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## SENATE BILL NO. 65

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws)

on January 31, 1996)

(Patron Prior to Substitute—Senator Stolle)

A BILL to amend and reenact §§ 59.1-365, 59.1-380, and 59.1-383 of the Code of Virginia, relating to the Virginia Racing Commission; licenses.

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 59.1-365, 59.1-380, and 59.1-383 of the Code of Virginia are amended as follows:**

§ 59.1-365. Definitions.

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

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

"Commission" means the Virginia Racing Commission.

"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.

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

"Licensee" includes any person holding an owner's, operator's or limited license under §§ 59.1-375 through 59.1-386 of this chapter. 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, 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.

"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 betting thereon as provided in § 59.1-387.

"Person" includes a natural person, partnership, joint venture, association, or corporation.

"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, 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.

"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 laid out for horse racing which shall include at least one building or structure adjacent or appurtenant thereto which is permanently affixed to the real estate and for which a certificate of occupancy has been issued by the local building official.

"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.

"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 to another licensed horse racetrack or satellite 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.

"Stock" includes all classes of stock of an applicant or licensee corporation, and any debt or other obligation of such corporation or stockholder thereof or stock of an affiliated corporation if the Commission finds that the holder of such obligation or stock derives therefrom such control of or voice in the operation of the applicant or licensee corporation that he should be deemed a stockholder.

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

§ 59.1-380. Duration, form of owner's license; bond.

60 A. A license issued under § 59.1-378 shall be for the period set by the Commission, not to be less  
61 than twenty years, but shall be reviewed annually. The Commission shall designate on the license the  
62 duration of such license, the location of such track or satellite facility or proposed track or satellite  
63 facility and such other information as it deems proper. The Commission shall establish criteria and  
64 procedures for license renewal.

65 *B. Any license now issued by the Commission to own a satellite facility shall be invalid unless on or*  
66 *before July 1, 1997, (i) a written agreement is reached between the holder of any such license and*  
67 *Virginia representatives of the recognized horsemen's groups for the funding of purses for live racing*  
68 *and (ii) live racing, as described in the October 12, 1994 case decision of the Commission, is conducted*  
69 *at a racetrack licensed pursuant to § 59.1-382. No further licenses to own a satellite facility shall be*  
70 *issued unless a written agreement is reached between the holder of any such license and Virginia*  
71 *representatives of the recognized horsemen's groups for the funding of purses for live racing and the*  
72 *appeal filed by the Virginia Jockey Club against the Commission's 1994 license award is adjudicated by*  
73 *the Virginia Court of Appeals.*

74 C. The Commission shall require a bond with surety acceptable to it, and in an amount determined  
75 by it, to be sufficient to cover any indebtedness incurred by the licensee to the Commonwealth.

76 § 59.1-383. Duration, form of operator's license; bond.

77 A. A license issued under § 59.1-382 shall be for a period of twenty years from the date of issuance,  
78 but shall be reviewed annually. The Commission may, as it deems appropriate, change at the beginning  
79 of any year the dates on which the licensee is authorized to conduct a race meeting or pari-mutuel  
80 wagering. An applicant for renewal of a license may omit any information which in the opinion of the  
81 Commission is already available to it. The Commission shall establish criteria and procedures for license  
82 renewal.

83 Any license issued under § 59.1-382 shall designate on its face the type or types of horse racing or  
84 pari-mutuel wagering for which it is issued, the location of the track or satellite facility where such  
85 meeting or wagering is to be conducted, the period during which such license is in effect and such other  
86 information as the Commission deems proper.

87 *B. Any license now issued by the Commission to operate a satellite facility shall be invalid unless on*  
88 *or before July 1, 1997, (i) a written agreement is reached between the holder of any such license and*  
89 *Virginia representatives of the recognized horsemen's groups for the funding of purses for live racing*  
90 *and (ii) live racing, as described in the October 12, 1994 case decision of the Commission, is conducted*  
91 *at a racetrack licensed pursuant to § 59.1-382. No further licenses to operate a satellite facility shall be*  
92 *issued unless a written agreement is reached between the holder of any such license and Virginia*  
93 *representatives of the recognized horsemen's groups for the funding of purses for live racing and the*  
94 *appeal filed by the Virginia Jockey Club against the Commission's 1994 license award is adjudicated by*  
95 *the Virginia Court of Appeals.*

96 C. The Commission shall require a bond with surety acceptable to it, and in an amount determined  
97 by it to be sufficient to cover any indebtedness incurred by such licensee during the days allotted for  
98 racing.

99 2.

100 § 1. *The Commission is directed to require the licensee to establish and maintain a construction*  
101 *escrow account. The licensee shall place in the account the total net profits derived from the operation*  
102 *of satellite facilities licensed pursuant to § 59.1-380 or § 59.1-383 and all interest thereon, less any*  
103 *payments to horsemen pursuant to written agreements and legislated taxes pursuant to § 59.1-392 which*  
104 *shall be paid to the Commonwealth, the Breeder's Fund, and to the satellite localities and the racetrack*  
105 *localities. The Commission shall oversee the construction escrow account and shall require the balance*  
106 *to be disbursed for the purpose of constructing a licensed, live horse racetrack in the Commonwealth.*

107 § 2. *Notwithstanding the provisions of § 59.1-392, the total net profits derived from the operation of*  
108 *satellite facilities licensed pursuant to § 59.1-380 or § 59.1-383, less any payments to horsemen pursuant*  
109 *to written agreements and legislated taxes pursuant to § 59.1-392 which shall be paid to the*  
110 *Commonwealth, the Breeder's Fund, and to the satellite localities and the racetrack localities, shall be*  
111 *deposited into the construction escrow account established in § 1.*

112 3. **That the provisions of this act shall expire on July 1, 1997, unless reenacted by the 1997 Session**  
113 **of the General Assembly.**