502,000	10,502,000
<b>Total \$</b>	5,251,000	5,251,000	10,502,000	10,502,000	10,502,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.4	1.4	1.4	1.4	1.4
<b>Account</b>					
Horse Racing Commission Operating Account-Non-Appropriated 169-6	5,251,000	5,251,000	10,502,000	10,502,000	10,502,000
<b>Total \$</b>	5,251,000	5,251,000	10,502,000	10,502,000	10,502,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tianyi Lan	Phone: 360-786-7432	Date: 02/16/2023
Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 02/23/2023
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 02/23/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/23/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Substitute Senate Bill 5598 seeks to provide supplementary funding to support horse racing and the recreational use of horses in Washington by amending and expanding the Horse Racing Commission's governing RCWs.

Section 1 authorizes the commission may impose fees, as the commission deems reasonable and appropriate, in compliance with the horseracing integrity and safety act of 2020.

Section 2 amends RCW 67.16.050 to reduce daily live racing licensing fees from \$500 to \$200.

Section 3 beginning with the 2024 fiscal year, the legislature intends to annually appropriate and transfer \$6 million from the State General Fund to the Horse Racing Operating Account. Expenditures from the account must be used for the operating expenses of the commission, with the remaining amount distributed as follows:

- i. 10% for grants to nonprofit entities involved with equine shows, fairs, competitions, performances, parades, youth programs, or educational programs related to equines
- ii. 20% to nonprofit entities with programs to improve working conditions for employees and families working in the stable areas at covered tracks.
- iii. 10% to support nonprofit Class C race meets.
- iv. 60% to support Class 1 racing associations with 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, racetrack security, on-duty paramedics, emergency medical technicians, starting gate personnel, race day outriders, purchase of track surface materials, and track safety equipment.

Section 4(5) places a freeze on the Commission's authorization to collect a share of the industry pari-mutuel tax as a source of funding for the Horse Racing Commission Operating Account (169). This freeze would remain in place through Fiscal Year 2030.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Section 2 amends RCW 67.16.050 reducing the daily live racing licensing fees from \$500 to \$200. This is expected to reduce Operating Account (169) revenue by \$15,000/yr.

Section 3 stipulates that the legislature must annually appropriate \$6,000,000 from the general fund to Horse Racing Operating Account (169).

Section 4 puts a freeze on the pari-mutuel tax as a source of funding for the Horse Racing Commission Operating Account (169) through Fiscal Year 2030. This is expected to reduce Operating Account (169) revenue by \$734,000/yr.

Combined this legislation would increase The Horse Racing Commission's receipts by an estimated \$5,251,000 annually.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

As Sections 2 & 4 will reduce cash receipts into the Horse Racing Operating Account (169) by \$749,000 annually, transfers from the General Fund will have to pick up at least \$749,000 in existing operating costs each year.

As this legislation encourages growth in equine related activities the Horse Racing Commission will need to grow in response. The Commission will need to expand their operations as follows:

1) To manage the reinvestment goals detailed in Section 3(3), the Commission will hire a Grants & Contracts Supervisor. This Position will be responsible for developing and running a grant program. The program will coordinate reinvestment grants from beginning to end, which includes vetting grant requests, packaging requests for deliberation by the Commissioners, coordinating distribution of granted funds, and verifying funds are used appropriately. Salary, Benefits and associated overhead costs for this position are calculated at \$97,976 in the first year.

2) With the grants and purse support provided by this legislation, there will be an increase in Class 1 Racing days. The Commissions estimates an 8% increase in Class 1 racing staff hours will be needed to facilitate the expanded racing schedule. Salary and benefits for this expansion are estimated at \$59,040 annually.

3) The grants and purse support provided are likely to see the revival of Class C racing at facilities around the state. The Commission will need to regulatory racing staff for these Class C racing events. The Salary, benefits, and travel costs for Class C racing staff is estimated at \$54,948 in the first year.

4) With an increase in both Class 1 and Class C racing events the Commission will have to increase the number of samples sent to the lab for testing. Up to 100 additional samples could be sent out for testing with a \$75 per sample price tag. The total cost for increased testing could reach \$7500 annually.

After operating costs are covered, approximately \$5 million could be utilized as grants to achieve the industry support goals outlined in Section 3(3):

- 1) Approximately \$500,000/biennium for grants to nonprofit entities involved with equine shows, fairs, competitions, performances, parades, youth programs, or educational programs related to equines.
- 2) Approximately \$1,000,000/biennium to nonprofit entities with programs to improve working conditions for employees and families working in the stable areas at covered tracks.
- 3) Approximately \$500,000/biennium to support nonprofit Class C race meets.
- 4) Approximately \$3,000,000/biennium to support Class 1 racing associations.

