



JOINT WORKGROUP ON HISTORIC HORSE RACING

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Workplan

Workgroup Objectives

- **Appropriation Act directs the workgroup to:**
 - *Assess trends in pari-mutuel pools generated by historic horse racing (HHR) wagering at satellite facilities, including the corresponding distribution of revenue to localities;*
 - *Make recommendations regarding the future distribution of revenue starting July 1, 2025; and*
 - *Provide findings and recommendations no later than October 15, 2024.*

Authority: Item 1, Paragraph V. of the 2024 Appropriation Act (Chapter 2, 2024 Special Session I).
<https://budget.lis.virginia.gov/item/2024/2/HB6001/Chapter/1/1/>

Proposed Work Plan

- Provide background on HHR pari-mutuel pools generated at satellite facilities
- Review legislative history of §59.1-392, Code of Virginia
- Examine revenue generated and distributed to localities over time, including expansion of satellite facilities
- Review support provided by New Kent County to the racetrack facility
- Develop findings, work group options, and/or recommendations by October 15th

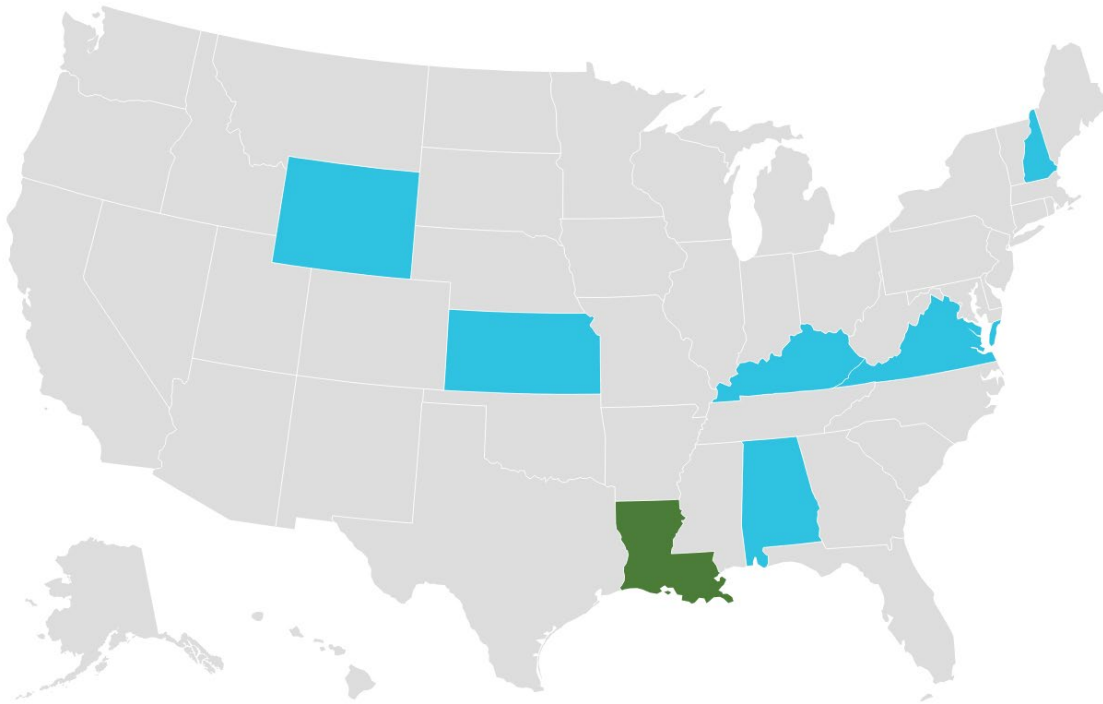


Overview of Historic Horse Racing

What is Historic Horse Racing?

- Bet on historic horse races:
 - Race results are used without identifying information; and
 - Not limited to any single track or time period.
- Pari-mutuel pool:
 - Players bet against each other;
 - Not a bet “against the house”; and
 - Considered a game of skill.
- Winnings paid out from pool.
- Licensee retains a percentage of each wagering dollar extracted before payoffs are calculated and pays fees assessed by government.

