

HOUSE BILL NO. 574

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws

on \_\_\_\_\_)

(Patron Prior to Substitute--Delegate Krizek)

A BILL to amend and reenact § 59.1-392 of the Code of Virginia, relating to horse racing tax.

**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 one and one-quarter percent to be distributed as follows: one percent to the Commonwealth as a license tax and one-quarter 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 one and one-quarter percent to be distributed as follows: three-quarters percent to the Commonwealth as a license tax,

27 one-quarter percent to the locality in which the satellite facility is located, and one-quarter percent to the  
28 locality in which the racetrack is located. The remainder of the retainage shall be paid as provided in  
29 subsection D; provided, however, that if the percentage amount approved by the Commission is other than  
30 18 percent, the amounts provided in subdivisions D 1, 2 and 3 shall be adjusted by the proportion that the  
31 approved percentage amount bears to 18 percent.

32 D. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility  
33 on live horse racing conducted within the Commonwealth, involving win, place and show wagering, the  
34 licensee shall retain a percentage amount approved by the Commission as jointly requested by a  
35 recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be  
36 paid:

- 37 1. Eight percent as purses or prizes to the participants in such race meeting;
- 38 2. Seven and one-half percent, and all of the breakage and the proceeds of pari-mutuel tickets  
39 unredeemed 180 days from the date on which the race was conducted, to the operator;
- 40 3. One percent to the Virginia Breeders Fund;
- 41 4. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary  
42 Medicine;
- 43 5. Five one-hundredths percent to the Virginia Horse Center Foundation;
- 44 6. Five one-hundredths percent to the Virginia Horse Industry Board; and
- 45 7. The remainder of the retainage shall be paid as appropriate under subsection B or C.

46 E. On pari-mutuel pools generated by wagering at the racetrack on live horse racing conducted  
47 within the Commonwealth involving wagering other than win, place and show wagering, the licensee shall  
48 retain a percentage amount approved by the Commission as jointly requested by a recognized majority  
49 horsemen's group and a licensee and the legitimate breakage, out of which shall be paid two and three-  
50 quarters percent to be distributed as follows: two and one-quarter percent to the Commonwealth as a  
51 license tax, and one-half percent to the locality in which the racetrack is located. The remainder of the  
52 retainage shall be paid as provided in subsection G; provided, however, that if the percentage amount

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

55 F. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse  
56 racing conducted within the Commonwealth involving wagering other than win, place and show wagering,  
57 the licensee shall retain a percentage amount approved by the Commission as jointly requested by a  
58 recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be  
59 paid two and three-quarters percent to be distributed as follows: one and three-quarters percent to the  
60 Commonwealth as a license tax, one-half percent to the locality in which the satellite facility is located,  
61 and one-half percent to the locality in which the racetrack is located. The remainder of the retainage shall  
62 be paid as provided in subsection G; provided, however, that if the percentage amount approved by the  
63 Commission is other than 22 percent, the amounts provided in subdivisions G 1, 2 and 3 shall be adjusted  
64 by the proportion that the approved percentage amount bears to 22 percent.

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

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

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

84 I. On pari-mutuel pools generated by wagering at the racetrack on simulcast horse racing  
85 transmitted from jurisdictions outside the Commonwealth, involving win, place and show wagering, the  
86 licensee shall retain one and one-quarter percent of such pool to be distributed as follows: three-quarters  
87 percent to the Commonwealth as a license tax, and one-half percent to the Virginia locality in which the  
88 racetrack is located.

89 J. On pari-mutuel pools generated by wagering at each Virginia satellite facility on simulcast horse  
90 racing transmitted from jurisdictions outside the Commonwealth, involving win, place and show  
91 wagering, the licensee shall retain one and one-quarter percent of such pool to be distributed as follows:  
92 three-quarters percent to the Commonwealth as a license tax, one-quarter percent to the locality in which  
93 the satellite facility is located, and one-quarter percent to the Virginia locality in which the racetrack is  
94 located.

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

- 99 1. One percent of the pool to the Virginia Breeders Fund;
- 100 2. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary  
101 Medicine;
- 102 3. Five one-hundredths percent to the Virginia Horse Center Foundation;
- 103 4. Five one-hundredths percent to the Virginia Horse Industry Board; and
- 104 5. Five one-hundredths percent to the Virginia Thoroughbred Association for the promotion of  
105 breeding in the Commonwealth.

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

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

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

- 121 1. One percent of the pool to the Virginia Breeders Fund;
- 122 2. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary  
123 Medicine;
- 124 3. Five one-hundredths percent to the Virginia Horse Center Foundation;
- 125 4. Five one-hundredths percent to the Virginia Horse Industry Board; and
- 126 5. Five one-hundredths percent to the Virginia Thoroughbred Association for the promotion of  
127 breeding in the Commonwealth.

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

131 P. All payments by the licensee to the Commonwealth or any locality shall be made within five  
132 days from the date on which such wagers are received by the licensee. All payments by the licensee to the

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

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

142 R. Any contractual agreement between a licensee and other entities concerning the distribution of  
143 the remaining portion of the retainage under subsections I through N and ~~subsection~~ subsections U and V  
144 shall be subject to the approval of the Commission.

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

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

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

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

156 U. On pari-mutuel pools generated by wagering on historical horse racing on the first 3,000  
157 terminals authorized, the licensee shall retain ~~one and one-quarter~~ 1.25 percent of such pool to be  
158 distributed as follows:

- 159           1. ~~Three-quarters~~ Seventy-four hundredths percent to the Commonwealth as a license tax and 0.01  
160 percent to the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2; and
- 161           2. a. If generated at a racetrack, ~~one-half~~ 0.5 percent to the locality in which the racetrack is located;  
162 or
- 163           b. If generated at a satellite facility, ~~one-quarter~~ 0.25 percent to the locality in which the satellite  
164 facility is located and ~~one-quarter~~ 0.25 percent to the Virginia locality in which the racetrack is located.
- 165           V. On pari-mutuel pools generated by wagering on historical racing on the 2,000 terminals  
166 authorized by the seventh enactment of Chapters 1197 and 1248 of the Acts of Assembly of 2020, the  
167 licensee shall retain 1.6 percent of such pool to be distributed as follows:
- 168           1. Ninety-five hundredths percent to the Commonwealth as a license tax and 0.01 percent to the  
169 Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2; and
- 170           2. a. If generated at a racetrack, 0.64 percent to the locality in which the racetrack is located; or  
171           b. If generated at a satellite facility, 0.32 percent to the locality in which the satellite facility is  
172 located and 0.32 percent to the Virginia locality in which the racetrack is located.

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