

Approved 4/1/87 Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Senator Edward F. Reilly, Jr. at
Chairperson

11:00 a.m. ~~xxx~~ on March 31, 1987 in room 254-E of the Capitol.

All members were present, ~~except~~

Committee staff present:

Mary Galligan, Legislative Research
Emalene Correll, Legislative Research
Mary Torrence, Assistant Revisor of Statutes
June Windscheffel, Secretary to the Committee.

Conferees appearing before the committee:

Mr. Lawrence Scalise, Chairman, Iowa Racing Commission
Mr. John P. Nelson, President, Iowa West Racing Association
Mr. Robert W. Kaplan, Wichita Greyhound Track Partners
Mr. August (Augie) J. Masciotra, General Manager, Waterloo Greyhound Park
Mr. George Beno, Executive Director of Iowa West, was present to answer questions, but had no statement.

The Chairman called the Committee's attention to a handout prepared by Mr. D. Philip Wilkes, Staff Attorney, Kansas Department of Revenue, which was a Comparison of Specific Statutory Provisions of Other States, revised 3/31/87. (Attachment #1) Mr. Wilkes said that there should be a correction to the first paragraph, as an exception exists in the Kansas Statutes, Chapter 32, which would allow use of live rabbits.

The first conferee to be welcomed by the Chairman was Mr. Lawrence Scalise, Chairman of the Iowa Racing Commission. Mr. Scalise had a prepared statement for the Committee (Attachment #2). He stated that from his perspective, parimutuel had been a good thing for the state of Iowa.

Mr. John P. Nelson, President of Iowa Racing Association, a non-profit corporation which owns and operates Bluffs Run Greyhound Track in Council Bluffs, Iowa, was the next conferee. He explained how his organization was set up, and told what contributions parimutuel racing has done for Iowa. (Attachment #3)

One of the partners of the Wichita Greyhound Track Partners, Mr. Robert W. Kaplan, was the next conferee. That group has been active in identifying possible sites, investigating economic feasibility and involving itself in other activities, in preparation to applying to the Kansas Racing Commission for a license to develop a parimutuel greyhound track in Wichita. They have some concerns about the bill in its current form and the written statement and Mr. Kaplan's testimony addressed them. (Attachment #4)

Mr. August (Augie) J. Masciotra, currently General Manager and Chief Executive Officer of Waterloo Greyhound Park, Waterloo, Iowa, was the next conferee. Mr. Masciotra has also served as Executive Director of the Colorado Racing Commission; Executive Director of the Nevada Racing Commission; has been a member of the National Association of State Racing Commissioners. He has appeared before various state legislatures on racing related matters and has been on the faculty of numerous seminars concerning parimutuel racing. He spoke to the Committee concerning the lack of feasibility of multipurpose racing facilities. His statement is attached. (Attachment #5)

The conferees responded to questions from Members, and the Chairman thanked them for appearing.

The Chairman asked the Committee to turn its attention to HB 2062, concerning capital punishment. Senator Morris moved that HB 2062 be reported to the

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,
room 254-E, Statehouse, at 11:00 a.m./~~xxxx~~ on March 31, 1987.

Senate without recommendation. Seconded by Senator Ehrlich. Senator Vidricksen made the substitute motion to report the bill favorably. Seconded by Senator Morris. There was Committee discussion. The substitute motion failed. Senator Daniels voted "no." The Chairman referred back to the original motion that the bill be reported without recommendation. The motion carried. Senator Daniels and Senator Strick asked to be reported as voting "no."

The meeting was adjourned at 12:27 noon.

3/31/87
Attachment #1

Kansas Parimutuel Racing Act

House Bill No. 2044

As Amended By House Committee of the Whole

Comparison of Specific Statutory Provisions of Other States

Revised 3/31/87

Prepared By:

D. Philip Wilkes
Staff Attorney
Kansas Department of Revenue

Attachment #1
FSA 3/31/87

Use of Live Animals For Training Greyhounds

**Note: Kansas criminal statute K.S.A. 21-4310 appears to already prohibit the use of live animals for training Greyhounds.

Arizona

Not mentioned in statutes. Rule R4-27-311 (13) reads as follows:

Any person licensed by the department found guilty of using live rabbits, cats or fowls in the training of racing Greyhounds may be fined or suspended or both by the stewards who shall report all such cases to the department.

Colorado

Colorado has a statute which prohibits the use of live animals for the training of Greyhounds. Also, Rule 8.44 promulgated by the Racing Commission, reads as follows:

The use of any live animal or fowl, in the training of active Greyhounds listed for racing at a currently operating racetrack, is prohibited. Possession or use of a live animal or fowl wherever such active racing Greyhounds are present shall be prima facie evidence of attempting to cause the prearrangement of a race result.

Florida

Florida prohibits the use of live animals for training Greyhounds in its Animal Fighting Act, statute 828.122. Violation is a 3rd degree felony.

Iowa

Not mentioned in statutes. Rule 7.3 (16) reads as follows:

Fraudulent and corrupt practice - grounds for denial, suspension or revocation of a license. In addition to the criteria in subrule 7.3(9), the commission in its discretion may refuse to issue a license to an applicant, or may suspend or revoke a license issued, or order disciplinary measures on the following grounds:

(m) Use of a live animal in lieu of an artificial lure for training a Greyhound after the Greyhound has been entered or registered to race at a licensed race meeting in Iowa or at any time at a facility under the commission's jurisdiction.

Restrictions on Use of Medication and Drugs

California

Penal Code Section 337f provides:

Any person: (a) Who influences, or induces, or conspires with, any owner, jockey, groom or other person associated with or interested in any stable, horse, or race in which a horse participates, to affect the result of such race by stimulating or depressing a horse through the administration of any drug to such horse, or by the use of any electrical device or any electrical equipment or by any mechanical or other device not generally accepted as regulation racing equipment, or (b) Who so stimulates or depresses a horse, or (c) Who knowingly enters any horse in any race within a period of 24 hours after any drug has been administered to such horse for the purpose of increasing or retarding the speed of such horse, is punishable by a fine not exceeding five thousand dollars (\$5,000), or by imprisonment in the state prison, or in a county jail not exceeding one year, or both such fine and imprisonment

The term "drug" includes all substances recognized as having the power of stimulating or depressing the central nervous system, respiration, or blood pressure of an animal, such as narcotics, hypnotics, benzedrine or its derivatives, but shall not include recognized vitamins or supplemental feeds approved by the veterinarian representing the California Racing Board.

