

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):

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:

3.0% of the amount wagered daily.

Major Exemptions

None.

Revenue (In Millions)

Fiscal Year	Passport Fund	Thoroughbred Fund	Standardbred Fund	Other Funds	Total
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
2004	4.4	3.2	2.1	6.2	15.9

Disposition of Revenue

Distribution to	Amount
Ohio 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.



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Ohio Fairs Fund	0.5% of total wagering plus 8.3% of exotic wagering.
Ohio Standardbred Development Fund	1.125% of total wagering on harness races plus 8.3% of exotic wagering on harness races.
Ohio Quarter Horse Development Fund	0.625% of total wagering on quarter horse races plus 8.3% of exotic wagering on quarter horse races.
Ohio Thoroughbred Race Fund	1.125% of total wagering on thoroughbred races and 0.50% of total wagering on commercial harness races plus 8.3% of exotic wagering on thoroughbred races.
State Racing Commission Operating Fund	0.25% of total wagering plus 16.7% of the revenues from the 3.0% exotic wagering tax and 0.50% 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% 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 \$6.0 million or more.

Sections of Ohio Revised Code

Chapter 3769.

Responsibility for Administration

- Tax Commissioner administers tax.
- Racing Commission regulates racing and licensing.

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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 established; racing days increased.

- 1976 • Quarter horse rates reduced.

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

- 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.

- 1989 • Exotic wagering rate increased from 2.5% to 3.0%.

- 1993 • Major capital improvements tax credit minimum level for eligibility lowered from \$10 million to \$6.0 million. Credit only applied to projects approved prior to March 29, 1988.



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- 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 1.0% of wagering. Credit scheduled to 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%. Wagering on out-of-state simulcast of race tracks allowed.
- 1999 • Race tracks 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 Ohio River flood.
- 1997 • Sunset date of major capital improvements tax credit extended by ten 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 State Racing Commission prior to March 29, 1988 removed.
- Additional tax of 0.25% 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.
- 2003 • Two-year temporary additional tax of 0.25% on exotic wagering imposed until June 30, 2005, with revenues distributed to the State Racing Commission Operating Fund. Permanent additional tax of 0.25% on exotic wagering to remain in effect.

Comparisons with Other States (As of 01/05)

<u>Type of Racing</u>	<u>Rate Range</u>
California	
All horse	0.9 – 2.0%
Quarter horse	0.4%
Harness	0.4%

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Comparisons with Other States (As of 01/05)

<u>Type of Racing</u>	<u>Rate Range</u>
Florida	
Harness	1.0 – 3.3%
Thoroughbred	0.7 – 3.3%
Dog	7.6%
Illinois	
All horse	1.5% of daily pari-mutuel handle (total pari-mutuel wagers)
Indiana	
All horse	2.0 – 2.5%
Kentucky	
All horse	1.5 – 3.5%
Massachusetts	
All horse	4.0 – 11.0%
All dog	4.0 – 11.75%
Michigan	
All horse	3.5%
New York	
All horse	1.5 – 5.5%
Exotic wagering	7.0 – 8.25%
Pennsylvania	
All horse	1.5 – 2.0%
Exotic wagering Additional	0.7%
Texas	
All horse and greyhound depending on the betting pool.	1.0 – 5.0% for live events.
All horse and greyhound	1.0% for simulcast pools, regardless of species or amount wagered.



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Type of Racing

Rate Range

West Virginia

Thoroughbred

0.4 – 1.4%

Harness

3.0 – 5.75%

Dog

4.0 – 8.0%

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

