

**REPORT OF THE
PARI-MUTUEL BETTING STUDY COMMISSION
To
THE GOVERNOR
And
THE GENERAL ASSEMBLY OF VIRGINIA**



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TABLE OF CONTENTS

	Page
Introduction	1
A. History	
B. The Commission and Its Activities	
Legalization of Pari-Mutuel Betting	4
A. Individual Liberty	
B. Security	
C. Social Effects	
D. Racing and Pari-Mutuel Legislation	
1. State Control	
2. Licensing	
3. Permits	
4. Pari-Mutuel Wagering and Taxation	
5. Criminal Penalties	
Racing Economics and Feasibility	11
A. Economic Gains and Taxation	
B. Feasibility	
1. Population and Location	
2. Types of Tracks	
3. Physical Size of Racing Facilities	
4. Cost of Racing Facilities and Pari-Mutuel Take	
5. Track Ownership	
6. Summary of Feasibility Study	
Conclusion	27
A. Commission View	
B. Dissenting View	
Appendices	33
A. House Joint Resolution No. 8, 1971	
B. Resumes of Commission Members	
C. Legislation	
D. Racetrack Designs	

I. INTRODUCTION

A. *History*

As with so many aspects of our national social and economic fabric, the origin of horse breeding and racing can be traced back to Virginia. In 1608 Sir Thomas Dale imported seventeen horses to Jamestown to replace the few horses which the original settlers had been forced to slaughter for food during their first winter in the New World. Importation continued throughout the colonial period and Virginia could be considered as the center of racing during this era.

Racing was originally conducted through the streets in the towns and villages, but as this practice created a potential source of danger for pedestrians, race paths were later established on the outskirts of population centers. Frequently such paths were adjacent to churches; the local ministers proving to be honest and reliable officials for racing events. One such example was James Blair who was termed the "Father of the Virginia Turf". Dr. Blair was the founder of the College of William and Mary, the Bishop of London's Commissary to the Crown Colony of Virginia, a long standing member of the Governor's Council and minister of the Bruton Parish Church in Williamsburg. It is indeed significant that a gentleman of this stature should have presided over the early days of racing in Virginia. Other famous Virginians associated with Virginia's racing history are George Washington and Thomas Jefferson. Both men bred horses and raced them at meets, on occasion against each other.

Tracks proliferated throughout the Commonwealth, but poor economic conditions which preceded the Civil War and worsened thereafter harmed the racing industry. Before the war, the South's prosperity followed the cotton migration to the west; while the tobacco exhausted land of Virginia no longer allowed for agricultural success. The war itself caused tremendous devastation and ruin to the Virginia economy. The horse industry was a casualty of this time.

Despite its early beginnings in Virginia, horse racing suffered its greatest setback in the middle of the 19th Century when an item was inserted in the Constitution prohibiting lotteries. The sport of racing in Virginia was thus denied the considerable benefits achieved by a system of pari-mutuel wagering, introduced into the United States from France in 1877.

Under the pari-mutuel method, an equitable system of wagering is assured as the participants govern the odds. Each person who wishes to place a bet may do so in whatever amount he deems advisable. Those who have wagered on the front runners share in the total stakes, less those portions due to the race-track management and the state. From the management's share of the stakes is subtracted not only the cost of its operations, but also the purses which act as the incentive and means of allowing successful horse breeding. This share which ultimately goes to the horse owners and breeders is especially important as it helps defray the high costs of raising and training fine horses. Successful horse racing today cannot be conducted without such financial support.

The Constitution of 1902 perpetuated in section 60 the anti-lottery provision of earlier Constitutions; however, in the constitutional revision effective July 1, 1971, the provision was deleted. Consequently, the power to decide whether certain forms of wagering should be permitted has come to rest with the General Assembly.

B. *The Commission and Its Activities*

During the 1971 Session of the General Assembly House Joint Resolution No. 8 was approved, thereby creating a commission to study one type of wagering enterprise, pari-mutuel betting on horse racing. (See Appendix A)

Appointed to serve on the Commission were: State Senator Peter K. Babalas of Norfolk, Delegate Vincent F. Callahan, Jr. of McLean, William M. Camp, Jr. of Franklin, State Senator Edward T. Caton, III of Virginia Beach, Walter W. Craigie, Sr. of Richmond, H. Addison Dalton of Richmond, Raymond R. Guest of King George, John W. Hanes, Sr. of New York City, State Senator Omer L. Hirst of Annandale, Delegate George J. Kostel of Clifton Forge, Delegate Julien J. Mason of Bowling Green, Charles F. Phillips, Jr. of Lexington, Delegate Samuel E. Pope of Drewryville, Delegate William Ferguson Reid of Richmond, Randolph D. Rouse of Arlington, Alson H. Smith, Jr. of Winchester, Harold Soldinger of Norfolk, T. D. Steele of Roanoke, Delegate Daniel G. Van Clief of Esmont, Delegate Stanley C. Walker of Norfolk and State Senator Lawrence Douglas Wilder of Richmond. Mr. Van Clief was elected Chairman and Senator Caton was elected Vice-Chairman. The Division of Statutory Research and Drafting, represented by Sally T. Warthen, and the Department of Agriculture and Commerce, represented by Raymond D. Vaughan, provided staff facilities and support.

During the Commission's first seven months of study its members expended considerable time and effort acquainting themselves in detail with the management and operation of horse racing and pari-mutuel betting. A few members, already highly knowledgeable, were of considerable assistance. Statistics, descriptive material, and other valuable information were provided by the National Association of State Racing Commissioners, the Virginia Thoroughbred Association, the Thoroughbred Racing Protective Bureau, the American Quarter Horse Association and other interested groups and individuals. The Commission made contact with officials in charge of law enforcement and welfare in states with pari-mutuel betting, and with federal government officials knowledgeable in the area of organized crime, in order to assess the true magnitude of the difficulties which critics have asserted.

The Commission further obtained candid advice and guidance from individuals thoroughly acquainted with all aspects of horse racing. One group of experts appeared at an open meeting which was televised for the information of the public. Reports from states such as Delaware and Kentucky, which have studied their own racing establishments, and Connecticut and Texas, which are considering legalization of pari-mutuel betting, were useful. A subcommittee of the Commission, after substantial research and investigation, made a detailed report on the feasibility of financing and operating racing establishments in Virginia. This information proved invaluable and is discussed later in this report.

As the Commission was charged with ascertaining whether the legalization of pari-mutuel betting would be desirable, the members felt that public hearings were necessary to permit them to assess the nature and magnitude of the support for and opposition to it, despite the fact that a separate referendum in the fall of 1970 on the lottery provision of the Constitution showed little opposition. Hearings were duly held in Norfolk, Bristol, Roanoke, Fairfax and Richmond at which time the public was afforded an opportunity to express its views.

As a result of its work and study, consideration of testimony and much deliberation, the Commission concluded that the legalization of pari-mutuel betting on horse racing, under a carefully developed program which includes sufficient safeguards, would be beneficial to the Commonwealth. Adequate planning and safeguards are all-important. The Commission opposed legalizing pari-mutuel wagering unless proper planning would ensure the creation of racing operations, regulated by persons of high integrity and ability, which would be a credit to the Commonwealth. A hastily conceived scheme might not provide adequate security against abuse.

However, time was not on the side of the Commission. In order to ensure that tightly drawn and planned legislation could be prepared, the Commission requested that its life be extended by the General Assembly. This request was granted by House Joint Resolution No. 84 of 1972, as follows:

HOUSE JOINT RESOLUTION NO. 84

Continuing the study of methods of implementing pari-mutuel betting on horse races.

Whereas, the voters of this Commonwealth in a referendum duly held in November, 1970, removed from the Constitution the prohibition against lotteries, giving the General Assembly the responsibility for deciding whether any State-controlled wagering activities should be permitted; and

Whereas, in accordance with this responsibility the General Assembly, realizing that there are potential benefits to the Commonwealth from carefully regulated State-controlled wagering, and realizing the necessity for extensive study of the advantages and disadvantages thereof, created a Commission to study the desirability of legalizing pari-mutuel betting on horse racing in Virginia and the most practicable and feasible methods for implementation thereof; and

Whereas, such Commission, duly appointed, has made an exhaustive study, and has concluded that, if carefully planned under tightly drawn legislation, including provision for a properly structured racing commission, legalization of pari-mutuel betting on horse racing would be beneficial to the Commonwealth; and

Whereas, such Commission has found that additional time is necessary to conceive the proper legislative plan; now, therefore, be it

Resolved by the House of Delegates, the Senate concurring, That the General Assembly continue the Commission studying legalization of pari-mutuel betting, for the purpose of completing the work which it has initiated, and submitting to the General Assembly for its consideration a full report with proper legislation.

The original twenty-one member Commission shall be continued with the Chairman and Vice-Chairman who are now serving. If any one of the original twenty-one members resigns, or is unable to serve, then if he had been originally appointed by the Speaker of the House of Delegates, his successor shall be appointed by the Speaker; if he had been originally appointed by the President of the Senate, his successor shall be appointed by the Privileges and Elections Committee of the Senate; if he had been originally appointed by the Governor, his successor shall be appointed by the Governor.

Members of the Commission shall be reimbursed for all necessary expenses incurred in the performance of their duties, but shall receive no other compensation. The Commission may employ such consultants and other assistants as may be required for the conduct of its study and the preparation of its report. For the expenses of the Commission and the conduct of its study there is hereby appropriated from the contingent fund of the General Assembly the amount of the unexpended balance of the appropriation made to the Commission on its creation in nineteen hundred seventy-one, estimated at twenty-three thousand dollars.

The Commission shall conclude its study and submit its final report to the Governor and the General Assembly no later than November one, nineteen hundred seventy-two.

Although the Commission's membership was continued two vacancies occurred. Senator Russell I. Townsend of Chesapeake was appointed to replace Senator Edward T. Caton, III, while Delegate Calvin W. Fowler of Danville was appointed to succeed Delegate Samuel E. Pope. Staffing adjustments included Mrs. Warthen's being retained as special counsel to the Commission and Roger C. Wiley, Jr. of the Division of Statutory Research and Drafting, taking her place as the representative of that agency. Thereafter Laurens Sartoris and Constance D. Sprouse took Mr. Wiley's place.

Finalization of its original charge now being the remaining task of the Commission, the Chairman appointed three subcommittees; one to prepare legislation to permit pari-mutuel betting, one to study in greater detail feasibility aspects, and one to prepare this final report. The composition of these subcommittees was:

SUBCOMMITTEE TO FORMULATE LEGISLATION

Julien J. Mason, *Chairman*
Peter K. Babalas
Walter W. Craigie
Omer L. Hirst
Randolph D. Rouse
Stanley C. Walker
Lawrence Douglas Wilder

SUBCOMMITTEE TO CONTINUE AND PREPARE RECOMMENDATIONS AS TO POSSIBLE SITE AND A BASIS OF ECONOMIC FEASIBILITY FOR A PROPOSED TRACK OR TRACKS

T. D. Steele, *Chairman*
William M. Camp, Jr.
Raymond R. Guest
John W. Hanes, Sr.
Charles F. Phillips, Jr.
Randolph D. Rouse
Alson H. Smith, Jr.

SUBCOMMITTEE FOR THE PREPARATION OF THE FINAL REPORT

Vincent F. Callahan, Jr., *Chairman*
H. Addison Dalton
Calvin W. Fowler
George J. Kostel
William Ferguson Reid
Harold Soldinger

The work of the last of these subcommittees is amply apparent on the face of this document. Discussion of the findings of the other two subcommittees will be deferred until specific mention is necessitated by the later content of the report.

II. LEGALIZATION OF PARI-MUTUEL BETTING

A. *Individual Liberty*

By the time that it became necessary for the Commission to make its report to the Governor and the General Assembly for the 1972 Session, it had become convinced that pari-mutuel wagering on horse racing should be legalized in Virginia subject to a tightly constructed statutory scheme. Some of the testimony brought before the Commission during various public hearings and

certain letters received during the course of the study indicated that certain members of the public opposed any form of gambling based on their own code of ethics; however, it was apparent that the support given to the removal of the anti-lottery provision of the earlier Constitution demonstrated the feeling of many Virginians that the final decision relating to the permitting of limited forms of wagering should be delegated to the duly elected representatives of the people. The advent of pari-mutuel wagering on horse racing will provide those Virginians who do not object to the concept of wagering with an opportunity to pursue a recognized sporting activity which is common to many jurisdictions throughout the Nation.

Reference to Figure 1 will show the reader those areas in the country which now permit pari-mutuel betting. As can be seen Virginia is now in a minority and those Virginians who wish to engage in speculative activities are forced to travel elsewhere. No offense to the sensibilities of those who oppose gambling in any form is intended. Pari-mutuel betting is not an activity in which all people will wish to participate, but the choice should be allowed to each individual in a free society. The State's role is to ensure the integrity of the sport, once established, not to deny forever horse racing and wagering to the majority in accordance with the views of a minority. Such denial cannot rightfully be seen as being in the public interest; it violates the principles of liberty for all which are the cornerstone of the democratic system of government.

B. Security

As will be mentioned in the discussion on legislation, racing is a sport which has evolved into an industry with which, in some instances, crime has been associated. Certainly this is also true of other professional sports, whether these be football, baseball, basketball, etc. Professional sports have often been the victims of evil doers, but sports are not alone the victims. Banking, industry, commerce and many other legitimate activities have been assaulted from time to time by criminal elements. The opportunity for malfeasance is universal. Horse racing merely shares the possibility of criminal blight along with the rest.

The Commission is especially concerned that sporting events in Virginia should be free of any form of crime. Later in this report there appears a discussion of the legislation which can bring tightly regulated horse racing with pari-mutuel betting thereon into reality, including a catalog of offenses for which penalties are prescribed. But here we should examine certain crime prevention concepts and other means which will be available to a racing commission once created.

Security, the force which makes and keeps any sporting event honest, must include measures to ensure the physical safety and orderly behavior of patrons and participants. The integrity of wagering and the purity of contestants must at all times be maintained. This responsibility is within the province of the racing commission which will be imbued with powers sufficient to control the influence of crime associated with the sport.

Paramount among the Commission's policing powers is its ability to grant or deny licenses for the privilege of participation in racing. All persons associated with the sport of racing will be required to secure permits prior to the instigation of any pari-mutuel system. Strict licensing procedures are to be followed. These licensing and permit procedures are not calculated to be restricted to initial issuance. Constant review and investigation will be demanded by the Commission and its staff of qualified experts.