Penal Code Section 337g provides:

The possession, transport or use of any local anaesthetic of the cocaine group, including but not limited to natural or synthetic drugs of this group such as allocaine, apothesine, alypine, benzyl carbinol, butyn, procaine, nupercaine, betaeucaine, novol or anestubes, within the racing enclosure is prohibited, except upon a bona fide veterinarian's prescription with complete statement of uses and purposes of same on the container. A copy of such prescription shall be filed with the stewards, and such substances may be used only with approval of the stewards and under the supervision of the veterinarian representing the board.

Penal Code Section 337h provides:

Any person who, except for medicinal purposes, administers any poison, drug, medicine, or other noxious substance, to any horse, stud, mule, ass, mare, horned cattle, neat cattle, gelding, colt, filly, dog, animals, or other livestock, entered or about to be entered in any race or upon any race course, or entered or about to be entered at or with any agricultural park, or association, race course, or corporation, or other exhibition for competition for prize, reward, purse, premium, stake, sweepstakes, or other reward, or who exposes any poison, drug, medicine, or noxious substance, with intent that it shall be taken, inhaled, swallowed, or otherwise received by any of these animals or other livestock, with intent to impede or affect its speed, endurance, sense, health, physical condition, or other character or quality, or who causes to be taken by or placed in the body of any of these animals or other livestock, entered or about to be entered in any race or competition described in this section any sponge, wood, or foreign substance of any kind, with intent to impede or affect its speed, endurance, sense, health, or physical condition, is guilty of a misdemeanor.

Colorado

Statute 12-60-105.6 prohibits the following:

Possession on the premises of a battery, buzzer, electrical device, or other appliance other than a whip which could be used to alter the speed of a racing animal in a race or while working out or schooling.

Possession, on the premises of a racetrack, by a person other than a licensed veterinarian, of a hypodermic needle, hypodermic syringe, or other similar device; or any substance, compound items, or combination thereof of any medicine, narcotic, stimulant, depressant or anesthetic which could alter the normal performance of a racing animal unless specifically authorized by the commission veterinarian.

Causing, attempting to cause, or participation in any way in any attempt to cause the prearrangement of a race result, or failure to report knowledge of such act immediately to the stewards, the judges, or the commission.

Florida

Statute 550.24 prohibits the following:

Any person who shall influence or have any understanding or connivance with any owner, jockey, groom, or other person associated with or interested in any stable, kennel, horse or dog or race in which any horse or dog participates, to prearrange or predetermine the results of any such race, is guilty of a felony of the third degree, punishable as provided in

Any person who attempts to affect the outcome of a horserace or dograce through administration of medication or drugs to a race animal as prohibited by law; who administers any medication or drug prohibited by law to a race animal for the purpose of affecting the outcome of a horserace or dograce; or who conspires to administer or to attempt to administer such medication or drugs is guilty of a felony of the third degree, punishable as provided in

Statute 550.241 provides:

The racing of an animal with any drug, medication, stimulant, depressant, hypnotic, narcotic, local anesthetic, or drug-masking agent is prohibited. It is a violation of this section for a person to administer or cause to be administered any drug, medication, stimulant, depressant, hypnotic, narcotic, local anesthetic, or drug-masking agent to an animal which will result in a positive test for such substance based on samples taken from the animal immediately prior to or immediately after the racing of that animal. Rules may be promulgated which identify:

(a) Unacceptable levels of substances existing naturally in the untreated dog or horse but at abnormal physiological concentrations; or

(b) Acceptable levels of trace elements or innocuous substances in test samples.

The Division of Parimutuel Wagering shall adopt and enforce rules to implement this section.

As an exception to this section, if the division first determines

that the use of furosemide or phenylbutazone, of both, in horses is in the best interest of racing, the division may promulgate rules allowing such use. Any rules allowing the use of furosemide or phenylbutazone in racing shall set the conditions for such use. Under no circumstances may a rule be promulgated which allows the administration of furosemide within 3 hours of the officially scheduled post time for the race. Under no circumstances may a rule be promulgated which allows the administration of phenylbutazone within 24 hours of the officially scheduled post time for the race. If a rule is adopted which allows the use of phenylbutazone in horses, a companion rule shall be adopted which disallows the presence of phenylbutazone in excess of 165 micrograms per milliliter of urine, or its equivalent in other bodily fluids, as shown by tests conducted on bodily fluid specimens taken immediately prior to a race or immediately subsequent to a race.

Iowa

Statute 99D.24 prohibits the following:

Committing any other corrupt or fraudulent practice as defined by the commission in relation to racing which affects or may affect the result of a race.

Using or conspiring to use a battery, buzzer, electrical, mechanical or other appliance other than the ordinary whip or spur for the purpose of stimulating or depressing a horse or dog or affecting its speed in a race or workout.

Sponging a horse's or dog's nostrils or windpipe or using any method, injurious or otherwise, for the purpose of stimulating or depressing a horse or dog or affecting its speed in a race or a workout.

Having in one's possession within the confines of a racetrack, stable, shed, building or grounds, or within the confines of a stable, shed, building or grounds where a horse or dog is kept which is eligible to race over a racetrack licensed under this chapter, an appliance other than the ordinary whip or spur which can be used for the purpose of stimulating or depressing a horse or dog or affecting its speed at any time.

Statute 99D.25 prohibits the following:

The entering of a horse or dog in a race by the trainer or owner of the horse or dog if the trainer or owner knows or if by the exercise of reasonable care the trainer or owner should know that the horse or dog is drugged or numbed.

The drugging or numbing of a horse or dog with knowledge or with reason to believe that the horse or dog will compete in a race while so drugged or numbed. However, the commission may by rule establish permissible trace levels of substances foreign to the natural horse or dog that the commission determines to be innocuous.

The willful failure by the operator of a racing facility to disqualify a horse or dog from competing in a race if the operator has been notified that the horse or dog is drugged or numbed, or was not properly made available for tests or inspections as required by the commission.

"Drugging" means administering to a horse or dog any substance,

foreign to the natural horse or dog prior to the start of a race.

"Numbing" means surgical or other procedure which was, at any time, performed in which the nerves of a horse or dog were severed, destroyed, or removed.

