

## Department of Planning and Budget 2015 Fiscal Impact Statement

**1. Bill Number:** HB1934

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Gilbert

**3. Committee:** General Laws

**4. Title:** Virginia Racing Commission (VRC); powers.

**5. Summary:** Directs the Virginia Racing Commission to revoke the license of any person authorized to conduct advance deposit account wagering found by the Commission to be in violation of any provision of Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 of the Code of Virginia or Commission regulations, which violation occurred on or before January 1, 2015. The bill contains an emergency clause.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8, below.

**8. Fiscal Implications:** This bill directs the Virginia Racing Commission to revoke the license of any person authorized to conduct advance deposit account wagering found by the Commission to be in violation of the Code of Virginia or Commission regulations, on or before January 1, 2015. The revocation of an advance deposit wagering (ADW) license would prevent the account holders of that provider from submitting wagers. There are currently four licensed ADW providers in the Commonwealth. Under the provisions of this bill, three ADW providers will remain.

According to estimates provided by the Virginia Racing Commission, advance deposit account wagering will generate \$94 million of handle in FY 2015. It is anticipated that such wagering will continue to generate \$94 million in handle per fiscal year.

It is anticipated that the bill will not have an expenditure impact to VRC.

The Racing Commission's operating revenue consists of revenue generated from pari-mutuel taxes on wagering at the racetrack and satellite facilities on live or simulcast horse racing revenue, and advance deposit account wagering. VRC estimates that its operating revenue in FY 2015 will total approximately \$630,000, and expenditures are projected to total approximately \$815,000. At the end of FY 2014, VRC had a cash balance of approximately \$286,000, which is available for expenditure in FY 2015.

In FY 2014, the total amount wagered on horse racing in the Commonwealth decreased from the prior year, as a result of an impasse in the completion of a new contract between the

Virginia Horsemen's Benevolent and Protective Association and Colonial Downs. This continued into FY 2015. However, receipts from advance deposit wagering increased in FY 2014 and FY 2015, as more wagering is now occurring online. But the increases in revenue from advance deposit wagering are not enough to mitigate the decrease in revenue from pari-mutuel wagering at the racetrack and satellite facilities.

The general fund revenue in Chapter 3, 2014 Acts of Assembly Special Session I (the 2014 Appropriation Act), assumes a transfer of revenue collected by VRC to the general fund in the amount of \$100,000 in FY 2015 and \$50,000 in FY 2016. Due to the decrease in revenue and deposit to the Commission's operating fund, the transfers are eliminated in SB800/HB1400 as introduced.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Racing Commission.
- 10. Technical Amendment Necessary:** No.
- 11. Other Comments:** HB1826 and SB1097, HB2224 and SB1313, HB2313, and HB2335 also pertain to the Virginia Racing Commission.