As for day-to-day security relating to the operation of racing events, the Racing Commission would have at its disposal for those tracks which are members of the Thoroughbred Racing Association the services of the Thoroughbred Racing Protective Bureau (TRPB). This organization is a very meticulous and active agency which monitors every phase of operations of a race track whose activities it sanctions. The TRPB makes horse racing the most tightly regulated of all professional sports. Services which the bureau will perform in order to control racing include examination and fingerprinting of all track employees, examination of tattoo and other identification marks of horses, inspection by veterinarians of each horse before each race to ensure fitness of the animal, operation of elaborate chemical tests following races, control of telephones during racing hours to prevent chicanery, and filming of races from different positions to ensure the enforcement of the rules of racing.

It is unlikely that any other sport and few businesses possess as thorough knowledge of their participants or employees as does the horse racing industry. The TRPB has provided thoroughbred racing with screening facilities for job and license applicants. The process applies to officials, track employees, owners of horses, trainers, jockeys, exercise boys and grooms. In addition to the track management, the racing commission of any state has access to the data for screening an individual. This is a vital factor for both management and the State if their responsibilities to the sport and the public are to be fulfilled.

Beyond the services provided by the TRPB, the Racing Commission may establish its own policing agency thus directly supervising security through its own staff. Security personnel may be recruited, trained and supervised by a

pecially created bureau. An extremely efficient and effective security system devoid of any taint of political patronage is the objective. Track security officers may be off-duty policemen who are employed on merit principles or like the TRPB the Commission might hire former Federal Bureau of Investigation employees.

Virginia's security options are more numerous than these which we have just outlined. Here we have given merely a glimpse of two highly effective and practical methods of control. The Commission itself being ultimately responsible for assuring clean racing will have to devise such procedures as circumstances demand to cope with problems. We are confident that Virginia is capable of operating the most crime free racing facilities in the Nation. Virginia has been a leader in clean government and there is no reason to suppose that a racing commission composed of men of integrity like those who have gone before them in our history cannot create a climate of racing purity.

C. Social Effects

Mention should be made concerning the alleged adverse social effects of horse racing. During the course of the study opponents of racing repeatedly made dire predictions of exploding welfare rolls should pari-mutuel betting be authorized. We did not take this matter lightly. Should such allegations have merit, our own thinking could have been modified. In order to discover the truth we communicated with officials in other states and examined study reports where available.

This phase of our study has produced no statistical data demonstrating increased crime in the areas of race tracks or that welfare rolls increased or mortgages were foreclosed because of wagering. In general, merchants in the vicinity of race tracks have noted no increase in delinquency, but only an increase in business.

D. Racing and Pari-Mutuel Legislation

Stressed throughout this report is the Commission's belief that good, clean, first quality racing can be achieved in Virginia. The future of racing is based on the enactment of tightly structured, realistic legislation which will permit the exercise of the sport accompanied by pari-mutuel wagering.

The subcommittee charged with the responsibility of drafting such legislation labored long hours and devoted considerable thought to preparing the bill found in Appendix C. Certain particulars of the bill are worthy of explanation here, but a thorough examination of the bill gives the best insight into the high standards it demands.

1. State Control

The customary means devised by states for controlling racing operations is a responsible commission system. In this respect we have concurred with other jurisdictions by recommending the creation of a five member racing commission having members appointed by the Governor for staggered terms of five years each. The Commission members will not be full time State employees, but will perform their duties as a matter of public service, receiving only nominal compensation and expenses. This arrangement should allow for the appointment of persons of the highest calibre who the Commonwealth could not hope to compensate adequately if serving as permanent employees. In the event of dereliction of duty, swift removal and appeal procedures are provided.

Broad powers are delegated to the Commission in order that racing matters can be dealt with efficiently in the best interest of the people. Included among these powers are the licensing of racing facilities and their employees and

ejecting therefrom undesirable persons; investigating all racing personnel, facilities and activities; promulgating rules for the conduct of racing; issuing of subpoenas and compelling the divulging of data.

For the conduct of the Commission's daily affairs an executive secretary shall be appointed by the Commission. This highly qualified person will serve as racing's chief administrative official and supervise the activities of other Commission employees, including stewards, chemists, veterinarians, inspectors, accountants, and guards. Compensation for these employees is to be determined by the Commission.

Needless to say judicial review of Commission actions is provided. Parties aggrieved by the Commission's decisions may appeal within thirty days of any such action to the Circuit Court of the City of Richmond or a local court of record in certain cases. In addition, the Commission may seek injunctions for violations of racing laws or rules in courts of competent jurisdiction throughout the State.

2. Licensing

Among the principal powers exercised by the Racing Commission will be that of licensing the construction and operation of race tracks. This licensing procedure lays the groundwork for the successful management of race track activities by giving the Commission authority over racing matters from their inception.

Issuance of a license is required before any race meeting can operate pari-mutuel wagering. Application may be made for such a license by either a stock or non-stock corporation, which shall supply information sufficient to allow the Commission intelligently to pass on the application. Any form of ownership of such corporation is required to be disclosed, as is information concerning financial responsibility and local consent for racing activities.

Action on applications is required to be timely, and in the case of race meeting licenses the Commission shall be required to find that the applicant is a corporation organized under Virginia law or qualified to do business in Virginia, no person owns more than five percent of the stock or any family more than ten percent, seventy-five percent of the ownership is vested in Virginians, officers and directors are also Virginians and facilities meet minimum standards. Non-stock corporations must have at least twenty members. Applications will be denied if the public interest will not be served, or if any officer or director has made a material misrepresentation, been found guilty of a fraudulent or corrupt act relating to racing, or convicted of a felony, has failed to comply with racing law or rules of Virginia, has been involved in licensing conflict, has defaulted in an obligation due the State, has failed to procure a construction license prior to constructing a race track or comply with the terms under which a construction license has been granted. Subject to appeal, Commission action on a license is final.

Complementing the license to operate a race meeting is the construction license. Parties applying for this license are required to supply detailed information in the application; however, before initial consideration local referenda are also required. Plans and specifications which indicate all access roads and buildings together with details concerning economic prospects; appropriateness of facilities for spectators and participants; and effect on the environment must be submitted. Sizes of tracks are prescribed. Here too, the Commission will promptly consider the application and conduct any investigation deemed appropriate with appeal procedures provided. The duration of a construction license is to be limited in order that changes in circumstances will not render previous decisions of the Commission ineffective.

Of course, the Commission has the power to suspend or revoke a construction license and in certain instances fine the licensee for violation of racing rules. Action by the Commission is final, subject to appeal in accordance with the provisions of the bill.

Future transfers of stock or ownership are further controlled in that any person desiring to acquire stock in any licensee corporation shall apply to the Commission for approval of such transaction. If acquisition by any such person would be detrimental to the public interest, the Commission is authorized to deny the transfer.

3. Permits

While licenses will be required for the construction of race tracks and their operation, a further safeguard of requiring permits for all track employees and others has been incorporated in the bill. Those who will be required to secure permits from the Commission include horse owners, trainers, jockeys, exercise boys, grooms, stable foremen, valets, veterinarians, agents, pari-mutuel employees, concessionaires and their employees and any other track employee or person who enters a track area in any capacity other than as a spectator. Such permits are of course non-transferrable.

In order to secure such a permit considerable information must be included in the application therefor and each applicant shall be photographed and fingerprinted. Information concerning the criminal record or any charge brought against the applicant including the outcome thereof must be brought to the attention of the Commission.

Again, denial of the permit as with licenses is based on the public interest, and denial becomes mandatory if the applicant has knowingly made a misrepresentation or failed to disclose information, been guilty of any fraudulent practice concerning horse racing, failed to comply with the racing laws or rules of any state or is unqualified to perform the duties required for the

Revocation or suspension of a permit is vested in the discretion of the Commission, with provision for judicial review.

4. Pari-Mutuel Wagering and Taxation

Licensees authorized to conduct pari-mutuel wagering are required to retain an amount of the pari-mutuel pool of fifteen percent and the legitimate breakage.* Out of this amount a tax of five percent shall be levied by the Commonwealth. Of the remaining ten percent, five percent may be retained by the racing association, and five percent shall go to comprise purses for the horsemen. The breakage will be divided equally among the association, horsemen and the State.

A levy by the localities in which race tracks are located of a tax of ten cents on the admission of each person for each day of a race meeting is provided.

Obviously this provides an additional source of revenue to the Commonwealth. These taxes have been kept low intentionally in order that newly created race tracks will not be stifled in their early days; however, in time it may be possible to increase the amount of taxation.

As another means of ensuring that taxation will not be the downfall of early racing operations, it is provided that no licensee shall be subject to any tax not provided in the racing laws except local real and personal property taxes, retail sales and use taxes and income taxes where applicable.

The odd cents retained after paying successful bettors in specified multiples.

5. Criminal Penalties

It would be unreasonable to anticipate that certain elements of our society will not attempt to make a dishonest dollar from racing operations. This problem plagues all professional sports and many collegiate activities as well.

In order to protect the public and put potential wrong doers on notice that their activities will not be tolerated, a catalog of racing offenses has been included with stiff penalties for violations. Such activities as the fraudulent use of credentials, unlawful transmission of certain information, touting, bribing a driver, rider or other participant, administration of drugs, possession of drugs, and racing under a false name are all prohibited by the language of the bill.

Finally, the criminal sanctions which are now included in the law prohibiting pari-mutuel wagering have been modified, although all other gambling violations have been maintained as such with appropriate penalties thereon.

III. RACING ECONOMICS AND FEASIBILITY

A. *Economic Gains and Taxation*

Considerable economic gains can be achieved in the Commonwealth by the establishment of horse racing together with pari-mutuel wagering. The operation of racetracks stimulates the breeding and production of horses and thereby enhances the agricultural industry and the tourist industry as well as expanding the State's revenue base.

A survey made in 1969 by the Horse Industry Task Force of the Study Committee on Opportunities for Virginia Agriculture covered a cross section of 253 farmers, finding 5,000 horses on their farms of which 1,200 were registered mares for breeding. The sale of horses annually amounted to over three and one half million dollars. Purses won by these Virginia stables alone amounted to over three million dollars per year and there are still 272 thoroughbred breeders in addition to the 155 harness horse breeders within the State which are not included in these statistics. More recently in 1971, the Virginia Thoroughbred Association reported statistics on a cross section of 275 Virginia thoroughbred breeders owning three or more horses. Twelve thousand horses were found on their farms with 1,300 breeding mares. Sales of horses were in excess of five million dollars and purses in excess of six million dollars. Figure 2 prepared in 1969 includes certain projections for the horse industry in Virginia, and as can be seen the establishment of pari-mutuel wagering would benefit the industry greatly.

**Figure 2 Returns to the Virginia Thoroughbred Owners from
Purse Earning, Training, and Boarding.^a**

	1959	1964	1975	1980*	1980 [†]
Number of horses on tracks	1,000	1,000	1,000	1,000	2,500
	<i>Returns (000)</i>				
Purse earnings	\$3,000	\$4,577	\$ 5,000	\$ 5,000	\$12,500
Training income	3,920	4,560	6,900	7,210	9,065
Boarding income ^b	464	508	460	440	847
Total Value	\$7,384	\$9,645	\$12,360	\$12,650	\$22,412

We concur in the projections shown in Figure 2. Further, the conclusion is inescapable that Virginia breeding and boarding of foreign horses in the State would significantly increase if pari-mutuel betting is adopted. Along these lines, Virginia breeding could be aided by the racing commission if special events for home sired horses were established, thus stimulating interest in Virginia sires.

Greatly increased horse population would stimulate the demand for farm help, veterinary services, hay, grain, straw, fertilizer and fencing materials. (See Figure 3) Needless to say, benefits derived from horse and racing operations are not restricted to the agricultural community. Whenever an activity is able to flourish in a community the significant economic impact is widely distributed.

*1980 potential without pari-mutuel racing in the state.

†1980 potential with pari-mutuel racing in the state.

SOURCE: The Blood Horse
The Jockey Club
Estimates by the task force.

^aAll values figured at 1964 prices except training costs raised \$2,000 per yearling in 1980.

^bBoarding income will decrease some by 1980 without pari-mutuel racing and could decrease further without tax relief. This income is primarily from mares boarded during breeding. Without pari-mutuel incentives, Virginia stallions will continue to be moved to other states.

Figure 3

The Supply and Service Situation, Past Trends and Potential.^a

	1959		1964		1975		1980*		1980†	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		(000)		(000)		(000)		(000)		(000)
Tons grain	109,167	\$ 5,458	101,219	\$ 5,061	118,561	\$ 5,928	126,219	\$ 6,311	136,574	\$ 6,829
Tons protein supplement	27,292	3,002	25,304	2,783	29,640	3,260	31,554	3,471	34,143	3,756
Tons hay	218,334	7,642	202,438	7,085	237,122	8,299	252,308	8,831	273,148	9,560
Tons bedding	54,583	819	50,609	759	59,280	889	63,077	946	68,287	1,024
Pasture (acres) ^d	218,334	3,275	202,438	3,037	237,122	3,557	252,308	3,785	273,148	4,097
Veterinary service	—	3,821	—	3,543	—	4,150	—	4,415	—	4,780
Drugs	—	3,821	—	3,543	—	4,150	—	4,415	—	4,780
Farrrier	—	2,729	—	2,530	—	2,964	—	3,154	—	3,414
Labor (No. of men)	5,458	23,579	5,060	21,859	5,928	25,609	6,307	27,246	6,828	29,497
Tack and equipment for horse	—	2,729	—	2,530	—	2,964	—	3,154	—	3,414
Transportation	—	3,275	—	3,037	—	3,557	—	3,785	—	4,097
Insurance ^e	—	1,200	—	2,000	—	2,300	—	2,500	—	3,000
Total value all breeds except thoroughbred		61,350		57,767		67,627		72,013		78,248
Total value from thoroughbred ^b		7,844		11,113		12,804		13,776		17,583
Grand Total Value		\$69,194		\$68,880		\$80,431		\$85,780		\$95,831
Change in value 1964-1980 (000)								\$16,909		\$26,951

*1980 potential without pari-mutuel racing in the state.

†1980 potential with pari-mutuel racing in the state.

