

Congress of the United States
Washington, DC 20515

July 12, 2016

The Honorable Jacob J. Lew
U.S. Department of Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Secretary Lew:

We write to you today to thank the Department of Treasury (Treasury) and the Internal Revenue Service (IRS) for examining the withholding of winnings from pari-mutuel betting, and encourage finalization of the associated proposed rule. We wrote to you last year, more than 40 years since the current rules were instituted, encouraging the Treasury and the IRS to modernize pari-mutuel tax treatment by altering the definition of a bet or wager to better reflect today's pari-mutuel wagering products.

We applaud both the proposed rule, REG-132253-11, which analyzed the effects on tax withholding for certain types of wagers, and that Treasury and IRS sought comment on pari-mutuel wagers in particular. As you may be aware, the comments were overwhelmingly supportive of modernizing the antiquated pari-mutuel tax withholding rules.

We also would like to highlight recent congressional activity on this issue. As you may be aware, report language was included in both the House and Senate Financial Services and General Government appropriations bills that addresses this matter:

Guidelines for Pari-mutuel Winnings – The Committee appreciates the Department of the Treasury's proposed rule (REG-132253-11) published on March 4, 2015, along with the associated public hearing held on June 17, 2015. The Committee encourages the Treasury to expedite final consideration of the guidance, which would modernize the rules governing pari-mutuel wagering.

This language, as well as letters from elected officials and thousands of comments in support of modernization of pari-mutuel wagering tax treatment, demonstrates strong bipartisan support for the Treasury and the IRS to move forward. Each year, the pari-mutuel wagering industry generates roughly \$10 billion in economic activity and millions of dollars in tax receipts for federal, state, and local governments. The industry is also responsible for tens of thousands of jobs from the farm to the racetrack. The economic importance of this industry to our states and the nation as a whole should not be understated.

As you are well aware, it has been more than a year since the proposed rule was first published and, as such, we strongly encourage you to act on this matter by finalizing the proposed rule.

Sincerely,


John Yarmuth
Member of Congress


Charles W. Boustany, Jr., MD
Member of Congress