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SENATE BILL NO. 889

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology
on January 22, 2025)

(Patron Prior to Substitute—Senator French)

*A BILL to amend and reenact § 59.1-392 of the Code of Virginia, relating to pari-mutuel wagering; historical horse racing; percentage retained for distribution.***Be it enacted by the General Assembly of Virginia:****1. That § 59.1-392 of the Code of Virginia is amended and reenacted as follows:****§ 59.1-392. Percentage retained; tax.**

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

B. On pari-mutuel pools generated by wagering at the racetrack on live horse racing conducted within the Commonwealth, involving win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be paid 1.25 percent to be distributed as follows: 1.0 percent to the Commonwealth as a license tax and 0.25 percent to the locality in which the racetrack is located. The remainder of the retainage shall be paid as provided in subsection D, provided, however, that if the percentage amount approved by the Commission is other than 18 percent, the amounts provided in subdivisions D 1, 2, and 3 shall be adjusted by the proportion that the approved percentage amount bears to 18 percent.

C. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse racing conducted within the Commonwealth, involving win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be paid 1.25 percent to be distributed as follows: 0.75 percent to the Commonwealth as a license tax, 0.25 percent to the locality in which the satellite facility is located, and 0.25 percent to the locality in which the racetrack is located. The remainder of the retainage shall be paid as provided in subsection D, provided, however, that if the percentage amount approved by the Commission is other than 18 percent, the amounts provided in subdivisions D 1, 2, and 3 shall be adjusted by the proportion that the approved percentage amount bears to 18 percent.

D. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on live horse racing conducted within the Commonwealth, involving win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a 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 percent to the Virginia-Maryland Regional College of Veterinary Medicine;

5. Five one-hundredths percent to the Virginia Horse Center Foundation;

6. Five one-hundredths 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 horsemen's group and a licensee and the legitimate breakage, out of which shall be paid 2.75 percent to be distributed as follows: 2.25 percent to the Commonwealth as a license tax, and 0.5 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 horsemen's group and a licensee and the legitimate breakage, out of which shall be paid 2.75 percent to be distributed as follows: 1.75 percent to the Commonwealth as a license tax, 0.5 percent to the locality in which the satellite facility is located, and 0.5 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

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60 percentage amount approved by the Commission is other than 22 percent, the amounts provided in
61 subdivisions G 1, 2, and 3 shall be adjusted by the proportion that the approved percentage amount bears to
62 22 percent.

63 G. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on live
64 horse racing conducted within the Commonwealth involving wagering other than win, place, and show
65 wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by
66 a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be
67 paid:

- 68 1. Nine percent as purses or prizes to the participants in such race meeting;
- 69 2. Nine percent and the proceeds of the pari-mutuel tickets unredeemed 180 days from the date on which
70 the race was conducted, to the operator;
- 71 3. One percent to the Virginia Breeders Fund;
- 72 4. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;
- 73 5. Five one-hundredths percent to the Virginia Horse Center Foundation;
- 74 6. Five one-hundredths percent to the Virginia Horse Industry Board; and
- 75 7. The remainder of the retainage shall be paid as appropriate under subsection E or F.

76 H. On pari-mutuel wagering generated by simulcast horse racing transmitted from jurisdictions outside the
77 Commonwealth, the licensee may, with the approval of the Commission, commingle pools with the racetrack
78 where the transmission emanates or establish separate pools for wagering within the Commonwealth. All
79 simulcast horse racing in this subsection must comply with the Interstate Horse Racing Act of 1978 (15
80 U.S.C. § 3001 et seq.).

81 I. On pari-mutuel pools generated by wagering at the racetrack on simulcast horse racing transmitted from
82 jurisdictions outside the Commonwealth, involving win, place, and show wagering, the licensee shall retain
83 1.25 percent of such pool to be distributed as follows: 0.75 percent to the Commonwealth as a license tax,
84 and 0.5 percent to the Virginia locality in which the racetrack is located.

85 J. On pari-mutuel pools generated by wagering at each Virginia satellite facility on simulcast horse racing
86 transmitted from jurisdictions outside the Commonwealth, involving win, place, and show wagering, the
87 licensee shall retain 1.25 percent of such pool to be distributed as follows: 0.75 percent to the Commonwealth
88 as a license tax, 0.25 percent to the locality in which the satellite facility is located, and 0.25 percent to the
89 Virginia locality in which the racetrack is located.

90 K. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on
91 simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place, and
92 show wagering, the licensee shall retain 1.3 percent of such pool to be distributed as follows:

- 93 1. One percent of the pool to the Virginia Breeders Fund;
- 94 2. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;
- 95 3. Five one-hundredths percent to the Virginia Horse Center Foundation;
- 96 4. Five one-hundredths percent to the Virginia Horse Industry Board; and
- 97 5. Five one-hundredths percent to the Virginia Thoroughbred Association for the promotion of breeding in
98 the Commonwealth.

