

SENATE BILL REPORT

SHB 2192

As of June 2, 2003

Title: An act relating to parimutuel taxation.

Brief Description: Taxing parimutuel machines.

Sponsors: House Committee on Finance (originally sponsored by Representatives Cody and Clements).

Brief History:

Staff: Catherine Suter (786-7442)

Background: The parimutuel tax is a state tax that applies to the gross receipts of parimutuel machines within the state, used in connection with horse racing meets. Parimutuel wagering is a system of betting on races whereby the total amount wagered is divided among the winners after deducting management expenses, in proportion to the sums they have wagered individually. The rate of the base tax depends on whether the race is for-profit or nonprofit, and whether the annual receipts of the licensee in the previous year was greater or less than \$50 million:

<u>Race Type/Annual Receipts</u>	<u>Base Tax Rate</u>
Nonprofit (maximum of 10 days/yr.)	0 percent
For profit	
Annual receipts less than \$50 M	0.52 percent
Annual receipts at least \$50 M	1.30 percent

Additional tax rates also apply: 0.1 percent, for the purpose of providing additional funding to support nonprofit race meets, and 1.0 percent, which applies to the receipts of large race meets only to provide additional prize money for the owners of the top four finishing horses.

The parimutuel tax applies to parimutuel wagering that occurs on-site at the race track and at off-track satellite betting facilities. For the purpose of determining odds and computing payoffs for a particular race, the track owner must combine the pool of wagers at both on-site and off-track locations. In addition to in-state races, parimutuel wagering is permitted on out-of-state races through simulcasts. Simulcasts are transmittals of live races that occur out-of-state, where the transmitted signals are received at track facilities or off-track satellite facilities.

Summary of Bill: The parimutuel tax rate on the gross receipts of for-profit licensees whose annual receipts are less than \$50 million is increased from 0.52 percent to 1.803 percent.

Appropriation: None.

Fiscal Note: Revised fiscal note available.

Effective Date: The bill takes effect on January 1, 2004.