

**H. B. 2650**

(By Delegate Eldridge)

[Introduced February 6, 2015; referred to the  
Committee on the Judiciary then Finance.]

**FISCAL  
NOTE**

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article, designated §19-24A-1, §19-24A-2, §19-24A-3, §19-24A-4, §19-24A-5, §19-24A-6, §19-24A-7 and §19-24A-8, all relating to creating the West Virginia Greyhound Racing Cessation Program; legislative findings and definitions; creating West Virginia Greyhound Racing Cessation Fund; and providing formulas for pay outs to greyhound racing entities and termination of the program and fund following verification that all pay outs have been made.

*Be it enacted by the Legislature of West Virginia:*

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new article, designated §19-24A-1, §19-24A-2, §19-24A-3, §19-24A-4, §19-24A-5, §19-24A-6 §19-24A-7 and §19-24A-8, all to read as follows:

**ARTICLE 24A. WEST VIRGINIA GREYHOUND RACING CESSATION PROGRAM.**

**§19-24A-1. Legislative findings.**

The Legislature finds that the original greyhound breeding development program created by

1 the Legislature in the mid to late 1990's created and caused significant private investment in  
2 greyhound breeding and greyhound ownership within West Virginia. Also, the Legislature finds that  
3 the original legislation depositing fourteen per cent from net terminal income of racetrack video  
4 lottery into greyhound track purses and seventy-five one hundredths of one per cent of the same into  
5 the West Virginia Greyhound Breeding Development Fund caused significant internal and imported  
6 economic investment in real and personal property for greyhound breeding and greyhound ownership  
7 within West Virginia.

8 The Legislature finds that legislative cutbacks in deposits to the greyhound track purses and  
9 to the Greyhound Development Fund for Worker's Compensation Debt Reduction, for balancing the  
10 West Virginia state budget, and for helping to safeguard the bond rating of the State of West Virginia  
11 in the 2000's were necessary and appropriate.

12 The Legislature finds that these cutbacks helped create a hardship on greyhound breeding and  
13 ownership investors to produce a return on investment and to recoup their investment. Accordingly,  
14 the Legislature finds it is in the best interest of the State of West Virginia and the West Virginia  
15 greyhound racing entities to cease greyhound racing in West Virginia and to compensate the West  
16 Virginia greyhound racing entities for their investment in West Virginia greyhound racing.

17 **§19-24A-2. Definitions.**

18 (a) "Accredited West Virginia greyhound owners" means current owners of West Virginia  
19 whelped greyhounds approved by the West Virginia Racing Commission to draw moneys from the  
20 West Virginia Greyhound Breeding Development Fund.

21 (b) "Contract greyhound racetrack kennels" means a current kennel business entity having  
22 a contract with one or both of the two West Virginia greyhound racetracks to provide and race

1 greyhounds at the racetrack(s).

2 (c) "Current" means as of January 1, 2015

3 (d) "West Virginia greyhound racing entities" includes both accredited West Virginia  
4 greyhound owners and contract greyhound racetrack kennels.

5 **§19-24A-3. West Virginia Greyhound Racing Cessation Fund created.**

6 There is hereby created the West Virginia Greyhound Racing Cessation Fund (WVGRCF)  
7 to be funded by the transfer and deposit of \$70 million into the West Virginia Greyhound Racing  
8 Cessation Fund from stated sources as follows:

9 (a) Existing balance and deposits presently going to the West Virginia Greyhound Breeding  
10 Development Fund created in section 10(d), article twenty-three of this chapter, which deposits are  
11 derived from:

12 (1) The Racetrack Video Lottery in section 10(c)(5), article twenty-two-a, chapter  
13 twenty-nine of this code.

14 (2) Table Games created in section twenty-seven(c)(3), article twenty-two-c, chapter  
15 twenty-nine of this code.

16 (3) Excess Video Lottery created in section one (4), article eighteen-a, chapter twenty-two  
17 of this code.

18 (4) Unredeemed Tickets created in section thirteen, article twenty-three, chapter nineteen  
19 of this code.

20 (b) Existing balance and deposits presently going to the West Virginia Racing Commission's  
21 ten per cent administration, promotion, and education account for the West Virginia greyhound  
22 development program created in section ten (d), article twenty-three, of this chapter.

1           (c) Existing balance and deposits going to greyhound racetrack purses created in section nine  
2 (b), article twenty-three, of this chapter, which deposits are coming from sources as follows:

3           (1) Racetrack Video Lottery created in section ten (c), article twenty-two-a, chapter  
4 twenty-nine of this code.

5           (2) Table Games created in section twenty-seven (c)(2), article twenty-two-c, chapter  
6 twenty-nine of this code.

7           (3) Simulcast Signals created in section twelve-a, article twenty-three of this chapter.

8           (d) Existing balance and deposits going to capital improvement funds for the benefit of  
9 greyhound racing created in section nine (b), article twenty-three of this chapter.