Note: To better understand how these estimates were reached, please see the appended Fiscal Impact Analysis.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
169-6	Horse Racing Commission Operating Account	Non-Appropriated	5,251,000	5,251,000	10,502,000	10,502,000	10,502,000
<b>Total \$</b>			5,251,000	5,251,000	10,502,000	10,502,000	10,502,000

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.4	1.4	1.4	1.4	1.4
A-Salaries and Wages	143,167	146,749	289,916	304,970	321,569
B-Employee Benefits	46,766	48,032	94,798	100,115	105,978
C-Professional Service Contracts					
E-Goods and Other Services	12,500	10,000	22,500	20,000	20,000
G-Travel	17,031	17,031	34,062	34,062	34,062
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	5,031,536	5,029,188	10,060,724	10,042,853	10,020,391
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>5,251,000</b>	<b>5,251,000</b>	<b>10,502,000</b>	<b>10,502,000</b>	<b>10,502,000</b>

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Grant & Contracts Supervisor	71,520	1.0	1.0	1.0	1.0	1.0
Investigator 4	80,952	0.1	0.1	0.1	0.1	0.1
Licensing Specialist	54,492	0.1	0.1	0.1	0.1	0.1
Race Steward	85,020	0.1	0.1	0.1	0.1	0.1
Veterinarian	146,869	0.1	0.1	0.1	0.1	0.1
Veterinarian Assistant	41,760	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

## House Bill 1529 Fiscal Impact Analysis

New Full-time Operating Position	Salary	Benefits	Overhead	Total
Grant & Contact Supervisor (Step L)	71520	21456	5000	97976

### Increase in Class 1 Racing Staff Payroll

Assumes 8% increase staff hours	Salary/Wages	Benefits	Total Payroll
Payroll for 2022 Racing Staff	531000	207000	738000
Payroll for 2023 Racing Staff	573480	223560	797040
<b>Difference</b>	<b>42480</b>	<b>16560</b>	<b>59040</b>

### Class C Race Track Staffing Costs (assumes 10 race days across 5 week)

Position	Hourly Rate	Hours Week 1	Hours Weeks 2-3	Hours Weeks 4-5	Total Wages (A)	Total Benefits (B)	Mileage per Week	Total Mileage (G)	Lodging Week 1	Lodging Weeks 2-5	Total Lodging (G)	Per Diem Week 1	Per Diem Weeks 2-5	Total Per Diem (G)
Steward	\$42.96	32	76	76	7904.64	2371.39	350	1750	500	500	2500	345	345	1725
Licensing Clerk	\$26.22	32	60	60	3985.44	1195.63	205	1025	500	250	1500	345	207	1173
Investigator	\$38.81	32	60	60	5899.12	1769.74	295	1475	500	250	1500	345	207	1173
Veterinarian	\$70.61	20	48	48	8190.76	2457.23	185	925	250	250	1250	207	207	1035
2 Vet Assistants	\$19.92	32	64	64	3187.20	956.16								
<b>TOTALS (rounded)</b>					<b>29167</b>	<b>8750</b>		<b>5175</b>			<b>6750</b>			<b>5106</b>
													<b>Grand Total</b>	<b>54948</b>

Sample Lab Testing	# of Tests	Unit Price	Total
Estimated Increase in Testing	100	75	7500

### Total House Bill 1529 Fiscal Impact by Fiscal Year

Category	FY24	FY25	FY26	FY27	FY28	FY29
Grant & Contract Supervisor Salary (A)	71520	71520	71520	71520	71520	71520
Grant & Contract Supervisor Benefits (B)	21456	21456	21456	21456	21456	21456
Grant & Contract Supervisor Overhead (E)	5000	2500	2500	2500	2500	2500
Increase in Class 1 Racing Staff Salary (A)	42480	44604	46834	49176	51635	54217
Increase in Class 1 Racing Staff Benefits (B)	16560	17388	18257	19170	20129	21135
Class C Racing Staff Salaries (A)	29167	30625	32156	33764	35452	37225
Class C Racing Staff Benefits (B)	8750	9188	9647	10129	10635	11167
Class C Racing Staff Travel (G)	17031	17031	17031	17031	17031	17031
Increase Laboratory Sample Testing (E)	7500	7500	7500	7500	7500	7500
<b>TOTALS</b>	<b>219464</b>	<b>221812</b>	<b>226901</b>	<b>232246</b>	<b>237858</b>	<b>243751</b>

### Fiscal Impact by Object Code

Object	FY24	FY25	FY26	FY27	FY28	FY29
A	143167	146749	150510	154460	158607	162962
B	46766	48032	49360	50755	52220	53758
E	12500	10000	10000	10000	10000	10000
G	17031	17031	17031	17031	17031	17031
<b>TOTALS</b>	<b>219464</b>	<b>221812</b>	<b>226901</b>	<b>232246</b>	<b>237858</b>	<b>243751</b>