

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 1761

STATE OF NEW JERSEY

DATED: DECEMBER 14, 2020

The Senate State Government, Wagering, Tourism and Historic Preservation Committee reports favorably Senate Bill No. 1761.

Under current law, P.L.1993, c.226 (C.54:32B-7.1), the State of New Jersey collects a 6.625 percent sales tax on the initial “claim” or sale of a racehorse at a “claiming” race in a calendar year. Thereafter, for horses subsequently claimed within that calendar year, the purchaser of the horse pays a 6.625 percent sales tax each time the horse is claimed, but is entitled to a refund from the State so that the tax is effectively applied only on the portion of the sales price that exceeds the highest of any prior sales price paid for the same horse that year.

This bill establishes a special, nonlapsing fund to be known as the “Retired Horses and Track Safety Fund” in the Department of the Treasury. The fund will be a repository for any sales tax revenue in each calendar year from the sale of certain horses at a claiming race. The claiming sales tax revenue in each calendar year will continue to be deposited into the General Fund. However, the tax revenue amounts will be held by the State Treasurer and made available to the New Jersey Racing Commission.

The Retired Horses and Track Safety Fund will consists of two subaccounts, the thoroughbred subaccount for retired horses and track safety and the standardbred subaccount for retired horses and track safety. Any sales tax revenue in each calendar year from the sale of a thoroughbred horse at a claiming race will be deposited into the thoroughbred subaccount and any sales tax revenue in each calendar year from the sale of a standardbred horse at a claiming race will be deposited into the standardbred subaccount. Fifty percent of the amounts in each subaccount would be expended by the commission exclusively for the care of retired horses and 50 percent for any measures, as defined by the commission, to improve the health and safety of horses, standardbred drivers, and thoroughbred jockeys at a racetrack.