10           (e) Existing balance and deposits for marketing and promotion of greyhound racing created  
11 in section nine (b), article twenty-three of this chapter.

12 **§19-24A-4. Utilization of money accumulated in the West Virginia Racing Cessation Fund.**

13           (a) Five hundred thousand dollars may be used to administrate the West Virginia greyhound  
14 racing cessation program by the West Virginia Racing Commission. Any amount not utilized for  
15 administration shall be carried forward for use as remaining payments.

16           (b) Six hundred thousand dollars shall be utilized as follows:

17           (1) To pay no-kill animal adoption agencies \$300 per greyhound to facilitate hauling, care  
18 for and adoption of greyhounds no longer racing as a result of the cessation of live greyhound racing.

19           (2) To pay greyhound owners for relocation of usable greyhounds at the rate of \$150 per  
20 greyhound stopped from racing as a result of the cessation of live greyhound racing in West Virginia.

21           (3) To deposit \$100,000 into the spaying and neutering account of the West Virginia  
22 Department of Agriculture created in section two, article twenty-c of this chapter.

1        (c) The remaining \$68.9 million shall be utilized to buy out the current accredited West  
2 Virginia greyhound racing entities. The total number of accredited West Virginia greyhound owners  
3 and the total number of contract greyhound racetrack kennels shall be summed together to ascertain  
4 the total number of West Virginia greyhound racing entities to be bought out.

5        (1) The amount utilized to buy out the accredited West Virginia greyhound owners shall be  
6 determined by multiplying the remaining \$68.9 million by the ratio of the number of the accredited  
7 West Virginia greyhound owners to the total number of West Virginia greyhound racing entities to  
8 be bought out.

9        (2) The amount utilized to buy out the contract greyhound racetrack kennels shall be  
10 determined by multiplying the remaining \$68.9 million by the ratio of the number of contract  
11 greyhound racetrack kennels to the total number of West Virginia greyhound racing entities to be  
12 bought out.

13        (d) Deposits shall continue to be transferred into the West Virginia Greyhound Racing  
14 Cessation Fund for a period of time until sufficient moneys have accumulated to fund the \$70  
15 million buy-out of the current West Virginia greyhound racing entities.

16        (e) The West Virginia Greyhound Racing Cessation Fund shall continue to exist until all  
17 cessation financial transactions have been completed.

18 **§19-24A-5. Basis of buy-outs to qualified current West Virginia greyhound racing entities.**

19        (a) For current West Virginia Racing Commission accredited West Virginia greyhound  
20 owners the buy-outs shall be based on:

21        (1) Ratio of number of years of a qualified entity in the West Virginia greyhound breeding  
22 development program since year 2000 to total number of the years for all qualified entities; and

1 (2) Ratio of earnings of a qualified entity from the West Virginia Greyhound Breeding  
2 Development Fund since year 2000 to the total of the earnings for all qualified West Virginia owner  
3 entities; and

4 (3) Ratio of number of accredited West Virginia whelped greyhounds a qualified entity has  
5 registered with the West Virginia Racing Commission since the year 2000 to the total number of the  
6 registered greyhounds for all qualified entities.

7 (b) For current contract greyhound racetrack kennels the buy outs shall be based on:

8 (1) Ratio of number of years as a contract greyhound racetrack kennel since year 2000 to total  
9 number of the years for all current contract greyhound racetrack kennels.

10 (2) Ratio of earnings in West Virginia as a qualified contract greyhound racetrack kennel  
11 since the year 2000 to the total amount of the earnings for all qualified kennel entities. If necessary,  
12 West Virginia earnings shall be evidenced by Federal and West Virginia tax returns and other  
13 documentation deemed relevant by the administrator.

14 **§19-24A-6. Same – How structured– initial phase, first year after cessation.**

15 Twenty million dollars shall be used for the buy-out during the initial phase, the first year  
16 after the cessation date which shall occur within one year after the enactment of this article, of  
17 which:

18 (1) An amount equal to \$150,000 may be utilized for administration of the initial phase of  
19 the cessation program. Any of this amount not used shall remain in the fund for use in the next  
20 phase.

21 (2) Six hundred thousand dollars shall be utilized to pay no-kill animal adoption agencies to  
22 transport, care for, and adopt greyhounds no longer racing as a result of the West Virginia cessation

1 program; to pay greyhound owners for relocation of greyhounds from the two West Virginia  
2 greyhound racetracks no longer racing as a result of the West Virginia cessation program; and to  
3 deposit \$100,000 into the spaying and neutering account of the West Virginia Department of  
4 Agriculture created in section two, article twenty-c of this chapter. The payment for an adopted  
5 greyhound shall be \$300 per adopted greyhound. The amount paid for each relocated greyhound  
6 shall be \$150 per relocated greyhound. The administrator shall implement a voucher system to pay  
7 the no-kill adoption agencies and greyhound owners for relocation of usable greyhounds. Any of  
8 the \$ 600,000 not utilized for adoptions or relocations shall be carried forward and utilized for buy-  
9 out payments.

