

HB262 INTRODUCED



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



SYNOPSIS:

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

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

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

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

A BILL
TO BE ENTITLED
AN ACT

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



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gambling revenues; to establish a uniform local privilege tax on certain local gambling revenues; to add Section 40-26A-2.1 to the Code of Alabama 1975, to restrict the operation of historical racing activities to certain authorized locations; 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 local pari-mutuel wagering taxes and other fees.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

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



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

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

~~(3)~~ (6) 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)~~ (7) 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 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~~



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~~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.~~

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

~~(e)~~ (b) 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 2. Section 40-26A-2.1 is added to Chapter 26A of Title 40, Code of Alabama 1975, to read as follows:



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40-26A-2.1

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

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

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, relating to certain racing taxes in Class 1 municipalities.

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

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

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

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