^aAll values figured at 1964 prices.^bSimilar figures shown separately for Thoroughbred industry in Table No. 7.^cTwo large insurance companies insure approximately for a total of \$36,000,000 with \$1,075,000 premiums.^dPasture figured as feed cost.

The boon that racing could be to tourism is obvious. Tourists collectively are in pursuit of entertainment. The more varieties of entertainment that are made available, the more desirable an area becomes as a tourist center. These facts are well known to Virginians who cater to travellers. Racing could become another attraction bringing residents of other areas and their dollars to Virginia and encouraging the increased duration of their visits.

Turning to the expanded revenue base for the Commonwealth possible from pari-mutuel betting, figures from other states are revealing. The total amount of revenue to the states has risen from six million twenty-four thousand one hundred ninety-three dollars in 1934 to five hundred eight million three hundred thirty-eight thousand four hundred seventeen dollars in 1971. Between 1970 and 1971 a twenty-two million dollar increase in these revenues was experienced. The amount of these figures is staggering and while it is not reasonable to assume that in early years of racing Virginia might reap tremendous rewards, certainly the potential for substantial revenues is clear. (See Figure 4)

Figure 4

Racing Revenue to States
(for U.S.) by Years

1971	\$508,338,417	1952	142,489,696
1970	486,403,097	1951	117,250,564
1969	461,498,886	1950	98,366,167
1968	426,856,448	1949	95,327,053
1967	394,381,913	1948	95,803,364
1966	388,452,125	1947	97,926,984
1965	369,892,036	1946	94,035,859
1964	350,095,928	1945	65,265,405
1963	316,570,791	1944	55,971,233
1962	287,930,030	1943	38,194,727
1961	264,858,077	1942	22,005,278
1960	258,039,365	1941	21,128,173
1959	243,388,655	1940	16,145,182
1958	222,049,651	1939	10,369,807
1957	216,747,621	1938	9,576,335
1956	207,456,272	1937	8,434,792
1955	186,989,588	1936	8,611,538
1954	178,015,828	1935	8,386,255
1953	167,426,465	1934	6,024,193

Reference to Figure 5 will show statistics not unlike those which might reasonably be anticipated in Virginia especially with regard to the neighboring States of Maryland and Delaware. Exact projections of revenues are not possible but the considerable amounts raised elsewhere are most encouraging.

Governmental revenue is not limited directly to the percentage earned from pari-mutuel wagering. Revenues from food, motel and hotel facilities, transportation operations and the tourist industry in general would be greatly enhanced. There are unlimited possibilities for Virginia in the areas of revenue derived from an efficient and well operated pari-mutuel system.

Figure 5

1971 REVENUE TO SEVERAL STATES CONDUCTING THOROUGHBRED PARI-MUTEL RACING

State	No. Racing Days	Attendance	Purse and Stakes Distribution			Revenue To States
			Total Monies Distributed	From Associations	From Owners	
GI Delaware	375	2,004,761	8,892,405	8,684,345	208,046	7,905,474
Illinois	794	6,889,964	26,752,460	No Record	No Record	50,258,594
Kentucky	530	2,225,989	9,071,687	8,259,452	812,229	7,412,279
Maryland	367	2,827,602	14,328,585	13,891,558	517,026	16,046,713
New York	1,450	16,125,192	55,566,045	51,671,177	3,895,467	172,739,558
West Virginia	667	2,388,879	10,239,609	10,195,449	44,160	10,696,744

B. *Feasibility*

It would indeed be unwise for Virginia to initiate a system of pari-mutuel betting on horse racing should it prove economically or otherwise unfeasible for racing facilities to be operated successfully. As has earlier been observed, special subcommittees were formed from the membership of the full Commission for the sole purpose of examining this aspect of the problem before the Commission. Based on the subcommittee's findings, it is the opinion of this Commission that successful sport racing can be conducted in Virginia, with pari-mutuel betting providing many of the needed funds.

(1) Population and Location.

The first requirement for a successful track is racing supporters. The number of such persons is directly proportional to the population within a reasonable distance of a track. How many people can reach the racetrack within one hour's driving time is to be considered the population from which the regular spectators will come. On weekends and for special races people will of course come from a much greater distance. We have examined the populations in the three areas of the State which have a sufficient population to support a complete racing facility.

In Northern Virginia we have listed the population of Virginians who could reach a track located in that general area. We are not trying to pinpoint a location but a track in this area of the State should be reasonably close to an interstate highway so that crowds can have quick ingress to and egress from the track. Most track operators want to be able to empty parking lots within 15 to 20 minutes after the last race. Ideally, a METRO (Subway) station would also be nearby.

We have purposely not included any of the Washington, D. C. or Maryland populations in the statistics in Figure 6, although residents of nearby foreign jurisdictions could easily reach a racetrack located in the Northern Virginia area. There are presently a number of tracks in Maryland and Delaware which draw spectators from other jurisdictions including Virginia. Charlestown, West Virginia, where two tracks are located, draws heavily from Virginia, Maryland and Washington, D. C. The location of a track in Northern Virginia could be in more direct competition with Charlestown than some of the tracks north of the Potomac River.

The Northern Virginia area would have the greatest potential from which to draw racing fans and would require a larger grandstand and clubhouse than any other proposed track in Virginia. Citizens of this area are better "educated" to enjoy sport racing as they are near tracks in neighboring states; however, there would be greater competition from the tracks in Maryland, Delaware, and West Virginia, so it would be important that the track in this area be an ideal facility in design and comfort both for the spectators and the horsemen.

FIGURE 6

	NORTHERN VIRGINIA AREA 1970	
	Population	Total Persons Employed
Arlington County	174,284	99,276
Alexandria City	116,983	48,026
Fairfax City	22,858	7,229
Fairfax County	455,021	100,020
Falls Church City	10,864	9,780
Loudon County	37,150	12,638
Prince William County	111,102	18,866
TOTAL	928,262	295,835

At the present time the only other area in the State which could support a major track successfully would be the Norfolk-Hampton Roads area. (See Figure 7) A racetrack located in this area would be at such a distance from any existing track that its competition would be minimal.

Tourists visiting Virginia Beach would use such a racetrack for nightly entertainment. Experience gained from track owners in New Jersey, and more especially in the Atlantic City area, indicated that racing in the afternoon would not draw the tourists from the beach unless the weather became undesirable for sunbathing and swimming activities. Tourists at the beaches oftentimes look for entertainment in the evenings and would attend a racetrack if it were available to them. However, Miami, Florida tracks are very popular during daylight hours with tourists and depend upon them heavily for patronage. Even without the tourists there is sufficient population to support a good track.

FIGURE 7

	HAMPTON ROADS AREA 1970	
	Population	Total Persons Employed
Chesapeake	89,580	19,143
Hampton	120,779	37,798
James City	17,853	2,744
Newport News	138,177	62,812
Norfolk	307,951	136,957
Portsmouth	110,963	42,142
Virginia Beach	172,106	32,421
Williamsburg	9,069	10,225
TOTAL	966,478	344,242

The Richmond metropolitan area is the third major population center in the State considered as a possible location for a track. Our opinion is that the location of a track, at this time, in this area would not be feasible if tracks were also built in the Northern Virginia and the Hampton Roads areas. People from the Richmond area could reach tracks at either of these other locations with driving times of approximately one to two hours. At some future date if racing should develop properly and become successful, a track might be feasible in the Richmond area. It would be better not to attempt the development of three tracks in Virginia initially as a third one in the Richmond area would be in competition with the other two and might result in none of the tracks' being successful.

(2) Types of Tracks

Historically, thoroughbred and standardbred horses have always had separate tracks with the running races predominately held in the afternoon and harness racing at night. The thoroughbred track surface is much softer than that of the harness track. The thoroughbred racing industry, interested in having the finest facilities, prefers a racetrack with a length of one mile whereas harness racing can be conducted on a 1/2 mile or 5/8 mile track. Our findings indicate that any new facilities being planned or built today should be designed so as to provide both flat and harness racing. By having one grandstand, one clubhouse and one set of barns for year-round use, the capital investment in combination racetracks would be much less than having separate racing facilities. [See Appendix D]

The surface of the track that harness horses run on is much firmer than that used by flat racers. Therefore, that portion of the track which is common to

both types of racing must be removed and stored depending upon which type of race meet is being conducted. This exchange is not extremely expensive, requiring only a few days to accomplish.

Spectators prefer tracks that are designed so that they are able to see the horses at all times during a race and not have their view blocked by tote boards or buildings in the infield. With a 5/8 mile track, harness horses pass the grandstand twice during the race, a practice which is very popular. On any flat race of a mile or greater in length, the horses also pass the grandstand twice, another practice which provides more excitement and pleasure for the on-looker.

(3) Physical Size of Racing Facilities

Some attempt has been made to determine the minimum size track that could be financially successful. For this purpose it was necessary to make an estimate of the number of racing days that would be available to a track operator. Our position is that any new facility which might be planned should be designed for year-round racing. Therefore, we assume approximately 200 racing days at each of the two tracks, although a hundred racing days might well be sufficient.

It is realized that during the first year or two of operation there would probably be an insufficient number of horses available or a lack of local attendance needed to justify operation of many racing days, but in time expansion would occur.

Several advantages develop by having racing almost year-round at a given location. First the track's physical plant is maintained and used year-round; second, employees are hired yearly and not part-time; third, local suppliers have a steadier income; and finally, both the State and track owners' incomes should be greater.

With the assumption of 200 racing days and a combination track which could handle several varieties of racing, we have tried to arrive at the minimum size track which could be successfully built and operated.

In order to carry on a successful racing meet with harness racing only, a minimum of 800 stalls would be required. Each day of racing would require approximately 80 horses. As these horses generally race about once per week, at least 800 stalls would be needed to have enough horses available to keep racing.

For thoroughbred racing the horses are not raced as frequently and a minimum of 1100 stalls would be required to fill all of the races for any period of time, allowing some stalls for injured horses and young horses which should not be raced too frequently.

(4) Cost of Racing Facilities and Pari-Mutuel Take

Assuming that the track would be built for combination racing—harness and flat racing—and with a minimum of 1,000 stalls, we have made a projection on the estimate to construct a first-class facility, with an income and expense statement, including an estimate of taxes the State could receive.

It appears that the minimum size grandstand needed to support a racetrack is approximately 4,000 people and the clubhouse of 2,000 people.

The minimum acreage required is approximately 100 acres. However, this would not allow for any further expansion which might be desirable. We are not trying at this point to make a recommendation as to size, design or layout of what might be built in Virginia, as we believe this could best be handled after further study by a racing commission. But, in order to arrive at some estimate

of costs, operating expenses, the amount of the handle and taxes to the State of Virginia, we are using those criteria for the minimum size track which we think could be built and operated successfully.

Track "A" as referenced in Figure 8 could be built for the Hampton Roads area, and could vary somewhat from the prices listed due to variation in design, land cost or inflation. We estimate its cost at six to ten million dollars, but we believe that an adequate track could be built for eight million dollars if started within the next year.

Report - Pari-Mutuel Betting

Figure 8

COST OF RACE TRACK
TRACK A

<u>Grandstand</u> - 125' x 300'	\$2,500,000
Seating - 4,000	
On the Roof	
1st level - Announcer, Press, Judges	
2nd level - Photofinish, Race Patrol, Charts & Program	
Ramp - 100 - 125' deep	
<u>Clubhouse</u> - 150' x 125'	1,750,000
Dining - 1500	
Seating - 2000	
<u>Barns</u>	
25 - 40 stalls barns	
<u>Paddock</u>	
80 stalls enclosed	
<u>Administration Building</u>	100,000
<u>Drivers, Jockey & Grooms Quarters</u>	30,000
<u>Flat Track</u> - one mile	250,000
<u>Harness Track</u> - 5/8 mile	125,000
<u>Training Track</u>	100,000
<u>Lighting for Tracks</u>	300,000
<u>Chain Link Fencing</u>	30,000
<u>Parking lot</u> - 5000 cars	300,000
Paving & lighting	
<u>Landscaping, grading</u>	100,000
<u>Machinery & Equipment</u>	100,000
<u>Architect Fees, Interest, Etc.</u>	800,000
<u>Miscellaneous</u>	65,000
	Total
	\$7,500,000
<u>Land</u> - 150 Acres @ 2,500/Ac.	
Including Access Roads, Sewer & Water	500,000
	Total
	\$8,000,000

Such a track could accommodate a daily mutuel handle of \$800,000.

Track "B", as estimated next in Figure 9, is about the size track which would be needed to compete in Northern Virginia. One of the most difficult costs to estimate in this area is land cost and the expense of sewer and water. The figure used here may be much too low, as land costs could be two or three times this amount.

Report - Pari-Mutuel Betting

Figure 9

ESTIMATED COST OF RACE TRACKS

TRACK B

<u>Grandstand</u> - 125' x 500'	\$4,000,000
Seating - 6,000 On the Roof	
1st Level - Announcer, Press, Judges	
2nd Level - Photofinish, Race Patrol, Charts & Program	
Ramp - 100 - 125' deep	
<u>Clubhouse</u> - 200' x 140'	2,500,000
Dining - 2500	
Seating - 3000	
<u>Barns</u>	1,120,000
35 - 40 stall barns	
<u>Paddock</u>	200,000
80 stalls enclosed	
<u>Administration Building</u>	150,000
<u>Drivers, Jockey & Grooms Quarters</u>	40,000
<u>Flat Track</u> - one mile	250,000
<u>Harness Track</u> - 5/8 mile	125,000
<u>Training Track</u>	125,000
<u>Lighting for Tracks</u>	300,000
<u>Chain Link Fencing</u>	30,000
<u>Parking Lot</u> - 7000 cars	450,000
Paving & lighting	
<u>Landscaping, grading</u>	125,000
<u>Machinery & Equipment</u>	100,000
<u>Architect Fees, Interest, Etc.</u>	1,100,000
<u>Miscellaneous</u>	85,000
	Total
	\$10,700,000
Land - 200 Acres @ 5,000/Ac.	1,000,000
Including Access Roads, Sewer & Water	
	Total
	\$11,700,000

Track B could accommodate a crowd of over 20,000 persons with a mutuel handle in excess of \$1,500,000 for big races or on special weekends.

In building the grandstand and clubhouse, it would be desirable to be able to expand the facilities, therefore they should not be built too large initially. Most people like to feel the excitement of a crowd and if the facilities are too large and the spectator feels he is all alone, the atmosphere is not conducive to a spirit of participation.