Six States Currently Permit Historical Horse Racing



HHR currently permitted by:

- Alabama
- Kansas
- Kentucky
- New Hampshire
- Virginia
- Wyoming
- Louisiana authorized HHR in 2021, but state courts ruled it unconstitutional in 2024. Court determined that local referendum approval is necessary.

Historical Horse Racing in Virginia

- Historical horse racing was first authorized by the General Assembly with Chapter 811, 2018 Regular Session (59.1-392, *Code of Virginia*).
- Virginia Racing Commission is responsible for licensing, regulation and oversight of pari-mutuel wagering on horse racing – including historical horse racing – on track and at satellite facilities.
- *Code of Virginia* authorizes the operation of up to 10 satellite facilities.
- Local referendum must be held and approved before Commission may grant license to operate satellite facility.
- A limit of 5,000 HHR terminals may operate statewide:
 - Up to 700 terminals in a jurisdiction with population of 120,000 or more;
 - Up to 300 terminals in a jurisdiction with population between 60,000 and 120,000; and
 - Up to 150 terminals in a jurisdiction with population of 60,000 or less.

Historical Horse Racing in Virginia

- In addition to betting activities at Colonial Downs in New Kent, eight satellite facilities are currently licensed and operating in Virginia.
 - Six satellite facilities with HHR terminals: Vinton, Richmond, Hampton, Collinsville, Dumfries, and Emporia.
 - Two additional satellite facilities without HHR terminals are operating in Henrico and Chesapeake.

Since Inception, HHR Wagers and Payouts Have Grown Substantially

In FY 2024, net HHR gaming revenue grew 7.5 percent over FY 2023.
(\$ in millions)

■ Total Wagers ■ Total Payouts ■ Net HHR Revenue



Source: Staff analysis of Virginia Racing Commission data obtained 8/21/24. Net HHR revenue is total wagers, including fees imposed on wagers, minus total payouts.

HHR Wager Distribution (Initial 3,000 Terminals)

1.25 percent retained:

- 0.5 percent to racetrack locality (if at racetrack)
- 0.25 percent each to satellite facility locality and to racetrack locality (if at satellite facility)
- 0.01 percent to Problem the Gambling Treatment and Support Fund
- 0.025 percent each to:
 - Virginia Breeders Fund;
 - VA-MD Regional College of Veterinary Medicine;
 - Virginia Horse Center Foundation; and
 - Virginia Horse Industry Board
- 0.215 percent to the Commonwealth (license tax)

Source: § 59.1-392, *Code of Virginia*.

HHR Wager Distribution (Additional 2,000 Terminals)

