

Washington Horse Racing Commission
Meeting Minutes
Special Telephone Conference
February 13, 2019

Participating in the telephone special meeting were:

Dr. Everett Macomber, Chairman; Jeff Colliton, Commissioner; Robert Lopez, Commissioner; Suzanne Becker, Assistant Attorney General; Doug Moore, Executive Secretary; Amanda Benton, Deputy Executive Secretary; Patty Brown, Confidential Secretary.

Members of the public participating were: Anne Sweet, Editor; WA Thoroughbred Owners and Breeders Association (WTBOA); Phil Ziegler, President, Emerald Downs; Jack Hodge, VP, Emerald Downs; Pat LePley, President, Horsemen's Benevolent & Protective Association (HBPA); Jim Engstrom, WTBOA.

Item #1. Pending legislation regarding sports betting:

- a. HB 1975.

Chairman Macomber said the WHRC must follow the agenda as published and requested that only one person at a time speak.

Mr. Moore said there two bills currently dropped regarding sports betting. HB 1975 has been dropped and deals specifically limiting sports betting being conducted solely at tribal casinos. His question to the Commission is for guidance on whether to support or oppose this legislation. He said the bill is scheduled to be heard tomorrow morning at 9:00 A.M. Mr. Moore had reached out to Governor Inslee's staff and it was their opinion that it would be appropriate for the Commission to have a position regarding this legislation.

Commissioner Lopez moved to oppose the tribal only HB 1975 legislation and convey to the Governor's office and the Legislature of this opposition. It was his position that if Horse Racing is to survive there should be some compensation being given to the industry and this bill does not do that.

Commissioner Colliton seconded the motion.

Chairman Macomber called for discussion.

Commissioner Colliton said it was his thought that Mr. Moore should appear at the hearing and explain the mission of the Washington Horse Racing Commission (WHRC); that this is not just about horses, but all the people that work within the industry. It not only affects Emerald Downs it also affects people in the industry in Eastern Washington. He felt it was important to convey that message to them.

Mr. Moore said he had prepared some speaking points that he had furnished to the Commissioners and wanted to know their opinion, if this would be appropriate to speak on.

Commissioner Lopez spoke his full support. Commissioner Colliton also gave his full support. Commissioner Colliton called for the vote.

Unanimously approved.

Mr. Moore also requested that he not only sign up as opposing but also to sign up to speak on the points of the WHRC opposition. Chairman Macomber, Commissioner Colliton and Commissioner Lopez all agreed unanimously, that would be appropriate.

Ms. Becker, Assistant Attorney General agreed that would be appropriate that the WHRC had met and voted to do so.

b. HB 1992.

Mr. Moore said this bill has been prepared by the horsemen and signed on as sponsor our Legislative Ex-officio Representative Joe Schmick. Mr. Moore said this bill will provide support to the WHRC and the horse industry.

Commissioner Lopez moved to support HB 1992 in concept but he also had some concerns that need to be addressed. He said this legislation needs some changes on some of the sections to spell out more clearly who would regulate the sports betting industry and what percentages are being given and who would receive them.

Commissioner Colliton asked if there was a hearing scheduled on this bill yet and wholly agreed with Commissioner Lopez's suggestions and seconded his motion.

Mr. Moore said he's not heard if there are any hearings scheduled on this bill, but he wanted a consensus of the Commission's support or opposition to be able to speak on HB 1992.

Commissioner Colliton asked if each commissioner should write down their concerns and send them to Mr. Moore or he could speak to this bill of the WHRC support without getting into specifics.

Pat Lepley said when he went to the Code Reviser to drop the legislation, staff began to work on the language and he felt something had gotten lost in communication with them. The Code Reviser staff also worked on the language and the bill ended up different. It was his opinion that Governor Inslee would not sign a tribal only bill at this time. He said that he would be more than willing to work on the language in conjunction with the WHRC and felt that he could get a substitute house bill easily. He said it was his thought that the tribal bill would not go forward and that Emerald Downs already has in place the equipment and people to trained to deal with sports wagering.

Commissioner Colliton asked which commission would be in charge and Mr. LePley said he thought the Gambling Commission but the WHRC has to be involved. The Gambling Commission is already set up to license this type of activity. He also said maybe the horse racing industry could be a "guinea pig" on the sport wagering and test it out, but he didn't know if this would happen.

Mr. Ziegler said he didn't think the tribal legislation would need any approval from the Bureau of Indian Affairs to be able to go forward with their legislation.

Commissioner Lopez asked about takeout and Mr. Ziegler said there really isn't any takeout on the wagers, they are fixed odds and after the wagers are all paid out, the leftover money is distributed according to the percentages in the language of the bill or resulting rules.

Mr. Moore said gross revenue is fixed and the percentages are paid out of the gross revenue after winning wagers are paid.

Commissioner Lopez asked which advance deposit wagering firms have this platform in place to do sports wagering.

Mr. Moore said right now TVG, TwinSpires and XpressBet have.

Mr. Ziegler said also Bet America, Betfair and Sportech have platforms in place.

Chairman Macomber called for the vote. Unanimously approved to support HB 1992.

Mr. Moore for clarification said; support this bill in concept knowing it will need work.

Ms. Sweet asked if Dana Halvorson had arrived on the line. Jim Engstrom, WTBOA said he'd arrived on the line.

Ms. Sweet said the WTBOA was in support of HB 1992, but wanted to clarify that their support would also have the hope that some support would be going to the Breeders and felt it was very important that this be written into the language.

Mr. Engstrom said he wasn't familiar with the process, but was very concerned that it be specific in the language to support the Breeders because he had seen that it had been pushed aside before.

Mr. LePley said he was definitely in support of assisting the Breeders that they were all in this together and needed to support each other.

Commissioner Lopez asked if anyone know what the gross receipts might be. Mr. Ziegler said no, he said he couldn't speculate.

Commissioner Lopez asked if there was any other legislation out there ready to be dropped. Mr. Moore said none that he know of and had been monitoring the website.

Chairman Macomber asked about mobile wagering and if this was allowed. Mr. Moore said Emerald Downs does have the ability for mobile wagering but it is limited to the confines of the racetrack and in the Tribal legislation only at the tribal casino as the application would be "geo fenced".

Mr. Moore said with the Commission's permission he had drafted a short email to the members of the committee stating the opposition of the WHRC to SHB 1975 and asked if this would be appropriate to send. The Commissioners unanimously said yes.

Chairman Macomber adjourned the special telephone meeting at 2:18 P.M.

Doug Moore, Executive Secretary