



# Commonwealth of Virginia

## GENERAL ASSEMBLY

RICHMOND

December 5, 2024

The Honorable L. Louise Lucas  
Chair, Senate Finance and Appropriations Committee  
General Assembly Building, Room 1404  
Richmond, Virginia 23219

The Honorable Luke Torian  
Chair, House Appropriations Committee  
General Assembly Building, Room 1223  
Richmond, Virginia 23219

### **Sent Via Email**

Dear Senator Lucas and Delegate Torian:

To fulfill the requirement of the 2024 Appropriation Act (Item 1, paragraph V of Chapter 2, 2024 Acts of Assembly, Special Session I), we are reporting on the activity of the Historic Horse Racing Workgroup ("Workgroup") to review the rate and distribution of pari-mutuel pools generated by wagering on historic horse racing at satellite facilities pursuant to § 59.1-392, Code of Virginia.

The Appropriation Act directs the Workgroup to:

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

The Workgroup met on September 17, 2024 and the meeting's agenda and presentations are attached. The House Appropriations Committee and Senate Finance and Appropriations Committee staff provided an overview on historic horse racing and pari-mutuel wagering and examined the trends in the wagering and revenue generated and distributed to localities.

Following the staff presentation, Rodney Hathaway, New Kent County Administrator, provided an overview of the support delivered by the county to the Colonial Downs Racetrack in New Kent, Virginia. He reviewed the racetrack's public safety needs, and he outlined the county's planned investments in transportation, water infrastructure, emergency services, and other major capital projects.

A public comment period was offered, but none were received at the meeting. However, the Town of Vinton has provided written comments to the Workgroup.

Recommendations for future distribution of revenues were not made at the meeting.



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Anne Oman, Staff Director  
House Appropriations Committee

Respectfully Submitted,



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April Kees, Staff Director  
Senate Finance and Appropriations Committee

cc: Division of Legislative Automated Services  
Division of Legislative Services



**COMMONWEALTH OF VIRGINIA  
GENERAL ASSEMBLY**

**Joint Workgroup on Historic Horse Racing**

**House Appropriations Committee Room  
12<sup>th</sup> Floor, General Assembly Building  
Richmond, Virginia**

**September 17, 2024, at 12:30 P.M.**

- I. Call to Order**
- II. Selection of Chair**
- III. Consideration of Remote Meeting Participation Policy**
- IV. Overview of Historic Horse Racing in Virginia**
  - HAC and SFAC Staff
- V. Overview of Support Provided by New Kent County**
  - Rodney Hathaway, County Administrator
- VI. Public Comment**
- VII. Adjourn**

[Live Stream Link](#)

**Note: For streaming or technical difficulties, please call (804) 698-1590**

**Membership:**

Delegate Luke E. Torian  
Delegate David L. Bulova  
Delegate Scott A. Wyatt

Senator L. Louise Lucas  
Senator Ryan T. McDougle  
Senator Jennifer B. Boysko



# JOINT WORKGROUP ON HISTORIC HORSE RACING

David A. Reynolds, HAC Staff  
Kendra Brown Shifflett, SFAC Staff  
Tyler Williams, SFAC Staff