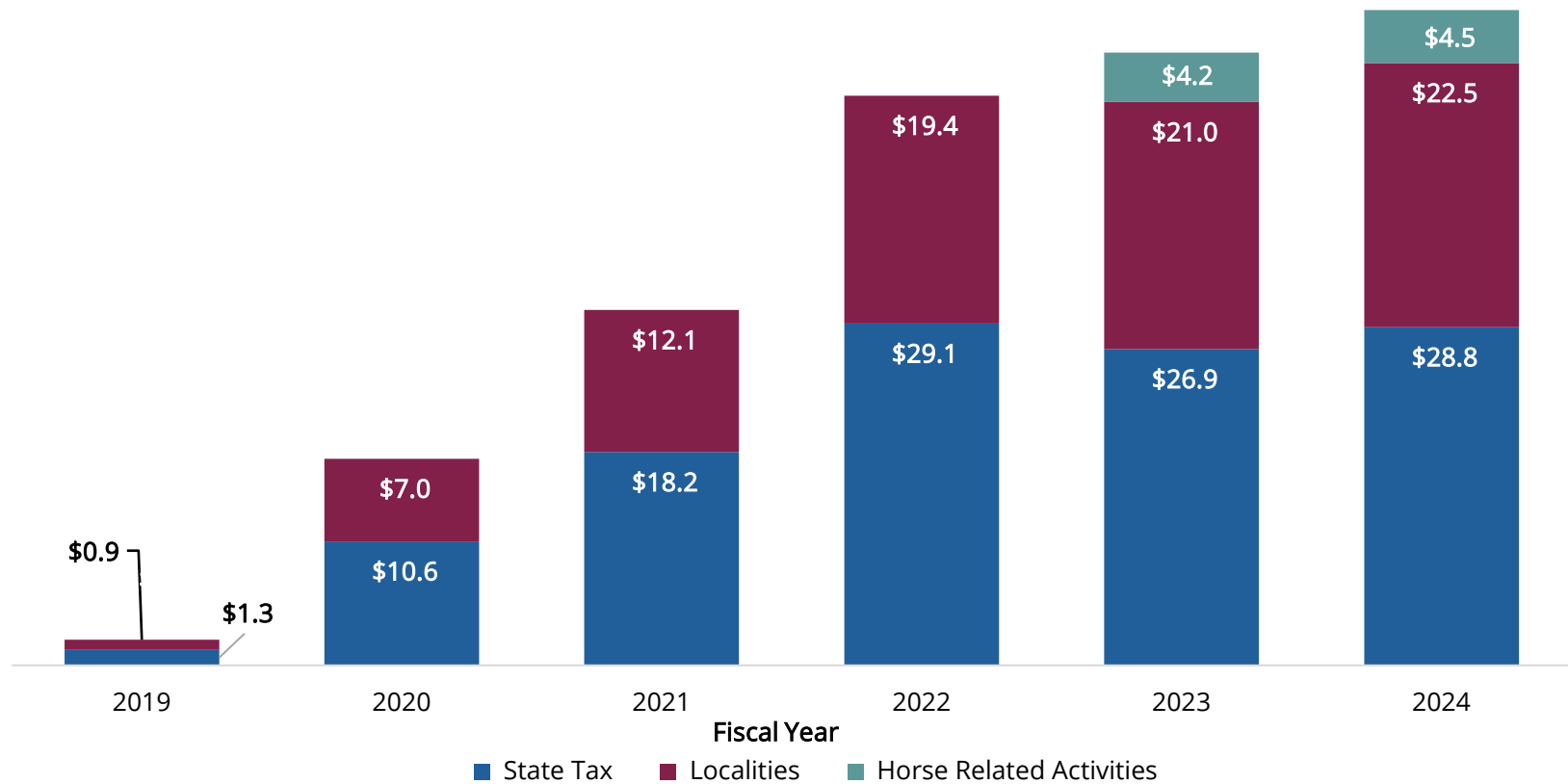
1.6 percent retained:

- 0.64 percent to racetrack locality (if at racetrack)
- 0.32 percent each to satellite facility locality and racetrack locality (if at satellite facility)
- 0.01 percent to Problem Gambling Treatment and Support Fund
- 0.025 percent each to:
 - Virginia Breeders Fund;
 - VA-MD Regional College of Veterinary Medicine;
 - Virginia Horse Center Foundation; and
 - Virginia Horse Industry Board
- 0.285 percent to the Commonwealth (license tax)

Source: § 59.1-392, *Code of Virginia*.

