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SENATE BILL NO. 1097

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology
on February 9, 2015)

(Patron Prior to Substitute—Senator Vogel)

A BILL to amend and reenact §§ 59.1-365, 59.1-369, 59.1-376, 59.1-378, 59.1-378.1, and 59.1-392 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 59.1-392.1, relating to the Virginia Racing Commission; powers.

Be it enacted by the General Assembly of Virginia:

1. That §§ 59.1-365, 59.1-369, 59.1-376, 59.1-378, 59.1-378.1, and 59.1-392 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 59.1-392.1 as follows:

§ 59.1-365. Definitions.

Unless another meaning is required by *As used in this chapter, unless the context, the following words shall have the meanings prescribed by this section requires a different meaning:*

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

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

"Commission" means the Virginia Racing Commission.

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

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

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

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

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

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

"Licensee" includes any person holding an owner's, *or operator's or limited license under §§ Article 2 (§ 59.1-375 through 59.1-386 of this chapter et seq.). The licensee under a limited license shall not be deemed an owner for the purposes of owning or operating a satellite facility.*

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

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

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

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

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

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

61 "Principal stockholder" means any person who individually or in concert with his spouse and
62 immediate family members, beneficially owns or controls, directly or indirectly, five percent or more of
63 the stock of any person which is a licensee, or who in concert with his spouse and immediate family
64 members, has the power to vote or cause the vote of five percent or more of any such stock. However,
65 "principal stockholder" shall not include a broker-dealer registered under the Securities Exchange Act of
66 1934, as amended, which holds in inventory shares for sale on the financial markets for a publicly
67 traded corporation holding, directly or indirectly, a license from the Commission.

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

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

72 *"Recognized majority horsemen's group" means the organization recognized by the Commission as*
73 *the representative of the majority of owners and trainers racing at race meetings subject to the*
74 *Commission's jurisdiction.*

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

79 "Satellite facility" means all areas of the property at which simulcast horse racing is received for the
80 purposes of pari-mutuel wagering, and any additional areas designated by the Commission.

81 *"Significant infrastructure facility" means a horse racing facility that has been approved by a local*
82 *referendum pursuant to § 59.1-391 and has a minimum racing infrastructure consisting of (i) a one-mile*
83 *dirt track for flat racing, (ii) a seven-eighths-mile turf course for flat or jump racing, (iii) covered*
84 *seating for no fewer than 500 persons, and (iv) barns with no fewer than 400 permanent stalls.*

85 *"Significant infrastructure limited licensee" means a person who owns or operates a significant*
86 *infrastructure facility and holds a limited license under § 59.1-376.*

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

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

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

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

100 **§ 59.1-369. Powers and duties of the Commission.**

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

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

111 2. The Commission, its representatives, and employees shall visit, investigate, and have free access to
112 the office, track, facilities, satellite facilities or other places of business of any license or permit holder,
113 and may compel the production of any of the books, documents, records, or memoranda of any license
114 or permit holder for the purpose of satisfying itself that this chapter and its regulations are strictly
115 complied with. In addition, the Commission may require ~~the production of any person granted a permit~~
116 ~~by the Commission and shall require any person licensed by the Commission, the recognized majority~~
117 ~~horsemen's group, and the nonprofit industry stakeholder organization recognized by the Commission~~
118 ~~under this chapter to produce an annual balance sheet and operating statement of any person licensed or~~
119 ~~granted a permit pursuant to the provisions of this chapter and prepared by a certified public accountant~~
120 ~~approved by the Commission. The Commission may require the production of any contract to which such~~
121 ~~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~~ a license to schedule ~~not less no more than 150~~ 125 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 that is a significant infrastructure limited licensee~~. 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 an entity for the operation of pari-mutuel wagering in the Commonwealth; except that the Commission shall not issue a license to, and shall revoke the license of, an entity that, either directly or through an entity under common control with it, withholds the sale at fair market value to an ~~unlimited~~ a licensee of simulcast horse racing signals that such entity or an entity under common control with it sells to other racetracks, satellite facilities, or advance deposit account wagering providers located in or outside of 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 any computer owned or leased by the Commonwealth, or any of its subdivisions, or at any public elementary or secondary school, or any public college or university. The Commission also shall ensure that, except for this method of pari-mutuel wagering, all wagering on simulcast horse racing shall take place only at a licensed horse racetrack or satellite facility.

