

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB2335

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Peace

3. Committee: General Laws

4. Title: Virginia Racing Commission; pari-mutuel wagering on simulcast horse racing; outside of Virginia.

5. Summary: Provides for the Virginia Racing Commission to permit pari-mutuel wagering on simulcast horse racing from outside the Commonwealth in the absence of a contract between the licensee and the recognized majority horseman's group. Under the bill, the Commission may permit wagering on simulcast horse racing to continue and require that the statutory amounts designated for purses and prizes generated by wagering on simulcast horse racing from outside the Commonwealth be deposited into the State Racing Operations Fund within five days from the date on which the licensee receives wagers until a new approved contract has been executed by the licensee and the recognized majority horseman's group. The bill contains an emergency clause.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate. See Item 8, below.

8. Fiscal Implications: In accordance with Section 59.1-369 of the Code of Virginia, only an unlimited licensee is permitted to operate a satellite wagering facility or off-track betting parlor (OTB) where pari-mutuel wagering on races from outside of the Commonwealth may take place. Colonial Downs turned in its unlimited license October 2014. In the absence of an unlimited licensee, the Commission does not anticipate a fiscal impact from this bill.

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, HB1934, and HB2313 also pertain to the Virginia Racing Commission.