10 (3) An amount equal to \$19.250 million times the ratio of accredited West Virginia  
11 greyhound owners to total West Virginia greyhound racing entities shall be utilized during the initial  
12 phase to buy out current accredited West Virginia greyhound owner entities.

13 (A) Each accredited West Virginia greyhound owner shall receive a minimum payment of  
14 \$100,000 plus:

15 (B) From the remainder after subtraction of all \$100,000 payments from the amount in  
16 subsection (3) of this section, the accredited West Virginia greyhound owner shall receive an added  
17 amount based on the ratio of number of years in the West Virginia greyhound breeding development  
18 program times the remainder.

19 (4) An amount equal to \$19.250 million times the ratio of contract greyhound racetrack  
20 kennels to total West Virginia greyhound racing entities shall be utilized during the initial phase to  
21 buy out current contract greyhound racetrack kennel entities.

22 (A) Each current contract greyhound racetrack kennel shall receive a minimum payment of

1 \$100,000, plus:

2 (B) From the remainder after subtraction of all \$100,000 payments from the amount  
3 determined in subdivision (4) of this section, the contract greyhound racetrack kennel shall receive  
4 an added amount based on the ratio of number of years as a contract greyhound racetrack kennel  
5 times the remainder.

6 (5) The pay outs for greyhound adoptions and relocations in subsection (a)(2) of this section  
7 and for start of administration in subsection (a)(1) of this section shall be paid out in the first two  
8 months after the greyhound racing cessation date. The remaining pay outs for the initial phase shall  
9 be uniformly paid over the twelve months immediately after the cessation date.

10 **§19-24A-7. Same – How structured– phase 2; second, third, fourth year after cessation.**

11 (a) Fifty million dollars shall be used for the buy out during Phase 2 - 2nd, 3rd, 4th years after  
12 cessation date, of which:

13 (1) An amount equal to \$350,000 may be utilized for administration of the three to four year  
14 phase of the cessation program. Any of this amount not used shall remain in the fund for use as  
15 remaining buy-out payments.

16 (2) An amount equal to \$49.650 million times the ratio of accredited West Virginia  
17 greyhound owners to total West Virginia greyhound racing entities shall be utilized during the three  
18 to four year phase to complete the buy-out of current accredited West Virginia greyhound owner  
19 entities.

20 (A) Fifty percent of the amount determined in subsection (a)(2) of this section shall be paid  
21 out in uniform monthly payments based on the ratio of earnings times the fifty percent amount.

22 (B) Fifty percent of the amount determined in subsection(a)(2) of this section shall be paid

1 out in uniform monthly payments based on the ratio of the number of accredited West Virginia  
2 whelped greyhounds as determined in subsection (5) (a) (3) of this article times the fifty percent  
3 amount.

4 (3) The amount of the \$49.650 million times the ratio of contract greyhound racetrack  
5 kennels to total West Virginia greyhound racing entities shall be utilized to complete the buy out of  
6 contract greyhound racetrack kennels.

7 (A) Fifty percent of the amount determined in subsection (a) (3) of this section shall be paid  
8 out in uniform monthly payments based on the ratio of number of years as a contract greyhound  
9 racetrack kennel times amount in (3) above.

10 (B) Fifty percent of the amount determined in subsection (a) (3) of this section shall be paid  
11 out in uniform monthly payments based on the ratio of kennel earnings times the amount in  
12 subdivision (3) above.

13 **§19-24A-8. Termination of cessation; verification.**

14 (a) The West Virginia Racing Commission shall report to the Legislature within thirty days  
15 after it has determined that sufficient funds have accumulated in the West Virginia Greyhound  
16 Cessation Fund and verify that the funds are sufficient to complete the buy-out of all qualified  
17 greyhound racing entities.

18 (b) The Legislature shall provide for redirecting the moneys being deposited in the West  
19 Virginia Greyhound Racing Cessation Fund at the next regular session of the Legislature following  
20 receipt of the report from the West Virginia Racing Commission.

21 (c) The West Virginia Greyhound Racing Cessation Fund shall continue until all pay outs  
22 have been made and verification of the pay outs have been made and an audit of the these funds have

- 1 been made by the Legislative Auditor and it is determined that the cessation is complete.
- 2 (d) Upon verification by the Legislative Auditor that all qualified greyhound racing entities
- 3 have received the pay-outs provided by this article and that the cessation is complete, the West
- 4 Virginia Greyhound Racing Cessation Fund shall terminate.

NOTE: The purpose of this bill is to create the West Virginia Greyhound Racing Cessation Program and West Virginia Greyhound Racing Cessation Fund, providing formulas for pay outs to greyhound racing entities and termination of the program and fund following verification that all pay outs have been made.

This article is new; therefore, it has been completely underscored.