

Washington Horse Racing Commission  
Meeting Minutes  
January 8, 2009

Meeting opened at 9:30 a.m.

Present were: Jeff Colliton, Commissioner; Paul George, Commissioner; Dr. Bud Hallowell, DVM, Commissioner; Hartly Kruger, Commissioner; Marta DeLeon, Assistant Attorney General; Robert Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Commissioner Kruger announced the resignation of Chairperson Carol Smith-Merkulov.

Item #1. WHRC Chair election.

Commissioner Colliton nominated Paul George for a two year term as Washington Horse Racing Commission chair. Commissioner Hallowell seconded the nomination. Unanimously approved.

Commissioner George accepted the nomination and thanked the members.

Item #2. Approval of the meeting minutes of December 11, 2008.

Commissioner Hallowell made a correction to item #6.c. to clarify the Commission action on TCO<sub>2</sub> testing rule amendment.

Commissioner Colliton moved to accept the minutes as submitted with the correction from Commissioner Hallowell. Commissioner Kruger seconded the motion. Unanimously approved.

Item #3. Commissioner's report.

Chairman George said he agreed with Commissioner Colliton's assessment that the chairmanship should change every two years.

Commissioner Colliton said he'd heard rumors regarding the Horse Racing Commission being incorporated into the Gambling Commission. He had been in touch with Eastern Washington legislators and was told they knew nothing about this.

Commissioner Hallowell said in regard to removing Item #5 from the agenda, he had talked with Dr. Schneider and due to the weather; Dr. Schneider was not able to travel to Western Washington to give his final report and would be scheduled for the February 12, 2009 agenda.

Item #4. Emerald Downs report.

Mr. Crockett provided two handouts, one showing a comparison between 2007 and 2008 that indicating a 12.6 percent downturn in wagering. The second handout was a fiscal year ranking

on net receipts comparing other forms for the gambling dollar that shows horse racing taking only 1.8 percent of the gambling dollars spent.

Commissioner Colliton and Commissioner Kruger both asked how the Commission could be of assistance. Mr. Crockett said it would be helpful to get the vacant ex-officio member of the commission filled as soon as possible and he had some suggestions. He also thought it would help to send a letter to each legislator and include the handouts he provided today and inform them of the important contributions of the horse industry and also include a brief description of what each employee does for the WHRC and the industry.

4.a. Kentucky Derby/Kentucky Oaks future wager.

Bob Fraser, Vice-President, Operations for Emerald Downs in a letter requested permission to take future bets on the Kentucky Derby and the Oaks. Mr. Fraser detailed the dates for the wagers to be taken.

Mr. Lopez stated the WHRC staff had reviewed the request and recommended approval.

Commissioner Kruger moved to approve the request for the Kentucky Derby/Kentucky Oaks future wager. Commissioner Colliton seconded the request. Unanimously approved.

~~Item #5. Final report on WSU grant: "An Evaluation of a New Surgical Treatment for Desmitis of the Proximal Insertion of the suspensory Ligament in Horses. (Item removed and rescheduled for February 12, 2009 Commission meeting.)~~

Item #6. Open Space Taxation Rules – Department of Revenue.

Mr. Lopez had received the emergency rule language from the Department of Revenue and said it would be in effect for one-hundred twenty days.

Mr. Lopez summarized the amended language to clarify that it was not necessary to breed animals to qualify for the farm and agricultural land classification and the sale of forage through grazing livestock including equines constitutes the sale of an agricultural product.

Item #7. Rule Adoption Hearing:

a. WAC 260-24-580 Starter and assistant starter.

Mr. Lopez said the WHRC board of stewards requested WAC 260-24-580 be amended to allow the starter to recommend horses be scratched for either refusing to load or unruly. Mr. Lopez said the language was shared with stakeholders, no public comment was received. Staff recommends approval.

Commissioner Colliton moved to adopt the amendment to WAC 260-24-580. Commissioner Kruger seconded the motion.

Chairman George asked for public comment. Doug Moore, presiding steward said this situation happens only a couple of times during the season. No other comments were received.

Unanimously approved.

b. WAC 260-34-020 Drug and alcohol violations.

Mr. Lopez said at the end of the 2008 season WHRC investigators requested to amend WAC 260-24-020 to lower the maximum alcohol concentration for persons on horseback from .08 percent to .04 percent. After taking public comment, staff is proposing the maximum alcohol concentration to be at .02 percent.

