

Virginia Historical Horse Racing Commission Report

Colonial Downs (All Providers)

Colonial Downs, Collinsville, Dumfries, Emporia, Hampton, Richmond, The Rose and Vinton

Period: 2024/11/01 - 2024/11/30

Combined Report

Handle	505,964,334.59		
		Handle %	Commission
Virginia Racing Commission		0.7085%	3,584,709.58
Virginia Breeders Fund		0.0250%	126,491.08
VA-MD RCVM		0.0250%	126,491.08
VA Horse Center Foundation		0.0250%	126,491.08
VA Horse Industry Board		0.0250%	126,491.08
Problem Gaming Support		0.0100%	50,596.43
Localities		0.5457%	2,760,846.90
	Total	1.36%	6,902,117.24
Licensee			7.51% 37,999,799.89
	Total		8.87% 44,901,917.13
Breakage			64,814.68
Total Commission and Breakage			<u>44,966,731.81</u>
Current Number of Terminals	4,452		

Rosie's at Collinsville (HP8)

Handle	\$ 4,064,588.25		
		Handle %	Commission
Virginia Racing Commission		0.7085%	28,797.22
Virginia Breeders Fund		0.0250%	1,016.15
VA-MD RCVM		0.0250%	1,016.15
VA Horse Center Foundation		0.0250%	1,016.15
VA Horse Industry Board		0.0250%	1,016.15
Problem Gaming Support		0.0100%	406.46
Henry County		0.2728%	11,089.42
New Kent County		0.2728%	11,089.42
	Total	1.36%	55,447.12
Licensee			7.60% 308,984.94
	Total		8.97% \$ 364,432.06
Breakage			\$ 508.19
Total Commission and Breakage			364,940.25
Current Number of Terminals	37		

Pursuant to Virginia Code § 59.1-392, the VRC approved a method for calculating the pari-mutuel tax once the total number of deployed terminals exceeds 3,000. This approval was granted on October 15, 2024. This calculate method aligns with the statutory requirements and legislative intent of the revised tax code outlined in Chapters 1197 and 1248 of the Acts of Assembly of 2020. In summary, the total HHR handle is divided into two tiers based on the proportion of terminals over 3,000 deployed and approved by the VRC for each tax period. The terminal count exceeded 3,000 on October 21, 2024.

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Period: 2024/11/01 - 2024/11/30

Rosie's at Colonial Downs (CLD)

Handle \$ 48,549,632.25

	Handle %	Commission
Virginia Racing Commission	0.7085%	343,969.56
Virginia Breeders Fund	0.0250%	12,137.41
VA-MD RCVM	0.0250%	12,137.41
VA Horse Center Foundation	0.0250%	12,137.41
VA Horse Industry Board	0.0250%	12,137.41
Problem Gaming Support	0.0100%	4,854.96
New Kent County	0.5457%	\$ 264,916.11
Total	1.36%	662,290.27

Licensee		7.80%	3,786,146.14
Total		9.16%	\$ 4,448,436.41

Breakage		\$ 6,494.70
Total Commission and Breakage		4,454,931.11
Current Number of Terminals	488	

Rosie's at Dumfries (HP9)

Handle \$ 26,151,627.99

	Handle %	Commission
Virginia Racing Commission	0.7085%	185,281.82
Virginia Breeders Fund	0.0250%	6,537.91
VA-MD RCVM	0.0250%	6,537.91
VA Horse Center Foundation	0.0250%	6,537.91
VA Horse Industry Board	0.0250%	6,537.91
Problem Gaming Support	0.0100%	2,615.16
New Kent County	0.2728%	71,349.54
Town of Dumfries	0.2728%	71,349.54
Total	1.36%	356,747.68

Licensee		7.56%	1,977,632.53
Total		8.93%	\$ 2,334,380.21

Breakage		\$ 7,063.42
Total Commission and Breakage		2,341,443.63
Current Number of Terminals	150	

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Period: 2024/11/01 - 2024/11/30

Rosie's at Emporia (HP4)