Minnesota

Statute 240.24 provides:

The commission shall make and enforce rules governing medication and medical testing of horses running at licensed racetracks. The rules must provide that no medication, as the commission defines that term by rule, may be administered to a horse within 48 hours of a race it runs at a licensed racetrack.

Notwithstanding subsection 1, the commission by rule shall allow the use of: (1) topical external applications that do not contain anesthetics or steroids; (2) food additives; (3) Furosemide or other pulmonary hemostatic agents if the agents are administered under the visual supervision of the veterinarian or assistant veterinarian employed by the commission; and (4) nonsteroidal anti-inflammatory drugs, provided that the test sample does not contain more than three micrograms of the substance or metabolites thereof per milliliter of blood plasma. For purposes of this clause, "test sample" means any bodily substance including blood, urine, saliva, or other substance as directed by the commission, taken from a horse under the supervision of the commission veterinarian and in such manner as prescribed by the commission for the purpose of analysis.

Statute 240.25 provides:

No person may:

(a) on the premises of a licensed racetrack use, have in his possession, or knowingly assist another person in using a battery or buzzer, electrical or mechanical, or other device or appliance, which can be used to affect a horse's racing condition or performance, other than an ordinary whip;

(b) affect or attempt to affect the racing condition or performance of a horse at a race or workout through the use of a drug or medication in violation of the commission's rules; or

(c) use any method, injurious or otherwise, to affect a horse's racing condition or performance at a race or workout in violation of the commission's rules.

(Violation of the above provisions is a felony.)

Missouri

Statute 313.700 provides:

No drug or medication shall be administered to any horse entered for competition in any horse race unless such drug or medication has been individually approved by the commission for use at times permitted by rule or rules promulgated by the commission. Any individual found guilty of administering a foreign substance to a horse entered to race, with the intent to affect the result of the race in which the horse is entered, shall be guilty of a class B felony.

Nebraska

Statute 2-1217 provides:

It shall be unlawful for any person to use, or permit to be used a narcotic of any kind to stimulate or retard any horse that is to run in a race in this state to which the provisions of sections 2-1201 to 2-1218 apply, or for a person having the control of such horse and knowledge of such stimulation or retardation to allow it to run in any such race. The owners of such horse, their agents or employees shall permit any member of the State Racing Commission or any person appointed by said commission for that purpose to make such tests as the commission deems proper in order to determine whether any such animal has been so stimulated or retarded. The findings of said commission that a horse has been stimulated or retarded by a narcotic or narcotics shall be prima facie evidence of such fact.

Statute 2-1218 provides:

Any person who shall violate any provisions of section 2-1217 shall be guilty of a Class I misdemeanor.

Oklahoma

Statute 208.6 provides:

Anyone who administers or conspires to administer to any horse prior to or during a horse race any drug except Lasix, also known as furosemide, if permitted by rule of the Commission, or anyone who knowingly enters a horse in any race after which testing indicates the presence of any drug except Lasix, also known as furosemide, if permitted by rule of the Commission shall be guilty, upon conviction, of a felony and shall be fined not more than Ten Thousand Dollars (\$10,000.00) or be imprisoned for a period not more than ten (10) years or both said fine and imprisonment. The Commission shall suspend or revoke the license of such guilty party. The Commission, at its discretion, may allow the use of Lasix, also known as furosemide, at any race meetings licensed by the Commission. The use of any other drug or medication is prohibited.

Statute 208.7 prohibits the following:

Use or conspire to use any battery, buzzer, electrical or mechanical device, or other device other than the ordinary whip for the purpose of stimulating or depressing a horse or affecting its speed at any time.

Sponge the nostrils or windpipe of a horse for the purposes of stimulating or depressing a horse or affecting its speed at any time.

Have in the possession of the person, within the confines of a racetrack, stables, sheds, buildings, or grounds where horses are kept which are eligible to race over a racetrack of any organization licensee, any device other than the ordinary whip which may or can be used for the purpose of stimulating or depressing a horse or affecting its speed at any time.

Have in the possession of the person with the intent to sell, give away, or exchange any such devices.

Possession of such devices by anyone within the confines of a racetrack, stables, sheds, buildings, or grounds where horses are

kept which are eligible to race over the racetracks of any organization licensee shall be prima facie evidence of intention to use such devices.

Any person who violates the provisions of this section, upon conviction, shall be guilty of a felony and shall be fined not more than Ten Thousand Dollars (\$10,000.00) or be imprisoned for a period of not more than ten (10) years or both said fine and imprisonment. The Commission shall suspend or revoke the license of any person convicted of violating the provisions of this section.

Non-profit Verses For-Profit Status of Licensees

Arkansas

The Commission may grant a franchise to any Arkansas corporation. [84-2735] Only one franchise may be granted per county. [84-2737]

Currently there are only two racetracks - Greyhound racing in West Memphis and thoroughbred racing in Hot Springs.

California

Licenses may be issued to any "person" but not to a non-profit, tax-exempt corporation or to anyone conducting races for the benefit of a non-profit, tax-exempt corporation. (This restriction was designed to prevent the licensing of any organization that would be exempt from payment of the parimutuel wagering tax.) [Chap. 4, Sec. 19482]

Colorado

Licenses may be issued to individuals or to corporations whose officers and directors have suitable ability, character and experience. Licensees must own or have possession of a race track determined to be suitable by the Commission. [12-60-106(2) and 12-60-108(1)]

Currently there are 5 Greyhound tracks - Cloverleaf, Interstate, Mile High, Pueblo and Rocky Mountain. There is horse racing at three meets on the fair circuit each year. Colorado used to have two major horse tracks but both went out of business, probably due to competition from the Greyhounds.

Florida

Licenses may be issued to any person (includes corporations, limited and general partnerships, business trusts, joint ventures and associations). [550.05] County or state fair associations do not have to be licensed. [550.19]

Florida has 18 of the 46 Greyhound tracks in operation in the United States. Licenses are currently held by:

Associated Outdoor Clubs, Inc.
Biscayne Kennel Club, Inc.
Bonita Ft. Myers Corporation
Daytona Beach Kennel Club, Inc.
Investment Corp. of South Florida
Jacksonville Kennel Club, Inc.
Jefferson County Kennel Club, Inc.
Orange Park Kennel Club, Inc.
Investment Corp. of Palm Beach
Pensacola Greyhound Park, Inc.
St. Petersburg Kennel Club, Inc.
Sanford Orlando Kennel Club, Inc.
Sarasota Kennel Club, Inc.
Washington County Kennel Club, Inc.
West Flagler Associates, Ltd.
Keys Racing Association, Ltd.
Bayard Raceways, Inc.
Seminole Greyhound Park

Florida is 3rd in the country in thoroughbred horse racing. They are also trying to strengthen their harness racing industry.

