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HOUSE BILL NO. 2313

Offered January 22, 2015

A BILL to amend and reenact §§ 59.1-365, 59.1-369, and 59.1-392 of the Code of Virginia, relating to the Virginia Racing Commission; historical horse racing; infrastructure license.

Patrons—Kilgore, Helsel, Ingram and Joannou

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 59.1-365, 59.1-369, 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:

"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.

"Historical horse racing" means a form of simulcast horse racing that creates pari-mutuel pools from wagers placed on prerecorded horse races held at a licensed horse racetrack and is offered at a racetrack or satellite facility owned or operated by an infrastructure licensee licensed in the Commonwealth.

"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.

"Infrastructure licensee" means a licensee approved by the Commission that meets the following requirements: (i) the licensee owns a facility that has been approved by local referendum pursuant to § 59.1-391, (ii) the licensee meets the requirements of subsection A of § 59.1-378, and (iii) such facility contains racing infrastructure of a one-mile dirt track, a seven-eighths-mile turf course, covered seating for no fewer than 1,000 persons, and barns with no fewer than 900 permanent stalls.

"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 that is not an infrastructure licensee 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

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59 the conduct of a race meeting or pari-mutuel wagering there, including but not limited to a horse owner,
60 trainer, jockey, or driver, groom, stable foreman, valet, veterinarian, agent, pari-mutuel employee,
61 concessionaire or employee thereof, track employee, or other position the Commission deems necessary
62 to regulate to ensure the integrity of horse racing in Virginia.

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

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

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

69 "Principal stockholder" means any person who individually or in concert with his spouse and
70 immediate family members, beneficially owns or controls, directly or indirectly, five percent or more of
71 the stock of any person which is a licensee, or who in concert with his spouse and immediate family
72 members, has the power to vote or cause the vote of five percent or more of any such stock. However,
73 "principal stockholder" shall not include a broker-dealer registered under the Securities Exchange Act of
74 1934, as amended, which holds in inventory shares for sale on the financial markets for a publicly
75 traded corporation holding, directly or indirectly, a license from the Commission.

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

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

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

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

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

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

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

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

99 **§ 59.1-369. Powers and duties of the Commission.**

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

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

110 2. The Commission, its representatives, and employees shall visit, investigate, and have free access to
111 the office, track, facilities, satellite facilities or other places of business of any license or permit holder,
112 and may compel the production of any of the books, documents, records, or memoranda of any license
113 or permit holder for the purpose of satisfying itself that this chapter and its regulations are strictly
114 complied with. In addition, the Commission may require the production of an annual balance sheet and
115 operating statement of any person licensed or granted a permit pursuant to the provisions of this chapter
116 and may require the production of any contract to which such person is or may be a party.

117 3. The Commission shall promulgate regulations and conditions under which horse racing with
118 pari-mutuel wagering shall be conducted in the Commonwealth, and all such other regulations it deems
119 necessary and appropriate to effect the purposes of this chapter, including a requirement that licensees
120 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 license to schedule not less than 150 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 (i) authorize up to 10 satellite facilities and restrict majority ownership of satellite facilities to an entity licensed by the Commission ~~which~~ *that* owns a horse racetrack in the Commonwealth and (ii) *prohibit any satellite facility or unlimited licensee racetracks not under common majority ownership to operate within 75 miles of one another.* 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 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.

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

11. The Commission shall upon the receipt of a complaint of an alleged criminal violation of this chapter immediately report the complaint to the Attorney General of the Commonwealth and the State

182 Police for appropriate action.

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

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

199 14. The Commission shall require the existence of a contract between the licensee and the recognized
200 majority horseman's group providing for purses and prizes. Such contract shall be subject to the approval
201 of the Commission, which shall have the power to approve or disapprove any of its items, including but
202 not limited to the provisions regarding purses and prizes. Such contracts shall provide that on pools
203 generated by wagering on simulcast horse racing from outside the Commonwealth, (i) for the first \$75
204 million of the total pari-mutuel handle for each breed, the licensee shall deposit funds at the minimum
205 rate of five percent in the horsemen's purse account, (ii) for any amount in excess of \$75 million but
206 less than \$150 million of the total pari-mutuel handle for each breed, the licensee shall deposit funds at
207 the minimum rate of six percent in the horsemen's purse account, (iii) for amounts in excess of \$150
208 million for each breed, the licensee shall deposit funds at the minimum rate of seven percent in the
209 horsemen's purse account. Such deposits shall be made in the horsemen's purse accounts of the breed
210 that generated the pools and such deposits shall be made within five days from the date on which the
211 licensee receives wagers.

