

Pari-mutuel Tax

RCW Chapter 67.16

Tax Base Gross receipts of pari-mutuel machines at licensed horse racing events.

Tax exemptions may reduce the tax liability for this tax base. For more information, refer to the [Tax Exemption Study](#).

Tax Rate

Nonprofit Race Meets – RCW 67.16.105(1):	
Maximum of 10 days	Exempt
Pari-mutuel Tax – RCW 67.16.105(2):	
Prior year receipts, \$50,000,000 or less	1.803%
Prior year receipts, more than \$50,000,000	1.3%
Additional Taxes:	
Tax to fund nonprofit races - RCW 67.16.105(3)(a)	0.1%
Tax to finance owner bonuses of Washington-bred horses - RCW 67.16.102	1.0%
Tax on exotic wagers to finance breeder awards of Washington-bred horses - RCW 67.16.175(2). Race meets may retain 6 percent of the receipts from exotic wagers on live races only. Tax is due on the amount retained.	1/6 of the 6% amount retained

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2018	\$1,519	-7.1%	0.01%
2017	\$1,635	-8.3%	0.01%
2016	\$1,782	2.9%	0.01%
2015	\$1,732	-4.3%	0.01%
2014	\$1,809	-2.7%	0.01%
2013	\$1,860	-8.3%	0.01%
2012	\$2,029	-8.4%	0.01%
2011	\$2,216	-8.0%	0.02%
2010	\$2,409	-1.8%	0.02%
2009	\$2,452	N/A	0.02%

Source: Washington State Horse Racing Commission

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Distribution of Receipts

Tax	Distribution
Pari-mutuel 1.803% and 1.3% taxes	Per RCW 67.16.100, funds are deposited into a dedicated account to be used for operating expenses by the Horse Racing Commission.
0.1% tax to fund nonprofit races	<p>Distributed on a pro rata per-race-day basis to nonprofit race meets to be used for purses at tracks that have operated for five consecutive years immediately preceding the year of payment.</p> <p>If the gross receipts from pari-mutuel machines are not sufficient to generate \$300,000 annually from the additional 0.1 percent tax, the remaining amount is taken from the Horse Racing Commission’s operating account.</p>
1% tax to fund owner bonuses	<p>Distributed by the Commission to the owners of those Washington-bred horses that finish in first, second, third, or fourth place in races at which the additional 1 percent tax was collected.</p> <p>Interest on the amount in the owner's bonus fund account created in RCW 67.16.275 is used to support nonprofit race meets.</p>
Tax to fund breeder awards	Distributed by the Commission to the breeders of those Washington-bred horses that finish in first, second, or third places in races at which an additional 6 percent is retained by the racing association on exotic wagers (wagers other than win, place, or show).

Levied by State

Administration Horse Racing Commission.

Licensed racetrack operators report daily to the Commission.

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History

- 2017 The collection on the additional 1 percent retained by the racing association that is paid to the Horse Racing Commission at the end of the meet is reviewed and determined that it is only required on live races offered at the racing facility and simulcast wagers are exempt.
- 2009 The Horse Racing Commission was granted authority to collect and distribute the additional 1 percent tax on exotic wagers to the breeders of Washington-bred horses. The additional 1 percent is applied to the 6 percent retained daily by the racing association and is paid to the Commission at the end of the licensed race meet.
- 2004 Advance deposit wagering (ADW) and full card simulcasting to satellite locations was authorized. ADW is the ability of Washington residents to wager on races, both in and outside the state, via telephone or by using the Internet. ADW is treated differently than pari-mutuel wagering, which can only take place at a licensed race track or authorized satellite location, and the receipts are distributed differently.
- 2003 The tax rate for race meets with annual gross in-state pari-mutuel receipts of \$50 million or less was increased from 0.52 percent of the daily gross receipts to 1.803 percent.
- 2001 The temporary tax rate reductions made in 1998 were made permanent.
- 1998 A temporary reduction in tax rates was implemented.
- 1991 The top tax rate was reduced to 2.5 percent.
- 1987 Wagering at satellite locations was authorized.
- 1985 The tax rates were reduced to a range of 0.5 to 4 percent.
- 1982 The tax rate schedule was revised.
- 1979 The tax rate was lowered to 4.5 percent for smaller meets.
- 1933 The pari-mutuel tax was instituted at a 5 percent rate.
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