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

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

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

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

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

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

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

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

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

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

204 14. The Commission shall require the existence of a contract between ~~the~~ *each* licensee and the
205 recognized majority ~~horseman's~~ *horsemen's* group ~~providing for purses and prizes for that licensee.~~ Such
206 contract shall be subject to the approval of the Commission, which shall have the power to approve or
207 disapprove any of its items, including but not limited to the provisions regarding purses and prizes. Such
208 contracts shall provide that on pools generated by wagering on simulcast horse racing from outside the
209 Commonwealth, (i) for the first \$75 million of the total pari-mutuel handle for each breed, the licensee
210 shall deposit funds at the minimum rate of five percent in the horsemen's purse account, (ii) for any
211 amount in excess of \$75 million but less than \$150 million of the total pari-mutuel handle for each
212 breed, the licensee shall deposit funds at the minimum rate of six percent in the horsemen's purse
213 account, (iii) for amounts in excess of \$150 million for each breed, the licensee shall deposit funds at
214 the minimum rate of seven percent in the horsemen's purse account. Such deposits shall be made in the
215 horsemen's purse accounts of the breed that generated the pools and such deposits shall be made within
216 five days from the date on which the licensee receives wagers. *In the absence of the required contract*
217 *between the licensee and the recognized majority horsemen's group, the Commission may permit*
218 *wagering to proceed on simulcast horse racing from outside of the Commonwealth, provided that the*
219 *licensee deposits into the State Racing Operations Fund created pursuant to § 59.1-370.1 an amount*
220 *equal to the minimum percentage of the total pari-mutuel handles as required in clauses (i), (ii), and*
221 *(iii) or such lesser amount as the Commission may approve. The deposits shall be made within five days*
222 *from the date on which the licensee receives wagers. Once a contract between the licensee and the*
223 *recognized majority horsemen's group is executed and approved by the Commission, the Commission*
224 *shall transfer these funds to the licensee and the horsemen's purse accounts.*

225 15. Notwithstanding the provisions of § 59.1-391, the Commission may grant provisional limited
226 licenses or provisional unlimited licenses to own or operate racetracks or satellite facilities to an
227 applicant prior to the applicant securing the approval through the local referendum required by
228 § 59.1-391. The provisional licenses issued by the Commission shall only become effective upon the
229 approval of the racetrack or satellite wagering facilities in a referendum conducted pursuant to
230 § 59.1-391 in the jurisdiction in which the racetrack or satellite wagering facility is to be located.

231 **§ 59.1-376. Limited licenses; transfer of meet; taxation; authority to issue; limitations.**

232 A. Notwithstanding the provisions of § 59.1-375 or § 59.1-378 but subject to such regulations and
233 criteria as it may prescribe, the Commission is authorized to issue limited licenses, provided such
234 licenses shall permit any holder to conduct a race meeting or meetings for a period not to exceed
235 ~~fourteen~~ 14 days in any calendar year, *or in the case of a significant infrastructure limited licensee, 75*
236 *days in any calendar year.*

237 B. The Commission may at any time, in its discretion, authorize any organization or association
238 licensed under this section to transfer its race meeting or meetings from its own track or place for
239 holding races, to the track or place for holding races of any other organization or association licensed
240 under this chapter upon the payment of any and all appropriate license fees. No such authority to
241 transfer shall be granted without the express consent of the organization or association owning or leasing
242 the track to which such transfer is made.

243 C. For any such meeting the licensee shall retain and pay from the pool the tax as provided in
244 § 59.1-392.

D. No person to whom a limited license has been issued nor any officer, director, partner, or spouse or immediate family member thereof shall make any contribution to any candidate for public office or public office holder at the local or state level.

§ 59.1-378. Issuance of owner's license.