HHR Tax Revenue Has Increased

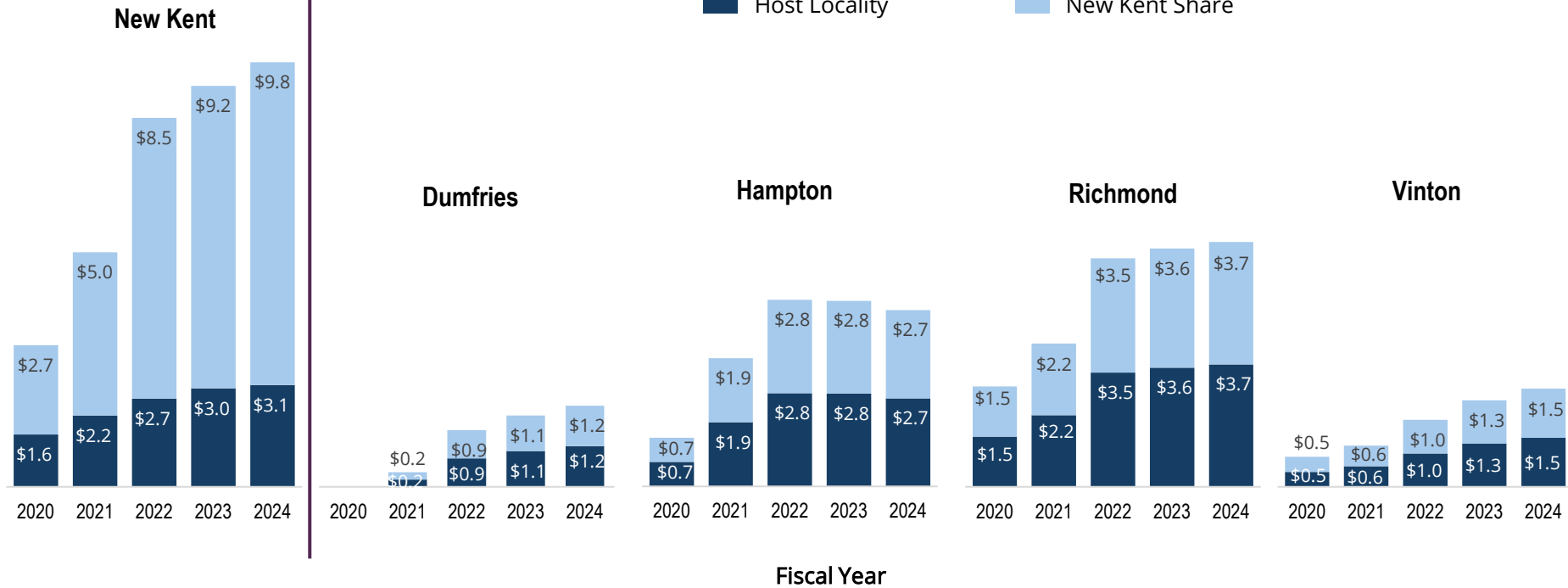
In FY 2024, net HHR gaming tax revenue grew 11.3 percent over FY 2023.
(\$ in millions)



Source: Staff analysis of Virginia Racing Commission data obtained 8/21/24.

Local Revenue to Host Localities

Host Localities Splitting Local Revenue with New Kent
(\$ in millions)



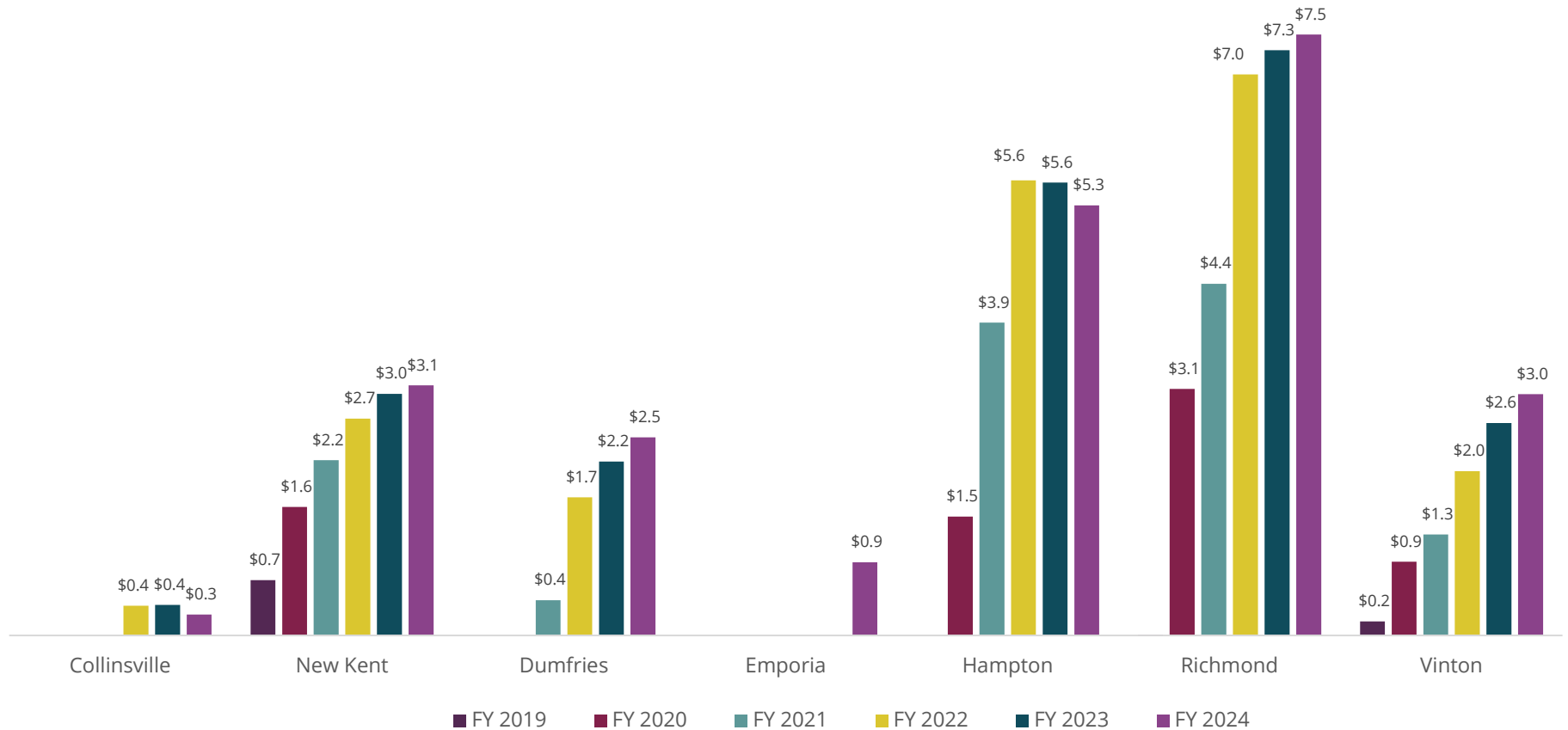
Source: Staff analysis of Virginia Racing Commission data obtained 8/21/24. Note: Emporia and Collinsville not included due to limited time in operation.



