

HORSE RACING TAX

TAX BASE

Pari-mutuel tax is levied on the total amount wagered each day.

An additional wagering tax is levied on exotic wagering (other than win, place and show). This includes the daily double, quinella, perfecta, and trifecta.

RATES

Pari-Mutuel Daily Wagering (Total Rates)

	Amount Wagered Daily	Rate
First	\$200,000	1.0%
Next	100,000	2.0
Next	100,000	3.0
Over	400,000	4.0

Exotic Wagering

Three percent of the amount wagered daily.

REVENUE (IN MILLIONS)

Fiscal Year	Passport Fund	Thoroughbred Fund	Standardbred Fund	Other Funds	Total
1998	\$4.9	\$4.1	\$1.6	\$5.2	\$15.8
1999	5.1	4.2	1.7	5.5	16.5
2000	5.2	4.1	1.8	5.5	16.6
2001	5.5	4.2	1.9	5.7	17.3

DISPOSITION OF REVENUE

Distribution to	Amount
Passport Fund	25% of gross tax, 0.5% of amount wagered at an off-track betting parlor, 2.5% of the amount paid on winning tickets at an off-track betting parlor.
Agricultural Societies	Remainder after distributions to other funds plus 16.7% of the tax on exotic wagering conducted at county fairs.
Ohio Fairs Fund	0.5% of total wagering plus 8.3% of exotic wagering.

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DISPOSITION OF REVENUE (con't.)

Distribution to	Amount
Ohio Standardbred Development Fund	1.125% of total wagering on harness racing plus 8.3% of exotic wagering from harness races.
Ohio Quarter Horse Development Fund	0.625% of total wagering on quarter horse races plus 8.3% of exotic wagering from quarter horse races.
Ohio Thoroughbred Race Fund	1.125% of total wagering on thoroughbred races and 0.53% of total wagering on commercial harness races plus 8.3% of exotic wagering from thoroughbred races.
State Racing Commission Operating Fund	16.7% of the revenues from the 3.0% exotic wagering tax and 0.25% of exotic wagering on thoroughbred, harness, and quarter horse races.

SECTIONS OF OHIO REVISED CODE

Chapter 3769.

RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner administers tax.

Racing Commission regulates racing and licensing.

REMITTER OF TAX

Permit holder.

PAYMENT DATES

At the end of each racing day.

SPECIAL PROVISIONS / CREDITS

Capital improvements credit: 0.75% of amount wagered is deducted from tax liability at tracks making approved construction.

Major capital improvements credit: 1.0% of amount wagered is deducted from tax liability at tracks making an approved renovation costing \$6 million or more. The credit will not be allowed beginning 2015.

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HISTORY OF MAJOR CHANGES

- 1933 • Enacted.

- 1953 • Rates reduced.

- 1955 • Rates increased for thoroughbred racing; separate rate schedule for harness racing and agricultural societies established.

- 1957 • Ohio fairs fund established.

- 1959 • Rates increased; thoroughbred fund established.

- 1975 • Flat rate adopted for thoroughbred racing; rates reduced for harness racing; quarter horse and standardbred funds established; tax credit for capital improvements; racing days increased.

- 1976 • Quarter horse rates reduced.

- 1977 • Tax credit for reconstruction of damaged race tracks established.

- 1979 • Quarter horse rates reduced for a period of four years.

- 1981 • Thoroughbred and harness racing rates reduced; tax credit for capital improvements increased; additional tax on exotic wagering established.

- 1984 • Tax rates and brackets for thoroughbred, harness, and quarter horse wagering reduced.
 - 1.5% major capital improvements credit with a minimum credit of \$10 million enacted.

- 1988 • Major capital improvements tax credit only applies to projects approved prior to March 29, 1988.

- 1989 • Exotic wagering rate increased from 2.5% to 3%.

- 1993 • Major capital improvements tax credit minimum level for eligibility lowered from \$10 million to \$6 million. Credit only applies to projects approved prior to March 29, 1988.

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HISTORY OF MAJOR CHANGES (con't.)

- 1994 • Wagering on simulcast events allowed. Required that revenues not going to horse racing funds go to the Passport Program.
 - Amount of major capital improvements tax credit reduced from 1.5% to 1% of wagering. Credit will end as of December 31, 2004.

- 1996 • Ohio Horse Racing Quality Assurance Fund eliminated. Twenty-five percent of gross tax revenues allocated to the Passport Fund. Wagering on out-of-state simulcast of racetracks allowed.

- 1999 • Racetracks allowed to apply for a major tax abatement equal to the cost of repairs made to the race track as a result of damage caused by the 1997 Ohio River Flood.
 - Sunset date of major capital improvements tax credits extended by 10 years, from December 31, 2004, to December 31, 2014. Credit limited only to projects approved prior to March 29, 1988.

- 2001 • Provisions limiting major capital improvement credit to projects approved by Racing Commission prior to March 29, 1988 removed.
 - Additional tax of 0.25% on exotic wagering with revenues to be distributed to the State Racing Commission Operating Fund imposed.
 - \$2.5 million limit on the amount of money the State Racing Commission Operating Fund may receive in a calendar year from allocations of the horse racing tax removed.

COMPARISON WITH OTHER STATES (AS OF 12/01)

Commercial Racing	
Rate Range	Type of Racing
California	
1.1%	All Horse Racing Quarter Horse Harness
0.4%	
0.4%	
Florida	
0.7% - 3.3%	Thoroughbred Dog
7.6%	

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COMPARISON WITH OTHER STATES (con't.) (AS OF 12/01)

Commercial Racing

Rate Range	Type of Racing
Illinois 1% - 2% 3.25% - 4.75%	All Horse Racing Exotic
Indiana⁽¹⁾ 2% - 2.5%	All Horse Racing
Kentucky 1.5% - 3.5%	All Horse Racing
Massachusetts 4.0% - 11.0% 4.0% - 11.0%	All Horse Racing All Dog Racing
Michigan 3.5%	All Horse Racing
New York 5% - 6% 6.75 - 7.75%	All Horse Racing Exotic Wagering
Ohio 1% - 4% 3%	All Horse Racing Exotic Wagering
Pennsylvania 1.5% - 2% Additional 0.7%	All Horse Racing Exotic Wagering
Texas 1% - 5% for live events depending on the betting pool 1% for simulcast pools regard- less of species or amount wagered	All Horse Racing and Greyhound Racing All Horse Racing and Greyhound Racing
West Virginia 0.4% - 1.4% 3.00% - 5.75% 4% - 8%	Thoroughbred Harness Dog

New Jersey does not have a tax on pari-mutuel wagering.

⁽¹⁾ In addition, 20 cents per paid admission charge at racetracks and satellite facilities is to be paid to the state department of revenue.