Iowa

Licenses may be issued only to qualified non-profit corporations defined by 99B.1(10) organized to promote those purposes described in 99B.7(3)(b), or to non-profit corporations which conduct livestock expositions for the promotion of the livestock, horse or dog breeding industries in Iowa. [99D.8] A qualified organization is defined by 99B.1(10) as one which dedicates its net receipts as provided in 99B.7, which requires that at least 75% of the net receipts be distributed to educational, civic, public, charitable, patriotic or religious uses in Iowa.

Iowa implemented parimutuel racing on July 1, 1983. It currently has three tracks in operation.

Dubuque Greyhound Park is owned by the City of Dubuque, which leases it to the Dubuque Greyhound Association. The track cost \$10,000,000 to build. The track is managed by the licensee's employees.

Bluff's Run at Council Grove was built and is owned by the Iowa West Racing Association, a non-profit corporation. It is managed for them by Alabama Iowa Management, a for-profit corporation, which receives a percentage of the parimutuel handle. The owner of Alabama Iowa Management guaranteed the \$18,000,000 in industrial revenue bonds needed to build the track. If the Association defaults on payment of the bonds, then ownership of the racetrack reverts to the owner of Alabama Iowa Management.

Waterloo Greyhound Park is owned and operated by the National Cattle Congress, a non-profit organization, which also conducts rodeos and other activities at the facility. It opened on 10/15/86. The licensee raised about \$800,000 through solicitation of individual investors in the community and got another \$800,000 as a loan from the city. Several local banks were then willing to loan the remaining \$6,000,000 needed to construct the track.

The only parimutuel horse racing is harness racing at seven state fairs. It is conducted by the Iowa Horse Racing Association, Ltd., which pays a percentage of the parimutuel handle to the fairs.

Kentucky

Licenses may be issued to any "person", but other statutory language indicates that racing associations are meant. The Commission confirmed by phone that only racing associations are licensed. [230.440]

Massachusetts

Licenses may be issued to any person, defined as including associations, partnerships, trusts and corporations. [Chap. 128A, Sec. 2]

They have 5 commercial tracks (3 Greyhound, 1 thoroughbred, 1 harness) and 2 fairs (thoroughbred).

Minnesota

Class A licenses are issued to any person (includes corporations) to own and operate a racetrack at which parimutuel wagering is conducted. [240.06(1)] The Commission reported that only one such license had been issued as of 8/86.

Class B licenses are issued to any person (including corporations and associations) to sponsor and manage racing on which parimutuel wagering is conducted. [240.07(1)]

Class D licenses are issued to county agricultural societies or associations incorporated under state law or a non-profit corporation in existence and operating fairs on April 21, 1951. Licensees must conduct and manage racing on their own fairgrounds. [240.09(1)]

Minnesota started parimutuel horse racing in 1985. It has only one major track, Canterbury Downs, built in 1984-85 at Shakopee. It is owned and operated by Minnesota Racetrack, Inc., a for-profit corporation. Track financing came from a loan from North American Life & Casualty in Minneapolis, from a real estate holding corporation in Shakopee, and from two persons who are major stockholders and managers of the licensed corporation. This track has the only Class A and the only Class B licenses issued by the Commission. There is no parimutuel racing conducted at fairs and no Class D licenses have been issued.

Missouri

Licenses may be issued to any individual or corporation determined to be suitable and of good moral character. [313.580]

Missouri passed its enabling legislation in May of 1986. The only racing done so far has been 15 days of harness racing at the state fair in Sedalia in 1986.

Nebraska

Licenses may be issued to only the following:

1. the State Board of Agriculture
 2. any county society for the improvement of agriculture organized under Nebraska statute 2-201 or 2-221
 3. any corporation or association of persons organized and carried on for civic purposes or which conducts a livestock exposition for the promotion of livestock or horse-breeding industries in Nebraska, and which does not permit its members to derive personal profit from its activities by way of dividends or otherwise
- [2-1204]

Nebraska has had parimutuel horse racing since 1935. They currently have five thoroughbred horse tracks and three quarterhorse tracks, all owned by non-profit organizations. All of the tracks are owned by the licensed organization except the smallest quarterhorse track, which is leased by the Nebraska Quarterhorse Racing Association from the county fair. The Commission said that the larger tracks evolved slowly over the years using racing revenues. The smaller tracks were built using money raised locally from selling bonds.

New Jersey

Licenses may be issued to any person, partnership, association or corporation wanting to conduct a horse race meeting at which parimutuel wagering will be used. [5:5-38]

New Jersey has five major horse tracks:

Monmoth Park and Atlantic City, for thoroughbreds
Freehold, for harness racing
Garden State Park and Meadowland, for both thoroughbreds and harness

New Mexico

Licenses may be issued to any person whom the Commission determines to be a qualified applicant, including a corporation. [60-1-6(A)]

New Mexico has six tracks, all of which have thoroughbred and quarterhorse racing. Four are commercial tracks, one is a state fair, and one is a county fair.

New York

Licenses may be issued to any corporation or association for a period of one year. [Chap. 47-A, Sec. 207] Franchises may be issued to any non-profit racing association for a period up to 25 years. [Chap. 47-A, Sec. 208] State, county and other fair associations may conduct races for up to 5 days at any track or grounds without being licensed. [Chap. 47-A, Sec. 211]

Oklahoma

Licenses may be issued to any person (defined as an individual, partnership, corporation or other association or entity). [Title 3A, Sec. 205.1(A)] The applicant must already own a racetrack or have architectural plans and specifications for a racetrack which has been approved by the Commission. [Title 3A, Sec. 205.3(2)]

Oklahoma implemented parimutuel horse racing in 1983. It currently has one track, Blue Ribbon Downs, near Salazar, which is similar in size to our Eureka Downs. It is owned by a for-profit corporation. It operated as a non-parimutuel track for 16 or 17 years prior to parimutuel, and was the largest non-parimutuel track in the country. Approximately \$10,000,000 was spent to convert it to a parimutuel track. The Commission has approved the construction of a major horse track called Remington Park, being built in Oklahoma City at a cost of \$74,000,000. It will be owned and operated by Oklahoma Racing Associates, a for-profit corporation owned by three members of one family. It is being financed indirectly through another corporation by the City Bank of New York.

