



Pari-mutuel Tax



67.16.105(1) - Nonprofit horse races

Description Nonprofit horse race events lasting 10 days or less 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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.006	\$0.006	\$0.006	\$0.006	\$0.006
Local Taxes	\$0.000	\$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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.005	\$0.006	\$0.006	\$0.006
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

- Assumptions**
- Pari-mutuel tax rates are:
 - 1.3 percent if gross receipts are more than \$50 million in the previous calendar year
 - 1.803 percent if gross receipts are \$50 million or less in the previous calendar year
 - The exempt racetrack is subject to the higher rate
 - No growth since there is currently one exempt taxpayer
 - July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017
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Data Sources Washington Horse Racing Commission 2014 Annual report
<http://www.whrc.wa.gov/pdfFiles/annual2014.pdf>

Additional Information	
Category:	Business
Year Enacted:	1979
Primary Beneficiaries:	Operators of nonprofit horse race events
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

67.16.105(2) - Differential pari-mutuel 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 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 1.803 tax rate was added to the statute in anticipation of a new track in 2002. This track was never constructed and currently the only racetrack in operation pays the original 1.3 percent rate.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.391	\$0.391	\$0.391	\$0.391
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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.358	\$0.391	\$0.391
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- No growth since horseracing is declining in Washington
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017

Data Sources

Washington Horse Racing Commission

<http://www.whrc.wa.gov/pdfFiles/annual2014.pdf>

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1979
Primary Beneficiaries:	Horse-racing tracks
Taxpayer Count:	1
Program Inconsistency:	None
JLARC Review:	Unable to find on JLARC review schedule