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

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Bill Number: HB2166H1 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 70 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** This bill provides that 70 percent of future historical horse racing (HHR) breakage amounts will be distributed to the Problem Gambling Treatment and Support Fund, which is managed by DBHDS. 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.

## **Nongeneral Fund Revenue Impact:**

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	FY2027	<u>FY2028</u>	<u>FY2029</u>	FY2030
720 (DBHDS)	\$0	\$853,744	\$956,255	\$956,255	\$956,255	\$956,255
TOTAL	\$0	\$853,744	\$956,255	\$956,255	\$956,255	\$956,255

**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. VRC anticipates the changes for the calculations for breakage from live racing wagers would result in a steep decline to near \$0 in such amounts, and various localities and non-state entities may see a corresponding change in such distributions.

The bill provides that 70 percent of future HHR breakage amounts will be distributed to the Problem Gambling Treatment and Support Fund, which is managed by DBHDS. In fiscal year (FY) 2024, total HHR breakage was \$806,438; in FY 2026, it is estimated at \$1,219,634, and in FY 2027, \$1,366,078. Thus, it is anticipated that DBHDS will see an additional deposit of \$853,744 in FY 2026 and \$956,255 in FY 2027.

Estimates for FY 2026 and FY 2027 were calculated using a three-year per capita average. VRC estimates beyond FY 2027 are unavailable. For the purposes of this impact statement, the FY 2027 estimate is straightlined in FY 2028-FY 2030.

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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: None.