# Workplan

# Workgroup Objectives

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

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

# Proposed Work Plan

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



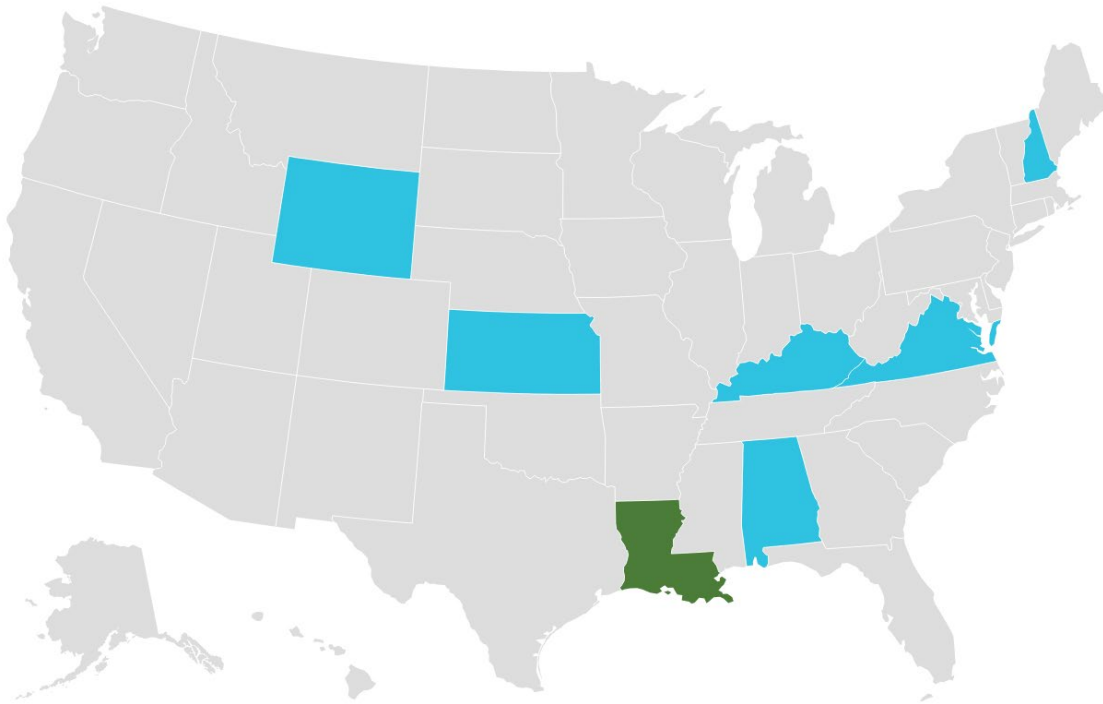
# Overview of Historic Horse Racing



# What is Historic Horse Racing?

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

# Six States Currently Permit Historical Horse Racing



## HHR currently permitted by:

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

# Historical Horse Racing in Virginia

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

# Historical Horse Racing in Virginia

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

# Since Inception, HHR Wagers and Payouts Have Grown Substantially

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

■ Total Wagers ■ Total Payouts ■ Net HHR Revenue



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

# HHR Wager Distribution (Initial 3,000 Terminals)

1.25 percent retained:

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

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

# HHR Wager Distribution (Additional 2,000 Terminals)

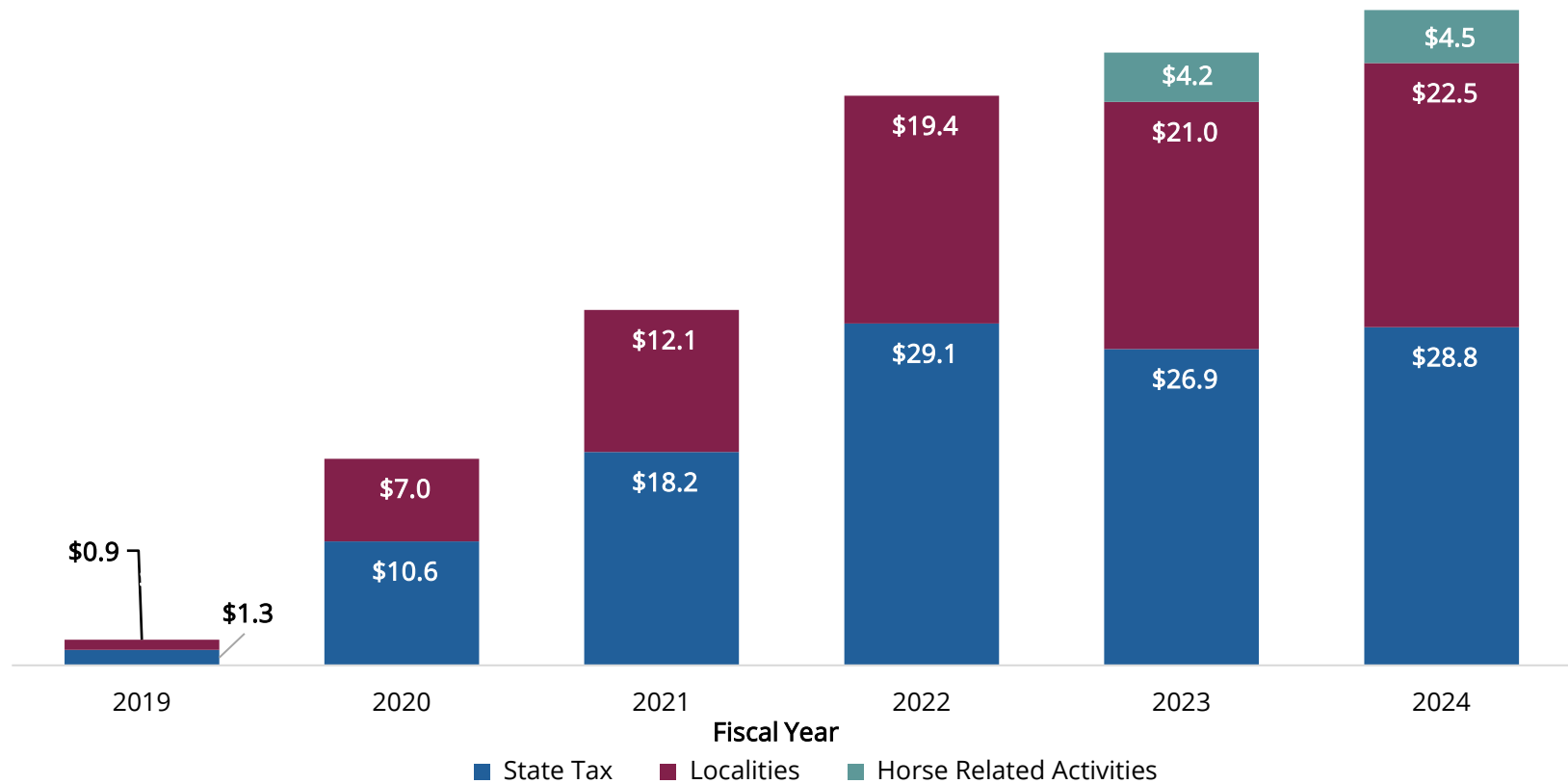
1.6 percent retained:

