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HOUSE BILL NO. 1832

Offered January 12, 2011

Prefiled January 11, 2011

A BILL to amend and reenact §§ 18.2-325, 18.2-334, 59.1-365, 59.1-369, and 59.1-392 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 18.2-331.1 and 59.1-387.1, relating to the Virginia Racing Commission; restricted wagering facilities authorized; penalty.

Patron—Scott, E.T.

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-325, 18.2-334, 59.1-365, 59.1-369, and 59.1-392 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 18.2-331.1 and 59.1-387.1 as follows:

§ 18.2-325. Definitions.

1. "Illegal gambling" means the making, placing or receipt of any bet or wager in the Commonwealth of money or other thing of value, made in exchange for a chance to win a prize, stake or other consideration or thing of value, dependent upon the result of any game, contest or any other event the outcome of which is uncertain or a matter of chance, whether such game, contest or event occurs or is to occur inside or outside the limits of the Commonwealth.

a. For the purposes of this subdivision and notwithstanding any provision in this section to the contrary, the making, placing, or receipt of any bet or wager of money or other thing of value shall include the purchase of a product, which purchase credits the purchaser with free points or other measurable units that may be risked by the purchaser for an opportunity to win additional points or other measurable units that are redeemable by the purchaser for money at the location where the product was purchased.

b. Nothing in this section shall be construed or interpreted to prohibit the conduct of any lawful game, contest, lottery, scheme, or promotional offering that complies with the requirements contained in § 18.2-325.1.

2. "Illegal wagering on horse racing" means the making, placing, or receipt of any bet or wager of money or other thing of value on a horse race in the Commonwealth, whether the race is inside or outside the limits of the Commonwealth at any place or through any means other than (i) at a racetrack licensed by the Virginia Racing Commission pursuant to Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 or (ii) at a satellite facility or restricted wagering facility or through advance deposit account wagering, as those terms are defined in § 59.1-365, licensed by the Virginia Racing Commission pursuant to Chapter 29 (§ 59.1-364 et seq.) of Title 59.1.

3. "Interstate gambling" means the conduct of an enterprise for profit which engages in the purchase or sale within the Commonwealth of any interest in a lottery of another state or country whether or not such interest is an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of such interest.

34. "Gambling device" includes:

a. Any device, machine, paraphernalia, equipment, or other thing, including books, records and other papers, which are actually used in an illegal gambling operation or activity, and

b. Any machine, apparatus, implement, instrument, contrivance, board or other thing, including but not limited to those dependent upon the insertion of a coin or other object for their operation, which operates, either completely automatically or with the aid of some physical act by the player or operator, in such a manner that, depending upon elements of chance, it may eject something of value or determine the prize or other thing of value to which the player is entitled; provided, however, that the return to the user of nothing more than additional chances or the right to use such machine is not deemed something of value within the meaning of this subsection; and provided further, that machines that only sell, or entitle the user to, items of merchandise of equivalent value that may differ from each other in composition, size, shape or color, shall not be deemed gambling devices within the meaning of this subsection.

Such devices are no less gambling devices if they indicate beforehand the definite result of one or more operations but not all the operations. Nor are they any less a gambling device because, apart from their use or adaptability as such, they may also sell or deliver something of value on a basis other than chance.

45. "Operator" includes any person, firm or association of persons, who conducts, finances, manages,

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59 supervises, directs or owns all or part of an illegal gambling enterprise, activity or operation.

60 § 18.2-331.1. *Illegal wagering on horse racing; penalty; venue.*

61 A. A person shall be guilty of illegal wagering on horse racing if he makes, places, or receives any
62 bet or wager of money or other thing of value on a horse race in the Commonwealth, whether the race
63 is inside or outside the limits of the Commonwealth at any place or through any means other than (i) at
64 a racetrack licensed by the Virginia Racing Commission pursuant to Chapter 29 (§ 59.1-364 et seq.) of
65 Title 59.1 or (ii) at a satellite facility or restricted wagering facility or through advance deposit account
66 wagering, as those terms are defined in § 59.1-365, licensed by the Virginia Racing Commission
67 pursuant to Chapter 29 (§ 59.1-364 et seq.) of Title 59.1.

68 A violation of any provision of this section shall constitute a Class 1 misdemeanor.

69 B. For the purposes of venue, any violation of this section shall be considered to have been
70 committed in any county or city in which any act was performed in furtherance of any course of
71 conduct that violated this section.

72 § 18.2-334. Exception to article; private residences.

73 Nothing in this article shall be construed to make it illegal to participate in a game of chance
74 conducted in a private residence, provided such private residence is not commonly used for such games
75 of chance and there is no operator as defined in ~~subsection 4~~ subdivision 5 of § 18.2-325.

76 § 59.1-365. Definitions.

77 Unless another meaning is required by the context, the following words shall have the meanings
78 prescribed by this section:

79 "Advance deposit account wagering" means a method of pari-mutuel wagering conducted in the
80 Commonwealth that is permissible under the Interstate Horseracing Act, § 3001 et seq. of Chapter 57 of
81 Title 15 of the United States Code, and in which an individual may establish an account with an entity,
82 licensed by the Commission, to place pari-mutuel wagers in person or electronically.

83 "Breakage" means the odd cents by which the amount payable on each dollar wagered exceeds a
84 multiple of \$0.10.

85 "Commission" means the Virginia Racing Commission.

86 "Dependent" means a son, daughter, father, mother, brother, sister, or other person, whether or not
87 related by blood or marriage, if such person receives from an officer or employee more than one-half of
88 his financial support.

89 "Drug" shall have the meaning prescribed by § 54.1-3401. The Commission shall by regulation
90 define and designate those drugs the use of which is prohibited or restricted.

91 "Enclosure" means all areas of the property of a track to which admission can be obtained only by
92 payment of an admission fee or upon presentation of authorized credentials, and any additional areas
93 designated by the Commission.

94 "Handle" means the total amount of all pari-mutuel wagering sales excluding refunds and
95 cancellations.

96 "Horse racing" means a competition on a set course involving a race between horses on which
97 pari-mutuel wagering is permitted.

98 "Immediate family" means (i) a spouse and (ii) any other person residing in the same household as
99 an officer or employee, who is a dependent of the officer or employee or of whom the officer or
100 employee is a dependent.

101 "Licensee" includes any person holding an owner's, operator's or limited license under §§ 59.1-375
102 through 59.1-386 of this chapter. The licensee under a limited license shall not be deemed an owner for
103 the purposes of owning or operating a satellite facility.

104 "Member" includes any person designated a member of a nonstock corporation, and any person who
105 by means of a pecuniary or other interest in such corporation exercises the power of a member.

106 "Pari-mutuel wagering" means the system of wagering on horse races in which those who wager on
107 horses that finish in the position or positions for which wagers are taken share in the total amounts
108 wagered, plus any amounts provided by an unlimited licensee, less deductions required or permitted by
109 law and includes pari-mutuel wagering on simulcast horse racing originating within the Commonwealth
110 or from any other jurisdiction.

111 "Participant" means any person who (i) has an ownership interest in any horse entered to race in the
112 Commonwealth or who acts as the trainer, jockey, or driver of any horse entered to race in the
113 Commonwealth or (ii) takes part in any horse racing subject to the jurisdiction of the Commission or in
114 the conduct of a race meeting or pari-mutuel wagering there, including but not limited to a horse owner,
115 trainer, jockey, or driver, groom, stable foreman, valet, veterinarian, agent, pari-mutuel employee,
116 concessionaire or employee thereof, track employee, or other position the Commission deems necessary
117 to regulate to ensure the integrity of horse racing in Virginia.

118 "Permit holder" includes any person holding a permit to participate in any horse racing subject to the
119 jurisdiction of the Commission or in the conduct of a race meeting or pari-mutuel wagering thereon as
120 provided in § 59.1-387.

"Person" means any individual, group of individuals, firm, company, corporation, partnership, business, trust, association, or other legal entity.

"Pool" means the amount wagered during a race meeting or during a specified period thereof.

"Principal stockholder" means any person who individually or in concert with his spouse and immediate family members, beneficially owns or controls, directly or indirectly, five percent or more of the stock of any person which is a licensee, or who in concert with his spouse and immediate family members, has the power to vote or cause the vote of five percent or more of any such stock. However, "principal stockholder" shall not include a broker-dealer registered under the Securities Exchange Act of 1934, as amended, which holds in inventory shares for sale on the financial markets for a publicly traded corporation holding, directly or indirectly, a license from the Commission.

"Race meeting" means the whole consecutive period of time during which horse racing with pari-mutuel wagering is conducted by a licensee.

"Racetrack" means an outdoor course located in Virginia which is laid out for horse racing and is licensed by the Commission.

"Restricted wagering facility" means all areas of the property meeting the criteria set forth in § 59.1-387.1, at which simulcast horse racing is received for the purposes of pari-mutuel wagering, and any additional areas designated by the Commission.

"Retainage" means the total amount deducted from the pari-mutuel wagering pool for (i) a license fee to the Commission and localities, (ii) the unlimited license, (iii) purse money for the participants, (iv) the Virginia Breeders Fund, and (v) certain enumerated organizations as required or permitted by law, regulation or contract approved by the Commission.

"Satellite facility" means all areas of the property at which simulcast horse racing is received for the purposes of pari-mutuel wagering, and any additional areas designated by the Commission. *"Satellite facility" shall not include a restricted wagering facility.*

"Simulcast horse racing" means the simultaneous transmission of the audio or video portion, or both, of horse races from a licensed horse racetrack or, satellite facility, *or restricted wagering facility* to another licensed horse racetrack or, satellite facility, *or restricted wagering facility*, regardless of state of licensure, whether such races originate within the Commonwealth or any other jurisdiction, by satellite communication devices, television cables, telephone lines, or any other means for the purposes of conducting pari-mutuel wagering.

"Steward" means a racing official, duly appointed by the Commission, with powers and duties prescribed by Commission regulations.

"Stock" includes all classes of stock, partnership interest, membership interest, or similar ownership interest of an applicant or licensee, and any debt or other obligation of such person or an affiliated person if the Commission finds that the holder of such interest or stock derives therefrom such control or voice in the operation of the applicant or licensee that he should be deemed an owner of stock.

"Virginia Breeders Fund" means the fund established to foster the industry of breeding race horses in the Commonwealth of Virginia.

§ 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

182 to compulsive gamblers. Such regulations shall include provisions for affirmative action to assure
183 participation by minority persons in contracts granted by the Commission and its licensees. Nothing in
184 this subdivision shall be deemed to preclude private local ownership or participation in any horse
185 racetrack. Such regulations may include penalties for violations. The regulations shall be subject to the
186 Administrative Process Act (§ 2.2-4000 et seq.).

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

200 5. The Commission shall promulgate regulations and conditions regulating and controlling advance
201 deposit account wagering. Such regulations shall include, but not be limited to, (i) standards,
202 qualifications, and procedures for the issuance of a license to any such entity or entities pursuant to
203 § 59.1-375 to operate pari-mutuel wagering in the Commonwealth; (ii) provisions regarding access to
204 books, records, and memoranda, and submission to investigations and audits, as authorized by
205 subdivisions 2 and 10 of this section; and (iii) provisions regarding the collection of all revenues due to
206 the Commonwealth from the placing of such wagers. No pari-mutuel wager may be made on or with
207 any computer owned or leased by the Commonwealth, or any of its subdivisions, or at any public
208 elementary or secondary school, or any public college or university. The Commission also shall ensure
209 that, except for this method of pari-mutuel wagering, all wagering on simulcast horse racing shall take
210 place only at a licensed horse racetrack ~~or~~, satellite facility, *or restricted wagering facility*.

211 Notwithstanding the provisions of § 59.1-392, the allocation of revenue from advance deposit account
212 wagering shall include (i) a licensee fee paid to the Commission; (ii) an additional fee equal to 10
213 percent of all wagers made within the Commonwealth placed through an advance deposit account
214 wagering licensee, out of which shall be paid: (a) one-half to all unlimited licensees and (b) one-half to
215 representatives of the recognized majority horsemen groups; and (iii) an additional fee equal to one
216 percent of all wagers made within the Commonwealth placed through an advance deposit account
217 wagering licensee, which shall be paid to the Virginia Breeders Fund.

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

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

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

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

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

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

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

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

241 13. The Commission, its representatives and employees may, within the enclosure, stable, or other
242 facility related to the conduct of racing, and during regular or usual business hours, subject any (i)
243 permit holder to personal inspections, including alcohol and drug testing for illegal drugs, inspections of

personal property, and inspections of other property or premises under the control of such permit holder and (ii) horse eligible to race at a race meeting licensed by the Commission to testing for substances foreign to the natural horse within the racetrack enclosure or other place where such horse is kept. Any item, document or record indicative of a violation of any provision of this chapter or Commission regulations may be seized as evidence of such violation. All permit holders consent to the searches and seizures authorized by this subdivision, including breath, blood and urine sampling for alcohol and illegal drugs, by accepting the permit issued by the Commission. The Commission may revoke or suspend the permit of any person who fails or refuses to comply with this subdivision or any rules of the Commission. Commission regulations in effect on July 1, 1998, shall continue in full force and effect until modified by the Commission in accordance with law.

14. The Commission shall require the existence of a contract between the licensee and the recognized majority horseman's group providing for purses and prizes. Such contract shall be subject to the approval of the Commission, which shall have the power to approve or disapprove any of its items, including but not limited to the provisions regarding purses and prizes. Such contracts shall provide that on pools generated by wagering on simulcast horse racing from outside the Commonwealth, (i) for the first \$75 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.

§ 59.1-387.1. *Restricted wagering facility license.*

A. Any person holding unlimited licenses to own and operate a racetrack and at least three satellite facilities may apply to the Commission for licenses to own and operate a restricted wagering facility and the Commission shall promptly consider any such application and grant such licenses to such license holders who meet the criteria set forth in this chapter, regulations of the Commission, and the following requirements:

1. The applicant shall have secured the approval of the governing body of the county, city, or town in which the restricted wagering facility will be located;

2. The applicant shall not place more than five totalizator machines with pari-mutuel employees in each restricted wagering facility, and then only in an existing facility;

3. The applicant shall not conduct pari-mutuel wagering on more than five days in a week at each restricted wagering facility; and

4. The applicant shall not accept wagers after 11:00 p.m. at any restricted wagering facility.

B. For the purposes of this section, "totalizator machine" means an apparatus for registering and indicating the total of operations, measurements, etc.

§ 59.1-392. Percentage retained; tax.

A. Any person holding an operator's license to operate a horse racetrack or, satellite facility, or restricted wagering facility in the Commonwealth pursuant to this chapter shall be authorized to conduct pari-mutuel wagering on horse racing subject to the provisions of this chapter and the conditions and regulations of the Commission.

B. On pari-mutuel pools generated by wagering at the racetrack on live horse racing conducted within the Commonwealth, involving win, place and show wagering, the licensee shall retain an amount not to exceed eighteen percent of such pool, unless the Commission in the best interest of the Virginia horse industry sets a different amount, and the legitimate breakage, out of which shall be paid one and one-quarter percent to be distributed as follows: one percent to the Commonwealth as a license tax, and one-quarter percent to the locality in which the racetrack is located. The remainder of the eighteen percent retainage shall be paid as provided in subsection D.

C. On pari-mutuel pools generated by wagering at each Virginia satellite facility and each restricted wagering facility on live horse racing conducted within the Commonwealth, involving win, place and show wagering, the licensee shall retain an amount not to exceed eighteen percent of such pool, unless the Commission in the best interest of the Virginia horse industry sets a different amount, and the legitimate breakage, out of which shall be paid one and one-quarter percent to be distributed as follows:

three-quarters percent to the Commonwealth as a license tax, one-quarter percent to the locality in which the satellite facility is located, and one-quarter percent to the locality in which the racetrack is located. The remainder of the eighteen percent retainage shall be paid as provided in subsection D.

D. On pari-mutuel pools generated by wagering at the racetrack ~~and~~, each Virginia satellite facility, ~~and each restricted wagering facility~~ on live horse racing conducted within the Commonwealth, involving win, place and show wagering, the licensee shall retain an amount not to exceed eighteen percent of such pool, *unless the Commission in the best interest of the Virginia horse industry sets a different amount*, and the legitimate breakage, out of which shall be paid:

1. Eight percent as purses or prizes to the participants in such race meeting;
2. Seven and one-half percent, and all of the breakage and the proceeds of pari-mutuel tickets unredeemed 180 days from the date on which the race was conducted, to the operator;
3. One percent to the Virginia Breeders Fund;
4. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;
5. Five one-hundredths percent to the Virginia Horse Center Foundation;
6. Five one-hundredths percent to the Virginia Horse Industry Board; and
7. The remainder of the eighteen percent retainage shall be paid as appropriate under subsection B or

C. E. On pari-mutuel pools generated by wagering at the racetrack on live horse racing conducted within the Commonwealth involving wagering other than win, place and show wagering, the licensee shall retain an amount not to exceed twenty-two percent of such pool, *unless the Commission in the best interest of the Virginia horse industry sets a different amount*, and the legitimate breakage, out of which shall be paid two and three-quarters percent to be distributed as follows: two and one-quarter percent to the Commonwealth as a license tax, and one-half percent to the locality in which the racetrack is located. The remainder of the twenty-two percent retainage shall be paid as provided in subsection G.

F. On pari-mutuel pools generated by wagering at each Virginia satellite facility ~~and each restricted wagering facility~~ on live horse racing conducted within the Commonwealth involving wagering other than win, place and show wagering, the licensee shall retain an amount not to exceed twenty-two percent of such pool, *unless the Commission in the best interest of the Virginia horse industry sets a different amount*, and the legitimate breakage, out of which shall be paid two and three-quarters percent to be distributed as follows: one and three-quarters percent to the Commonwealth as a license tax, one-half percent to the locality in which the satellite facility is located, and one-half percent to the locality in which the racetrack is located. The remainder of the twenty-two percent retainage shall be paid as provided in subsection G.

G. On pari-mutuel pools generated by wagering at the racetrack ~~and~~, each Virginia satellite facility, ~~and each restricted wagering facility~~ on live horse racing conducted within the Commonwealth involving wagering other than win, place and show wagering, the licensee shall retain an amount not to exceed twenty-two percent of such pool, *unless the Commission in the best interest of the Virginia horse industry sets a different amount*, and the legitimate breakage, out of which shall be paid:

1. Nine percent as purses or prizes to the participants in such race meeting;
2. Nine percent, and the proceeds of the pari-mutuel tickets unredeemed 180 days from the date on which the race was conducted, to the operator;
3. One percent to the Virginia Breeders Fund;
4. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;
5. Five one-hundredths percent to the Virginia Horse Center Foundation;
6. Five one-hundredths percent to the Virginia Horse Industry Board; and
7. The remainder of the twenty-two percent retainage shall be paid as appropriate under subsection E or F.

H. On pari-mutuel wagering generated by simulcast horse racing transmitted from jurisdictions outside the Commonwealth, the licensee may, with the approval of the Commission, commingle pools with the racetrack where the transmission emanates or establish separate pools for wagering within the Commonwealth. All simulcast horse racing in this subsection must comply with the Interstate Horse Racing Act of 1978 (15 U.S.C. § 3001 et seq.).

I. On pari-mutuel pools generated by wagering at the racetrack on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place and show wagering, the licensee shall retain one and one-quarter percent of such pool to be distributed as follows: three-quarters percent to the Commonwealth as a license tax, and one-half percent to the Virginia locality in which the racetrack is located.

J. On pari-mutuel pools generated by wagering at each Virginia satellite facility ~~and each restricted wagering facility~~ on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place and show wagering, the licensee shall retain one and one-quarter percent of such pool to be distributed as follows: three-quarters percent to the Commonwealth as a license tax, one-quarter percent to the locality in which the satellite facility is located, and one-quarter percent to the

Virginia locality in which the racetrack is located.

