

## HORSE RACING TAX

### TAXPAYER

Racing permit holder.

### 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):

<b>Amount</b>	<b>Rate</b>
<b><u>Wagered Daily</u></b>	
First \$200,000	1.0 percent
Next 100,000	2.0
Next 100,000	3.0
Over 400,000	4.0

Exotic wagering:

3.0 percent of the amount wagered daily.

### MAJOR EXEMPTIONS

None.

### REVENUE (IN MILLIONS)

<b>Fiscal Year</b>	<b>Passport Fund</b>	<b>Thoroughbred Fund</b>	<b>Standardbred Fund</b>	<b>Other Funds</b>	<b>Total</b>
2000	\$5.2	\$4.1	\$1.8	\$5.5	\$16.6
2001	5.5	4.2	1.9	5.7	17.3
2002	5.2	3.9	2.1	6.2	17.4
2003	4.6	3.3	2.0	5.6	15.5

### DISPOSITION OF REVENUE

#### **Distribution to**

Passport Fund

#### **Amount**

25 percent of gross tax, 0.5 percent of amount wagered at an off-track betting parlor, 2.5 percent of the amount paid on winning tickets at an off-track betting parlor.

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Agricultural Societies	Remainder after distributions to other funds plus 16.7 percent of the tax on exotic wagering conducted at county fairs.
Ohio Fairs Fund	0.5 percent of total wagering plus 8.3 percent of exotic wagering.
Ohio Standardbred Development Fund	1.125 percent of total wagering on harness racing plus 8.3 percent of exotic wagering on harness races.
Ohio Quarter Horse Development Fund	0.625 percent of total wagering on quarter horse races plus 8.3 percent of exotic wagering on quarter horse races.
Ohio Thoroughbred Race Fund	1.125 percent of total wagering on thoroughbred races and 0.50 percent of total wagering on commercial harness races plus 8.3 percent of exotic wagering on thoroughbred races.
State Racing Commission Operating Fund	16.7 percent of the revenues from the 3.0 percent exotic wagering tax and 0.25 percent of exotic wagering on thoroughbred, harness, and quarter horse races.

### PAYMENT DATES

At the end of each racing day.

### SPECIAL PROVISIONS/CREDITS

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

Major capital improvements credit: 1.0 percent of amount wagered is deducted from tax liability at tracks making an approved renovation costing \$6.0 million or more.

### SECTIONS OF OHIO REVISED CODE

Chapter 3769.

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### RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner administers tax.

Racing Commission regulates racing and licensing.

### 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 established; racing days increased.
- 1976 • Quarter horse rates reduced.
- 1977 • Tax credit reconstruction of damaged racetracks 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 percent major capital improvements credit with a minimum credit of \$10 million enacted.
- 1989 • Exotic wagering rate increased from 2.5 percent to 3.0 percent.
- 1993 • Major capital improvements tax credit minimum

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level for eligibility lowered from \$10 million to \$6.0 million. Credit only applied to projects approved prior to March 29, 1988.

- 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 percent to 1.0 percent of wagering. Credit will end as of December 31, 2004.
- 1996
- Ohio Horse Racing Quality Assurance Fund eliminated. Share of gross tax revenues allocated to the Passport Fund at 25 percent. 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 credit 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 improvements tax credit to projects approved by Racing Commission prior to March 29, 1988 removed.
  - Additional tax of 0.25 percent on exotic wagering imposed, with revenues to be distributed to the State Racing Commission Operating Fund.
  - \$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.



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### COMPARISONS WITH OTHER STATES (AS OF 12/03)

#### Commercial Racing

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<u>Rate Range</u>	<u>Type of Racing</u>
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**California**

0.3 – 3.0 percent	All horse (1)
0.4 percent	Quarter horse
0.4 percent	Harness

**Florida**

1.0 – 3.3 percent	Harness
0.7 – 3.3 percent	Thoroughbred
7.6 percent	Dog

**Illinois**

1.5 percent of daily pari-mutuel handle (total pari-mutuel wagers)	All horse
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**Indiana(2)**

2.0 – 2.5 percent	All horse
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**Kentucky**

1.5 – 3.5 percent	All horse
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**Massachusetts**

4.0 – 11.0 percent	All horse
4.0 – 11.0 percent	All dog

**Michigan**

3.5 percent	All horse
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**New York**

4.0 – 6.5 percent	All horse
7.0 – 7.75 percent	Exotic wagering

**Ohio**

<b>1.0 – 4.0 percent</b>	<b>All horse</b>
<b>3.0 percent</b>	<b>Exotic wagering</b>

**Notes:** (1) Rate dependent on location and time of year.  
 (2) In addition, 20 cents per paid admission at racetracks and satellite facilities is to be paid to the state department of revenue.

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### Pennsylvania

1.5 – 2.0 percent  
Additional 0.7 percent

All horse  
Exotic wagering

### Texas

1.0 – 5.0 percent, for  
live events depending  
on the betting pool.  
1.0 percent, for simulcast  
pools regardless of  
species or amount wagered.

All horse  
and greyhound

All horse  
and greyhound

### West Virginia

0.4 – 1.4 percent  
3.0 – 5.75 percent  
4.0 – 8.0 percent

Thoroughbred  
Harness  
Dog

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

