

## Veto No. 19

HB 861

November 26, 1976

I file herewith, in the Office of the Secretary of the Commonwealth, with my objections, House Bill No. 861, Printer's No. 3822, entitled "An act amending the act of December 22, 1959 (P.L.1978, No.728), entitled, as amended, 'An act providing for and regulating harness racing with pari-mutuel wagering on the results thereof; creating the State Harness Racing Commission as a departmental administrative commission within the Department of Agriculture and defining its powers and duties; providing for the establishment and operation of harness racing plants subject to local option; imposing taxes on revenues of such plants; disposing of all moneys received by the commission and all moneys collected from the taxes; authorizing penalties; and making appropriations,' changing a penalty; changing the rate of tax; providing for exotic wagers and further providing for its disposition."

This bill amends the Harness Racing Law by altering the rate of tax, providing for exotic wagers, and imposing a tax thereon, and altering the disposition of all moneys collected from the taxes.

Specifically, this measure will cause the Harness Racing Fund to sustain an estimated loss of \$588,000 annually as a result of reducing the tax for the Fund from 1.5% to 1.25% in first class school districts, and from 5.5% to 5.25% in other school districts.

Also, this bill imposes a substantial new tax of 8% on the wagering public in one "exotic" wagering event during each racing day.

This tax or any other additional levy potentially drives away some wagers, thus serving to reduce the total handle. It is most important that any additional tax should serve some clear public purpose. This bill distributes 3% of the new 8% tax to the Harness Racing Associations and 5% to the Sire Stakes Fund. The amount going to the Sire Stakes Fund creates a windfall of about \$1.5 million, more than doubling the revenue to that limited purpose fund.

None of the proceeds go to the Harness Racing Fund to support Commonwealth programs.

In fact, the bill will reduce the amount of money going to the Department of Commerce for the community facilities program. The effect of this change is to reduce revenue by approximately \$100,000 annually for this important program which aids our local governments in their industrial development efforts.

My Administration will be willing to consider legislation which reflects the legitimate needs of the Harness Racing industry while recognizing the importance of fully protecting the fiscal integrity of our Commonwealth programs.

For these reasons, the bill is not approved.

MILTON J. SHAPP