K. On pari-mutuel pools generated by wagering at the racetrack ~~and~~, each Virginia satellite facility, ~~and each restricted wagering facility~~ on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place and show wagering, the licensee shall retain one and ~~one-quarter~~ *thirty one-hundredths* percent of such pool to be distributed as follows:

1. One percent of the pool to the Virginia Breeders Fund;
2. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;
3. Five one-hundredths percent to the Virginia Horse Center Foundation; ~~and~~
4. Five one-hundredths percent to the Virginia Horse Industry Board; ~~and~~
5. *Five one-hundredths percent to the Virginia Thoroughbred Association for the promotion of breeding in the Commonwealth.*

L. On pari-mutuel pools generated by wagering at the racetrack on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving wagering other than win, place and show wagering, the licensee shall retain two and three-quarters percent of such pool to be distributed as follows: one and three-quarters percent to the Commonwealth as a license tax, and one percent to the Virginia locality in which the racetrack is located.

M. On pari-mutuel pools generated by wagering at each Virginia satellite facility ~~and each restricted wagering facility~~ on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving wagering other than win, place and show wagering, the licensee shall retain two and three-quarters percent of such pool to be distributed as follows: one and three-quarters percent to the Commonwealth as a license tax, one-half percent to the locality in which the satellite facility is located, and one-half percent to the Virginia locality in which the racetrack is located.

N. On pari-mutuel pools generated by wagering at the racetrack ~~and~~, each Virginia satellite facility, ~~and each restricted wagering facility~~ on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving wagering other than win, place and show wagering, the licensee shall retain one and ~~one-quarter~~ *thirty one-hundredths* percent of such pool to be distributed as follows:

1. One percent of the pool to the Virginia Breeders Fund;
2. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;
3. Five one-hundredths percent to the Virginia Horse Center Foundation; ~~and~~
4. Five one-hundredths percent to the Virginia Horse Industry Board; ~~and~~
5. *Five one-hundredths percent to the Virginia Thoroughbred Association for the promotion of breeding in the Commonwealth.*

O. Moneys payable to the Commonwealth shall be deposited in the general fund. Gross receipts for license tax purposes under Chapter 37 (§ 58.1-3700 et seq.) of Title 58.1 shall not include pari-mutuel wagering pools and license taxes authorized by this section.

P. All payments by the licensee to the Commonwealth or any locality shall be made within five days from the date on which such wagers are received by the licensee. All payments by the licensee to the Virginia Breeders Fund shall be made to the Commission within five days from the date on which such wagers are received by the licensee. All payments by the licensee to the Virginia-Maryland Regional College of Veterinary Medicine, the Virginia Horse Center Foundation, ~~and~~ the Virginia Horse Industry Board, ~~and the Virginia Thoroughbred Association~~ shall be made by the first day of each quarter of the calendar year. All payments made under this section shall be used in support of the policy of the Commonwealth to sustain and promote the growth of a native industry.

Q. If a satellite facility is located in more than one locality, any amount a licensee is required to pay under this section to the locality in which the satellite facility is located shall be prorated in equal shares among those localities.

R. Any contractual agreement between a licensee and other entities concerning the distribution of the remaining portion of the retainage under subsections I through N shall be subject to the approval of the Commission.

S. The horsemen's organizations representing a majority of the horsemen racing at a licensed unlimited race meeting may, subject to the approval of the Commission, withdraw for administrative costs associated with serving the interests of the horsemen an amount not to exceed two percent of the amount in the horsemen's account.

T. The legitimate breakage from each pari-mutuel pool for both live racing and simulcast horse racing shall be distributed as follows:

1. Seventy percent to be retained by the licensee to be used for capital improvements that are subject to approval of the Commission; ~~and~~
2. Thirty percent to be deposited in the Racing Benevolence Fund, administered jointly by the licensee and the horsemen's organization representing a majority of the horsemen racing at a licensed unlimited race meeting, to be disbursed with the approval of the Commission for gambling addiction and substance abuse counseling, recreational, educational or other related programs.

428 2. That the Virginia Racing Commission shall promulgate regulations to implement the provisions
429 of this act to be effective within 280 days of its enactment.