3/31/87
JW
Attachment #2

TESTIMONY OF LAWRENCE SCALISE
BEFORE THE COMMITTEE ON FEDERAL AND STATE AFFAIRS
OF THE KANSAS STATE LEGISLATURE
SENATOR EDWARD RILEY, PRESIDING

SENATOR RILEY, AND MEMBERS OF THE COMMITTEE - IT IS A PLEASURE TO APPEAR BEFORE YOU TO PRESENT SOME MATERIAL TO YOU THAT I HOPE WILL BE OF SOME ASSISTANCE AS YOU CONSIDER THE FATE OF PARIMUTUEL IN YOUR STATE. I APPEAR AS THE CHAIRMAN OF THE IOWA RACING COMMISSION, HAVING BEEN APPOINTED TO THAT POSITION BY GOVERNOR BRANSTAD SOME FOUR YEARS AGO. UNDER OUR PROCESS THAT APPOINTMENT WAS REQUIRED TO BE CONFIRMED BY THE SENATE AND I HAVE HAD THE HONOR OF HAVING BEEN CONFIRMED NOW ON TWO SEPARATE OCCASIONS.

OUR LAW IS A SENSIBLE MIX OF PRIVATE ENTERPRISE, THE GOVERNMENT SECTOR AND NON-PROFIT CORPORATIONS. PRIVATE ENTERPRISE IS PERMITTED TO PROVIDE THE MANAGERIAL EXPERTISE WHICH IS NEEDED TO BRING THE NECESSARY EXPERIENCE, BUSINESS JUDGMENT AND GOOD SENSE TO THIS TYPE OF ENDEAVOR, ALONG WITH THE OVERSIGHT BY THE PUBLIC SECTOR - THAT BEING THE RACING COMMISSION - AND FINALLY WITH THE ASSISTANCE OF A NOT-FOR-PROFIT CORPORATION WHICH SEES TO IT THAT PROFITS ULTIMATELY GO BACK TO THE PUBLIC IN THE FORM OF CHARITABLE

Attachment #2
FSA 3/31/87

CONTRIBUTIONS TO COUNTY FAIRS, LITTLE LEAGUE SPORTS AND THE LIKE. I KNOW THAT MR. NELSON WILL IN HIS TESTIMONY TODAY DETAIL THOSE CONTRIBUTIONS.

FROM MY PERSPECTIVE PARIMUTUEL HAS BEEN A GOOD THING FOR THE STATE OF IOWA. IT HAS PRODUCED MANY JOBS, A STIMULATION OF THE ECONOMY OF THE CITIES IN WHICH THE TRACKS ARE LOCATED AND IN EXCESS OF TEN MILLION DOLLARS TO OUR STATE COFFERS. YOU'LL HEAR MORE OF THAT LATER.

THE FUNCTION OF THE RACING COMMISSION IS TO PROTECT THE PUBLIC AND SEE TO IT THAT THE RACES THAT ARE RUN ARE HONEST AND PRESERVE THE INTEGRITY OF RACING. IT IS OUR FUNCTION AS WELL TO LICENSE ALL OF THE KENNEL OPERATORS AND EVERY SINGLE PERSON WHO HAS A JOB AT THE TRACK, AND, OF COURSE, SELECT THE STEWARDS ALONG WITH THE LICENSEE ITSELF. WE SET THE PURSE, WE SET THE TIMES THAT RACING WILL OCCUR AND, INDEED, EXERCISE SUCH AUTHORITY AS TO DETERMINE WHO IT IS THAT WILL BE PERMITTED ON THE PREMISES. WE HAVE THE AUTHORITY TO REMOVE PERSONS WHO ARE UNDESIREABLE AND TO KEEP OUT PERSONS WHOM WE BELIEVE WOULD BE A DETRIMENT TO RACING. WE ARE THE ULTIMATE AUTHORITY IN GRANTING THE LICENSE AND IN THAT REGARD WE HAVE HAD WONDERFUL COOPERATION FROM OUR STATE DIVISION OF CRIMINAL INVESTIGATION. THEY ALONG WITH OUR

COMMISSION HAVE SEEN TO IT THAT THE INTEGRITY OF RACING IN IOWA IS WHAT IT SHOULD BE. HOWEVER, WE MUST ALWAYS REMAIN VIGILANT. THERE ARE SOME IN THIS BUSINESS, AS IN ANY BUSINESS WHO WOULD CHEAT AND TRY TO GET AN EDGE ONE WAY OR ANOTHER. WE ARE VIGILANT AND AWARE OF WHAT GOES ON AT EACH TRACK. MANAGEMENT AND LICENSE HOLDERS ARE MORE THAN COOPERATIVE IN THAT REGARD.

WE HAVE THREE TRACKS IN IOWA. ONE IS OWNED BY THE CITY OF DUBUQUE IN THE NORTHEAST PART OF THE STATE AND IT IS RUN BY A GROUP OF CITIZENS WHO, OF COURSE, HIRED MANAGEMENT WITH EXPERIENCE IN DOG RACING. IN THE NORTH CENTRAL PART OF OUR STATE, AT WATERLOO, IOWA, IS ANOTHER TRACK THAT IS PRESENTLY RUNNING TODAY. THE LICENSEE OF THAT FACILITY IS THE IOWA CATTLE CONGRESS, WHICH IS AN AGRICULTURE - NOT FOR PROFIT CORPORATION - WHICH HAS BEEN IN EXISTENCE FOR MANY, MANY YEARS AND HAS AS ITS SOLE FUNCTION THE PROMOTION OF AGRICULTURE OR AGRICULTURAL RELATED PRODUCTS. IT HAS BEEN SUCCESSFUL AND HAS BROUGHT NO PROBLEMS TO US. THE MANAGEMENT THERE AGAIN IS HIRED AND WORKS DIRECTLY FOR THE CATTLE CONGRESS.

