

HB588 INTRODUCED



1 HB588
2 11X9ELL-1
3 By Representative Lawrence
4 RFD: Economic Development and Tourism
5 First Read: 17-Apr-25



4 SYNOPSIS:

5 Under existing law, pari-mutuel wagering is
6 authorized at certain locations in the state. There is
7 a state privilege tax that is levied upon every person
8 engaged in the business of operating a race track equal
9 to one percent of the pari-mutuel pool.

10 This bill would delete the existing state tax
11 and would establish a new state privilege tax of four
12 percent of the net gambling revenues of each licensee.

13 This bill would also establish a local privilege
14 tax of eight percent of the net gambling revenues of
15 each licensee.

16 This bill would provide that the taxes levied on
17 the net gambling revenues on pari-mutuel wagering
18 activities are in lieu of any other state or local
19 taxes.

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23 A BILL
24 TO BE ENTITLED
25 AN ACT
26

27 Relating to historical horse racing computerized
28 machines; to amend Sections 40-26A-1 and 40-26A-2, Code of



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Alabama 1975, and to add Section 40-26A-2.1 to the Code of Alabama 1975, to establish a state privilege tax and a local privilege tax on the net gambling revenues from pari-mutuel wagering on historical horse racing; and to repeal Sections 11-65-29, 11-65-30, 11-65-35, 45-32-150.13, 45-44-150.12, and 45-49-151.14, Code of Alabama 1975, levying pari-mutuel wagering taxes.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-26A-2.1 is added to the Code of Alabama 1975, to read as follows:

(a) The local racing commission at each of the four pari-mutuel wagering facilities in the state shall be the governing authority for the operation of historical horse racing computerized machines conducted at its respective facility.

(b) The Legislature further finds and declares that a uniform state tax and collection by local racing commissions on the net gambling revenues from pari-mutuel wagering using historical horse racing computerized machines is necessary for the economic development of historical horse racing and to ensure that each licensed pari-mutuel wagering facility and pari-mutuel licensee can be competitive with the other pari-mutuel facilities and pari-mutuel licensees located in the State of Alabama.

(c) There is levied a state privilege tax of four percent of the net gambling revenues from pari-mutuel wagering on historical horse racing on computerized machines. The tax shall be collected by the Department of Revenue from each



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historical horse racing licensee.

(d) There is levied a local privilege tax of eight percent of the net gambling revenues from pari-mutuel wagering on historical horse racing on computerized machines. The tax shall be collected by the local racing commission from its historical horse racing licensee and distributed as provided by local law for each racetrack.

(e) The state privilege tax and the amount collected by the local racing commission are exclusive and in lieu of any other state or local taxes, fees, or commissions now imposed on such historical horse racing pari-mutuel wagering activities.

(f) Nothing in this section shall change the existing tax structure for live greyhound and thoroughbred racing as well as simulcast live greyhound and thoroughbred racing.

(g) Nothing in this section shall be construed to authorize, permit, or expand any form of gaming activity beyond that which is permitted by law on October 1, 2025.

Section 2. Sections 40-26A-1 and 40-26A-2, Code of Alabama 1975, are amended to read as follows:

"§40-26A-1

For the purpose of this chapter, the following terms ~~shall~~ have the respective meanings ascribed to them by this section except where the context clearly indicates a different meaning:

(1) COMMISSIONER. The Commissioner of the Department of Revenue of the State of Alabama.

(2) DEPARTMENT. The Alabama Department of Revenue.



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(3) HISTORICAL HORSE RACING COMPUTERIZED MACHINES. A computerized machine that replays actual historical horse races and allows pari-mutuel wagering thereon, regardless of the type of graphics on the machine used to conduct the activity, regardless of whether the patron chooses a specific horse upon which to wager, and regardless of whether the patron watches all or part of the historical race.

(4) NET GAMBLING REVENUES. The total amount of money or value in any form received as a result of any pari-mutuel wagering on historical horse racing activities, excluding free bets, free plays, and promotional credits, less federal excise taxes, voided wagers, and the total money or value in any form paid as prizes or winnings.

~~(3)~~ (5) PARI-MUTUEL. A system of betting on races whereby the winners divide the total amount bet, after deducting authorized taxes, fees, and management expenses, in proportion to the sums wagered individually.

~~(4)~~ (6) PARI-MUTUEL POOL. The total amount wagered under the pari-mutuel betting system in any particular race."

"§40-26A-2

~~(a) In addition to any and all other taxes imposed by law, there is hereby levied, upon every person engaged in the business of operating a dog race track in the State of Alabama, a privilege tax of one percent of the pari-mutuel pool on all pari-mutuel races.~~

~~(b) In addition to the tax levied by subsection (a) and in addition to any and all other taxes imposed by law, there is hereby levied, upon every person engaged in the business of~~



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~~operating a dog race track in the State of Alabama, a
privilege tax of one percent of the pari-mutuel pool on all
pari-mutuel races requiring the selection of three or more
racers; provided that the commission received by said
operator, after deducting local taxes in effect on September
28, 1988, shall not be reduced below the amount that said
operator received prior to the imposition of this tax.~~

~~(c)~~ Notwithstanding the provisions of any local or
general act to the contrary, any dog race track licensee
authorized to conduct pari-mutuel racing shall be entitled to
retain as a commission from the pari-mutuel pool (the "take
out") an amount equal to 19 percent of all pari-mutuel pools
where a bettor is required to select two or less racers and an
amount equal to 21 percent where a bettor is required to
select three or more racers. The tax levied in this section is
not imposed to the extent that it would require a licensee to
increase the commissions above said amounts in order to
receive such tax from the pari-mutuel pool."

Section 3. The following sections are repealed:

(1) Section 11-65-29, Code of Alabama 1975, imposing
the state horse wagering fee in Class 1 municipalities.

(2) Section 11-65-30, Code of Alabama 1975, imposing
the commission wagering fee in Class 1 municipalities.

(3) Section 11-65-35, Code of Alabama 1975, imposing
certain racing taxes in Class 1 municipalities.

(4) Section 45-32-150.13, Code of Alabama 1975, levying
a tax on pari-mutuel pools in Greene County.

(5) Section 45-44-150.12, Code of Alabama 1975, levying



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141 a tax on pari-mutuel pools in Macon County.

142 (6) Section 45-49-151.14, Code of Alabama 1975, levying

143 a tax on pari-mutuel pools in Mobile County.

144 Section 4. This act shall become effective on October

145 1, 2025.