Handle \$ 21,193,622.07

	Handle %	Commission	
Virginia Racing Commission	0.7085%	150,154.81	
Virginia Breeders Fund	0.0250%	5,298.41	
VA-MD RCVM	0.0250%	5,298.41	
VA Horse Center Foundation	0.0250%	5,298.41	
VA Horse Industry Board	0.0250%	5,298.41	
Problem Gaming Support	0.0100%	2,119.36	
New Kent County	0.2728%	57,822.60	
City of Emporia	0.2728%	57,822.60	
Total	1.36%		289,113.00

Licensee		7.49%	1,586,705.66
Total		8.85%	\$ 1,875,818.65

Breakage		\$	1,773.61
Total Commission and Breakage			1,877,592.26
Current Number of Terminals	150		

Rosie's at Hampton (HP3)

Handle \$ 92,393,471.51

	Handle %	Commission	
Virginia Racing Commission	0.7085%	654,599.03	
Virginia Breeders Fund	0.0250%	23,098.37	
VA-MD RCVM	0.0250%	23,098.37	
VA Horse Center Foundation	0.0250%	23,098.37	
VA Horse Industry Board	0.0250%	23,098.37	
Problem Gaming Support	0.0100%	9,239.35	
New Kent County	0.2728%	252,077.28	
City of Hampton	0.2728%	252,077.28	
Total	1.36%		1,260,386.41

Licensee		7.65%	7,066,067.55
Total		9.01%	\$ 8,326,453.96

Breakage		\$	17,214.79
Total Commission and Breakage			8,343,668.75
Current Number of Terminals	700		

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Period: 2024/11/01 - 2024/11/30

Rosie's at Richmond (HP2)

Handle \$ 139,365,237.39

	Handle %	Commission
Virginia Racing Commission	0.7085%	987,389.56
Virginia Breeders Fund	0.0250%	34,841.31
VA-MD RCVM	0.0250%	34,841.31
VA Horse Center Foundation	0.0250%	34,841.31
VA Horse Industry Board	0.0250%	34,841.31
Problem Gaming Support	0.0100%	13,936.52
New Kent County	0.2728%	380,230.44
City of Richmond	0.2728%	380,230.44
Total	1.36%	1,901,152.20

Licensee		7.36%	10,262,528.82
Total		8.73%	\$ 12,163,681.02

Breakage \$ 20,107.91
 Total Commission and Breakage 12,183,788.93
 Current Number of Terminals 804

The Rose Prince William (HP6)

Handle \$ 122,855,231.20

	Handle %	Commission
Virginia Racing Commission	0.7085%	870,417.72
Virginia Breeders Fund	0.0250%	30,713.81
VA-MD RCVM	0.0250%	30,713.81
VA Horse Center Foundation	0.0250%	30,713.81
VA Horse Industry Board	0.0250%	30,713.81
Problem Gaming Support	0.0100%	12,285.52
New Kent County	0.2728%	335,186.16
City of Dumfries	0.2728%	335,186.16
Total	1.36%	1,675,930.80

Licensee		7.38%	9,064,612.82
Total		8.74%	\$ 10,740,543.62

Breakage \$ 4,502.18
 Total Commission and Breakage 10,745,045.80
 Current Number of Terminals 1,650

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Colonial Downs, Collinsville, Dumfries, Emporia, Hampton, Richmond, The Rose and Vinton

Period: 2024/11/01 - 2024/11/30

Rosie's at Vinton (HP1)

Handle \$ 51,390,923.93

	Handle %	Commission
Virginia Racing Commission	0.7085%	364,099.85
Virginia Breeders Fund	0.0250%	12,847.73
VA-MD RCVM	0.0250%	12,847.73
VA Horse Center Foundation	0.0250%	12,847.73
VA Horse Industry Board	0.0250%	12,847.73
Problem Gaming Support	0.0100%	5,139.09
New Kent County	0.2728%	140,209.95
Town of Vinton	0.2728%	140,209.95
Total	1.36%	701,049.77

Licensee		7.68%	3,947,121.43
Total		9.04%	\$ 4,648,171.21

Breakage		\$	7,149.88
Total Commission and Breakage			4,655,321.09
Current Number of Terminals	473		

Virginia Historical Horse Racing Commission Report

Colonial Downs (All Providers)