In Figure 10 showing the estimated mutuel handle, the income and expense for the track operation, we begin to arrive at some estimate of the State's income and an answer to the question—Is there sufficient income to support a racetrack?

In estimating the handle, we have assumed that at track A, the bettor would have an average wager of \$50.00. This is considerably below the national average, but in a new area where the patron is not accustomed to wagering, the amount would be expected to be below the national average.

In the track B area where the patrons have been familiar with racing because of the race tracks in the adjoining states, we could expect the average daily wager to be higher and have used a figure of \$66.67.

The amount of money paid in purses has purposely been broken out as, so often, this is grouped into the amount paid the association and often thought of as going to the track operator. We think this method gives a clearer picture of the distribution of the take-out.

The percentage of the take-out from the pari-mutuel varies from state to state with most states taking 14 or 15%, although they range from a low of 12 1/2% to a high of 17%. When states have increased their percentage of take-out above 15%, the net effect has been to lose patrons and have less net income. This is disastrous to everyone—state, horsemen and tracks.

We are proposing a total take-out of 15% as shown in the accompanying chart, with all of the breakage being divided equally between the racing association and the State.

During the first year or so in which these tracks are commencing operations, we would expect Track A to do around 20 million dollars and Track B to do 40 million dollars, which would give the State the first year a minimum income of three million dollars. However, by the second or third year, the State should receive around 7.5 million dollars, and in five years, around 10 million dollars. It is very difficult to project anything beyond this as there are obviously too many variables. (See Figure 10)

Report
Pari-Mutuel Betting

FIGURE 10

Estimated Income & Expense Statement

Average Daily Mutuel Handle	\$200,000	\$400,000
<u>Mutuel Income</u>		
State 5%	10,000	20,000
Purses 5%	10,000	20,000
Track Association 5%	10,000	20,000
Breakage to Association 1 1/2%	3,000	6,000
Total	<u>\$ 33,000</u>	<u>\$ 65,000</u>
Average Daily Attendance	4,000	6,000
<u>Estimated Income - Daily Basis</u>		
Grand Stand Admission	\$ 3,000	\$ 5,000
Club House Admission	1,000	2,000
Concession Rental	2,000	3,000
20% Gross Sales in Grandstand		
10% Gross Sales in Club House		
Parking	1,000	1,500
Sub-total	<u>\$ 7,000</u>	<u>\$ 11,500</u>
Income from Mutuel Handle	13,000	26,000
Total	<u>\$ 20,000</u>	<u>\$ 37,500</u>
<u>Expenses</u>		
Operating Costs, including all employees, officials, taxes, insurance, maintenance, repairs, advertising, promotions, etc.	\$ 12,000	\$ 22,000
<u>Income before depreciation or interest charges</u>	\$ 8,000	\$ 15,500

(5) Track Ownership

There has already been considerable interest expressed by a number of different groups around the State, and some out of state people, concerning building a race track in Virginia if a franchise or license becomes available. We feel that private industry should develop all such facilities.

Establishing a racetrack is a speculative venture, in which public funds should not be involved. While we feel that every indication foreshadows the financial success of fully developed horse racing in Virginia, no part of the risk should be placed on the taxpaying public. The initiative of private entrepreneurs should be the impetus behind racing in Virginia, not State financial support. The operation of racing activities is a business activity in which it is not the proper function of government to participate, beyond the enactment of sound legislative guidelines and implementation of administrative machinery. This is not to suggest that government should wash its hands of responsibility for the proper conduct of racing. Quite the contrary, government owes the people the wise exercise of the police power of the state; regulation of activities in the public interest certainly being included therein. However, the wise exercise of the police power should not be extended into areas more fit for operation by the private section. The cornerstone of our republican form of government is predicated on the distinction made between the proper exercise of the police power and its misuse. The line can clearly be drawn where racing operations are involved. Such a proprietary function should no more be entered into by the State than general operation of department stores, orchards, or tobacco farms.

(6) Summary of Feasibility Study

a. There are only two areas in the State where first class racing facilities would be feasible. One is in the Northern Virginia area and the second is in the Hampton Roads area.

b. The racing facilities should be designed for year-round racing with each track allowed 100 or more days of racing at the discretion of a racing commission.

c. The tracks should be designed for flat, harness, turf, steeplechase and quarter racing.

d. The flat track should be one mile in length and the standardbred track 5/8 inside the mile track with a common stretch area.

e. It is estimated that a track in the Hampton Roads area having a grandstand seating capacity of 4,000 and a clubhouse seating capacity of 2,000 should cost approximately \$8,000,000. Estimate pari-mutuel handle of 20 million dollars should be realized the first year and increasing to 40 million dollars in two or three years.

f. The track in Northern Virginia should be larger, seating approximately 6,000 in the grandstand and 3,000 in the clubhouse with a low estimated cost of 12 million. The estimated pari-mutuel handle would be approximately 40 million dollars the first year increasing to 80 million dollars in two or three years.

g. The take-out from the pari-mutuel handle should be 15% with the State horsemen and racing association each receiving 5% thereof. The breakage should be divided equally among these three.

h. Within four or five years, a minimum of 10 million dollars should be realized annually in taxes by the State.

i. The race tracks should be built entirely by private funds and receive no financial aid or guarantee from the Commonwealth.

IV. CONCLUSION

A. *The Commission View*

For all the reasons which have been stated it is the recommendation of this Commission that pari-mutuel wagering on horse racing be authorized in the Commonwealth. The legislative vehicle to accomplish this result is attached to this report and when enacted will provide Virginia with the finest comprehensive racing law of any State.

We truly believe that well conducted racing can be a blessing to the State. Our recommendation would be different if we believed otherwise.

Respectfully submitted,

Daniel G. Van Clief, *Chairman*

Peter K. Babalas

Vincent F. Callahan, Jr.

William M. Camp, Jr.

Walter W. Craigie, Sr.

* H. Addison Dalton

* Calvin W. Fowler

Raymond R. Guest

John W. Hanes, Sr.

** Omer L. Hirst

George J. Kostel

Julien J. Mason

Charles F. Phillips, Jr.

William Ferguson Reid

Randolph D. Rouse

Alson H. Smith, Jr.

Harold Solding

T. D. Steele

*** Russell I. Townsend, Jr.

**** Stanley C. Walker

Lawrence Douglas Wilder

Messrs. Dalton and Fowler dissent from the conclusions of the Commission.

** Senator Hirst reserves the right to consider further the matters before the Commission should evidence be produced suggesting any real risks of increase in the activities of organized criminal elements.

*** "I have abstained from voting for or against this report since I was not appointed to the Commission until June 1972 and therefore participated in the work of the Commission to only a very limited extent."

**** STATEMENT OF STANLEY C. WALKER TO BE MADE PART OF REPORT
OF PARI-MUTUEL BETTING STUDY COMMISSION—NOVEMBER 1972

Following are some observations that I make in regard to the Report of the Pari-Mutuel Betting Study Commission (PBSC) and the legislation drafted by the subcommittee to formulate legislation and approved by the majority of the members of the PBSC:

At the meeting of October 17, when votes were taken on these two matters, I was recorded as abstaining, and these observations, I believe, will explain my reasons for abstention.

In the early days of the PBSC, I brought to its attention the fact that the Organized Crime Detection Task Force (OCDTF) was in the process of studying the activities of organized crime in our state in compliance with action taken in the 1970 session of the General Assembly. The objectives of this study by the Task Force were to:

1. Determine the extent of organized crime activities in the state;
2. Identify problem crime patterns;
3. Evaluate the State law enforcement system as it relates to organized crime; and
4. Make recommendations as to what law enforcement needs to control organized crime.

This Task Force was directed by Harold E. Seyller, formerly with the Internal Revenue Service, and composed of 22 outstanding representatives of law enforcement throughout our state.

At that time, it was my suggestion that the PBSC receive the Report of the Task Force from Harold Seyller and that the members of the PBSC meet with him to discuss the OCDTF work and interview him in regard to the relationship of organized crime to legalized horse racing. On invitation from the PBSC Chairman, Mr. Van Clief, Mr. Seyller appeared before the Commission. At that meeting, Mr. Seyller stated that a study on the relationship between organized crime and legalized horse racing had never before been made in the state or nation and that he could merely give his views in a general sense. He did, however, point out that pari-mutuel betting would more than likely lead to an increase in illegal betting in Virginia and that there were tracks in the country that he believed were infiltrated by organized crime although there were tracks that were not.

I believe most will agree that Mr. Seyller's testimony to the PBSC points up the fact that wherever there is legalized horse racing there is also the *threat* of related organized crime activity.

In late December 1971, after Mr. Seyller's appearance before the PBSC, the OCDTF made its Report to the Governor and Members of the General Assembly. I would like to make reference to the following conclusions that were brought forth by the Task Force in that Report:

1. There are organized crime activities in the State of Virginia of sufficient magnitude to cause concern to its citizens. These activities relate primarily to gambling and to trafficking in narcotics and dangerous drugs.
2. The criminal justice system of the State is not equipped to adequately identify, investigate and prosecute persons engaged in organized crime.

I make reference, also, to some of the recommendations that were brought forth in this Report:

1. The State Police investigative staff should be increased and trained to investigate organized crime and to further support and supplement local police investigation of criminal activities, upon request.
2. A statewide intelligence system should be established with capability to identify organized crime in our state.
3. An advisory council on organized crime should be established with the characteristics of the Organized Crime Prevention Council recommended by the Law Enforcement Assistance Administration.
4. The Law Enforcement Officers Training Standards Commission should include in all law enforcement training programs appropriate training related to organized crime.
5. The Virginia State Crime Commission (VSCC) should take appropriate steps to inform the public regarding organized crime, with particular emphasis on informing leaders of the business world.

In my abstention statement to the Commission at its October 17th meeting, I pointed out that since the appearance before the Commission by Mr. Seyller, Director of the OCDTF, and the Report of the Task Force to the Governor and Members of the General Assembly, a national study of the relationship between organized crime and professional sports has come about, conducted by the House Select Committee on Crime headed by Congressman Claude Pepper. The VSCC, through Mr. Seyller, has kept abreast of this study and the hearings being conducted and, also, has been in communication with some members of our Congressional delegation to Washington. We have been advised that a report is forthcoming, with possible recommendations as to how best to cope with the problem of organized crime and its threat to professional sports. It is my belief that this upcoming information should be made available not only to all members of the PBSC, but to all members of the General Assembly and the general public. When this information is received, Mr. Seyller will study the conclusions and recommendations and will prepare a report for presentation to the PBSC.

I would like, also, to make reference to some of the legislative action taken in the 1972 session of the General Assembly in regard to some of the recommendations made by the OCDTF:

Senate Joint Resolution 61 directing the Law Enforcement Training Standards Commission to encourage and promote courses for advanced and specialized training of law enforcement officers throughout the Commonwealth: This resolution greatly emphasized the need for advanced and specialized training in such areas as drug abuse and organized crime.

Senate Joint Resolution 62 was adopted, directing the Division of Justice and Crime Prevention to conduct a study on the law enforcement system in the Commonwealth (This badly needed study is in progress and should point out our weaknesses and what we need to improve law enforcement in Virginia.).

The Crime Commission was again directed to continue its look into the activities of organized crime. I point out, too, that since the Task Force Report, certain actions have been taken:

1. The recommendation calling for the increase in the State Police investigative staff in order that they may better deal with organized crime activities is being implemented through Federal and State funds.
2. The VSCC is now taking steps to inform the public regarding organized crime, with particular emphasis on enlightening leaders in the business world (this program is also receiving Federal funding).
3. The Law Enforcement Officers Training Standards Commission has a subcommittee studying possible legislation dealing with standards and training relating to security-type law enforcement people, both private and governmental.

When this matter is debated in the 1973 session, I believe that one of the questions that will be raised will be the law enforcement end of it. Who will have jurisdiction over the security police? Who would have the say concerning the training of personnel? Will training be mandatory? Who will make up the security force? How would the State Police be involved? Would the new organized crime investigative segment of the State Police have to wait until local enforcement people called them in to check into allegations? These are more questions that certainly will come forth and questions that need to be answered. Again, I point out that there perhaps may be something in the national report that will help in this respect.

As with all study commissions, time seems to be of the essence. It is very difficult, I know, to do everything in complete detail. But I do feel that the public, and rightly so, will want to know more detail about the VSCC's look into the relationship between organized crime and pari-mutuel betting. As a member of this Commission and also chairman of the VSCC, I felt that it was best for me not to cast a vote but to abstain and to point out some of the things that I feel not only members of this Commission need to give thorough thought to, but also members of the General Assembly and the general public. A vote of "yea" or "nay" by me could possibly be construed as the Crime Commission's prejudging the forthcoming national report, as well as certain related studies now being made in our state and programs now being implemented and later to be evaluated.

The Crime Commission, of course, is not called upon to recommend one way or another whether Virginia should have pari-mutuel betting, but is charged through legislative act to not only report to Virginia's citizens the activities of organized crime but also to recommend ways Virginia can best prepare itself for the threat of organized crime. It is with this in mind that I have asked that this statement be made a part of the Report of the PBSC.

B. Dissenting View

The Commonwealth of Virginia will be ill-served by the introduction of legalized gambling within its borders. The tax "revenue" to the state—which would be minimal in relation to the budget—would come mainly from those least able to pay, and the presence of this activity historically attracts unwanted "business men", and tends to corrupt those associated with it.

During the course of this Commission's study, a major scandal erupted in Illinois, involving a federal judge and four high state officials; those entrusted with regulation had been corrupted by this "sport."

Gambling neither fulfills a basic human need, nor provides the general public with any true economic benefit. To assert that Virginians are denied their "liberty" because of the absence of legalized gambling is ludicrous. While its "enjoyment" may necessitate a little travel, the map included in this report (Figure 1) shows the ready availability of gambling sites within nearby states.

In fact, the competition offered by these neighboring tracks, when it comes to attracting both horses and fans, poses very practical problems in the feasibility of operating profitable tracks in Virginia.

While the race track may resemble other sports arenas to the uninitiated, its promoters recognize it for what it is....an over-sized betting parlor. Many of the fans never bother to glance at the participating horses. Track consultants advised the Commission that a track with 6,000 seats could "accommodate an average crowd of 17,000 to 18,000, a 'good' crowd of 25,000, and a record crowd of 30,000 to 35,000." To accomplish this, adequate betting facilities must be provided, of course!

Perhaps the most serious menace to our Commonwealth is the "Pandora's box" aspect of embracing pari-mutuel betting on horse racing. Hard facts and figures show that the trend in the United States is towards more dollars being wagered, and more forms of gambling being state-sponsored. Does Virginia want to compete in this kind of "race" for gambling revenue? Does it blend with the atmosphere that has distinguished Virginia as a tourist attraction? What long-run advantage will this open-gambling aura yield?

If Virginia should adopt this revenue source, it will become a *sponsor* of gambling. The Commonwealth will not be just allowing the populace to exercise its liberties, it will be "promoting" gambling. Notice that the Commission report indicates that the average bettor in Virginia would gamble "only" \$50 until he became educated to reach the higher national average (\$80 plus).

The argument has been advanced in some quarters that legalized gambling will minimize illegal wagering; no hard facts have been produced to support this. In fact Mr. Harold E. Seyller, the professional Task Force Director for our Virginia State Crime Commission, advised our Commission that, in his opinion, it would more likely lead to an *increase* in illegal betting in Virginia. In light of the worrisome picture painted by this Crime Study, we can ill afford anything which might tend to increase the impact of organized crime on Virginia.

On September 28, 1972, the Commissioners of five major sports leagues issued a joint statement opposing legalization of gambling on team sports. The executives—Pete Rozelle of the National Football League; Bowie Kuhn of major league baseball; Walter Kennedy of the National Basketball Association; Robert Carlson of the American Basketball Association; and Don V. Ruck, vice president of the National Hockey League, representing Commissioner Clarence Campbell—received the backing of the National District Attorneys Association.

Some comments by William Cohn, district attorney for New York's Nassau County, seem pertinent. He stated: "Organized crime welcomes legalized gambling." Winnings from organized crime gambling are not taxable because they are not reported. He added that because many bettors are poor in the first place, "legalized gambling is nothing more than an oppressive tax against the poor." Baseball Commissioner Bowie Kuhn declared that legalization would give organized crime the opportunity to interest people in betting who otherwise would not have been interested or available.

Virginia has been amply endowed by nature, and by its illustrious forefathers, with features adequate to attract the type of tourist the Commonwealth welcomes. The introduction of legalized gambling would be a burden, not a "blessing."

H. Addison Dalton
Calvin W. Fowler

A P P E N D I C E S

APPENDIX A

HOUSE JOINT RESOLUTION NO. 8 of 1971

Providing for a study of the **desirability** of legalizing pari-mutuel betting on horse races in **Virginia** and for a study of methods of implementing pari-mutuel betting on horse races.

Whereas, the voters of this Commonwealth in a referendum duly held in November, 1970, ratified proposed changes to anti-lottery provision of the Constitution so that, under such changes, the General Assembly can provide for such carefully controlled pari-mutuel betting on horse races as will benefit all concerned; and

Whereas, in order to bring about most appropriate conditions surrounding pari-mutuel betting on horse racing so as to provide a wise regulatory policy together with a program which will produce maximum revenues to the political subdivisions of the Commonwealth and the State, it is necessary for a careful study to be made to accomplish these purposes and to prepare appropriate legislation to effect the same; now, therefore, be it

Resolved by the House of Delegates, the Senate concurring, That a Commission is hereby created to make a study and report upon the desirability of legalizing pari-mutuel betting on horse racing in Virginia and upon the most practicable and feasible methods for the conduct of pari-mutuel betting on horse racing under a plan which will further the public interest and produce maximum revenues to the Commonwealth and its political subdivisions from the conduct of such activities. The Commission shall be composed of twenty-one members appointed as follows: the Speaker of the House of Delegates shall appoint seven members from the membership of the House and three members from the public at large; the President of the Senate shall appoint four persons from the membership thereof and two from the public at large; the Governor shall appoint five members from the State at large. The Commission shall select its Chairman from among its members.

The members of the Commission shall receive no salary for their services but shall be paid their necessary expenses for which, and for such secretarial, technical and other assistance as may be required, there is hereby appropriated the sum of thirty thousand dollars (\$30,000) from the contingent fund of the General Assembly.

The Commission shall conclude its study and make its report to the Governor and General Assembly not later than December 1, 1971 and shall set forth therein such measures as will promote the public interest and be conducive to the financial well-being of the Commonwealth and of its political subdivisions.

APPENDIX B

Resumes

Pari-Mutuel Betting Study Commission

Daniel G. Van Clief, *Chairman*
"Old Woodville", Esmont, Virginia 22937

Born Cleveland, Ohio, February 14, 1925. Educated Fishburne Military School. Farmer and businessman. Married Margaret Louisa Robertson. World War II veteran. Member: Episcopal Church; Sponsor's Committee, University of Virginia Graduate Business School; Charlottesville-Albemarle Chamber of Commerce. Officer-Director: Fasig-Tipton Company. Director: Village Green Corporation; Alderman 250 Corporation. Trustee: Thoroughbred Owners and Breeders Association of America; Miller School of Albemarle; Virginia Thoroughbred Association; Grayson Foundation. Member of House of Delegates 1968-.

Peter K. Babalas
164 W. Belvedere Road, Norfolk, Virginia 23505

Born in Boston, Massachusetts, July 8, 1922. Educated Harvard College (AB), University of Virginia Law School (LLB). Lawyer. Married Lillie Macheras. World War II veteran, recalled during Korean Conflict. Member: Greek Orthodox Church; American, Norfolk-Portsmouth and Virginia Bar Associations. Member of Senate 1968-.

Vincent Francis Callahan, Jr.
6220 Nelway Drive, McLean, Virginia 22101

Born Washington, D. C., October 30, 1931. Educated Georgetown University, School of Foreign Service (BS). Publisher. Married Dorothy Budge. Served in Marine Corps. President: Callahan Publications. Member: Roman Catholic Church; National Press Club; Aviation Spacewriters Association; Fairfax County Chamber of Commerce. Director: Virginia Society for the Prevention of Blindness; American Association of Aeronautics and Astronautics. Member of House of Delegates: 1968-.

William M. Camp, Jr.
P. O. Box 441, Franklin, Virginia 23851

Member: Baptist Church. President: Blackwater Realty Corp. Owner and manager: Holliknoll Farm (cattle and standardbred horses). Vice-Chairman: Isle of Wight County Board of Supervisors. Director: Virginia National Bank; Camp Foundation.

Walter W. Craigie, Sr.
616 East Main Street, Richmond, Virginia 23215

Born Richmond, Virginia, November 7, 1904. Educated Richmond Public Schools. Married Helen Pendleton Walker. Member: Episcopal Church. Chairman, Executive Committee, Craigie, Mason-Hagan, Inc. Richmond, Virginia. Chairman of Board: The Cardwell Machine Company, Richmond, Virginia. Director: Richmond Guano Company, Inc.; Vokes-Cardwell Limited; Liberty Limestone Corp. Trustee: Virginia Union University; Randolph Macon College. Chairman: City of Richmond Tax Study Commission (1970). National Vice-Chairman: National Conference of Christians and Jews, Inc. Former Turf Columnist, Richmond Times Dispatch.

H. Addison Dalton
P. O. Box 27127, Richmond, Virginia 23261

Born Richmond, Virginia, November 26, 1922. Educated University of Richmond (BA, MSBA). Certified Public Accountant. Served in U. S. Navy Reserve, 1943-1946. Married Amy F. Hickerson. Member: Baptist Church; Virginia Society of Certified Public Accounts; American Institute of Certified Public Accounts; American Accounting Association. President, Richmond Chapter, Virginia Society of Certified Public Accountants Member, Virginia State Board of Accountancy.

Calvin W. Fowler
22 Masonic Building, Danville, Virginia 24541

Born Danville, Virginia, July 29, 1935. Educated University of Virginia (BA, LLB). Married Barbara Tyler Childrey. Lt., U.S. Army (1961-1963). Member: Baptist Church; Danville Golf Exchange, German and Young Men's Clubs; Moose; Masons; Virginia State Bar; Virginia and Danville Bar Associations. Member House of Delegates Ex. 1969-.

Raymond R. Guest
Powhatan Plantation, King George, Virginia 22485

Born New York City, November 25, 1907. Educated McGill University, Yale University. U. S. Navy Reserve 1941-1946. (Horsebreeder, cattle farmer.) Married Caroline Murat. Special Assistant to Secretary of Defense 1945-1947; Commissioner, Virginia Game and Inland Fisheries 1960-1965; U. S. Ambassador to Ireland 1965-1968. Member of Virginia Senate 1947-1953; Director: Virginia Museum of Fine Arts.

John W. Hanes, Sr.
460 Park Avenue, New York City 10022

Born North Carolina. Educated Woodberry Forest, Yale University (BA). World War I veteran. Senior partner, Charles D. Barney & Co. 1930-1938; Commissioner, Securities and Exchange Commission, 1938. Assistant Secretary of the Treasury 1939-1940. Former Director: Bankers Trust Company; Johns-Manville Corporation; Mutual Life Insurance Company. Former director and Chairman, Executive Committee of United States Lines. Director, Olin Corporation. Member, Reorganization Committee, New York Racing Association. Steward, New York Jockey Club. Trustee, New York Racing Association.

Omer Hirst
5500 Rolling Road, Burke, Virginia 22015

Born Annandale, Virginia, August 30, 1913. Educated Washington and Lee University (BS). World War II veteran. Member: Methodist Church; Alexandria Chamber of Commerce; Northern Virginia Builders Association; Northern Virginia Board of Realtors, Inc.; Fairfax County Chamber of Commerce; Phi Beta Kappa; Northern Virginia Advisory Board of AAA. Trustee: Sibley Memorial Hospital; Washington Center for Metropolitan Studies; Virginia Foundation for Independent Colleges. Advisory Committee, George Mason College. Director, Caroline Arlington Trust Company. Chairman, Commission on Mental, Indigent and Geriatric Patients. Member of House of Delegates: 1954-1959. Member of Senate: 1964-.

George J. Kostel
Box 182, Clifton Forge, Virginia 24422

Born Clifton Forge, October 30, 1927. Educated Clifton Forge public

schools, Hampden-Sydney College (BA), Washington and Lee University (LLB). Lawyer. Married Helen Harriet Elite. Member: Episcopal Church. Served in Marine Corps (1951-1953). Director: First National Bank of Clifton Forge; First Federal Savings and Loan Association of Clifton Forge. Member of House of Delegates 1963-.

Julien J. Mason
P. O. Box 525, Bowling Green, Virginia 22427

Born Colonial Beach, Virginia, September 9, 1916. Educated Colonial Beach High School, William and Mary College (AB) and University of Virginia (LLB). Lawyer. Married Carol Jewel Waite. World War II veteran. Member: Episcopal Church; American Bar Association; Virginia State Bar; Fifteenth Judicial Circuit Bar Association. Member of House of Delegates 1966-1970.

Charles F. Phillips, Jr.
414 Morningside Drive, Lexington, Virginia 24450

Born Geneva, New York, November 5, 1934. Educated University of New Hampshire (BA); Harvard University (PhD Economics). Professor of Economics, Washington and Lee University. Married Marjorie Hancock Phillips. Member: Presbyterian Church. Author of two books (*Competition in the Synthetic Rubber Industry; The Economics of Regulation: Theory and Practice in the Transportation and Public Utility Industries*) two monographs and several articles in professional journals. Economic Consultant to: A. T. & T. Company; Board of Governors of the Federal Reserve System; New York Stock Exchange; Panhandle Eastern Pipeline Company; Virginia Electric & Power Company; South Carolina Electric and Gas Company. Mayor of Lexington 1971-.

William Ferguson Reid
112 East Clay Street, Richmond, Virginia 23219

Born Richmond, Virginia, March 18, 1925. Educated Virginia Union University (BS) and Howard University (M.D.) Surgeon. Married Jacqueline Marie Mathieu. Served in Korean conflict. Member: Episcopal Church; American College of Surgeons; Richmond Academy of Medicine; Richmond Medical Society; Medical Society of Virginia; Old Dominion Medical Society; American Medical Association; National Medical Associations. Fellow, American College of Surgeons. Director: Virginia Division of the American Cancer Society; Virginia Council of Health and Medical Care. Member of House of Delegates 1968-.

Randolph D. Rouse
6407 Wilson Boulevard, Arlington, Virginia 22205

Born Smithfield, Virginia. Educated Newport News Public Schools; Washington and Lee University (BS). Farmer and investor; Trainer, owner and amateur rider. Member: Baptist Church. World War II veteran. Owner and Director, Randolph D. Rouse Enterprises: Builders, Developers and Investors. Owner and operator, King James Motor Hotel. Chairman, Fairfax Steeplechase. President, National Steeplechase and Hunt Association. Master of Fox Hounds, The Fairfax Hunt.

Alson Howard Smith, Jr.
Fox Drive, Winchester, Virginia 22601

Born Frederick County, Virginia, January 6, 1928. Educated public schools of Frederick County, John Handley High School of Winchester. Businessman. Married Margarette Matthews. Veteran of Korean conflict.

Member: Methodist Church. President: Shenandoah Tastee-Freez of Winchester, Inc.; Tastee Foods Company of Virginia.

Harold Soldinger
7415 Chipping Road, Norfolk, Virginia 23505

Married Annette Peltz. World War II veteran. Former Director and writer of motion pictures. Vice-President and Assistant General Manager of Tidewater Station, WAVY-TV, Inc., a subsidiary of Lin Broadcasting Corporation.

T. D. Steele
P. O. Box 1018, Salem, Virginia 24153

Born Mullins, West Virginia. Educated Culver Military Academy, Harvard University (AB), Virginia Polytechnic Institute (MS). World War II veteran. Owner and operator of farm raising Angus and Arabian Horses. Developer and part owner: Crossroads Shopping Mall; Tanglewood Mall; Grandview Village Apartments; Avonham Manor Apartments; Stonegate Manor Apartments; Stonegate Swim Club; and various housing projects.

Russell I. Townsend, Jr.
329 Tudor Place, Chesapeake, Virginia 23325

Born Norfolk, Virginia, April 12, 1934. Educated University of Virginia (B.E.E.) University of Richmond (LLB.). Married Gale Gibson Brownlee. Member: United Methodist Church; American Bar Association; Norfolk and Portsmouth Bar Association; Chesapeake Bar Association, Past President; Ruritan Club; Chesapeake City Council; McNeil Law Society, Member of Senate 1972-.

Stanley C. Walker
P. O. Box 11266, Norfolk, Virginia 23517

Born Norfolk, Virginia July 2, 1923. Educated Norfolk City Schools, Fork Union Military Academy, Norfolk Business College. Businessman. Married Sybil Bruce Moore. World War II veteran. Member: Methodist Church. Chairman: Board of Directors of structural steel fabricating, erecting and engineering firm. Former member: Norfolk City School Board; Norfolk City Recreation Commission; Norfolk Citizens Advisory Committee. Director: Lee Memorial Hospital; First Virginia Bank of Tidewater. Chairman: Virginia State Crime Commission. Member of House of Delegates 1964-.

Lawrence Douglas Wilder
3026 P Street, Richmond, Virginia 23223

Born Richmond, Virginia January 17, 1931. Educated Virginia Union University (BS) Howard University School of Law (JD). Lawyer. Married Eunice Montgomery. Veteran of Korean Conflict. Member: Baptist Church; American Bar Association; American Trial Lawyers Association; Virginia State Bar; Richmond Trial Lawyers Association; Virginia Trial Lawyers Association; Bar Association of the City of Richmond; Richmond Urban League; United Givers Fund; Young Democrats; Richmond Chamber of Commerce; Old Dominion Bar Association; American Judicature Society. Member of Senate 1970-.

APPENDIX C

A B I L L

To create the Virginia Racing Commission, to authorize pari-mutuel betting on horse racing, to license those owning and operating racing and pari-mutuel facilities, to regulate those participating in horse racing on which pari-mutuel betting is permitted, to impose taxes on the conduct of such racing, and to provide penalties for violations; to that end to amend and reenact §§ 18.1-316, 18.1-318.1, 18.1-319, 18.1-321, 18.1-323, 18.1-336, 18.1-340, 18.1-341 and 18.1-342, as severally amended, of the Code of Virginia, and to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 17 and articles numbered 1 through 6, with sections numbered 59.1-200 through 59.1-238.

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.1-316, 18.1-318.1, 18.1-319, 18.1-321, 18.1-323, 18.1-336, 18.1-340, 18.1-341 and 18.1-342, as severally amended, of the Code of Virginia, be amended and reenacted, and that the Code of Virginia be amended by adding in Title 59.1 a chapter numbered 17 and articles numbered 1 through 6, with sections numbered 59.1-200 through 59.1-238, as follows:

§ 18.1-316. Gambling prohibited. — Any person who shall bet, wager or play at any game for money or other thing of value, *except at pari-mutuel windows operated by a corporation licensed under § 59.1-214*, shall be fined not exceeding one hundred dollars, or confined in jail not exceeding sixty days, or both.

§ 18.1-318.1. Conduct of illegal gambling business. — (a) Whoever conducts, finances, manages, supervises, directs or owns all or part of an illegal gambling business shall be fined not more than twenty thousand dollars and imprisoned not more than five years.

(b) As used in this section;

(1) "Gambling" includes but is not limited to pool-selling, book-making, maintaining slot machines, roulette wheels or dice tables, and conducting lotteries, policy, bolita or numbers games, or selling chances therein or engaging in conduct prohibited or made unlawful by this article.

(2) "Illegal gambling business" means a gambling business *other than pari-mutuel betting operated by a licensee under § 59.1-214*, which

(i) Involves five or more persons who conduct, finance, manage, supervise, direct or own all or part of such business; and

(ii) Has been or remains in substantially continuous operation for a period in excess of thirty days or has a gross revenue of two thousand dollars in any single day.

(c) Any property, including money, used in violation of the provisions of this section may be seized and forfeited to the Commonwealth of Virginia as though it were motor vehicles used in the illegal transportation of alcoholic beverages and the provisions of § 4-56 of the Code of Virginia shall apply *mutatis mutandis*.

(d) This section shall not apply to any bingo game and raffles conducted by an organization exempt from tax under paragraph (3) of subsection (c) of section 501 of the United States Internal Revenue Code of 1954, as amended, if no part of the gross receipts derived from such activity inures to the benefit of any private shareholder, member or employee of such organization except as compensation for actual expenses incurred by him in the conduct of such activity.

§ 18.1-319. Betting on games, races, etc. — No person *other than a corporation licensed under Chapter 17 of Title 59.1 (§ 59.1-200 et seq.) and operating under the rules and regulations of the Virginia Racing Commission* shall:

(1) Occupy any room, shed, tenement or building, or any part thereof, or any place upon any grounds, with books apparatus or paraphernalia for the purpose of recording or registering bets or wagers or of selling or making books, pools, or mutuels upon the result of any game, athletic contest or any trial of speed or power of endurance of animals or beasts,

(2) Being the owner or lessee or occupant of any room, tent, tenement, shed, booth or building or part thereof, knowingly permit the same to be used or occupied for any such purpose, or therein keep, exhibit or employ any device or apparatus for the purpose of recording or registering such bets or wagers or the selling or making of such books, pools or mutuels,

(3) Become the custodian or depository for gain, hire or reward of any money, property or thing of value bet or wagered or to be wagered or bet contrary to the provisions of this section,

(4) Receive, register, record, forward or purport or pretend to forward to or for any game, athletic contest or any race course any money, thing or consideration of value offered for the purpose of being bet or wagered upon any game or athletic contest or the speed or endurance of any animal or beast,

(5) Occupy any place or building or part thereof with books, papers, apparatus or paraphernalia for the purpose of receiving or pretending to receive, recording, registering or forwarding, or pretending or attempting to forward, in any manner whatever, any money, thing or consideration of value bet or to be bet contrary to the provisions of this section, or

(6) Aid, assist or abet at any racetrack or place in any manner in any of the acts forbidden by this section.

Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and punished as provided in § 18.1-9, as the same may be amended from time to time.

But nothing in this section shall be construed to prevent agricultural associations and riding and driving clubs or associations from offering a purse or premium at such trials of speed of animals or beasts as may be held by them.

§ 18.1-321. Money and property used in connection with racing; forfeiture thereof, innocent owners or lienors. — In addition to the penalties provided in §§ 18.1-319 and 18.1-320, all money and gambling paraphernalia found in connection with the promotion, operation or conduct of any race or attempted race *beyond the limits of the Commonwealth*, and all moneys found in any place in which bets on *such* races are received, shall be forfeited to the Commonwealth and may be seized by an officer and held to await proceedings for condemnation; provided, that such forfeiture shall not extinguish the rights of any person without knowledge of the illegal use of such property who is the lawful owner or who has a lien on the same which has been perfected in the manner provided by law. The money or other personal property so forfeited shall be disposed of as provided by law.

§ 18.1-323. Keeping gaming banks, gaming tables, etc.; seizure thereof; how disposed of. — If any person keep or exhibit, for the purpose of gaming, any gaming table or bank of any name or description whatever or any table or bank used for gaming which has no name, any wheel of fortune or slot machine, or any pigeon-hole table or Jennie Lynn table, whether the game or

table be played with cards, dice, or otherwise, or be a partner or concerned in interest in the keeping or exhibiting such table or bank, he shall be confined in jail not less than two nor more than twelve months, and fined not less than one hundred nor more than one thousand dollars. Any such table, bank or wheel of fortune and all the money, stakes or exhibits to allure persons to bet at such table, bank or wheel may be seized by order of the court, or under warrant of a justice of the peace or a judge or clerk of a court not of record, and the money so seized shall be forfeited, one half to the person making the seizure, and the other half to the Commonwealth, and the table, bank, machine or wheel shall be burned; provided that when any billiard or pool table or other paraphernalia, not inherently gambling paraphernalia, is so seized, the court may, in its discretion, award the same to some charitable organization or war recreation center, upon condition that it be used only for the purpose of recreation.

The provisions of this section and §§ 18.1-324 through 18.1-328 shall not be construed to prohibit the operation of pari-mutuel equipment by a corporation licensed under Chapter 17 of Title 59.1 (§ 59.1-200 et seq.) and operating under the rules and regulations of the Virginia Racing Commission.

§ 18.1-336. Conducting game played for money or “rake off,” etc. — Any person *other than a licensee under Chapter 17 of Title 59.1 (§ 59.1-200 et seq.) operating under the rules and regulations of the Virginia Racing Commission* who shall conduct or be interested in conducting any game played for money or other thing of value, or “rake off” of any money or other thing of value from a pool made up by those who are engaged in playing cards or other game for money or other thing of value, whether such “rake off” be for profit or for the necessary expenses of the game or for any other purposes whatever, or shall receive directly or indirectly any money or other thing of value as compensation for conducting such game or for furnishing the room or paraphernalia for such game, shall be guilty of a misdemeanor and shall be punished by confinement in jail not less than six months nor more than twelve months.

§ 18.1-340. Managing, etc., a lottery, etc., or buying, selling, etc., chances. — If any person *other than a licensee under Chapter 17 of Title 59.1 (§ 59.1-200 et seq.) operating under regulations of the Virginia Racing Commission:*

(1) Set up, promote or be concerned in managing or drawing a lottery or raffle for money or other thing of value,

(2) Knowingly permit such lottery in any house under his control,

(3) Knowingly permit money or other property to be raffled for in such house, or to be won therein, by throwing or using dice, or by any other game of chance,

(4) Knowingly permit the sale in such house of any chance or ticket in, or share of a ticket in, a lottery, or any writing, certificate, bill, token or other device purporting or intended to guarantee or assure to any person, or entitle him to a prize or share of, or interest in a prize to be drawn in a lottery, or,

(5) For himself or another person buy, sell or transfer, or have in his possession for the purpose of sale or with intent to exchange, negotiate or transfer, or aid in selling, exchanging, negotiating or transferring, a chance or ticket in or share of a ticket in a lottery, or any such writing, certificate, bill, token or device,

He shall be confined in jail not exceeding one year, and fined not exceeding five hundred dollars; provided that any person who shall violate any of the provisions of this section when such violation shall consist of the operation or conduct of a lottery commonly known as the numbers game or the numbers

racket shall be confined in the penitentiary not less than one year nor more than ten years and fined not less than five hundred dollars, or in the discretion of the jury or the court trying the case without a jury, he shall be confined in jail not less than six months nor more than twelve months and fined not more than five hundred dollars, either or both.

§ 18.1-341. Forfeiture of money, etc., drawn and property used in lottery; innocent owners or lienors. — All money and things of value drawn or proposed to be drawn by an inhabitant of this State and all money or things of value received by such person by reason of his being the owner or holder of a ticket or share of a ticket in any *illegal* lottery or pretended lottery, ~~contrary to this chapter~~, and all money, gambling paraphernalia, office equipment and all other personal property of any kind or character used in connection with the promotion, operation or conduct of any *such illegal* lottery or attempted lottery shall be forfeited to the Commonwealth and may be seized by an officer and held to await proceedings for condemnation; provided, that such forfeiture shall not extinguish the rights of any person without knowledge of the illegal use of such property who is the lawful owner or who has a lien on the same which has been perfected in the manner provided by law. The money or other personal property so forfeited shall be disposed of as provided by law.

§ 18.1-342. County ordinances prohibiting lotteries and games of chance; forfeiture of money, paraphernalia or property used in connection therewith. — The governing body of any county having and operating under the county board form of organization and government under Article 5 (§ 15-362 et seq.) of Chapter 12 of Title 15 of the Code of Virginia or the county manager form of organization and government under Chapter 11 (§ 15-266 et seq.) of Title 15 of the Code of Virginia, respectively, is hereby authorized and empowered to adopt ordinances prohibiting lotteries and games of chance, *except those authorized under Chapter 17 of Title 59.1 (§ 59.1-200 et seq.)*, and providing for the punishment of persons engaged in managing or promoting *such* lotteries or buying or selling *such* chances or being concerned therein as provided by § 18.1-340 of the Code of Virginia. Such counties are authorized and empowered by ordinances to institute forfeiture proceedings as provided by § 18.1-341 of the Code of Virginia, and such proceedings for the enforcement of said forfeitures may be instituted and conducted in the name of said county, and the procedure shall be mutatis mutandis, the same as is prescribed in § 19.1-17 of the Code of Virginia and other sections relating thereto for forfeiture proceedings by the Commonwealth.

CHAPTER 17

HORSE RACING AND PARI-MUTUEL BETTING

ARTICLE 1.

Virginia Racing Commission

§ 59.1-200. *Policy.* — (a) *It is hereby declared to be the policy of the Commonwealth of Virginia, in order to encourage legitimate industries and occupations, to foster the horse breeding industry and legitimate horse racing with pari-mutuel wagering in the Commonwealth, in a manner consistent with the health, safety and welfare of the people. In furtherance of this policy, it is the purpose and intent of this chapter to vest in the Virginia Racing Commission forceful control of all racing with pari-mutuel wagering in the Commonwealth, with plenary power to prescribe rules and regulations and conditions under which such racing and wagering shall be conducted, so as to maintain horse racing in the Commonwealth of the highest quality and free of any corrupt, incompetent, dishonest or unprincipled practices; to dissipate any*

cloud of association of such racing with the undesirable; and to maintain in such racing the appearance and the fact of complete honesty and integrity.

(b) The conduct of any horse racing with pari-mutuel wagering, participation in such racing or wagering, and entrance to any place where such racing or wagering is conducted is a privilege which may be granted or denied by the Commission or its duly authorized representatives in its discretion in order to effectuate the purposes set forth in this chapter.

§ 59.1-201. Definitions. — Unless another meaning is required by the context, the following words shall have the meaning prescribed by this section:

(a) "Breakage" shall mean the odd cents by which the amount payable on each dollar wagered exceeds a multiple of ten cents;

(b) "Commission" shall mean the Virginia Racing Commission;

(c) "Drug" shall have the meaning prescribed by § 54-524.2. The Commission shall by regulation define and designate those drugs the use of which is prohibited or restricted;

(d) "Enclosure" means all areas of the property of a track to which admission can be obtained only by payment of an admission fee or upon presentation of authorized credentials, and any additional areas designated by the Commission;

(e) "Handle" shall mean the amount wagered during a race meeting or during a specified period thereof;

(f) "Licensee" shall include any person holding an owner's or operator's license under §§ 59.1-208 through 59.1-218 of this chapter;

(g) "Member" shall include any person designated a member of a non-stock corporation, and any person who by means of a pecuniary or other interest in such corporation exercises the power of a member;

(h) "Pari-mutuel wagering" shall mean the system of wagering whereby wagers are placed in a collective pool, the odds determined in accordance with the amounts wagered on each contestant but the total, less the percentage retained by the licensee, divided among those who wagered on the first three contestants;

(i) "Person" shall include a natural person, partnership, joint venture, association, corporation, or governmental unit;

(j) "Race meeting" shall mean the whole consecutive period of time, one rest day per week excluded, during which horse racing with pari-mutuel wagering is conducted by a licensee;

(k) "Stock" shall include all classes of stock of an applicant or licensee corporation, and any debt or other obligation of such corporation or stock of an affiliated corporation if the Commission finds that the holder of such obligation or stock derives therefrom such control of or voice in the operation of the applicant or licensee corporation that he should be deemed a stockholder.

§ 59.1-202. *The Virginia Racing Commission. — (a) The Virginia Racing Commission is hereby created. It shall consist of five members appointed by the Governor, and confirmed by a majority of those elected to each house of the General Assembly at the next regular session following any such appointment. The initial appointments shall be as follows: one for a term of one year, one for a term of two years, one for a term of three years, one for a term of four years, and one for a term of five years. Thereafter, all appointments shall be for a term of five years. Vacancies in the Commission shall be filled for the unexpired term in the manner provided for original appointments. Each commissioner shall be eligible for reappointment, in the discretion of the Governor. The Commission shall elect its chairman.*

(b) No member or employee of the Commission, and no spouse of any such member or employee, shall have any financial interest, direct or indirect, in any horse racetrack subject to the provisions of this chapter, or in any entity which has submitted an application for a license under Article 2 of this chapter, or in the operation of any such track within the Commonwealth, or in the operation of any wagering authorized under this chapter. No member or employee of the Commission shall participate as owner of a horse or otherwise as a contestant in any race subject to the jurisdiction of the Commission, or have any pecuniary interest in the purse or prize contested for in any such race.

(c) Each member of the Commission shall receive one hundred dollars for each day or part thereof spent in the performance of his duties, and in addition shall be reimbursed for his reasonable expenses incurred therein.

(d) The Governor may remove any commissioner for inefficiency, neglect of duty or misconduct in office, giving him a copy of the charges against him and an opportunity to be publicly heard in person or by counsel in his own defense before the Governor not less than ten nor more than thirty days following notice of removal. Any commissioner removed hereunder may appeal such removal to the Supreme Court of Virginia, which shall give such appeal priority on its docket. If the Court finds that the action of the Governor was arbitrary, or without evidence to support it, it shall reinstate such commissioner.

(e) The Commission shall establish and maintain a general business office for the transaction of its business at a place to be determined by the Commission. The Commission shall meet at such times and places within the Commonwealth as it shall determine. A majority of the commissioners shall constitute a quorum for the transaction of any business, the performance of any duty or the exercise of any power of the Commission.

§ 59.1-203. *Powers and duties of the Commission. — Pursuant to provisions of this chapter, the Commission shall have the powers and duties necessary to carry out fully and effectively the provisions of this chapter. Such powers and duties shall include, but not be limited to, the following:*

(a) The Commission is vested with jurisdiction and supervision over all horse races licensed under the provisions of this chapter, and over all persons conducting, participating or attending such races. It shall employ such persons

to be present at race meetings as are necessary to ensure that they are conducted with order and the highest degree of integrity, and may require that the licensee pay such salaries to such employees of the Commission as the Commission shall prescribe. It may eject or exclude from the enclosure or from any part thereof any person, whether or not he possesses a permit, whose conduct or reputation is such that his presence may, in the opinion of the Commission, reflect on the honesty and integrity of horse racing or interfere with the orderly conduct of horse racing;

(b) The Commission, its representatives and employees, may visit, investigate and have free access to the office, track, facilities or other places of business of any licensee, and may compel the production of any of its books, documents, records or memoranda for the purpose of satisfying itself that this chapter and its rules and regulations are strictly complied with;

(c) The Commission shall prescribe and publicize reasonable rules, regulations and conditions under which all types of racing subject to its jurisdiction, and pari-mutuel wagering, shall be conducted in the Commonwealth, and such other reasonable regulations as it deems necessary and appropriate to effect the purposes of this chapter. Such regulations may include penalties for violation. In promulgating such rules and regulations, the Commission shall not be subject to Chapter 1.1 of Title 9 of the Code of Virginia (§§ 9-6.1, et seq.);

(d) The Commission may issue subpoenas for the attendance of witnesses before it and administer oaths to and compel production of records or other documents and testimony of such witnesses whenever, in the judgment of the Commission, it is necessary to do so for the effectual discharge of its duties;

(e) The Commission shall have authority to compel any person holding a license hereunder to file with the Commission such data, including but not limited to financial statements and information relative to stockholders and all others with any pecuniary interest in such person as shall appear to the Commission to be necessary for the performance of its duties hereunder, and may prescribe the manner in which books and records of such persons shall be kept.

§ 59.1-204. *Staff.* — The Commission shall appoint an executive secretary and such other employees as it deems essential to perform its duties under this chapter, who shall possess such authority and perform such duties as the Commission shall prescribe or delegate to them. Such employees may include stewards, chemists, veterinarians, inspectors, accountants, guards and such other employees deemed by the Commission to be necessary for the supervision and the proper conduct of the highest standard of horse racing. Such employees shall be compensated as provided by the Commission.

The executive secretary, in addition to any other duties prescribed by the Commission, shall keep a true and full record of all proceedings of the Commission and preserve at the Commission's general office all books, documents and papers of the Commission.

§ 59.1-205. *Hearing and appeal.* — Any person aggrieved by a refusal of

the Commission to issue any license or permit, or suspension or revocation of a license or permit, imposition of a fine, or any other action of the Commission, may, within thirty days of such action, appeal to the court of record of the city or county in which the track at which the offense at issue was committed is located, or to the Circuit Court of the City of Richmond. The Commission shall be represented by counsel of its choice. If the court finds that the action of the Commission was arbitrary, or contrary to law, it shall order the issuance or reinstatement of such license or permit, abatement of such fine, or such other action as it deems appropriate. The decision of the court shall be subject to appeal as in other cases at law.

§ 59.1-206. Injunction. — Whenever it appears to the Commission that any person has been violating or may violate any provision of this chapter or any reasonable rule or regulation or final decision of the Commission, it may apply to the court of record, or the judge thereof in vacation, of the county or city in which such violation has or may occur for an injunction against such person. The order granting or refusing such injunction shall be subject to appeal as in other cases in equity.

§ 59.1-207. Reserved.

ARTICLE 2.

Licenses

§ 59.1-208. Owner's and operator's licenses required. — No person shall construct and establish a horse racetrack where race meetings are to be held and pari-mutuel wagering permitted, or own any such track or facilities, unless he has obtained an owner's license issued by the Commission in accordance with the provisions of this article.

No person shall operate pari-mutuel wagering or conduct any race meeting at which wagering is permitted with his knowledge or acquiescence, unless he has obtained an operator's license under the provisions of this article.

No license issued under the provisions of this article shall be transferable.

§ 59.1-209. Application for owner's license. — (a) Any person desiring to construct or own a racetrack at which pari-mutuel wagering is permitted shall file with the Commission an application for an owner's license. Such application shall be filed at the time and place prescribed by the Commission, and shall be in such form and contain such information as prescribed by the Commission, including the following:

(1) The name and address of such person; if a corporation, the state of its incorporation, the full name and address of each officer and director thereof, and if a foreign corporation, whether it is qualified to do business in this State; if a partnership or joint venture, the name and address of each officer thereof;

(2) The name and address of each stockholder or member of such corporation, or each partner of such partnership or joint venture, and of each person who has or has contracted for a pecuniary interest in the applicant or the facilities at which such race meeting or pari-mutuel wagering will be

conducted, whether such interest be an ownership or a security interest, and the nature and value of such interest, and the name and address of each person who has agreed to lend money to the applicant;

(3) Such information as the Commission deems appropriate regarding the character and responsibility of the applicant and the members, partners, stockholders, officers and directors of the applicant;

(4) The location and description of the racetrack, place or enclosure where such person proposes to hold such meetings, including the name of any county, city or town in which any property of such track is or will be located. The Commission shall require such information about the facilities and location of such track as it deems necessary and appropriate to determine whether they comply with the minimum standards provided in this article, and whether the conduct of a race meeting at such location would be in the best interests of the people and of the horse industry in the Commonwealth. If the application is to construct racing and pari-mutuel facilities, such information shall include plans and specifications showing the planned track or facilities and all access roads, buildings and improvements to be used in connection therewith and any surveys or studies made by the applicant, or required by the Commission, of such type and in such detail as the Commission deems adequate to determine the economic prospects of the track, the appropriateness of the facilities both for spectators and participants, the effect of such track on the environment, and the adequacy of access to such track;

(5) Such information relating to the financial responsibility of the applicant as the Commission deems appropriate;

(6) Unless a license to construct or own such facilities has already been obtained under this article, a certification of the court of record of every county or city in which such track or its facilities is or will be located, that in a referendum held pursuant to Article 4 (§ 59.1-223, et seq.) hereof, establishment of a pari-mutuel betting facility was approved;

(7) If any of the facilities necessary for the conduct of racing or pari-mutuel betting are to be leased, the terms of such lease; and

(8) Any other information which the Commission in its discretion deems appropriate.

(b) Any application filed hereunder shall be verified by the oath or affirmation of an officer of the applicant, and shall be accompanied by a fee set by the Commission which shall not exceed two hundred dollars.

§ 59.1-210. Consideration of license. — (a) The Commission shall promptly consider any application for an owner's license, and grant or deny such license based on all information before it, including any investigations it deems appropriate. The Commission shall deny a license to any applicant, unless it finds that the applicant's facilities are or will be appropriate for the finest quality of racing, and meet or will meet the following minimum standards:

(1) That any track provided for standardbred racing be at least

five-eighths of a mile; that any dirt track provided for flat racing be at least one mile; and that any track provided for flat or jump racing on the turf be at least seven-eighths of a mile;

(2) That such track be appropriate for use for a combination of at least two of the three types of racing designated in subsection (1) above; and

(3) That the facilities be appropriate for the conduct of year round racing.

(b) The Commission shall deny a license to an applicant if it finds that for any reason the issuance of a license to the applicant would not be in the interest of the people of the Commonwealth or the horse racing industry in the Commonwealth, or would reflect adversely on the honesty and integrity of the horse racing industry in the Commonwealth, or that the applicant, or any officer, partner or director of the applicant:

(1) Has knowingly made a false statement of a material fact in the application, or has deliberately failed to disclose any information called for in the application;

(2) Is or has been guilty of any corrupt or fraudulent act, practice or conduct in connection with any horse race meeting in this or any other state, or has been convicted of a felony;

(3) Has at any time knowingly failed to comply with the provisions of this article or any reasonable rules and regulations of the Commission;

(4) Has had a license or permit to hold or conduct a horse race meeting or a permit to participate therein denied for just cause, suspended or revoked in any other state or country, if such denial, suspension or revocation is still in effect;

(5) Has legally defaulted in the payment of any obligation or debt due to this State;

(6) Has constructed or caused to be constructed a racetrack or pari-mutuel facility for which a license was required under § 59.1-209 hereof without obtaining such license, or has deviated substantially, without the permission of the Commission, from the plans and specifications submitted to the Commission; or

(7) Is not qualified to do business in Virginia, or is not subject to the jurisdiction of the courts of this State.

§ 59.1-211. Refusal of owner's license. — No owner's license or renewal thereof shall be granted to any corporation if the Commission finds that any holder of more than five percent of the stock of such stock corporation, or any member of such non-stock corporation:

(1) Is or has been guilty of any corrupt or fraudulent act, conduct or practice in connection with horse racing in this or any other state, has been convicted of a felony in this or any other state, or has knowingly failed to comply with the provisions of this article or the reasonable rules and regulations of the Commission;

(2) *Has had a license or permit to hold or conduct a race meeting, or to participate therein, denied for cause, suspended or revoked in any other state, if such denial, suspension or revocation is still in effect; or*

(3) *Has at any time during the previous five years knowingly failed to comply with the provisions of this article or any reasonable rules and regulations of the Commission.*

§ 59.1-212. *Duration, form of license, bond. — A license issued under § 59.1-210 shall be for the period set by the Commission, but shall be reviewed from time to time. The Commission shall designate on the license the duration of such license, the location of such track or proposed track, and such other information as it deems proper.*

The Commission shall require a bond with surety acceptable to it, and in an amount determined by it to be sufficient to cover any indebtedness incurred by the licensee to the Commonwealth.

§ 59.1-213. *Application for operator's license. — (a) Any person desiring to hold a race meeting at which pari-mutuel wagering is permitted shall file with the Commission an application for an operator's license. Such application may be made in conjunction with an application for an owner's license, if appropriate. It shall be filed at the time and place prescribed by the Commission and contain such information as prescribed by the Commission, including all information prescribed for an owner's license under § 59.1-209, and in addition the dates the applicant wishes to conduct a race meeting.*

(b) Any application filed hereunder shall be verified by the oath or affirmation of an officer of the applicant, and shall be accompanied by a fee set by the Commission which shall not exceed two hundred dollars.

§ 59.1-214. *Consideration of operator's license. — (a) The Commission shall promptly consider any application for a license, and grant or deny such license based on all information before it, including any investigation it deems appropriate. The Commission shall deny a license to any applicant, unless it finds:*

(1) That such applicant is a corporation organization under Title 13.1 of the Code of Virginia or comparable law of another state, and qualified to do business in Virginia;

(2) If the corporation is a stock corporation, that no one person owns more than five percent of the stock of such corporation, and that no family group, which shall mean any person, his spouse, his children and grandchildren and their spouses, his brothers and sisters and their spouses, and his parents, owns more than ten percent of the stock of such corporation; if the corporation is a non-stock corporation, that there are at least twenty members, and that no more than ten percent of the membership belongs to any family group;

(3) That seventy-five percent of the stock of such stock corporation is owned by residents of the State of Virginia, or that seventy-five percent of the membership of such non-stock corporation are residents of Virginia, that all

stockholders or members have submitted to the jurisdiction of the Virginia courts, and all nonresident stockholders or members have designated the executive secretary of the Commission as their agent for process, and that all of the officers and directors of the corporation are residents of Virginia;

(4) That the applicant's articles of incorporation provide that the corporation may, on vote of a majority of the stockholders or members, purchase at fair market value the entire membership interest of any stockholder, or require the resignation of any member, who is or becomes unqualified for such position under § 59.1-211;

(5) That the applicant would be qualified for a license to own such race track facilities under the provisions of §§ 59.1-210 and 59.1-211.