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

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

# HHR Tax Revenue Has Increased

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

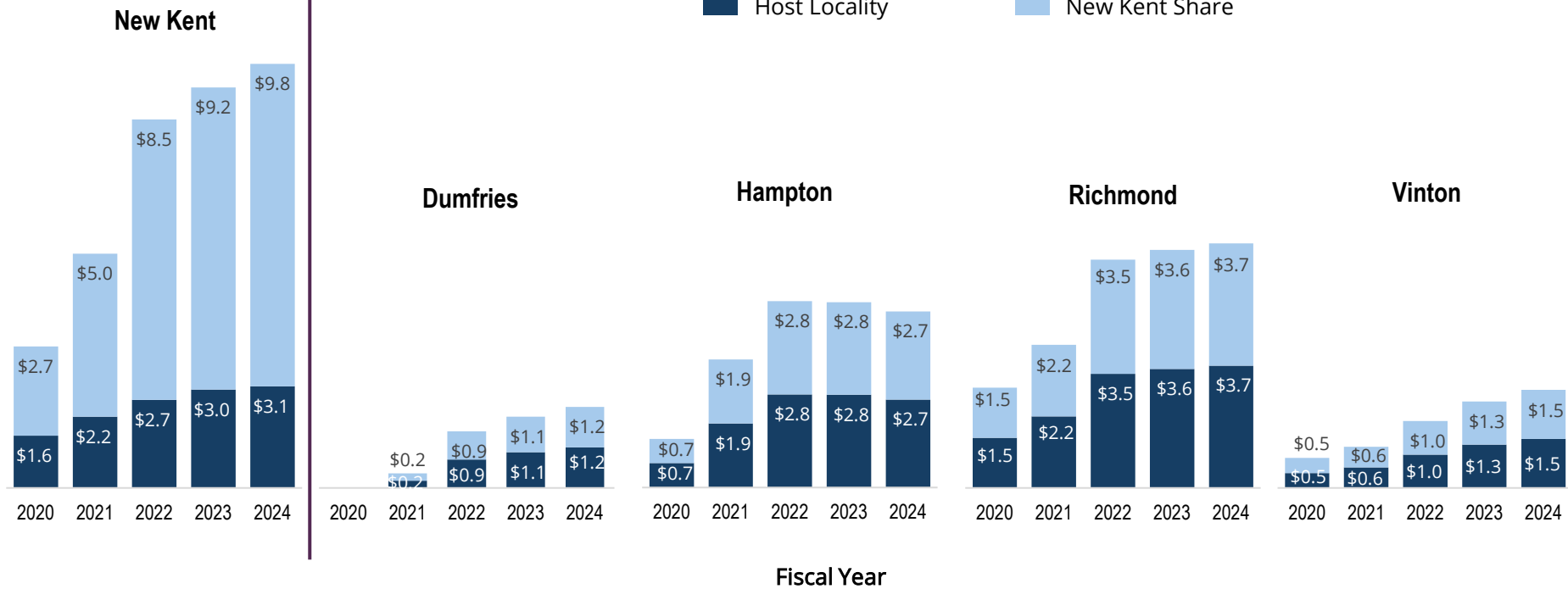


Source: Staff analysis of Virginia Racing Commission data obtained 8/21/24.



# Local Revenue to Host Localities

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



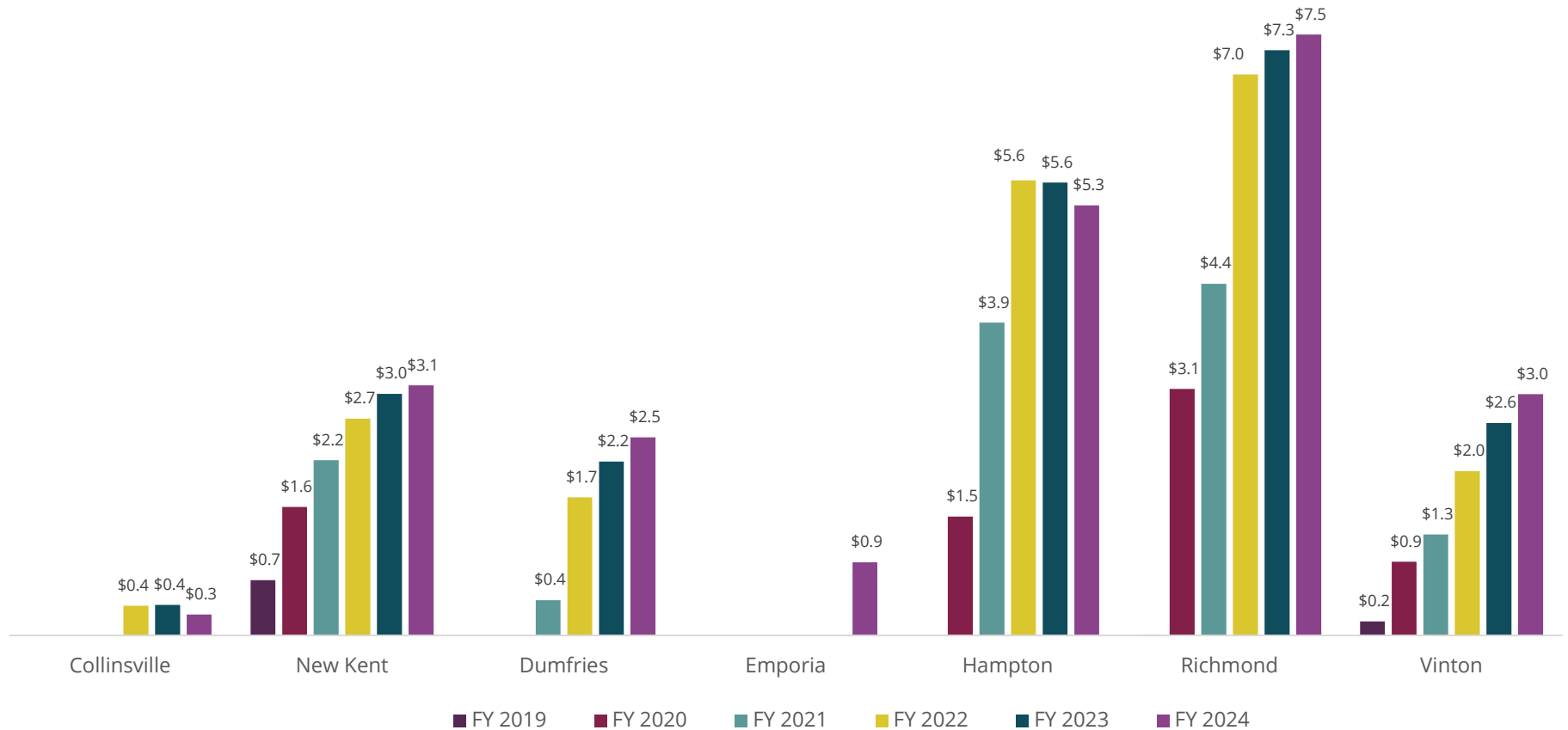
Source: Staff analysis of Virginia Racing Commission data obtained 8/21/24. Note: Emporia and Collinsville not included due to limited time in operation.



# Appendix

# Local Revenue by Location

(\$ in millions)



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

# Total Handle and Payouts

(\$ in millions)

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

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

# HHR Revenues and Distributions

(\$ in millions)

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

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

# Revenue by Facility for New Kent

(\$ in millions)

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

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

# New Kent County's Role in Historic Horse Racing

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# 1980s – An Idea Develops

## *New Kent is On Board*

- ▶ Advocates push for a horse racing track in Virginia.
  - ▶ Concept is a single horse track with 100+ racing days.
- ▶ New Kent expresses interest in serving as the location.
- ▶ 1988 – VA voters approve horse racing in a statewide referendum.
- ▶ 1989 – New Kent approves horse racing with a county referendum.

### **New Kent optimistic about horse track**

**RICHMOND (AP)—**New Kent officials were upbeat about news that plans are under way to make the county the home of Virginia's first parimutuel thoroughbred track.

Virginia's first commercial betting track "would mean an economic gold mine for New Kent," said David Ringley, one of the county's supervisors.





# 1990s – A Decade of Delay

## *New Kent is Patient*

- ▶ 1989-1992 - Developers demand off-track betting (OTB) locations before they will agree to build a track.
- ▶ 1992- General Assembly approves 6 OTBs.
  - ▶ Legislation included a revenue split.
    - ▶ 0.25% → OTB locality
    - ▶ 0.25% → Horse track locality
- ▶ 1993 - General Assembly requires “not less than 150 live racing days” (with flexibility for the first five years).
- ▶ 1994 – Developer selected to build track in New Kent.
- ▶ 1994-1996 – Litigation prevents construction on racetrack.
- ▶ 1999 – Colonial Downs finally opens for 30 racing days.



# 2000s – Steady Progress

## *New Kent is Encouraged*

- ▶ 2000 – 2010 - Live horse racing continues at Colonial Downs with 27-45 live racing days.
- ▶ 2004 – General Assembly expands number of satellite facilities from 7 to 10.