Mr. Lopez said the language had been shared with stakeholders and public comment had been taken at a public meeting on November 13, 2008, regarding who would be affected by this amendment and a suggestion was that jockeys should have zero tolerance. Staff recommends approval.

Commissioner Hallowell moved to amend WAC 260-34-020 as presented. Commissioner Kruger seconded the motion.

Chairman George asked for public comment, none was received.

Unanimously approved.

c. WAC 260-40-040 Making entries and nominations.

Mr. Lopez said on April 7, 2006 the WHRC adopted policy/interpretive statement 2006-03 regarding WAC 260-40-040, in March 2008 the WHRC adopted amendments that made portions of the policy/interpretive statement obsolete. The amendments clarify who may enter horses and allows the racing secretary to accept entries and nominations by telephone, fax or other electronic method and to also adopt the relevant language in the policy/interpretive statement that holds the person making the entry/nomination responsible for its accuracy.

Mr. Lopez said the language had been forwarded to stakeholders and no public comment was received. Staff recommends approval and also recommends repealing Policy/Interpretive Statement 2006-03.

Commissioner Kruger moved to adopt the amendments to WAC 260-40-040 and repeal Policy/Interpretive Statement 2006-03. Commissioner Colliton seconded the motion.

Chairman George asked for public comment, none was received.

Unanimously approved.

d. WAC 260-44-150 Horseshoes.

Mr. Lopez said in June 2008 the Thoroughbred Safety Committee recommended immediately banning toe grabs with a height greater than 2mm. This proposal amends the section reducing the maximum height from 4mm to 2mm. Mr. Lopez said the language was shared with stakeholders and no public comment was received. Staff recommends approval.

Commissioner Colliton moved to amend WAC 260-44-150. Commissioner Hallowell seconded the motion.

Chairman George asked for public comment.

MaryAnn O'Connell, Executive Director, WA Horsemen's Benevolent & Protective Association (WA HBPA) stated the WA HBPA supports the amendment.

Unanimously approved.

Item #8. Executive Secretary report:

a. WHRC Annual report.

Mr. Lopez said the WHRC 2008 annual report was completed and had been placed on the WHRC webpage. A letter to Governor Gregoire indicating the annual report was completed had been sent informing Governor Gregoire of the WHRC web address to access it.

b. WHRC web page.

Mr. Lopez said he and Bill Dewey were working on a more interactive webpage for the WHRC and it was near completion and would be implemented soon.

c. Accountant's recap for December 2007/2008.

Mr. Lopez explained the accountant's comparison report for December 2007/2008 by daily wagering and wagering year.

d. 2007-2009 Budget – monthly report.

Mr. Lopez updated the Commissioners on the WHRC revenues and expenditures and fund balance.

e. Private vehicle mileage update.

Mr. Lopez explained a chart detailing the WHRC private vehicle mileage for each person that traveled on business to the Commissioner's. The chart shows the WHRC has not met its goal to reduce travel expenses by 5%.

f. Agency request legislation.

Mr. Lopez said he had hoped to drop the legislation early, but was unable to schedule meetings with potential sponsors until after the first of the year. Mr. Lopez said he hopes to have Senator Hewitt sponsor the legislation on the Senate side and Representative Conway on the House side.

g. Governor's Budget 2009-2011 update.

Mr. Lopez gave the Commissioner's a copy of the Governor's budget page regarding the Horse Racing Commission and gave them a brief overview of the items listed.

h. License fees.

Mr. Lopez said the WHRC will not be raising license fees this season, but is projecting an increase in 2010 and 2011. He said we are waiting to see if there will be an omnibus bill for license fees or if each individual agency must drop their own bill. He has been in contact with our budget analyst and no word has been sent as to which way to go forward.

Item #9. Discussion by Marta DeLeon, Assistant Attorney General.

a. Ethics.

Ms. DeLeon updated the Commissioners on her research on whether the employees are able to work within the industry for licensees during layoff without violating the Executive Ethics Law.

b. Open Public Meetings Act.

Ms. DeLeon refreshed the Commissioners on the Open Public Meetings Act requirements that each member must be in compliance with and explained what constitutes a quorum.

Item #10. Any other business that may be properly brought before the Commission.

None.

Meeting adjourned at 12:00 p.m.

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Robert J. Lopez, Executive Secretary