

ST. PAUL'S EPISCOPAL CHURCH

AUGUST 22 (legislative day, JUNE 12), 1980.—Ordered to be printed

Mr. LONG, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 3755]

The Committee on Finance, to which was referred the bill (H.R. 3755) to provide for duty-free entry of an organ for St. Paul's Episcopal Church, Riverside, Connecticut, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is shown in the text of the bill in italic.

House bill.—H.R. 3755, as it passed the House, provided for the duty-free entry of an organ for St. Paul's Episcopal Church, Riverside, Connecticut.

Committee bill.—The committee amendment deletes the provision relating to the duty-free entry of an organ for St. Paul's Episcopal Church, Riverside, Connecticut, and adds a tax provision relating to the repeal of the excise tax on wagers and the occupational tax on wagering. (The Subcommittee on Taxation and Debt Management Generally held a public hearing on February 29, 1980, on this provision as introduced—S. 485.)

I. SUMMARY

As passed by the House, this bill provides for the duty-free entry of an organ for St. Paul's Episcopal Church, Riverside, Connecticut. The committee approved the substance of the House-passed bill as an amendment to be offered to H.R. 3122, now pending on the Senate calendar.

In lieu of the House bill provision, the committee adopted an amendment in the nature of a substitute with the following tax provision.

Exemption From Excise Tax on Wagers and Occupational Tax on Wagering

Under present law, a 2-percent excise tax is imposed on the amount of certain wagers. In addition, an annual \$500 occupational tax is imposed on a person who is liable for the excise tax or who receives wagers subject to the tax. These taxes do not apply with respect to parimutuel wagering, a wager placed in a coin-operated device, or a wager in a State-conducted lottery.

The bill repeals the 2-percent excise tax on certain wagering and the annual \$500 occupational tax on persons engaged in the business of accepting wagers. The provisions are effective January 1, 1981.

II. EXPLANATION OF THE BILL

Exemption from Excise Tax on Wagers and Occupational Tax on Wagering

(Sec. 4402 and new secs. 4414 and 4415 of the Code)

Present law

Under present law, a 2-percent excise tax is imposed on the amount of certain wagers. For this purpose, a wager means (1) a wager placed with a person who is in the business of accepting wagers on the outcome of a sports event or contest, (2) a wager with respect to a sporting event or contest placed in a wagering pool conducted for profit, and (3) a wager placed in a lottery conducted for profit (including the numbers game, policy, and similar types of wagering). However, this excise tax is not imposed on (1) wagers placed with a parimutuel licensed under State law, (2) wagers placed in coin-operated gaming devices (e.g., slot machines) and (3) State-conducted wagering (e.g., State-conducted sweepstakes off-track betting, and lotteries). Under present law, the 2-percent excise tax is imposed on so-called off-track betting authorized by State law but not conducted by the State.

Every person engaged in the business of accepting wagers is liable for the tax with respect to wagers on which the tax is imposed.

Under present law, a special occupational tax of \$500 per year is imposed on each person who is liable for the 2-percent excise tax on wagers and on each person who is engaged in receiving wagers for such a person.

Reasons for change

The committee believes that the present law excise tax, which applies to certain types of wagering but not to others, discriminates unfairly among different types of legal wagering. The committee also believes that the imposition of taxes subjects legal wagering to an unnecessary economic burden not borne by illegal wagering for which such liabilities are generally evaded. Therefore, the bill eliminates the wagering excise and occupational taxes.

Explanation of provision

The bill repeals the 2-percent excise tax on wagers and the annual \$500 occupational tax on persons engaged in the business of accepting wagers.

Effective date

The bill applies to any wager made, or any person engaged in receiving any wager, during taxable periods beginning after December 31, 1980.

III. EFFECT OF THE BILL ON THE BUDGET AND VOTE OF THE COMMITTEE IN REPORTING THE BILL AS AMENDED

Budget Effect

In compliance with paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate, the following statement is made about the effect on the budget of this bill, H.R. 3755, as amended. The committee estimates that the bill will reduce budget receipts by \$9 million in fiscal year 1981, \$14 million in fiscal year 1982, \$15 million per year in fiscal years 1983 and 1984, and \$16 million in fiscal year 1985.

The Treasury Department agrees with this statement.

New Budget Authority and Tax Expenditures

In accordance with section 308 of the Budget Act, after consultation with the Director of the Congressional Budget Office, the committee states that the changes made to existing law by this bill involve no new budget authority or new or increased tax expenditures.

Consultation with Congressional Budget Office on Budget Estimates

In accordance with section 403 of the Budget Act, the committee advises that the Director of the Congressional Budget Office has examined the committee's budget estimates (as indicated above) and agrees with the methodology used and the resulting revenue estimates.

Vote of the Committee

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the following statement is made about the vote of the committee on the motion to report the bill, as amended. The bill, H.R. 3755, as amended, was ordered favorably reported by voice vote.

IV. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the following statement is made concerning the regulatory impact that might be incurred in carrying out the provisions of this bill, H. R. 3755, as reported by the committee.

Individuals and businesses regulated and economic impact of regulation.—The bill does not regulate any individuals or businesses, but amends certain provisions of the tax law. The bill repeals the 2-percent excise tax on certain wagers and the annual \$500 occupational tax on persons in the business of accepting wagers. Thus, the bill eliminates the economic impact of these taxes.

Impact on personal privacy.—The provisions of the bill will have minimal impact on personal privacy.

Determination of paperwork involved.—The provisions of the bill will reduce the excise tax reporting and other paperwork of persons involved in wagering by repealing the 2-percent wagering excise tax and the \$500 annual occupational excise tax.

V. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In the opinion of the committee, it is necessary in order to expedite the business of the Senate, to dispense with the requirements of paragraph 12 of Rule XXVI of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the bill, H. R. 3755, as reported by the committee).

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