



# COMMONWEALTH of VIRGINIA

## Executive Department

### Executive Directive I (2018)

#### **Directing the Virginia Racing Commission Regarding Regulations Related to Historic Horse Racing Pursuant to House Bill 1609**

##### **Importance of the Initiative**

The Commonwealth of Virginia has a rich history of horse racing dating back to when Virginia was still a colony. Virginians have been breeding and racing thoroughbreds for hundreds of years, and it is an important part of our economy. From early days to the Triple Crown-winning Secretariat from Caroline County and continuing to today, horse racing holds a special place in Virginia's history.

Currently, Virginia no longer hosts thoroughbred racing on the scale that reflects our state's close historic association with the sport. The horse track at Colonial Downs that once held regular races has not seen a horse race in several years. Without a major thoroughbred track in the state where Virginia-bred horses can race, and without a source of revenue to support the industry, it will be difficult for Virginia to once again be a place where the horse industry can thrive.

For these reasons, I was pleased to sign House Bill 1609 into law. I am hopeful that this legislation will reinvigorate the horse industry and allow thoroughbred racing to return to Virginia.

While I am excited about the opportunities that this legislation presents to Virginia's horse industry, the signing of this legislation begins an important process regarding the regulation of historic horse racing. HB 1609 authorizes the expansion of Virginia's pari-mutuel wagering laws to include wagering on horse races that have already taken place. As seen in other states that have adopted similar legislation, this type of wagering often takes place through an electronic machine. These machines can allow for multiple, simultaneous bets and for numerous bets in a very short period of time. House Bill 1609 allows this type of wagering to take place at a significant infrastructure facility horse track and at up to ten satellite facilities across the state. This is a significant departure from the type of pari-mutuel wagering that has taken place in Virginia to date.

House Bill 1609 empowers the Virginia Racing Commission ("Commission") to craft regulations regarding the conduct of historic horse racing. The Administrative Process Act (Va. Code § 2.2-4000 *et seq.*) requires that I approve any regulations promulgated by the Virginia Racing Commission before they become effective.

Given the importance of these regulations to the people of the Commonwealth of Virginia, the Virginia horse racing industry, local communities, law enforcement, and various other interests, it is essential that these regulations be crafted in an open, deliberate, and responsible manner. It is also important that the regulations be comprehensive to ensure that any gaming activity in Virginia is conducted responsibly and in a manner consistent with the intent of the General Assembly.

### **Directive to the Virginia Racing Commission**

Accordingly, pursuant to the authority vested in me as the Chief Executive Officer of the Commonwealth and pursuant to Article V of the Constitution of Virginia and the laws of the Commonwealth, I hereby provide the following directives to the Commission regarding the promulgation of regulations related to historic horse racing as authorized by House Bill 1609 (2018).

In crafting these regulations, the Commission shall consider the following:

- Identification of a revenue source for the Virginia horse racing industry in order to support the reintroduction of thoroughbred racing in Virginia;
- That any license or authority granted by the Commission for the purpose of conducting historic horse racing be used for the purpose of conducting wagering on live horse racing, simulcast horse racing, or historic horse racing and not for any other purpose;
- Placement of reasonable limitations on the proliferation of gaming in Virginia through historic horse racing machines in order to ensure the safety and welfare of the people of the Commonwealth of Virginia;
- Local community opinions in determining whether to allow historic horse racing in a given locality;
- Ensuring due attention is paid to gambling addiction education, prevention, and treatment in the conduct of historic horse racing; and
- Establishment of a maximum number of historic horse racing machines at a racetrack and a maximum number of historic horse racing machines at a satellite facility as well as provisions related to physical size of satellite facilities.

In order to provide a full opportunity for public engagement during the development of regulations related to historic horse racing, I direct:

- That the Commission and its staff shall maximize opportunities for public engagement, comment, and public review of draft proposed and final regulations and that such public engagement begin immediately;
- That the Commission and its staff shall actively engage interested parties in public meetings, including local government representatives and organizations and law enforcement, in drafting regulations and that such engagement begin immediately; and
- That the Commission shall work to keep the Secretaries of Commerce and Trade and Finance, the Office of the Governor, and members of the Virginia General Assembly informed regarding the regulatory development process.

I further direct:

- That the Department of Planning and Budget, in conducting its economic impact analysis, consider the impact these regulations will have on potential future revenues to the Commonwealth from other sources.

**Effective Date**

This Executive Directive shall be effective upon its signing and shall remain in force and effect unless amended or rescinded by future executive order or directive.

Given under my hand and under the Seal of the Commonwealth of Virginia, this 9th day of April, 2018.

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Ralph S. Northam, Governor

Attest:

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Kelly Thomasson, Secretary of Commonwealth