Colonial Downs, Collinsville, Dumfries, Emporia, Hampton, Richmond, The Rose and Vinton

Period: 2024/11/01 - 2024/11/30

Combined Year To Date Report

Handle	4,613,816,511.80		
		Handle %	Commission
Virginia Racing Commission		0.6498%	29,979,551.51
Virginia Breeders Fund		0.0250%	1,153,454.13
VA-MD RCVM		0.0250%	1,153,454.13
VA Horse Center Foundation		0.0250%	1,153,454.13
VA Horse Industry Board		0.0250%	1,153,454.13
Problem Gaming Support		0.0100%	461,381.65
Localities		0.5065%	23,369,833.12
	Total	1.2663%	58,424,582.80
Licensee			6.89% 317,776,367.43
	Total		8.15% 376,200,950.23
Breakage			672,395.35
Total Commission and Breakage			376,873,345.58

Rosie's at Collinsville (HP8) YTD

Handle	46,819,017.52		
		Handle %	Commission
Virginia Racing Commission		0.6482%	303,493.56
Virginia Breeders Fund		0.0250%	11,704.75
VA-MD RCVM		0.0250%	11,704.75
VA Horse Center Foundation		0.0250%	11,704.75
VA Horse Industry Board		0.0250%	11,704.75
Problem Gaming Support		0.0100%	4,681.90
Henry County		0.2527%	118,331.49
New Kent County		0.2527%	118,331.49
	Total	1.26%	591,657.47
Licensee			7.76% 3,634,872.76
	Total		9.03% 4,226,530.23
Breakage			4,503.03
Total Commission and Breakage			4,231,033.26

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 Period: 2024/11/01 - 2024/11/30

Rosie's at Colonial Downs (CLD) YTD

Handle	592,397,989.32		
		Handle %	Commission
Virginia Racing Commission		0.6474%	3,835,393.70
Virginia Breeders Fund		0.0250%	148,099.50
VA-MD RCVM		0.0250%	148,099.50
VA Horse Center Foundation		0.0250%	148,099.50
VA Horse Industry Board		0.0250%	148,099.50
Problem Gaming Support		0.0100%	59,239.80
New Kent County		0.5050%	2,991,354.33
	Total	1.26%	7,478,385.82
Licensee			7.93% 46,970,674.13
	Total		9.19% 54,449,059.95
Breakage			80,423.83
Total Commission and Breakage			54,529,483.78

Rosie's at Dumfries (HP9) YTD

Handle	472,226,211.79		
		Handle %	Commission
Virginia Racing Commission		0.6454%	3,047,626.09
Virginia Breeders Fund		0.0250%	118,056.55
VA-MD RCVM		0.0250%	118,056.55
VA Horse Center Foundation		0.0250%	118,056.55
VA Horse Industry Board		0.0250%	118,056.55
Problem Gaming Support		0.0100%	47,222.62
New Kent County		0.2518%	1,189,024.98
Town of Dumfries		0.2518%	1,189,024.98
	Total	1.26%	5,945,124.88
Licensee			7.69% 36,310,610.09
	Total		8.95% 42,255,734.97
Breakage			122,912.55
Total Commission and Breakage			42,378,647.52

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Period: 2024/11/01 - 2024/11/30

Rosie's at Emporia (HP4) YTD

Handle	233,454,941.35			
		Handle %	Commission	
Virginia Racing Commission		0.6482%	1,513,243.42	
Virginia Breeders Fund		0.0250%	58,363.74	
VA-MD RCVM		0.0250%	58,363.74	
VA Horse Center Foundation		0.0250%	58,363.74	
VA Horse Industry Board		0.0250%	58,363.74	
Problem Gaming Support		0.0100%	23,345.49	
New Kent County		0.2527%	590,014.62	
City of Emporia		0.2527%	590,014.62	
	Total		1.26%	2,950,073.10
Licensee			7.56%	17,646,272.12
	Total		8.82%	20,596,345.22
Breakage				22,326.65
Total Commission and Breakage				20,618,671.87

