

Chapter 15

Pari-mutuel Tax

67.16.105(1) - Nonprofit horse races

Description Nonprofit horse race events lasting no longer than 10 days annually are exempt from the pari-mutuel tax.

Purpose To support nonprofit horse race events and help revive the horse racing industry.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.008	\$0.008	\$0.008	\$0.008
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.007	\$0.008	\$0.008
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Pari-mutuel tax rates are:
 - 1.3 percent for gross receipts over \$50 million; and
 - 1.803 percent for gross receipts under \$50 million.
- The race track that is currently exempt does not have gross receipts over \$50 million, so they would be taxed at the higher rate.
- No growth since there is currently one exempt taxpayer.

Data Sources Washington Horse Racing Commission
<http://www.whrc.wa.gov/uploads/1/1/2/0/112048803/annual2018.pdf>

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Operators of nonprofit horse race events
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2011

67.16.105(2) - Differential parimutuel tax rates

Description The pari-mutuel tax on gross receipts of betting machines at licensed horse races features two tax rates depending on the total wagering receipts at the particular track for the previous year:

- If receipts were greater than \$50 million, the tax rate is 1.3 percent;
- If receipts were \$50 million or less, the tax rate is 1.803 percent.

Purpose The higher 1.803 percent pari-mutuel rate category for smaller race tracks is attributable to a proposed new track in 2002. However, the anticipated revenues at the existing 1.3 percent rate did not generate sufficient funds to cover the state's cost of supervision so the higher tax rate was added to the statute. This track was never constructed and currently the only race track in operation pays the original 1.3 percent rate.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.371	\$0.371	\$0.371	\$0.371
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.340	\$0.371	\$0.371
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- No growth since horse racing is declining in Washington.
- Public information found on the Washington Horse Racing Commission website used to complete this estimate.

Data Sources

Washington Horse Racing Commission
<http://www.whrc.wa.gov/uploads/1/1/2/0/112048803/annual2018.pdf>

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1976
Primary Beneficiaries:	Horse-racing tracks
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC