

Recommendations: Oversight and Administration of Gaming in the Commonwealth

RECOMMENDATION 1

The General Assembly may wish to consider amending §58.1-4003 of the Code of Virginia to designate the Virginia Lottery as the state's central gaming agency and rename the agency Virginia Lottery and Gaming. (Chapter 2)

RECOMMENDATION 2

The General Assembly may wish to consider including language in the Appropriation Act directing the Virginia Lottery to establish a gaming policy office that will monitor new developments, trends, technologies, and types of gaming as well as unregulated forms of gaming and provide research and policy support to policymakers on issues related to gaming regulation. (Chapter 2)

RECOMMENDATION 3

The General Assembly may wish to consider amending the Code of Virginia to require the agency responsible for regulating historical horse racing (HHR) to promulgate regulations for licensing the HHR operator, suppliers, and employees that incorporate established best practices for the licensure of casinos. Regulations should, at a minimum 1) subject individuals with the most control over HHR operations, including facilities' managers, to the most scrutiny, including personal, financial, and criminal background investigations; 2) require the regulatory agency to conduct thorough criminal, financial, and personal background investigations and verify information provided in licensure applications; and 3) require the HHR operator to meet certain conditions before receiving a license to open a facility. (Chapter 3)

RECOMMENDATION 4

The General Assembly may wish to consider amending the Code of Virginia to (i) require that licensing fees for historical horse racing (HHR) be sufficient to defray the regulatory costs of licensure and be consistent with the risks and potential profit associated with HHR and (ii) give the agency regulating HHR up to one year to license the HHR operator. (Chapter 3)

RECOMMENDATION 5

The General Assembly may wish to consider amending the Code of Virginia to require the agency responsible for regulating historical horse racing (HHR) to promulgate regulations to ensure proper operations at HHR facilities and effectively minimize risks. At a minimum, regulations should require the regulatory agency to 1) establish internal control requirements for day-to-day operations of HHR facilities, 2) require the operator to submit an annual independent financial audit, including the management letter, 3) conduct regular, formal inspections of HHR facilities to identify and remedy any noncompliance, and 4) establish mechanisms that can be used for enforcing regulations. (Chapter 3)

RECOMMENDATION 6

The General Assembly may wish to consider amending the Code of Virginia to direct the agency responsible for regulating historical horse racing (HHR) to develop internal policies for ensuring the HHR operator's compliance with all applicable laws and regulations. At a minimum, the agency should establish (i) procedures for inspecting HHR facilities, observing operations and wagering at the facilities, and documenting any noncompliance; (ii) the aspects of operations and facilities to be inspected and observed and what constitutes a satisfactory inspection, (iii) procedures for routine financial and operational audits, and (iv) the frequency with which compliance activities will be conducted. (Chapter 3)

RECOMMENDATION 7

The General Assembly may wish to consider amending the Code of Virginia to direct the agency that is responsible for regulating historical horse racing to develop policies detailing how it will participate in statewide efforts to prevent and treat problem gambling. (Chapter 3)

RECOMMENDATION 8

The General Assembly may wish to consider amending Chapter 40 of Title 58.1 of the Code of Virginia to remove responsibility for regulating historical horse race wagering (HHR) from the Virginia Racing Commission and Chapter 29 of Title 59.1 of the Code of Virginia to assign regulatory responsibility for HHR to the Virginia Lottery. (Chapter 3)

RECOMMENDATION 9

If the Virginia Lottery is given responsibility for regulating historical horse racing, the General Assembly may wish to consider amending §58.1-4004 of the Code of Virginia to add one position to the Lottery Board that will be filled by a member of the Virginia Racing Commission who will serve as a voting ex officio member. (Chapter 3)

RECOMMENDATION 10

If the Virginia Lottery is given responsibility for regulating historical horse racing, the General Assembly may wish to include language in the Virginia Lottery's section of the Appropriation Act stating that historical horse racing has been authorized for the purpose of providing support and funding to Virginia's horse racing industry. (Chapter 3)

RECOMMENDATION 11

If the Virginia Lottery is given responsibility for regulating historical horse racing, the General Assembly may wish to consider amending §59.1-375 of the Code of Virginia to require that the historical horse racing operator have an active significant infrastructure limited license from the Virginia Racing Commission to be eligible to obtain a license from the Virginia Lottery to conduct historical horse racing. (Chapter 3)

RECOMMENDATION 12

The General Assembly may wish to consider amending §18.2-340.15 of the Code of Virginia to move authority for regulating charitable gaming from the Virginia Department of Agriculture and Consumer Services to the Virginia Lottery. (Chapter 4)

RECOMMENDATION 13

If the Virginia Lottery Board is given responsibility to regulate charitable gaming, the General Assembly may wish to consider amending §2.2-2455 and §2.2-2456 of the Code of Virginia to establish the Charitable Gaming Board as an advisory board to the Virginia Lottery with responsibility for advising the Lottery on the conduct of charitable gaming. (Chapter 4)

RECOMMENDATION 14

If the Virginia Lottery Board is given responsibility to regulate charitable gaming, the General Assembly may wish to consider amending §58.1-4004 of the Code of Virginia to direct that a position be established on the Lottery Board to be filled by a member of the Charitable Gaming Board who would serve as a voting ex officio member. (Chapter 4)