Rosie's at Hampton (HP3) YTD

Handle	1,046,966,105.10			
		Handle %	Commission	
Virginia Racing Commission		0.6481%	6,785,578.87	
Virginia Breeders Fund		0.0250%	261,741.53	
VA-MD RCVM		0.0250%	261,741.53	
VA Horse Center Foundation		0.0250%	261,741.53	
VA Horse Industry Board		0.0250%	261,741.53	
Problem Gaming Support		0.0100%	104,696.61	
New Kent County		0.2527%	2,645,747.20	
City of Hampton		0.2527%	2,645,747.20	
	Total		1.26%	13,228,735.98
Licensee			7.79%	81,557,167.80
	Total		9.05%	94,785,903.78
Breakage				189,031.58
Total Commission and Breakage				94,974,935.36

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Colonial Downs (All Providers)

Colonial Downs, Collinsville, Dumfries, Emporia, Hampton, Richmond, The Rose and Vinton

Period: 2024/11/01 - 2024/11/30

Rosie's at Richmond (HP2) YTD

Handle	1,481,898,827.37			
		Handle %	Commission	
Virginia Racing Commission		0.6485%	9,610,469.71	
Virginia Breeders Fund		0.0250%	370,474.71	
VA-MD RCVM		0.0250%	370,474.71	
VA Horse Center Foundation		0.0250%	370,474.71	
VA Horse Industry Board		0.0250%	370,474.71	
Problem Gaming Support		0.0100%	148,189.88	
New Kent County		0.2528%	3,746,852.81	
City of Richmond		0.2528%	3,746,852.81	
	Total		1.26%	18,734,264.04
Licensee			7.57%	112,198,339.95
	Total		8.84%	130,932,603.99
Breakage				228,549.44
Total Commission and Breakage				131,161,153.43

The Rose Prince William (HP6) YTD

Handle	145,591,163.69			
		Handle %	Commission	
Virginia Racing Commission		0.7085%	1,031,499.66	
Virginia Breeders Fund		0.0250%	36,397.79	
VA-MD RCVM		0.0250%	36,397.79	
VA Horse Center Foundation		0.0250%	36,397.79	
VA Horse Industry Board		0.0250%	36,397.79	
Problem Gaming Support		0.0100%	14,559.12	
Henry County		0.2728%	397,216.65	
New Kent County		0.2728%	397,216.65	
	Total		1.3642%	1,986,083.23
Licensee			7.34%	10,732,783.26
	Total		8.70%	12,718,866.50
Breakage				4,957.67
Total Commission and Breakage				12,723,824.17

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Period: 2024/11/01 - 2024/11/30

Rosie's at Vinton (HP1) YTD

Handle	594,462,255.66		
		Handle %	Commission
Virginia Racing Commission		0.6480%	3,852,246.49
Virginia Breeders Fund		0.0250%	148,615.56
VA-MD RCVM		0.0250%	148,615.56
VA Horse Center Foundation		0.0250%	148,615.56
VA Horse Industry Board		0.0250%	148,615.56
Problem Gaming Support		0.0100%	59,446.23
New Kent County		0.2527%	1,502,051.66
Town of Vinton		0.2527%	1,502,051.66
	Total	1.26%	7,510,258.28
Licensee			7.78% 46,238,714.59
	Total		9.04% 53,748,972.87
Breakage			85,267.95
Total Commission and Breakage			53,834,240.82



COMMONWEALTH of VIRGINIA

Virginia Racing Commission

Stephanie B. Nixon, Chair
John F. Tanner Jr., Vice Chair
Stuart C. Siegel
Bette Brand
Gillian Gordon-Moore

Waqas Ahmed
Executive Secretary

APPROVED

TO: Virginia Racing Commission

FROM: Waqas Ahmed, Executive Secretary

DATE: October 14, 2024

RE: **Authorization of Historical Horse Racing Terminals Pursuant to Chapters 1197 and 1248 of the Acts of Assembly of 2020**

Approved by the VRC at its 10/15/2024 meeting.

In 2020, amendments to the Code of Virginia governing the Virginia Racing Commission's (VRC) approval for authorized historical horse racing (HHR) terminals and the calculation of taxes from pools generated by them were enacted. Specifically, the authorized number of HHR terminals increased by 2,000, raising the previous limit from 3,000 to 5,000 terminals. Therefore, a tiered licensing tax was introduced:

- **1.25% tax rate** on the total amounts wagered on previous 3,000 terminals.
- **1.6% tax rate** on the total amounts wagered on the newly authorized 2,000 terminals.

Colonial Downs and its licensed satellite wagering facilities have maintained fewer than 3,000 HHR deployed terminals in aggregate. This is reflected in the table below.

	VRC Approval (as of October 14, 2024)		Virginia Code § 59.1-392
Satellite Wagering Facility Locality	Deployment	Maximum per Location (MPL)	Maximum Authorized
New Kent	488	600	5,000
Vinton	473	500	
Richmond	804	1,200	
Hampton	700	700	
Dumfries (Original)	150	157	
Collinsville	37	37	
Emporia	150	150	
Total	2,802	3,344	5,000

Note that the “Maximum per Location” reflects the amounts requested per location when filing for an application or amending its license. Of these amounts, the VRC staff approves the amounts that can be deployed through requests to amend the floor plan. Pari-mutuel wagering on

HHR takes place on deployed terminals. It is anticipated that the deployed terminals will soon surpass the 3,000 threshold.

Virginia Code § 59.1-392 does not specify a method for calculating the pari-mutuel tax once the total number of deployed terminals exceeds 3,000. Since the license tax falls under the VRC's jurisdiction, the Commission must decide on a calculation method that aligns with statutory requirements and legislative intent as outlined in the 2020 Acts of Assembly.

Options Considered

1. Terminal-Specific Taxation

- Assigning each HHR terminal a unique tax ID and tracking wagers per terminal.
- Applying the appropriate tax rate based on each terminal's designation (first 3,000 or additional 2,000).

2. Proportional Taxation Based on Deployment

- Calculating the proportion of total handle (amount wagered) based on the number of terminals deployed in each tier.
- Applying tax rates proportionally to the total handle according to the ratio of terminals in each tier.

Recommendation

After consulting with relevant parties, VRC staff recommends **Option 2: Proportional Taxation Based on Deployment**. This method aligns more closely with the legislative intent and addresses practical challenges associated with Option 1. This option is recommended due to the following reasons:

- HHR terminals are frequently moved, serviced, or replaced, leading to fluctuations in terminal counts and locations.
- Tracking individual terminals with unique tax IDs would be cumbersome and could result in inconsistent tax revenues due to operational changes.
- Option 2 mitigates potential misuse that could lower tax revenues, such as strategically cycling terminals to benefit from lower tax rates.
- Proportional taxation reflects the spirit of the tiered tax system introduced in the 2020 amendments.

Implementation Details (See attached *Exhibit I*)

- Current Deployment Scenario:
 - Total MPL: **3,344 terminals**.
 - Terminals Deployed as of October 14, 2024: **2,802 terminals**.
- Projected Deployment Increase:
 - If the VRC approves the requested increase of 1,650 terminals for The Rose in Dumfries:
 - Projected MPL: 4,994 terminals.
 - Projected Deployed: 4,452 terminals.
- Tax Calculation Example:
 - Terminals above 3,000: 1,452 terminals.
 - Proportion taxed at 1.6%: 33% of Total Handle
 - Proportion taxed at 1.25%: 67% of Total Handle
 - As more terminals are deployed, these proportions will adjust accordingly, approaching a 60:40 split when all 5,000 terminals are deployed.

The VRC staff recommends that the following be approved:

1. Approve the calculation of taxes based on the proportion of deployed terminals in each tax tier.
2. Designate the Executive Secretary the authority to approve MPL and terminal deployments within statutory limits. In delegating this authority, the Commission reserves with the right to rescind any approvals granted by the Executive Secretary.
3. The terminal count used for tax calculations shall not decrease from one reporting period to the next unless due to:
 - a) An approved increase in terminal count.
 - b) A long-term decrease (minimum of 30 days) in deployed terminals due to repairs, renovations, or other VRC-approved reasons.
 - c) Force majeure events causing a long-term (minimum of 30 days) decrease in terminal count.