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HOUSE BILL NO. 2604

Offered January 22, 2009

A *BILL to amend and reenact § 59.1-369 of the Code of Virginia and to repeal § 59.1-376.1 of the Code of Virginia, relating to the Virginia Racing Commission; advance deposit account wagering.*

Patron—Scott, E.T.

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:**1. That § 59.1-369 of the Code of Virginia is amended and reenacted as follows:**

§ 59.1-369. Powers and duties of the Commission.

The Commission shall have all powers and duties necessary to carry out the provisions of this chapter and to exercise the control of horse racing as set forth in § 59.1-364. Such powers and duties shall include but not be limited to the following:

1. The Commission is vested with jurisdiction and supervision over all horse racing licensed under the provisions of this chapter including all persons conducting, participating in, or attending any race meeting. It shall employ such persons to be present at race meetings as are necessary to ensure that they are conducted with order and the highest degree of integrity. It may eject or exclude from the enclosure or from any part thereof any person, whether or not he possesses a license or permit, whose conduct or reputation is such that his presence may, in the opinion of the Commission, reflect on the honesty and integrity of horse racing or interfere with the orderly conduct of horse racing.

2. The Commission, its representatives, and employees shall visit, investigate, and have free access to the office, track, facilities, satellite facilities or other places of business of any license or permit holder, and may compel the production of any of the books, documents, records, or memoranda of any license or permit holder for the purpose of satisfying itself that this chapter and its regulations are strictly complied with. In addition, the Commission may require the production of an annual balance sheet and operating statement of any person licensed or granted a permit pursuant to the provisions of this chapter and may require the production of any contract to which such person is or may be a party.

3. The Commission shall promulgate regulations and conditions under which horse racing with pari-mutuel wagering shall be conducted in the Commonwealth, and all such other regulations it deems necessary and appropriate to effect the purposes of this chapter, including a requirement that licensees post, in a conspicuous place in every place where pari-mutuel wagering is conducted, a sign which bears a toll-free telephone number for "Gamblers Anonymous" or other organization which provides assistance to compulsive gamblers. Such regulations shall include provisions for affirmative action to assure participation by minority persons in contracts granted by the Commission and its licensees. Nothing in this subdivision shall be deemed to preclude private local ownership or participation in any horse racetrack. Such regulations may include penalties for violations. The regulations shall be subject to the Administrative Process Act (§ 2.2-4000 et seq.).

4. The Commission shall promulgate regulations and conditions under which simulcast horse racing shall be conducted at a licensed horse racetrack or satellite facility in the Commonwealth and all such other regulations it deems necessary and appropriate to effect the purposes of this chapter. Such regulations shall include provisions that all simulcast horse racing shall comply with the Interstate Horse Racing Act of 1978 (15 U.S.C. § 3001 et seq.) and shall require the holder of an unlimited license to schedule not less than 150 live racing days in the Commonwealth each calendar year; however, the Commission shall have the authority to alter the required number of live racing days based on what the Commission deems to be in the best interest of the Virginia horse industry. Such regulations shall authorize up to 10 satellite facilities and restrict majority ownership of satellite facilities to an entity licensed by the Commission which owns a horse racetrack in the Commonwealth. Nothing in this subdivision shall be deemed to preclude private local ownership or participation in any satellite facility. Except as authorized pursuant to subdivision 5, wagering on simulcast horse racing shall take place only at a licensed horse racetrack or satellite facility.

5. The Commission shall promulgate regulations and conditions regulating and controlling advance deposit account wagering. Such regulations shall include, but not be limited to, (i) standards, qualifications, and procedures for the issuance of a license to any such entity or entities pursuant to § 59.1-375 to operate pari-mutuel wagering in the Commonwealth; (ii) provisions regarding access to books, records, and memoranda, and submission to investigations and audits, as authorized by subdivisions 2 and 10 of this section; and (iii) provisions regarding the collection of all revenues due to the Commonwealth from the placing of such wagers. No pari-mutuel wager may be made on or with

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59 any computer owned or leased by the Commonwealth, or any of its subdivisions, or at any public
60 elementary or secondary school, or any public college or university. The Commission also shall ensure
61 that, except for this method of pari-mutuel wagering, all wagering on simulcast horse racing shall take
62 place only at a licensed horse racetrack or satellite facility.

63 Notwithstanding the provisions of § 59.1-392, the allocation of revenue from advance deposit account
64 wagering shall include (i) a licensee fee *paid to the Commission; and shall be subject to a contractual*
65 *agreement, approved by the Commission, between such entity and an;* (ii) *an additional fee equal to 10*
66 *percent of all wagers made within the Commonwealth placed through an advance deposit account*
67 *wagering licensee, out of which shall be distributed: (a) one-half to all unlimited licensee licensees and*
68 *(b) one-half to representatives of the recognized majority horsemen groups concerning the distribution of*
69 *the remaining portion of the retainage. If the license applicant has not been able to reach such an*
70 *agreement with an unlimited licensee and representatives of the recognized majority horsemen's*
71 *organizations after good faith negotiations, the license applicant may apply for a temporary license to*
72 *operate advance deposit account wagering pursuant to § 59.1-376.1; and (iii) an additional fee equal to*
73 *one percent of all wagers made within the Commonwealth placed through an advance deposit account*
74 *wagering licensee, which shall be paid to the Virginia Breeders Fund. The advance deposit account*
75 *wagering licensee shall pay the fee required by clause (ii) into an escrow account in the name of the*
76 *Commission no later than the tenth of the month following the month in which such wagers are*
77 *received. Such escrow account shall be in a financial institution approved by the Commission and shall*
78 *be distributed within three business days by the Commission in the manner set forth in this subdivision.*

79 Nothing in this subdivision shall be construed to limit the Commission's authority as set forth
80 elsewhere in this section.

81 6. The Commission may issue subpoenas for the attendance of witnesses before it, administer oaths,
82 and compel production of records or other documents and testimony of such witnesses whenever, in the
83 judgment of the Commission, it is necessary to do so for the effectual discharge of its duties.

84 7. The Commission may compel any person holding a license or permit to file with the Commission
85 such data as shall appear to the Commission to be necessary for the performance of its duties including
86 but not limited to financial statements and information relative to stockholders and all others with any
87 pecuniary interest in such person. It may prescribe the manner in which books and records of such
88 persons shall be kept.

89 8. The Commission may enter into arrangements with any foreign or domestic government or
90 governmental agency, for the purposes of exchanging information or performing any other act to better
91 ensure the proper conduct of horse racing.

92 9. The Commission shall report annually on or before March 1 to the Governor and the General
93 Assembly, which report shall include a financial statement of the operation of the Commission.

94 10. The Commission may order such audits, in addition to those required by § 59.1-394, as it deems
95 necessary and desirable.

96 11. The Commission shall upon the receipt of a complaint of an alleged criminal violation of this
97 chapter immediately report the complaint to the Attorney General of the Commonwealth and the State
98 Police for appropriate action.

99 12. The Commission shall provide for the withholding of the applicable amount of state and federal
100 income tax of persons claiming a prize or pay-off for a winning wager and shall establish the thresholds
101 for such withholdings.

102 13. The Commission, its representatives and employees may, within the enclosure, stable, or other
103 facility related to the conduct of racing, and during regular or usual business hours, subject any (i)
104 permit holder to personal inspections, including alcohol and drug testing for illegal drugs, inspections of
105 personal property, and inspections of other property or premises under the control of such permit holder
106 and (ii) horse eligible to race at a race meeting licensed by the Commission to testing for substances
107 foreign to the natural horse within the racetrack enclosure or other place where such horse is kept. Any
108 item, document or record indicative of a violation of any provision of this chapter or Commission
109 regulations may be seized as evidence of such violation. All permit holders consent to the searches and
110 seizures authorized by this subdivision, including breath, blood and urine sampling for alcohol and
111 illegal drugs, by accepting the permit issued by the Commission. The Commission may revoke or
112 suspend the permit of any person who fails or refuses to comply with this subdivision or any rules of
113 the Commission. Commission regulations in effect on July 1, 1998, shall continue in full force and
114 effect until modified by the Commission in accordance with law.

115 14. The Commission shall require the existence of a contract between the licensee and the recognized
116 majority horseman's group providing for purses and prizes. Such contract shall be subject to the approval
117 of the Commission, which shall have the power to approve or disapprove any of its items, including but
118 not limited to the provisions regarding purses and prizes. Such contracts shall provide that on pools
119 generated by wagering on simulcast horse racing from outside the Commonwealth, (i) for the first \$75
120 million of the total pari-mutuel handle for each breed, the licensee shall deposit funds at the minimum

rate of five percent in the horsemen's purse account, (ii) for any amount in excess of \$75 million but less than \$150 million of the total pari-mutuel handle for each breed, the licensee shall deposit funds at the minimum rate of six percent in the horsemen's purse account, (iii) for amounts in excess of \$150 million for each breed, the licensee shall deposit funds at the minimum rate of seven percent in the horsemen's purse account. Such deposits shall be made in the horsemen's purse accounts of the breed that generated the pools and such deposits shall be made within five days from the date on which the licensee receives wagers.

15. Notwithstanding the provisions of § 59.1-391, the Commission may grant provisional limited licenses or provisional unlimited licenses to own or operate racetracks or satellite facilities to an applicant prior to the applicant securing the approval through the local referendum required by § 59.1-391. The provisional licenses issued by the Commission shall only become effective upon the approval of the racetrack or satellite wagering facilities in a referendum conducted pursuant to § 59.1-391 in the jurisdiction in which the racetrack or satellite wagering facility is to be located.

2. That § 59.1-376.1 of the Code of Virginia is repealed.