99 L. On pari-mutuel pools generated by wagering at the racetrack on simulcast horse racing transmitted
100 from jurisdictions outside the Commonwealth, involving wagering other than win, place, and show wagering,
101 the licensee shall retain 2.75 percent of such pool to be distributed as follows: 1.75 percent to the
102 Commonwealth as a license tax, and 1.0 percent to the Virginia locality in which the racetrack is located.

103 M. On pari-mutuel pools generated by wagering at each Virginia satellite facility on simulcast horse
104 racing transmitted from jurisdictions outside the Commonwealth, involving wagering other than win, place,
105 and show wagering, the licensee shall retain 2.75 percent of such pool to be distributed as follows: 1.75
106 percent to the Commonwealth as a license tax, 0.5 percent to the locality in which the satellite facility is
107 located, and 0.5 percent to the Virginia locality in which the racetrack is located.

108 N. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on
109 simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving wagering other
110 than win, place, and show wagering, the licensee shall retain 1.3 percent of such pool to be distributed as
111 follows:

- 112 1. One percent of the pool to the Virginia Breeders Fund;
- 113 2. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;
- 114 3. Five one-hundredths percent to the Virginia Horse Center Foundation;
- 115 4. Five one-hundredths percent to the Virginia Horse Industry Board; and
- 116 5. Five one-hundredths percent to the Virginia Thoroughbred Association for the promotion of breeding in
117 the Commonwealth.

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

121 P. All payments by the licensee to the Commonwealth or any locality shall be made within five days from

122 the date on which such wagers are received by the licensee. All payments by the licensee to the Virginia
 123 Breeders Fund shall be made to the Commission within five days from the date on which such wagers are
 124 received by the licensee. All payments by the licensee to the Virginia-Maryland Regional College of
 125 Veterinary Medicine, the Virginia Horse Center Foundation, the Virginia Horse Industry Board, and the
 126 Virginia Thoroughbred Association shall be made by the first day of each quarter of the calendar year. All
 127 payments made under this section shall be used in support of the policy of the Commonwealth to sustain and
 128 promote the growth of a native industry.

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

132 R. Any contractual agreement between a licensee and other entities concerning the distribution of the
 133 remaining portion of the retainage under subsections I through N and subsections U and V shall be subject to
 134 the approval of the Commission.

135 S. The recognized majority horsemen's group racing at a licensed race meeting may, subject to the
 136 approval of the Commission, withdraw for administrative costs associated with serving the interests of the
 137 horsemen an amount not to exceed two percent of the amount in the horsemen's account.

138 T. The legitimate breakage from each pari-mutuel pool for live, historical, and simulcast horse racing shall
 139 be distributed as follows:

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

142 2. Thirty percent to be deposited in the Racing Benevolence Fund, administered jointly by the licensee
 143 and the recognized majority horsemen's group racing at a licensed race meeting, to be disbursed with the
 144 approval of the Commission for gambling addiction and substance abuse counseling, recreational,
 145 educational, or other related programs.

146 U. On pari-mutuel pools generated by wagering on historical horse racing on the first 3,000 terminals
 147 authorized, the licensee shall retain 1.25 percent of such pool to be distributed as follows:

148 1. a. If generated at a racetrack, 0.5 percent to the locality in which the racetrack is located; or

149 b. If generated at a satellite facility, 0.25 percent to the locality in which the satellite facility is located and
 150 0.25 percent to the Virginia locality in which the racetrack is located;

151 2. To the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2, 0.04
 152 0.025 percent;

153 3. To the (i) Virginia Breeders Fund, (ii) Virginia-Maryland Regional College of Veterinary Medicine for
 154 its equine programs, (iii) Virginia Horse Center Foundation, and (iv) Virginia Horse Industry Board, 0.025
 155 percent each; and

156 4. To the (i) Shenandoah County Agricultural Foundation and (ii) Great Meadow Foundation, 0.0125
 157 percent each to support the promotion, education, maintenance, and safety of horse racing at such facilities;
 158 and

159 5. The remainder to the Commonwealth as a license tax.

160 V. On pari-mutuel pools generated by wagering on historical horse racing on the 2,000 terminals
 161 authorized by the seventh enactment of Chapters 1197 and 1248 of the Acts of Assembly of 2020, the
 162 licensee shall retain 1.6 percent of such pool to be distributed as follows:

163 1. a. If generated at a racetrack, 0.64 percent to the locality in which the racetrack is located; or

164 b. If generated at a satellite facility, 0.32 percent to the locality in which the satellite facility is located and
 165 0.32 percent to the Virginia locality in which the racetrack is located;

166 2. To the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2, 0.04
 167 0.025 percent;

168 3. To the (i) Virginia Breeders Fund, (ii) Virginia-Maryland Regional College of Veterinary Medicine for
 169 its equine programs, (iii) Virginia Horse Center Foundation, and (iv) Virginia Horse Industry Board, 0.025
 170 percent each; and

171 4. To the (i) Shenandoah County Agricultural Foundation and (ii) Great Meadow Foundation, 0.0125
 172 percent each to support the promotion, education, maintenance, and safety of horse racing at such facilities;
 173 and

174 5. The remainder to the Commonwealth as a license tax.