OUR THIRD TRACK IS IN COUNCIL BLUFFS AND THE LICENSEE IS A NOT FOR PROFIT CORPORATION MADE UP

PRIMARILY OF MANY INTERESTED CITIZENS, INCLUDING CITY OFFICIALS, COUNTY OFFICIALS, AND PLAIN CITIZENS FROM BOTH SIDES OF THE POLITICAL SPECTRUM. THAT CORPORATION SELECTED AS ITS MANAGEMENT AND OPERATOR A GROUP FROM ALABAMA WHO HAD BEEN SUCCESSFUL IN OWNING AND OPERATING TWO OTHER DOG TRACKS.

WE AS A COMMISSION DID AN EXTENSIVE IN DEPTH BACKGROUND INVESTIGATION ON EACH ONE OF THE KEY PERSONNEL INVOLVED IN MANAGEMENT. I REFER SPECIFICALLY TO MR. BRYANT IN COUNCIL BLUFFS, AND SPECIFICALLY MR. ROY BURGER OF DUBUQUE, AND SPECIFICALLY MR. AUGIE MASCIOTRA OF THE WATERLOO TRACK. WE FOUND THEM TO BE FIRST CLASS AND IN EVERY RESPECT MORE THAN ACCEPTABLE TO NOT ONLY OUR STANDARDS BUT IN MY VIEW IN THE STANDARDS OF THE PUBLIC WHICH I THINK IS DEMONSTRATED BY THE TREMENDOUS SUCCESS EACH ONE OF THESE TRACKS HAS HAD.

I WANT TO ALSO TELL YOU THAT THE COMPETITION FOR THE DOG LICENSES WAS FIERCE. IN THE COUNCIL BLUFFS AREA, FOR EXAMPLE, THERE WERE THREE OTHER APPLICANTS WHO WERE NOT AWARDED LICENSES. ONE GROUP WAS FROM DETROIT, MICHIGAN, ONE GROUP WAS FROM BUFFALO, NEW YORK, AND THE THIRD GROUP WAS FROM THE SOUTHERN PART OF IOWA. WE AWARDED THE LICENSE TO THE JOHN NELSON GROUP PRIMARILY

BECAUSE OF THE OUTSTANDING PEOPLE WHO WERE INVOLVED IN IT.

DOG RACING CAN BE A FAMILY SPORT. IT CAN BE CLEAN. IT CAN BE LEGITIMATE, FINANCIALLY REWARDING AND RUN IN SUCH A WAY THAT THE BETTING PUBLIC IS PROTECTED. I THINK WE HAVE ACCOMPLISHED THOSE GOALS AT ALL THREE OF OUR TRACKS. I THINK WE HAVE DONE THAT BECAUSE OF THE HIGH QUALITY OF THE PERSONNEL THAT WE HAVE AT THOSE TRACKS.

I MENTION THESE THINGS TO YOU BECAUSE I THINK IT ENCUMBENT UPON ANY STATE THAT IS ABOUT TO ENACT PARIMUTUEL LEGISLATION THAT IT BE SENSITIVE TO THE PROTECTION OF THE PUBLIC WHICH CAN BE INSURED BY THE SELECTION OF A LICENSEE WHO PUTS INTEGRITY FIRST, COMMUNITY SECOND, THE INTEREST OF ITS STATE THIRD AND ITS OWN INTEREST LAST. THAT IS A MARK OF SUCCESS.

OBVIOUSLY IT MUST HAVE GOOD SECURITY AT EACH FACILITY, SENSIBLE MANAGEMENT AND SENSIBLE LAW ENFORCEMENT PERSONNEL WHO WILL COOPERATE IN DOING WHATEVER IS REQUIRED TO PROTECT AND TO PROMOTE THE PUBLIC INTEREST. WE HAVE BEEN FORTUNATE IN THAT REGARD TOO.

I WOULD CONCLUDE MY BRIEF REMARKS BY STATING TO YOU

THAT PARIMUTUEL HAS DONE VERY WELL IN OUR BASICALLY
CONSERVATIVE STATE, AND HAS BEEN OVERWHELMINGLY ACCEPTED
BY OUR PUBLIC. IT HAS PRODUCED PROFITS BEYOND THE
IMAGINATION OF ANYONE, FAR BEYOND THE EXPECTATION OF
ANYONE AND IT HAS BEEN A CLEAN RUN SPORT.

THANK YOU FOR PERMITTING ME TO COME BEFORE YOU.

Iowa West Racing Association

Post Office Box 1562 • Council Bluffs, Iowa 51502
Telephone (712) 323-2500

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Attachment #3

DIRECTORS

John P. Nelson
President

Dennis Reed
Vice-President

Walt Pyper
Secretary

Gary Woods
Treasurer

George S. Beno

Delman Campbell

Susanne Christiansen

Lynn Grobe

Tom Hanafan

Ronald D. Hooper

Leo Olsen

Max E. Olsen, M.D.

Georgia Sievers

March 31, 1987

Senator Edward Reilly, Chairman
Senate Federal and State Affairs Committee
State House
Topeka, KS 66612

Mr. Chairman - Members of the Committee:

I am John P. Nelson, President of Iowa Racing Association, non-profit corporation. We own and operate Bluffs Run Greyhound Track located in Council Bluffs, Iowa.

The Iowa West Racing Association was formally incorporated on March 21, 1984, the culmination of many years of planning and work by area, civic, business and community leaders. Iowa West was the outgrowth of an ad-hoc committee of the Council Bluffs Chamber of Commerce made up of representatives of the city, county, Chamber of Commerce and Westfair. This committee met during 1983 and 1984 working toward the passage of a workable parimutuel law in Iowa, and laying plans to obtain a license for Council Bluffs and Western Iowa.

After Iowa's parimutuel law was passed in 1983 and amended in 1984, Iowa West focused its efforts on applying for a license, and a license was obtained on August 28, 1984.

Iowa West is dedicated exclusively to:

1. Providing new opportunities for economic development and employment;
2. Advancing and promoting charitable, educational and civic causes;
3. Promoting the attainment of charitable, educational, literary, scientific, and social welfare goals, and
4. Providing recreational facilities dedicated exclusively to the social welfare of the community and open to all citizens.



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Following several months of disappointment, Iowa West was able to secure financial support through Paul Bryant, Jr. A management agreement was signed in December, 1984 with Mr. Bryant's company, which enabled us to move forward with the construction of Bluffs Run, which has become one of the country's finest greyhound tracks and has helped Iowa West realize many of its goals.

