Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

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Bill Number: HB2166 **Patron:** Krizek
Bill Title: Horse racing and pari-mutuel wagering; breakage.

Bill Summary: Amends the definition of ''breakage'' for the purposes of horse racing other than historical horse racing to mean the odd cents by which the amount payable on each dollar wagered exceeds one cent ($0.01). The bill also provides that 100 percent of the legitimate breakage from each pari-mutuel pool for historical horse racing shall be distributed to the Problem Gambling Treatment and Support Fund.

Budget Amendment Necessary: No. **Items Impacted:** N/A

Explanation: This bill involves the Virginia Racing Commission (VRC) and Department of Behavioral Health and Developmental Services (DBHDS); however, no budget action is required. See Fiscal Analysis section below.

Fiscal Summary Per the provisions of this bill, 100 percent of future HHR breakage amounts will be distributed to the Problem Gambling Treatment and Support Fund, which is managed by DBHDS. VRC is unable to provide an estimate of the future HHR breakage amounts. Any additional deposits into the Problem Gambling Treatment and Support Fund would be subject to appropriation. VRC does not anticipate any fiscal impact from this bill.

Fiscal Analysis: This impact statement is preliminary. VRC does not anticipate any costs associated with the implementation of this bill. Breakage is not currently distributed to VRC. In calendar year 2024, breakage from live racing wagers was $294,000, and breakage from historical horse racing (HHR) wagers was $804,000. This bill changes the calculations for breakage from live racing wagers that would result in a steep decline to near $0 in such amounts; various localities and non-state entities may see a corresponding change in such distributions. Per the provisions of this bill, 100 percent of future HHR breakage amounts will be distributed to the Problem Gambling Treatment and Support Fund, which is managed by DBHDS. VRC is unable to provide an estimate of the future HHR breakage amounts.

It is anticipated that DBHDS can absorb any costs associated with the implementation of this bill. Any additional deposits into the Problem Gambling Treatment and Support Fund would be subject to appropriation.

Other: This bill is the companion to SB864.