A. The Commission shall consider all applications for an owner's license and may grant a valid owner's license to applicants who meet the criteria set forth in this chapter and established by the Commission. The Commission shall deny a license to any applicant, unless it finds that the applicant's facilities are or will be appropriate for the finest quality of racing; ~~and meet or will meet the minimum standards that any track provided for standard breed racing be at least five-eighths of a mile, that any dirt track provided for flat racing be at least one mile, and that any track provided for flat or jump racing on the turf be at least seven-eighths of a mile.~~

B. The Commission shall deny a license to an applicant if it finds that for any reason the issuance of a license to the applicant would not be in the interest of the people of the Commonwealth or the horse racing industry in the Commonwealth, or would reflect adversely on the honesty and integrity of the horse racing industry in the Commonwealth, or that the applicant, or any officer, partner, principal stockholder, or director of the applicant:

1. Has knowingly made a false statement of material fact or has deliberately failed to disclose any information requested;

2. Is or has been found guilty of any illegal, corrupt, or fraudulent act, practice, or conduct in connection with any horse racing in this or any other state, or has been convicted of a felony;

3. Has at any time knowingly failed to comply with the provisions of this chapter or of any regulations of the Commission;

4. Has had a license or permit to hold or conduct a horse race meeting denied for just cause, suspended, or revoked in any other state or country;

5. Has legally defaulted in the payment of any obligation or debt due to the Commonwealth;

6. Has constructed or caused to be constructed a racetrack or satellite facility for which a license was required under § 59.1-377 hereof without obtaining such license, or has deviated substantially, without the permission of the Commission, from the plans and specifications submitted to the Commission; or

7. Is not qualified to do business in Virginia or is not subject to the jurisdiction of the courts of this Commonwealth.

C. The Commission shall deny a license to any applicant unless it finds:

1. That, if the corporation is a stock corporation, that such stock is fully paid and nonassessable, has been subscribed and paid for only in cash or property to the exclusion of past services, and, if the corporation is a nonstock corporation, that there are at least twenty members;

2. That all principal stockholders or members have submitted to the jurisdiction of the Virginia courts, and all nonresident principal stockholders or members have designated the Executive Secretary of the Commission as their agent for receipt of process;

3. That the applicant's articles of incorporation provide that the corporation may, on vote of a majority of the stockholders or members, purchase at fair market value the entire membership interest of any stockholder or require the resignation of any member who is or becomes unqualified for such position under § 59.1-379; and

4. That the applicant meets the criteria established by the Commission for the granting of an owner's license.

§ 59.1-378.1. Licensing of owners or operators of certain pari-mutuel facilities.

A. Notwithstanding the provisions of § 59.1-391, the Commission may grant a license, for a duration to be determined by the Commission, to the owner or operator of a ~~steeplechase~~ facility for the purpose of conducting pari-mutuel wagering on (i) ~~steeplechase thoroughbred and standard bred~~ race meetings and (ii) simulcast horse racing ~~that is limited to the transmission from Churchill Downs of the Kentucky Derby horse race~~ at that facility in conjunction with the ~~steeplechase~~ race meetings for a period not to exceed 14 days in any calendar year, provided that, prior to making application for such license, (a) the ~~steeplechase~~ facility has been sanctioned by the Virginia Steeplechase Association or National Steeplechase Association *approved by the Commission* and (b) the owner or operator of such facility has been granted tax-exempt status under § 501(c)(3) or (4) of the Internal Revenue Code.

~~For purposes of this section, "steeplechase facility" means a turf racecourse constructed over natural ground which is utilized primarily for races where horses jump over fences.~~

B. In deciding whether to grant any license pursuant to this section, the Commission shall consider (i) the results of, circumstances surrounding, and issues involved in any referendum conducted under the provisions of § 59.1-391 and (ii) whether the Commission had previously granted a license to such facility, owner, or operator.

C. In no event shall the Commission issue more than 12 licenses in a calendar year pursuant to this section.

§ 59.1-392. Percentage retained; tax.

A. Any person holding an operator's license to operate a horse racetrack or satellite 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 a percentage amount approved by the Commission as jointly requested by a recognized majority horseman's horsemen's group and an unlimited a licensee 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 retainage shall be paid as provided in subsection D; provided, however, that if the percentage amount approved by the Commission is other than 18 percent, the amounts provided in subdivisions D 1, 2 and 3 shall be adjusted by the proportion that the approved percentage amount bears to 18 percent.

C. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse racing conducted within the Commonwealth, involving win, place and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horseman's horsemen's group and an unlimited a licensee 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 retainage shall be paid as provided in subsection D; provided, however, that if the percentage amount approved by the Commission is other than 18 percent, the amounts provided in subdivisions D 1, 2 and 3 shall be adjusted by the proportion that the approved percentage amount bears to 18 percent.

D. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on live horse racing conducted within the Commonwealth, involving win, place and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horseman's horsemen's group and an unlimited a licensee 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 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 a percentage amount approved by the Commission as jointly requested by a recognized majority horseman's horsemen's group and an unlimited a licensee 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 retainage shall be paid as provided in subsection G; provided, however, that if the percentage amount approved by the Commission is other than 22 percent, the amounts provided in subdivisions G 1, 2 and 3 shall be adjusted by the proportion that the approved percentage amount bears to 22 percent.

F. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse racing conducted within the Commonwealth involving wagering other than win, place and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horseman's horsemen's group and an unlimited a licensee 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 retainage shall be paid as provided in subsection G; provided, however, that if the percentage amount approved by the Commission is other than 22 percent, the amounts provided in subdivisions G 1, 2 and 3 shall be adjusted by the proportion that the approved percentage amount bears to 22 percent.

G. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on live horse racing conducted within the Commonwealth involving wagering other than win, place and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horseman's horsemen's group and an unlimited a licensee 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 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 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 on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place and show wagering, the licensee shall retain one and 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;
 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 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 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 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;
 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, 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 ~~horsemens organizations representing a majority of the horsemen recognized majority horsemen's group~~ 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 ~~horsemens organization representing a majority of the horsemen recognized majority horsemen's group~~ 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.

§ 59.1-392.1. Advance deposit account wagering revenues; distribution.

A. *Notwithstanding the provisions of § 59.1-392, the allocation of revenue from advance deposit account wagering shall include (i) a licensee fee of 1.5 percent paid to the Commission; (iii) an additional fee equal to one percent of all wagers made within the Commonwealth placed through an advance deposit account wagering licensee, which shall be paid to the Virginia Breeders Fund, and (iii) an additional fee equal to nine percent of all wagers made within the Commonwealth placed through an advance deposit account wagering licensee, out of which shall be paid:*

1. *Four percent to a nonprofit industry stakeholder organization recognized by, and with oversight from, the Commission to include the recognized majority horsemen's group, a breeder's organization, and a licensed track operator for the purpose of promoting, sustaining, and advancing horse racing within the Commonwealth; and*

2. *Five percent to representatives of the recognized majority horsemen's group by breed to be used for purse funds at races conducted in the Commonwealth, unless otherwise authorized by the Commission.*

Notwithstanding the foregoing, if the advance deposit account wagering licensee is a significant infrastructure limited licensee, the additional fee equal to nine percent of the wagers placed through such advance deposit account wagering licensee since November 1, 2014, shall instead be retained by such licensee for operational expenses, including defraying the costs of live racing.

B. *The Commission-recognized nonprofit industry stakeholder organization shall make distributions from fees received from advance deposit wagering to organizations within the Commonwealth providing care for retired race horses, the Virginia-Maryland Regional College of Veterinary Medicine, the Virginia Horse Center Foundation, the Virginia Horse Industry Board, and the Virginia Thoroughbred Association in the percentages of wagering handles set forth in subsections K and N of § 59.1-392, and shall make a distribution of thirty-five one-hundredths of one percent of all wagers made within the Commonwealth placed through such advance deposit account wagering licensee to the locality where live racing licensed by the Commission occurred prior to January 1, 2012, and beginning January 1, 2020, to the locality or localities where such live racing occurs to be shared in a ratio of the number of such annual live races in a locality to the total number of such annual live races in the Commonwealth. Distributions under this section from the Commission-recognized nonprofit stakeholder organization to the foregoing entities and locality or localities, when added to the distributions to such entities and locality or localities under § 59.1-392, shall be capped at the sum necessary to equal distributions made in the 2013 calendar year to each entity under § 59.1-392, and shall be capped at the sum necessary to equal \$400,000 for a locality or localities.*

C. *Any additional distribution of fees received from advance deposit account licensees by the Commission-recognized nonprofit industry stakeholder organization shall be approved by the Commission.*