In its first season (1986), Bluffs Run ranked fifth in the nation in total parimutuel handle, with \$122 million in wagers, and attracted 1.1 million patrons. And, significantly, the track exceeded \$4 million in food and beverage sales. The track was also able to attract a number of the top kennels and greyhounds in the nation, achieving a world record briefly during 1986, and having one of its greyhounds win the Florida World Classic. Because of the track's success, it was able to hold a \$112,000 stakes race in 1986, this being the Iowa Breeder's Classic.

But most importantly, Bluffs Run had a major impact on the Council Bluffs and Iowa economy in 1986, as we had hoped it would. First of all, the track paid \$8.4 million in state and local taxes and license fees. This included \$6.1 million in Iowa parimutuel taxes, \$612,000 each to the city and county through parimutuel taxes, \$563,000 to the state in admissions taxes, and \$327,000 in payroll taxes.

The track achieved its goal of creating jobs, as well, with up to 535 people on the payroll during 1986, and \$3.8 million paid in salaries and benefits.

Purses to the greyhounds amounted to \$3.5 million, and another \$300,000 was paid in special purses to Iowa-bred greyhounds under special provisions in the Iowa law.

Local purchases, including printing, food and beverages, souvenir items, supplies and services through area business totaled \$2.6 million in 1986, and a number of suppliers with whom we deal regularly increased their personnel to handle the increased volume.

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route

The state of Iowa, 60 days after the close of our first season, received a windfall of more than \$432,000 in uncashed tickets from 1986.

These figures do not include construction costs of approximately \$16 million and the hundreds of jobs over a one-year period that went to local contractors and construction companies.

Chamber of Commerce studies credit the development of Bluffs Run with being directly or indirectly responsible for nearly \$65 million in new construction in our community over the past 18 months. Most obvious and visible are the five new motels, recently opened, under construction, or scheduled to be built this year. Represented in these figures are 400 new rooms already opened, approximately \$6 million in construction, and a significant number of jobs for Council Bluffs. In addition, one current hotel recently completed a \$1 million renovation program while another added 30 new rooms. This has brought the total direct impact on the hotel industry alone to \$7.5 million. It also explains why Bluffs Run was honored as the Iowa Tourism Attraction of the Year in 1986.

The story doesn't end here. A feasibility study was recently completed by the community which identifies a need for a 200-room downtown hotel with an adjacent civic center. This project will cost approximately \$13-17 million.

We can repeat this history in the restaurant realm. Several new restaurants have opened in the area near the track and continue to open elsewhere in the area.

Another development which has occurred as a direct result of the track is a dramatic increase in land values over the past three years. Land in the vicinity of the track previously sold at \$.65 per square foot. Since the track has opened, values have skyrocketed. One of the hotels which recently announced its plan to build in Council Bluffs paid \$4.25 per square foot for the land for its facility.

Many other projects have evolved as an indirect result of Bluffs Run. General Growth Company had held a piece of property in this community for approximately ten years. Almost simultaneously with the announcement of Bluffs Run, General Growth announced that it would be opening a new 600,000 square foot regional mall. That mall has now opened and is one of the "hottest" retail centers in the Midwest. General Growth officials will openly state that the key factor in their decision to open this facility was the opening of Bluffs Run. Interestingly enough, two of the new hotels are located at the same intersection as the Mall of the Bluffs. The mall was built at an estimated cost of \$50 million.

Near the mall, other physical evidence of new growth is visible. The community is seeing "strip development" projects at several locations. These mini-malls add significant tax base to the community.

Another project that warrants mention is the National Western Historic Trails Center. Civic leaders are backing efforts to get federal funding for a national park which would mark the point where the Lewis & Clark, Mormon, and Oregon/California trails branched off from the Missouri River to points west.

Lastly, prior to Bluffs Run, the city did not have a convention and visitors' bureau. Since its opening, the Chamber of Commerce has formed a fully staffed and funded (\$100,000/year) bureau to promote Council Bluffs as a destination.

Iowa West contributed approximately \$100,000 to area charities during its first season. Our board has chosen to apply the remainder of excess cash flow to reduction of debt because our number of racing days is not guaranteed from year to year. We have made other commitments, such as a \$1 million pledge to Iowa Western Community College, to be paid over the next few years; but we are not yet in a position to do all we would like with charities because we are not certain of the number of racing days we will have for the next year.

My first recommendation is to grant a long-term license of 10-20 years with a guaranteed number of racing days per year. This would facilitate long-range financing by the non-profit organization. It would allow proper annual financial planning to speed capital debt repayment, thus giving the option of returning funds to the local area through charitable contributions sooner.

With such a large capital investment, keeping the track closed several months each year is expensive and wasteful. The licensing of competing tracks to share a market, with each being closed a large part of the year is also financially impractical. We recommend year-round facilities, which provide maximum use, establish all-year jobs, and generate maximum revenues for debt retirement and charitable funding.

A factor which contributed to the success of Bluffs Run is the Iowa law which provides that a share of the parimutuel taxes be paid to the city and county where the track is located. In Iowa, the city and county each receive one-half of one percent of the total handle. In 1986, each received over \$600,000. This generates a spirit of cooperation between all parties and we feel it is an essential ingredient.

Iowa West's management contract with Mr. Bryant is based solely on a percentage of the parimutuel handle. In this agreement, AIM, INC. has provided the financing and assumed 100% of the risk. This encourages better management, since their income is directly related to total handle. This agreement also encourages the management company to negotiate severally for all services and goods contracts. Obviously, the savings or earnings directly benefit the non-profit group.

Because of this, AIM recommended that we operate our own food, beverage and concessions operations. We did this and realized a positive cash flow of over \$800,000 in 1986, of which AIM received no part.

I would strongly recommend, based on our experience, that all food and beverage operations be retained by the licensee and that no service contracts be made in this area, as it is one of substantial potential profit.

I would further recommend that any financial backer or management company be identified with full disclosure prior to the granting of any license. Full disclosure at the outset will prevent mistakes and delays in getting the project off the ground. This would include, of course, all concessions contractors, financing organizations, management organizations, etc.

In the matter of purses, I feel that Iowa has an outstanding supplemental purse structure for Iowa-bred greyhounds. As a matter of fact, the supplement for a Grade A win at Bluffs Run in 1986 was approximately \$1,500, making the total purse for a Grade A win nearly \$2,500 and a win by an Iowa-bred greyhound among the top payoffs nationally in the racing industry. We had negotiated what we believed to be a competitive purse structure with our contract kennels, but the State Racing Commission acted to raise the purses beyond the free market. We felt this was unfortunate in that it arbitrarily took funds that could have reduced debt. We see the alternatives as these:

1. Look after the state-bred greyhounds separately, as the Iowa and Kansas bills do,
2. Pay the money in taxes,
3. Pay the money to charities, or
4. Pay the money in additional purses.