§ 59.1-215. Duration, form of license, bond. — A license issued under § 59.1-214 shall be for a period of five years from the date of issuance, but shall be reviewed annually. The Commission may, as it deems appropriate, change at the beginning of any year the dates on which the licensee is authorized to conduct a race meeting. An applicant for renewal of a license may omit to resubmit any information which in the opinion of the Commission is already available to it.

Any license issued under § 59.1-214 shall designate on its face the type or types of horse racing for which it is issued, the person to whom issued, the date or dates upon which such race meeting is to be conducted, the location of the track where such meeting is to be conducted, the period during which such license is in effect and such other information as the Commission deems proper.

The Commission shall require a bond with surety acceptable to it, and in an amount determined by it to be sufficient to cover any indebtedness incurred by such licensee during the days allotted for racing.

§ 59.1-216. Denial of license final. — The denial of an owner's or operator's license by the Commission shall be final unless appealed under § 59.1-205 of this chapter.

§ 59.1-217. Suspension or revocation of license. — The Commission may suspend or revoke any license or fine the holder thereof not to exceed five thousand dollars, after hearing with fifteen days' notice, in any case where it has reason to believe that any provision of this chapter, or any reasonable rule, regulation or condition of the Commission, has not been complied with, or has been violated. The Commission may revoke a license if it finds that facts not known by it at the time it considered the application indicate that such license should not have been issued. Deliberations of the Commission hereunder may be conducted in executive session. If any such license is suspended or revoked, the Commission shall state its reasons for doing so, which shall be entered of record. Such action shall be final unless appealed in accordance with § 59.1-205 of this chapter.

§ 59.1-218. Acquisition of stock of licensee. — Any person desiring to acquire stock in, or become a member of, any corporation which holds an operator's license hereunder shall apply to the Commission on a form

prescribed by it for approval of such acquisition or membership. The Commission shall consider such application forthwith, and may, if it finds it necessary, demand additional information of the proposed transferee or member. If in its judgment the acquisition or membership would be detrimental to the public interest, to the honesty and integrity of racing, or to its reputation, the application shall be denied. If the application is not denied within thirty days, it shall be deemed approved.

ARTICLE 3.

Permits

§ 59.1-219. Permit required. — No person shall participate in any horse racing subject to the jurisdiction of the Commission or in the conduct of a race meeting or pari-mutuel betting thereon, whether as a horse owner, trainer, jockey, exercise boy, groom, stable foreman, valet, veterinarian, agent, pari-mutuel employee, concessionaire or employee thereof, or track employee, or enter the track enclosure in any capacity other than as a spectator, unless such person possesses a permit therefor from the Commission, and complies with the provisions of this article and all reasonable rules and regulations of the Commission. No permit issued under the provisions of this article shall be transferable.

§ 59.1-220. Application for permit. — (a) Any person desiring to obtain a permit as required by this section shall make application therefor on a form prescribed by the Commission. Each applicant, or the chief executive officer of any corporation or partnership applying for an owner's permit, shall be photographed and fingerprinted, and shall supply such information as the Commission may require. Such information shall include a description of any criminal charge brought against such applicant or officer during the previous ten years, and the outcome of any proceeding brought pursuant to any such charge. The application shall be accompanied by a fee prescribed by the Commission, which may vary in amount for each position, but shall not exceed twenty dollars.

(b) Any application filed hereunder shall be verified by the oath or affirmation of the applicant.

§ 59.1-221. Consideration of application. — (a) The Commission shall promptly consider any application for a permit and issue or deny such permit based on the information in the application and all other information before it, including any investigation it deems appropriate. If an application for a permit is approved, the Commission shall issue a permit, which shall contain such information as the Commission deems appropriate. Such permit shall be valid for one year.

(b) The Commission shall deny the application and refuse to issue the permit, which denial shall be final unless an appeal is taken under § 59.1-205, if it finds that the issuance of such permit to such applicant would not be in the interests of the people of the Commonwealth, or the horse racing industry of the Commonwealth, or would reflect on the honesty and integrity of the horse racing industry in the Commonwealth, or that the applicant:

(1) Has knowingly made a false statement of a material fact in the application, or has deliberately failed to disclose any information called for by the application;

(2) Is or has been guilty of any corrupt or fraudulent practice or conduct in connection with any horse race meeting in this or any other state;

(3) *Has knowingly failed to comply with the provisions of this article or the reasonable rules and regulations of the Commission;*

(4) *Has had a permit to engage in activity related to horse racing denied for just cause, suspended or revoked in any other state, and such denial, suspension or revocation is still in effect; or*

(5) *Is unqualified to perform the duties required for the permit sought.*

§ 59.1-222. *Suspension or revocation of permit. — The Commission may suspend or revoke a permit issued under this chapter or fine the holder of such permit not to exceed one thousand dollars, after hearing with fifteen days' notice to the permittee, in any case where it has reason to believe that any provision of this chapter, or any reasonable rule, regulation or condition of the Commission, has not been complied with, or has been violated. The Commission may revoke such permit, after such hearing, if it finds that facts not known by it at the time it was considering the application indicate that such permit should not have been issued. Deliberations of the Commission under this section may be conducted in executive session. If any permit is suspended or revoked, the Commission shall state its reasons for doing so, which shall be entered of record. Such action shall be final unless an appeal is taken in accordance with § 59.1-205.*

ARTICLE 4.

Referendum

§ 59.1-223. *The Commission shall not consider any initial license to construct, establish or own a race track until a referendum is held on the question in each county or city in which such track or its facilities are to be located, in the following manner:*

(a) *A petition, signed by five percent of the qualified voters of such county or city, shall be filed with the court of record of general civil jurisdiction of such county or city, or the judge thereof in vacation, asking that a referendum be held on the question, "Shall pari-mutuel betting be permitted in [name of such county or city] in accordance with Chapter 17 of Title 59.1 (§ 59.1-200, et seq.) of the Code of Virginia?"*

(b) *Following the filing of such petition, the court or judge shall, by order of record, require the regular election officials of such city or county to open the polls and take the sense of the qualified voters on the question. Such election shall be on a day designated by order of such court, but shall not be later than the next general election unless such general election is within sixty days of the date of the entry of such order.*

(c) *The clerk of such court of record of such city or county shall publish notice of such election in a newspaper of general circulation in such city or county once a week for three consecutive weeks prior to such election.*

(d) *The regular election officers of such city or county shall open the polls at the various voting places in such city or county on the date specified in such order and conduct such election in the manner provided by law. The election shall be by ballot which shall be prepared by the electoral board of the city or county and on which shall be printed the following:*

Shall pari-mutuel betting be permitted in _____ in accordance with Chapter 17 of Title 59.1 (§ 59.1-200, et seq.) of the Code of Virginia?

Yes

No

In the blank shall be inserted the name of the city or county in which such election is held. Any voter desiring to vote "Yes" shall mark a check (✓) mark or a cross (X or +) mark or a line (—) in the square provided for such purpose immediately preceding the word "Yes," leaving the square immediately preceding the word "No" unmarked. Any voter desiring to vote "No" shall mark a (✓) mark or a cross (X or +) mark or a line (—) in the square provided for such purpose immediately preceding the word "No," leaving the square immediately preceding the word "Yes" unmarked.

The ballots shall be counted, returns made and canvassed as in other elections, and the results certified by the commissioners of election to the court ordering such election, or the judge thereof in vacation. Thereupon, such court, or the judge thereof in vacation, shall enter an order proclaiming the results of such election and a duly certified copy of such order shall be transmitted to the Commission and to the governing body of such city or county.

§ 59.1-224. Reserved.

ARTICLE 5.

Taxation

§ 59.1-225. *Percentage retained; tax. — Any person holding an operator's license hereunder shall be authorized to conduct pari-mutuel wagering on horse racing subject to the provisions of this chapter and the conditions, rules and regulations of the Commission. Such licensee shall be authorized to retain from the pari-mutuel pool an amount not to exceed fifteen percent of the handle, and the legitimate breakage, out of which shall be paid:*

(a) five percent of the handle and one-third of the breakage to the Commonwealth as a license tax; and

(b) five percent of the handle and one-third of the breakage during any race meeting as purses or prizes to the participants in such race meeting.

§ 59.1-226. *Admissions tax. — The governing body of any county or city may by ordinance impose a tax on any corporation licensed hereunder to conduct a race meeting at a track located solely in such county or city of ten cents for the admission of each person on each day of such meeting, except those holding a valid permit under this chapter and actually employed at such track in the capacity for which such permit was issued. The licensee may collect such amount from the ticket holder in addition to the amount charged for the ticket of admission.*

If such track or its facilities are located in two or in three such localities, each locality may impose a tax hereunder of five cents or three and one-third cents per person, respectively.

§ 59.1-227. *Other taxes prohibited. — No licensee shall be subject to any tax, State or local, except those authorized herein; sales and use taxes, income taxes, recordation taxes and real and personal property taxes.*

§ 59.1-228. *The tax imposed under §§ 59.1-225 of this chapter shall be paid to the Commission for each calendar month by the twentieth day of the following calendar month.*

§ 59.1-229. Reserved.

ARTICLE 6.

Criminal Penalties

§ 59.1-230. *Unlawful conduct of wagering.* — Any person not licensed hereunder who conducts pari-mutuel wagering, or horse racing on which wagering is conducted with his knowledge or consent, or conducts any wagering on the outcome of a horse race, shall be guilty of a misdemeanor, and fined not to exceed five thousand dollars.

§ 59.1-231. *Fraudulent use of credential.* — Any person other than the lawful holder thereof who has in his possession any credential, license or permit issued by the Commission, or a forged or simulated credential, license or permit of the Commission, and who uses such credential or license for the purpose of misrepresentation, fraud or touting is guilty of a felony and shall be punished by a fine not to exceed five thousand dollars or by imprisonment for not less than one year nor more than five years, or by both such fine and imprisonment.

Any credential, license or permit issued by the Commission if used by the holder thereof for a purpose other than identification and in the performance of legitimate duties on a race track, shall be automatically revoked whether so used on or off a race track.

§ 59.1-232. *Unlawful transmission of information.* — Any person who knowingly transmits information as to the progress or results of a horse race, or information as to wagers, betting odds, changes in betting odds, post or off times, jockey changes in any race by any means whatsoever for the purposes of carrying on illegal gambling operations, or to a person engaged in illegal gambling operations, shall be guilty of a misdemeanor, and fined not to exceed five thousand dollars.

This section shall not be construed to prohibit a newspaper from printing such results or information as news, or any television or radio station from telecasting or broadcasting such results or information as news. This section shall not be so construed as to place in jeopardy any common carrier or its agents performing operations within the scope of a public franchise, or any gambling operation authorized by law.

§ 59.1-233. *Touting.* — Any person, who knowingly and designedly by false representation attempts to, or does persuade, procure or cause another person to wager on a horse in a race to be run in this State or elsewhere, and upon which money is wagered in this State, and who asks or demands compensation as a reward for information or purported information given in such case, is guilty of a misdemeanor.

§ 59.1-234. *Bribing of jockey, driver or other participant.* — Whoever gives, promises or offers to any jockey, driver, groom or any person participating in any race meeting, including owners of race tracks and their employees, stewards, trainers, judges, starters, and special policemen, any valuable thing with intent to influence him to attempt to lose or cause to be lost a horse race in which such person is taking part or expects to take part, or has any duty or connection, or who, being either jockey, driver, or groom or participant in a race meeting solicits or accepts any valuable thing to influence him to lose or cause to be lost a horse race in which he is taking part, or expects to take part, or has any duty or connection, shall be guilty of a felony, and punishable by imprisonment for not less than one year, nor more than three years, or by a fine of not more than three thousand dollars, or by both fine and imprisonment.

§ 59.1-235. *Administration of drugs, etc.* — Any person who influences, or induces, or conspires with, any owner, jockey, groom or other person associated with or interested in any stable, horse, or race in which a horse participates, to

affect the result of such race by stimulating or depressing a horse through the administration of any drug to such horse, or by the use of any electrical device or any electrical equipment or by any mechanical or other device not generally accepted as regulation racing equipment or who so stimulates or depresses a horse, or who knowingly enters any horse in any race within a period of twenty-four hours after any drug has been administered to such horse for the purpose of increasing or retarding the speed of such horse, is guilty of a felony punishable by a fine of not more than three thousand dollars, or by imprisonment for not more than three years or by both.

Any person who, except for medicinal purposes, administers any poison, drug, medicine or other substance to any horse entered or about to be entered in any race, or who exposes such substance to a horse with the intent that it be taken, or who causes to be taken by or placed upon or in the body of such horse any foreign substance, with intent to impede or increase its speed, endurance, health, or physical or mental condition, is guilty of a felony punishable by a fine not to exceed three thousand dollars, or by imprisonment of not more than three years, or both.

§ 59.1-236. Possessing drugs. — The possession or transportation of any drug except those permitted by regulations of the Commission within the racing enclosure is prohibited, except upon a bona fide veterinarian's prescription with complete statement of uses and purposes on the container. A copy of such prescription shall be filed with the stewards. Any person knowingly violating the provisions of this section shall be guilty of a misdemeanor, and fined not to exceed one thousand dollars.

§ 59.1-237. Racing under false name. — Any person who knowingly enters or races any horse in any running or harness race under any name or designation other than the name or designation assigned to such horse by and registered with the Jockey Club or the United States Harness Association or other applicable association or who knowingly instigates, engages in or in any way furthers any act by which any horse is entered or raced in any running or trotting race under any name or designation other than the name or designation duly assigned by and registered with the Jockey Club or the United States Harness Association or other applicable association, is guilty of a felony and punishable by imprisonment for a period not exceeding three years or by a fine not exceeding three thousand dollars, or both.

§ 59.1-238. Violations not specified. — Any person who violates any of the provisions of this chapter for which a penalty is not herein expressly provided is guilty of a misdemeanor, and subject to a fine not to exceed three thousand dollars. Suspension or revocation of a license or permit by the Commission for any violation shall not prevent criminal liability for such violation.

