

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 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
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 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	CTI	CTI	CTI
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources Washington Horse Racing Commission, Annual reports

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1976
Primary Beneficiaries:	Operators of nonprofit horse race events
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2011 and 2022

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%.
- If receipts were \$50 million or less, the tax rate is 1.803%.

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

Taxpayer savings

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this differential pari-mutuel rate would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	CTI	CTI	CTI
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

This differential pari-mutuel rate impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Washington Horse Racing Commission, Annual reports

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1976
Primary Beneficiaries:	Horse-racing tracks
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2022