

**Joint Resolution No. 7****(Senate Joint Resolution No. 13)**

A Senate Joint Resolution concerning

**Pari-Mutuel Wagering -- Federal Excise Tax**

FOR the purpose of requesting the Maryland Congressional Delegation to oppose the imposition of a federal excise tax on pari-mutuel wagering or an increase in the federal withholding on winnings from pari-mutuel wagering.

WHEREAS, A White House Task Force on Welfare Reform has recommended establishing a 4% excise tax on pari-mutuel wagering and increasing the percentage withheld on winning wagers of \$5,000 or more from 28% to 36% when the odds are at least 300 to 1 to fund welfare programs; and

WHEREAS, In pari-mutuel wagering, the bettor is betting against peers of fellow bettors and the industry relies on winning bettors to rebet their winnings on subsequent races so that the money is "churned" several times during the course of that day at the racetrack; and

WHEREAS, Adding an excise tax would increase the takeout rate at the track and increasing the withholding would withdraw money from the betting pool, thereby reducing the "churn" effect since this money would not be rebet; and

WHEREAS, A 4% excise tax is estimated to result in a 40% decrease in handle which would equate to a \$5.6 billion loss in betting volume nationwide; and

WHEREAS, When the Subcommittee on Select Revenue Measures of the House Committee on Ways and Means considered a similar withholding proposal in 1993, the Assistant Secretary for Tax Policy of the Department of the Treasury stated that the Administration was opposed to an increase from 28% to 36% because it would result in overwithholding in many cases; and

WHEREAS, Over the past five years, 8 major racetracks, including Freestate in Maryland, have closed and betting and attendance has been unable to keep up with inflation; and

WHEREAS, The closing of a racetrack would result in the loss of thousands of unskilled jobs and many of the unemployed individuals would be forced to join the welfare rolls or receive unemployment benefits; and

WHEREAS, The horse racing industry employs grooms, exercise personnel, farriers, veterinarians, jockeys, mutuel clerks, parking lot attendants, administrative and executive personnel, feed company personnel, restaurant employees, maintenance employees, and skilled workers from the building trades; and

WHEREAS, The Maryland horse racing and breeding industries comprise a vital part of the Maryland economy, generating about \$1 billion in economic activity and 20,000 jobs; and