Appendix

Local Revenue by Location

(\$ in millions)



Source: Staff analysis of Virginia Racing Commission data obtained 8/21/24.

Total Handle and Payouts

(\$ in millions)

Fiscal Year	Total Handle	Total Payouts	Net HHR Revenue
2019	\$174.3	\$162.0	\$12.2
2020	1,408.2	1,295.3	112.9
2021	2,421.2	2,212.7	208.5
2022	3,881.8	3,535.9	345.9
2023	4,208.9	3,828.7	380.2
2024	4,500.7	4,091.8	408.9

Source: Virginia Racing Commission, data file provided 8/21/24, converted from calendar year to fiscal year.

HHR Revenues and Distributions

(\$ in millions)

Fiscal Year	State Tax	Localities	Breeders Fund	Horse Center	Horse Board	VA-MD RCVM
2019	\$1.3	\$0.9	\$-	\$-	\$-	\$-
2020	10.6	7.0	-	-	-	-
2021	18.2	12.1	-	-	-	-
2022	29.1	19.4	-	-	-	-
2023	26.9	21.0	1.1	1.1	1.1	1.1
2024	28.8	22.5	1.1	1.1	1.1	1.1

Source: Virginia Racing Commission, data file provided 8/21/24, converted from calendar year to fiscal year.

Revenue by Facility for New Kent

(\$ in millions)

	New Kent	Host Localities Split of Local Revenue to New Kent						
Fiscal Year	Colonial Downs	Collinsville	Dumfries	Emporia	Hampton	Richmond	Vinton	Total
2019	\$0.7	\$-	\$-	\$-	\$-	\$-	\$0.1	\$0.8
2020	1.6	-	-	-	0.7	1.5	0.5	4.3
2021	2.2	-	0.2	-	1.9	2.2	0.6	7.1
2022	2.7	0.2	0.9	-	2.8	3.5	1.0	11.0
2023	3.0	0.2	1.1	-	2.8	3.6	1.3	12.0
2024	3.1	0.1	1.2	0.5	2.7	3.7	1.5	12.8

Source: Virginia Racing Commission, data file provided 8/21/24, converted from calendar year to fiscal year.