

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB1832

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

2. Patron: Scott, E.T.

3. Committee: General Laws and Technology

4. Title: Virginia Racing Commission; restricted wagering facilities authorized; penalty.

5. Summary: This bill: (i) states that a person shall be guilty of a Class 1 misdemeanor for illegal wagering on horse racing if he makes, places, or receives any bet or wager on a horse race by any means other than those regulated by the Virginia Racing Commission (VRC); (ii) authorizes VRC to set the levels of retainage from live racing at a percentage as jointly requested by a recognized majority horsemen's group and an unlimited licensee. Should a new retainage amount be set, payments to entities are to be adjusted proportionally; (iii) increases the retainage for wagering on simulcast racing and adds distribution to the Virginia Thoroughbred Association to the entities that qualify for a distribution of retainage; and (iv) contains an enactment clause requiring VRC to promulgate emergency regulations.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: (see below)

(i) Establishes provisions for illegal wagering on a horse race; authorizes penalty

This bill classifies a violation of the provisions of the bill as a Class 1 misdemeanor offense.

Fiscal Impact: Class 1 misdemeanor outcomes result in sentences of up to 12 months in jail (and a fine of up to \$2,500). Any increase in jail population increases costs to the state. Presently, the state pays localities \$4.00 per day for each misdemeanant or otherwise local responsible prisoner held in a jail. In addition, the state funds most of the jails' operating costs on a per prisoner, per day basis, at an average of \$33.01 per state inmate, per day, according to the Compensation Board's FY 2009 Jail Cost Report (released November 1, 2010). Although it is unknown how many Class 1 misdemeanor charges will result from this bill, there is the likelihood that it could result in a fiscal impact to the state.

(ii) Authorizes the Virginia Racing Commission (VRC) to set percentage retained

This bill authorizes VRC to set the amount of percentage retained ("retainage") on all situations resulting in pari-mutuel pools generated by wagering on live racing at the racetrack

and satellite facilities. Any change to the retainage by VRC is to be in response to a joint request from a recognized majority horseman's group and an unlimited licensee. Under current law, the rates of retainage are established by Code. In addition, this bill states that if the retainage amount is altered, the distributions to the Virginia Breeders Fund and other entities are to be adjusted by the proportion that the new percentage amount bears to the original amount.

Fiscal Impact: The fiscal impact on the state from this change is indeterminate, but is estimated to be immaterial as live racing in Virginia accounts for only approximately four percent of all wagers placed. However, as the operations of VRC are supported by revenues obtained from retainage, it is assumed that any changes in the percentage allocations would consider costs and workload needs of the agency.

(iii) Increases the retainage and adds distribution to the Virginia Thoroughbred Association

This bill increases the retainage from one and one quarter percent of the total pari-mutuel pool generated by wagering, to one and thirty one-hundredths and allots the increase of five one-hundredths to the Virginia Thoroughbred Association for the promotion of breeding in the Commonwealth.

Fiscal Impact: This five-hundredths percent payment does not affect the amounts that would otherwise come to the state. VRC is responsible for making the additional distributions to the Virginia Thoroughbred Association but can absorb this responsibility within current resources.

(iv) Contains an enactment clause requiring VRC to promulgate regulations to implement the provisions of the act that are effective within 280 days of enactment.

This bill makes technical amendments to the Code and requires VRC to promulgate regulations to implement the provisions of the bill.

Fiscal Impact: No impact from the technical amendments. Any workload for VRC associated with promulgating regulations in accordance with this bill is considered part of the agency's responsibilities and can be absorbed within current resources.

9. Specific Agency or Political Subdivisions Affected: Virginia Racing Commission.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: February 11, 2011

c: Secretary of Commerce and Trade