



MEMO OF SUPPORT

S481 (Salazar) / A1438 (Rosenthal L)

Repeals Certain Use Tax Exemptions for Racehorses

May 15, 2023

TITLE OF BILL

An act to amend the tax law, in relation to use tax exemptions for certain race horses; and to repeal certain provisions of such law relating thereto.

SUMMARY OF PROVISIONS

- Section 1 repeals the retail sales tax exemption for the purchase of registered racehorses intended to be used for racing (New York tax law Section 1115(a)(29)).
- Section 2 repeals the compensating use tax for use of horses purchased outside the state for the purpose of racing (Section 1118(9)) and racehorses brought into the state valued at \$100,000 or more (Section 1118(10)).
- Section 3 amends tax law Section 1118(2)(b) to provide that when a nonresident that is not an individual brings a horse into the state for racing, that purchase shall be subject to the compensating use tax.
- Section 4 provides that the bill takes effect immediately.

STATEMENT OF SUPPORT

Reinvent Albany supports this bill. The Government Accounting Standards Board defines tax abatements as “tax expenditures” or “subsidies delivered through the tax code.” In terms of cost to the taxpayer, New York’s tax abatements for the horse racing industry are the same as direct subsidies from the General Fund. There is no evidence that the horse racing industry deserves millions in public funding instead of government services like battling the COVID epidemic, providing clean water, better schools or reducing the overall tax burden.

We urge the Legislature to pass the bill.