

HB262 INTRODUCED



1 HB262
2 W1BJRE9-1
3 By Representative Lawrence
4 RFD: Economic Development and Tourism
5 First Read: 15-Jan-26



1
2
3

4 SYNOPSIS:

5 Under existing law, pari-mutuel wagering on
6 historical horse racing and bingo is conducted at
7 certain locations in the state.

8 Also under existing law, there is a state
9 privilege tax that is levied upon every person engaged
10 in the business of operating a race track equal to one
11 percent of the pari-mutuel pool. In addition, there are
12 local taxes levied on such pari-mutuel pools.

13 This bill would provide that such activities may
14 only be conducted at six certain named locations.

15 This bill would establish a new state privilege
16 tax of four percent of the net revenues of each
17 licensee conducting pari-mutuel wagering on historical
18 racing, which would be in lieu of any other state
19 privilege taxes.

20
21
22 A BILL

23 TO BE ENTITLED

24 AN ACT

25
26 Relating to historical racing computerized machines; to
27 amend Sections 40-26A-1 and 40-26A-2, Code of Alabama 1975, to
28 further provide for the state privilege tax on certain local

HB262 INTRODUCED



29 gambling revenues; to establish a uniform local privilege tax
30 on certain local gambling revenues; to add Section 40-26A-2.1
31 to the Code of Alabama 1975, to restrict the operation of
32 historical racing activities to certain authorized locations;
33 and to repeal Sections 11-65-29, 11-65-30, 11-65-35,
34 45-32-150.13, 45-44-150.12, and 45-49-151.14, Code of Alabama
35 1975, levying local pari-mutuel wagering taxes and other fees.

36 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

39 "§40-26A-1

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

44 (1) AUTHORIZED LOCATION. The current location of the
45 pari-mutuel licensees in Greene County, Jefferson County,
46 Macon County, Mobile County, the current location of the Class
47 C Bingo Permit holder in Houston County, and the bingo
48 facility in Lowndes County that was open prior to October 1,
49 2023, with a square footage building of 40,000 square feet.

50 (1) (2) COMMISSIONER. The Commissioner of the Department
51 of Revenue of the State of Alabama.

52 (2) (3) DEPARTMENT. The Alabama Department of Revenue.

53 (4) HISTORICAL RACING. A form of racing that creates
54 pari-mutuel pools from wagers placed on previously conducted
55 horse or greyhound races. The term includes historical horse
56 or greyhound racing on computerized machines, without regard



57 to the type of graphics on the machine used to conduct the
58 activity.

59 (5) NET REVENUES. The total amount of money received as
60 a result of wagers placed at the authorized location on
61 historical racing, excluding free bets, and promotional
62 credits, less federal excise taxes, voided wagers, and the
63 total money or value in any form paid as prizes or winnings,
64 including the cash equivalent of any merchandise or thing of
65 value awarded as a prize..

66 (3)(6) PARI-MUTUEL. A system of betting on races
67 whereby the winners divide the total amount bet, after
68 deducting authorized taxes, fees, and management expenses, in
69 proportion to the sums wagered individually.

70 (4)(7) PARI-MUTUEL POOL. The total amount wagered under
71 the pari-mutuel betting system in any particular race."

72 "§40-26A-2

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

78 (b) In addition to the tax levied by subsection (a) and
79 in addition to any and all other taxes imposed by law, there
80 is hereby levied, upon every person engaged in the business of
81 operating a dog race track in the State of Alabama, a
82 privilege tax of one percent of the pari-mutuel pool on all
83 pari-mutuel races requiring the selection of three or more
84 racers; provided that the commission received by said



85 ~~operator, after deducting local taxes in effect on September~~
86 ~~28, 1988, shall not be reduced below the amount that said~~
87 ~~operator received prior to the imposition of this tax.~~

88 (a) Effective October 1, 2026, there is levied on every
89 person engaged in the business of managing or facilitating
90 pari-mutuel wagering on historical racing a state privilege
91 tax of four percent of the person's net revenues. The tax
92 shall be due within 20 days after the end of each calendar
93 month and shall be collected by the Department of Revenue. The
94 tax on the net revenues collected under this subsection shall
95 be in lieu of all other state or local taxes. Nothing in the
96 levy of the tax under this subsection shall change the state
97 tax structure for live greyhound and thoroughbred racing as
98 well as simulcast live greyhound and thoroughbred racing
99 existing on October 1, 2026.

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

111 Section 2. Section 40-26A-2.1 is added to Chapter 26A
112 of Title 40, Code of Alabama 1975, to read as follows:



113 40-26A-2.1

114 (a) Wagering on historical racing computerized machines
115 may be conducted only at an authorized location.

116 (b) Nothing in this section shall be construed to
117 authorize, permit, or expand any form of gambling activity
118 beyond that which is permitted by law on October 1, 2026.

119 Section 3. The following sections are repealed:

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

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

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

126 (4) Section 45-44-150.12, Code of Alabama 1975,
127 imposing a tax due on pari-mutuel pools in Macon County,
128 Alabama.

129 (5) Section 45-32-150.13, Code of Alabama 1975,
130 imposing a tax on pari-mutuel pools in Greene County, Alabama.

131 (6) Section 45-49-151.14, Code of Alabama 1975,
132 imposing a tax on pari-mutuel pools in Mobile County, Alabama.

133 Section 4. This act shall become effective on October
134 1, 2026.