212 15. Notwithstanding the provisions of § 59.1-391, the Commission may grant provisional limited
213 licenses or provisional unlimited licenses to own or operate racetracks or satellite facilities to an
214 applicant prior to the applicant securing the approval through the local referendum required by
215 § 59.1-391. The provisional licenses issued by the Commission shall only become effective upon the
216 approval of the racetrack or satellite wagering facilities in a referendum conducted pursuant to
217 § 59.1-391 in the jurisdiction in which the racetrack or satellite wagering facility is to be located.

218 **§ 59.1-392. Percentage retained; tax.**

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

222 B. On pari-mutuel pools generated by wagering at the racetrack on live horse racing conducted
223 within the Commonwealth, involving win, place and show wagering, the licensee shall retain a
224 percentage amount approved by the Commission as ~~jointly requested by a recognized majority~~
225 ~~horseman's group and an unlimited licensee~~ and the legitimate breakage, out of which shall be paid one
226 and one-quarter percent to be distributed as follows: one percent to the Commonwealth as a license tax
227 and one-quarter *of one* percent to the locality in which the racetrack is located. The remainder of the
228 retainage shall be paid as provided in subsection D; provided, however, that if the percentage amount
229 approved by the Commission is other than 18 percent, the amounts provided in subdivisions D 1, 2 and
230 3 shall be adjusted by the proportion that the approved percentage amount bears to 18 percent.

231 C. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse racing
232 conducted within the Commonwealth, involving win, place and show wagering, the licensee shall retain
233 a percentage amount approved by the Commission as ~~jointly requested by a recognized majority~~
234 ~~horseman's group and an unlimited licensee~~ and the legitimate breakage, out of which shall be paid one
235 and one-quarter percent to be distributed as follows: three-quarters *of one* percent to the Commonwealth
236 as a license tax, one-quarter *of one* percent to the locality in which the satellite facility is located, and
237 one-quarter *of one* percent to the locality in which the racetrack is located. The remainder of the
238 retainage shall be paid as provided in subsection D; provided, however, that if the percentage amount
239 approved by the Commission is other than 18 percent, the amounts provided in subdivisions D 1, 2 and
240 3 shall be adjusted by the proportion that the approved percentage amount bears to 18 percent.

241 D. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on
242 live horse racing conducted within the Commonwealth, involving win, place and show wagering, the
243 licensee shall retain a percentage amount approved by the Commission as ~~jointly requested by a~~

recognized majority horseman's group and an unlimited 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 *of one* percent to the Virginia-Maryland Regional College of Veterinary Medicine;
5. Five one-hundredths *of one* percent to the Virginia Horse Center Foundation;
6. Five one-hundredths *of one* 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 group and an unlimited 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 *of one* 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 group and an unlimited 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 *of one* percent to the locality in which the satellite facility is located, and one-half *of one* 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 group and an unlimited 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 *of one* percent to the Virginia-Maryland Regional College of Veterinary Medicine;
5. Five one-hundredths *of one* percent to the Virginia Horse Center Foundation;
6. Five one-hundredths *of one* 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~~ *shall* 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 *of one* percent to the Commonwealth as a license tax, and one-half *of one* 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 *of one* percent to the Commonwealth as a license tax, one-quarter *of one* percent to the locality in which the satellite facility is located, and one-quarter *of one* percent to the Virginia locality in

305 which the racetrack is located.

306 K. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on
307 simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place
308 and show wagering, the licensee shall retain one and thirty one-hundredths percent of such pool to be
309 distributed as follows:

310 1. One percent of the pool to the Virginia Breeders Fund;

311 2. Fifteen one-hundredths *of one* percent to the Virginia-Maryland Regional College of Veterinary
312 Medicine;

313 3. Five one-hundredths *of one* percent to the Virginia Horse Center Foundation;

314 4. Five one-hundredths *of one* percent to the Virginia Horse Industry Board; and

315 5. Five one-hundredths *of one* percent to the Virginia Thoroughbred Association for the promotion of
316 breeding in the Commonwealth.

317 L. On pari-mutuel pools generated by wagering at the racetrack on simulcast horse racing transmitted
318 from jurisdictions outside the Commonwealth, involving wagering other than win, place and show
319 wagering, the licensee shall retain two and three-quarters percent of such pool to be distributed as
320 follows: one and three-quarters percent to the Commonwealth as a license tax, and one percent to the
321 Virginia locality in which the racetrack is located.