# 2010s – The Track Shuts Down... Then Re-Opens

## *New Kent is Caught in the Middle*

- ▶ 2014-2019 - Because of fights between the track owner and equine groups, Colonial Downs is closed.
  - ▶ New Kent's major economic driver is shuttered for years.
- ▶ 2018 – General Assembly approves historic horse racing.
  - ▶ Keeps the pre-existing revenue split that was set in 1992.
    - ▶ 0.25% → OTB locality
    - ▶ 0.25% → Horse track locality
  - ▶ **Ratio of 100 machines : 1 live racing day**
- ▶ 2019 – Colonial Downs re-opens

**Region**

### **Track's fate at backstretch**

Owner: Demise of Colonial Downs may be in sight



# 2020s – Steady Regrowth

## *New Kent has New Hope*

- ▶ Live Racing is happening once again in New Kent

Year	Live Racing Days
2020	18
2021	21
2022	27
2023	27
2024	27



# Racetrack and Community Safety

## *New Kent is Impacted*

- ▶ New Kent County fire/EMS personnel and units are assigned to the track and cannot leave or training/racing cannot continue
  - ▶ 15 fire/EMS personnel per shift, county-wide
  - ▶ Training Days -- 2 personnel, 1 ambulance assigned to the track
  - ▶ Race Day – 4 personnel, 2 ambulances and a UTV
  - ▶ Premier Race Days & Major Events – 6 personnel, 3 ambulances and a UTV



# Racetrack and Community Safety

## *New Kent is Impacted*

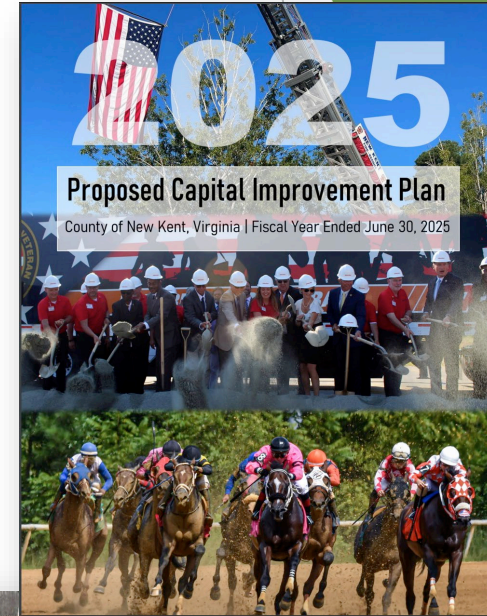
- ▶ New Kent law enforcement personnel and units are assigned to the track on racing days
  - ▶ 4-6 deputies per 12-hour shift, county-wide
  - ▶ Race Days - 2-3 deputies assigned to the track
  - ▶ Premier Race Days & Major Events - 10-15 deputies assigned to the track
    - ▶ 30-60, including deputies from other agencies, on some event days



# Historic Horse Racing Revenue

## *New Kent is Investing in Critical Needs*

- ▶ **Transportation**
  - ▶ Projects to enhance safety near the entrance to Colonial Downs
- ▶ **Water Infrastructure**
  - ▶ Including projects to ensure water access at racetrack site
- ▶ **Public Safety**
  - ▶ Fire stations
- ▶ **Other Major Capital Projects**
  - ▶ Broadband access
  - ▶ Economic development & diversification



# The Path Forward

## *New Kent is Engaged*

- ▶ A safe, healthy, and vibrant New Kent County forms the bedrock of successful live racing at Colonial Downs.
- ▶ A thriving New Kent County enhances the overall racing experience and ensures the success of live racing at Colonial Downs.
- ▶ Live racing events are the foundation for Historic Horse Racing machines.
- ▶ Appropriate levels of historic horse racing revenue enable the County to invest in public safety, infrastructure, and community development.
- ▶ Revenue allocated to New Kent County supports the broader horse racing ecosystem, preserving the cultural and historical significance of horse racing in the Commonwealth.





# New Kent County

*“Our pride in the past gives us our faith in the future.”*

**Rodney A. Hathaway**

County Administrator

New Kent County, Virginia

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