

# 2006 SPECIAL SESSION I

INTRODUCED

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## HOUSE BILL NO. 5045

Offered September 14, 2006

A *BILL to amend and reenact §§ 59.1-365 and 59.1-392 of the Code of Virginia, relating to simulcast horse racing and the resulting allocations.*

Patron—Hamilton

Referred to Committee on General Laws

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

#### 1. That §§ 59.1-365 and 59.1-392 of the Code of Virginia are amended and reenacted 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 \$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.

"Historical horse racing" means a form of simulcast horse racing that creates pari-mutuel pools from wagers placed on pre-recorded horse races held at a licensed horse racetrack.

"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, 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, plus any amounts provided by an unlimited 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, rider, 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.

"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,

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59 "principal stockholder" shall not include a broker-dealer registered under the Securities Exchange Act of  
60 1934, as amended, which holds in inventory shares for sale on the financial markets for a publicly  
61 traded corporation holding, directly or indirectly, a license from the Commission.

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

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

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

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

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

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

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

81 § 59.1-392. Percentage retained; tax.

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

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

91 C. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse racing  
92 conducted within the Commonwealth, involving win, place and show wagering, the licensee shall retain  
93 an amount not to exceed eighteen percent of such pool and the legitimate breakage, out of which shall  
94 be paid one and one-quarter percent to be distributed as follows: three-quarters percent to the  
95 Commonwealth as a license tax, one-quarter percent to the locality in which the satellite facility is  
96 located, and one-quarter percent to the locality in which the racetrack is located. The remainder of the  
97 eighteen percent retainage shall be paid as provided in subsection D.

98 D. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on  
99 live horse racing conducted within the Commonwealth, involving win, place and show wagering, the  
100 licensee shall retain an amount not to exceed eighteen percent of such pool and the legitimate breakage,  
101 out of which shall be paid:

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

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

118 F. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse racing  
119 conducted within the Commonwealth involving wagering other than win, place and show wagering, the  
120 licensee shall retain an amount not to exceed twenty-two percent of such pool 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 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 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 Equine 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 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 one-quarter 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 Equine Center Foundation; and
4. Five one-hundredths percent to the Virginia Horse Industry Board.

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 one-quarter 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 Equine Center Foundation; and
4. Five one-hundredths percent to the Virginia Horse Industry Board.

O. Moneys payable to the Commonwealth shall be deposited in the general fund. Gross receipts for

182 license tax purposes under Chapter 37 (§ 58.1-3700 et seq.) of Title 58.1 shall not include pari-mutuel  
183 wagering pools and license taxes authorized by this section.

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

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

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

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

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

204 1. Seventy percent to be retained by the licensee to be used for capital improvements that are subject  
205 to approval of the Commission; and

206 2. Thirty percent to be deposited in the Racing Benevolence Fund, administered jointly by the  
207 licensee and the horsemen's organization representing a majority of the horsemen racing at a licensed  
208 unlimited race meeting, to be disbursed with the approval of the Commission for gambling addiction and  
209 substance abuse counseling, recreational, educational or other related programs.

210 U. *Notwithstanding any other subsection of this section, on pari-mutuel pools generated by wagering*  
211 *on historical horse racing at each Virginia satellite facility and the racetrack, after payment of all prizes*  
212 *to winning wagers, the Commonwealth Transportation Trust Fund shall receive forty-nine percent of*  
213 *such amount to be used for highway maintenance and any other purposes determined by law, the*  
214 *licensee shall receive forty-nine percent of such amount, and the horsemen's purse account shall receive*  
215 *two percent of such amount. Proceeds of pari-mutuel tickets unredeemed 180 days from the date on*  
216 *which the wager was made and the legitimate breakage from historical horse racing shall be retained*  
217 *by the licensee.*