322 M. On pari-mutuel pools generated by wagering at each Virginia satellite facility on simulcast horse
323 racing transmitted from jurisdictions outside the Commonwealth, involving wagering other than win,
324 place and show wagering, the licensee shall retain two and three-quarters percent of such pool to be
325 distributed as follows: one and three-quarters percent to the Commonwealth as a license tax, one-half *of*
326 *one* percent to the locality in which the satellite facility is located, and one-half *of one* percent to the
327 Virginia locality in which the racetrack is located.

328 N. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on
329 simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving wagering
330 other than win, place and show wagering, the licensee shall retain one and thirty one-hundredths percent
331 of such pool to be distributed as follows:

332 1. One percent of the pool to the Virginia Breeders Fund;

333 2. Fifteen one-hundredths *of one* percent to the Virginia-Maryland Regional College of Veterinary
334 Medicine;

335 3. Five one-hundredths *of one* percent to the Virginia Horse Center Foundation;

336 4. Five one-hundredths *of one* percent to the Virginia Horse Industry Board; and

337 5. Five one-hundredths *of one* percent to the Virginia Thoroughbred Association for the promotion of
338 breeding in the Commonwealth.

339 O. Moneys payable to the Commonwealth shall be deposited in the general fund. Gross receipts for
340 license tax purposes under Chapter 37 (§ 58.1-3700 et seq.) of Title 58.1 shall not include pari-mutuel
341 wagering pools and license taxes authorized by this section.

342 P. All payments by the licensee to the Commonwealth or any locality shall be made within five days
343 from the date on which such wagers are received by the licensee. All payments by the licensee to the
344 Virginia Breeders Fund shall be made to the Commission within five days from the date on which such
345 wagers are received by the licensee. All payments by the licensee to the Virginia-Maryland Regional
346 College of Veterinary Medicine, the Virginia Horse Center Foundation, the Virginia Horse Industry
347 Board, and the Virginia Thoroughbred Association shall be made by the first day of each quarter of the
348 calendar year. All payments made under this section shall be used in support of the policy of the
349 Commonwealth to sustain and promote the growth of a native industry.

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

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

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

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

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

364 2. Thirty percent to be deposited in the Racing Benevolence Fund, administered jointly by the
365 licensee and the horsemen's organization representing a majority of the horsemen racing at a licensed
366 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.

U. Notwithstanding the provisions of subsections H through N or § 59.1-369, pari-mutuel pools generated by wagering on historical horse racing at each Virginia satellite facility and racetrack, after payment of all prizes for winning wagers, shall be distributed as follows:

1. Forty percent to the general fund;

2. One and one-half percent to be divided equally among the Virginia localities where the racetrack or the satellite facility is located;

3. One and one-half percent to the Virginia Tourism Authority to be used for the marketing of tourism in Virginia;

4. Fifty percent to the infrastructure licensee; and

5. Seven percent to the horsemen's purse accounts and the Virginia Breeders Fund as follows:

a. Seventy-five percent to the thoroughbred horsemen's purse account;

b. Eighteen percent to the standardbred horsemen's purse account; and

c. Seven percent to the Virginia Breeders Fund.

However, to the extent that the aggregate contribution to the horsemen's purse accounts and the Virginia Breeders Fund pursuant to this subdivision exceeds \$30 million in any calendar year, such excess amount shall be adjusted annually as of July 1 for the percentage change in the United States average Consumer Price Index for all items, All Urban Consumers (CPI-U), as published by the Bureau of Labor Statistics of the U.S. Department of Labor, and any amount in excess of \$30 million shall be paid into the general fund.

Proceeds of pari-mutuel tickets unredeemed 180 days from the date on which the wager was made and the legitimate breakage from historical horse racing shall be retained by the infrastructure licensee, subject to subsection T.

2. That the Virginia Racing Commission shall promulgate regulations to implement the provisions of this act to be effective within 280 days of its enactment.

3. That an entity licensed by the Virginia Racing Commission that owns a horse racetrack in the Commonwealth shall (i) contract with a person providing compulsive gambling education programs, which programs shall include information on the availability of compulsive gambling counseling and other related services and (ii) publicize the availability of such programs. The Virginia Racing Commission shall approve both the compulsive gambling education programs and the provider of such programs.