I want to emphasize that the management fee, which is again based on a percentage of the parimutuel handle only, is not a factor in this.

Of the alternatives, Iowa West would have preferred giving the money to local charities because our basic purse rates were competitive, and we felt that the state-bred greyhounds were already well provided for with the Iowa-bred supplement. We recommend that open negotiations between the track owner and breeders be allowed to set the purse structure.

John P. Nelson, President
Iowa West Racing Association

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Attachment #4

LAW OFFICES

KAPLAN, MCMILLAN AND HARRIS

ROBERT W. KAPLAN
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Testimony
Federal and State Affairs Committee
Kansas Senate
Tuesday, March 31, 1987

By: Robert W. Kaplan
Wichita Greyhound Track Partners

Re: H.B. 2044

Mr. Chairman, members of the Committee, I am Bob Kaplan, one of four partners comprising Wichita Greyhound Track Partners. Thank you for the opportunity to speak with you today.

By way of background, I am a partner in the law firm of Kaplan, McMillan and Harris, past president of the Wichita Bar Association, serve as Chairman of the Board of National Bank of Andover, and am active in Real Estate Development in Sedgwick and Butler counties.

Our group has been active over the past nine months identifying possible sites, investigating economic feasibility, developing architectural plans, and monitoring the legislative process, in preparation to apply to a Kansas Racing Commission for a license to develop a pari-mutuel greyhound track in Wichita, Kansas.

We have concerns about H.B. 2044 in its current form, and I would like to address our concern.

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1) Non-Profit Organization

Over the past few months, the role of the non-profit organization has been "lost in the shuffle", and the focus placed on developers and development proposals. Certainly the developer and track owner is the party at risk and must have concerns about this legislation. The constitution of Kansas now reads that the conduct and operation of track facilities should be done by bona fide, non-profit organizations.

Through these organizations, Kansas and the communities in which tracks are located, have an opportunity for significant dollars to be generated for charitable and civic causes.

We believe this is important to final decisions from the Racing Commission. We recommend language be added to New Section 13 paragraph (e) giving consideration to:

- a) The amount of revenue in excess of expense the non-profit organization projects to generate annually.
- b) The mission of the non-profit organization in terms of the organization's plan to distribute excess revenues.

In a non-profit pari-mutuel environment, this must be a priority consideration.

2) Tax Rate

Like other developers who have testified before me, we have concerns about the tax rate proposed in H.B. 2044.

The concept of dual or combinations tracks is novel to the pari-mutuel industry in the United States. I will not address the

feasibility of such facilities, but do question why the state is structuring the tax on pari-mutuel to favor this type of development, over single purpose pari-mutuel tracks.

I believe if you polled the horse owners and breeders, and greyhound owners and breeders, each group would prefer to have single purpose tracks specifically designed for their respective industries, as all horse and greyhound tracks are today in the United States, rather than share facilities with one another.

The effort to provide developer tax breaks for dual/combo facilities appears to be a response to a belief that combination tracks are the only way horse racing will be a viable business in Kansas.

I submit for your consideration:

- a) We are several months away from license consideration by a Racing Commission. Are we certain no single purpose horse tracks will be proposed in either Kansas City or Wichita?
- b) We have excellent opportunities to see Hutchinson and Eureka be horse racing centers in the region. Two of the better known and successful tracks in this part of the country, Ruidoso Downs in New Mexico and Oak Lawn in Arkansas, are located in cities of under 30,000 population over 50 miles from a metropolitan area.
- c) I am familiar with three developers, including myself, interested in greyhound track development and three

organizations interested in horse tracks. All are very comfortable with a tax rate of 3% on horses and 5% on greyhounds. None are seeking any tax breaks from the state. Pari-mutuel tracks are feasible for these developers and organizations at 3% and 5%. For developers who wish to monopolize the Kansas pari-mutuel market and combine both forms of racing, why is a tax break required?

d) Based on our studies of the potential of the Wichita market for pari-mutuel (if greyhound racing is offered nine months each year), the difference between taxing greyhound racing 3% instead of 5% results in a loss of over \$1,800,000 to the state tax coffers. If the Kansas City market is added, this amount could exceed \$6 million that the state is foregoing in tax revenue.

e) While currently hypothetical, but perhaps some day reality, what if our group, after successfully operating a greyhound track at a 5% tax on the handle, adds a horse track three years later. Will we be eligible for a rebate based on the dual track tax structure as outlined in H.B. 2044? I would certainly hope so if developers proposing combination tracks get such a break at the outset.

We ask that you amend H.B. 2044 back to the recommendations of last summer's task force and your joint interim committee to call for a fair and equitable tax structure at 3% for horses and

5% for greyhound racing. We've all heard pari-mutuel is an economic development tool, with a majority of the revenue derived by the state from pari-mutuel earmarked for economic development in our state. It would be unfortunate to overlook maximizing revenue from pari-mutuel sources.

3) Term of License

We recommend that the term of license, (Section 13) amended by the House from 25 years to 10 years, be returned to the 25 year provision to allow developers to obtain long-term financing commitments.

Thank you for the opportunity to appear before the committee. I will respond to any questions you might have.

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TESTIMONY BEFORE THE SENATE
FEDERAL AND STATE AFFAIRS COMMITTEE OF AUGUST J. MASCIOTRA

Gentlemen, my name is Augie Masciotra and I would like to say that it is a privilege and a pleasure to be able to share my thoughts and experiences in the parimutuel industry with you.

I have been involved in nearly all aspects of parimutuel regulation and track operations since first becoming involved in the industry in 1970. I am currently the General Manager and Chief Executive Officer of Waterloo Greyhound Park in Waterloo Iowa, the newest greyhound race track in the country. In this position, I am responsible for all aspects of management and operations, and as a consultant prior to the opening of this facility, I was responsible for creating the organizational structure of the facility, including acquisition of financing and feasibility reports, as well as monitoring and supervising the project through its construction phase.

Prior to taking this position in 1985, I was the Executive Director of the Colorado Racing Commission. In this position, I was responsible for a management and administration of all activities of the Colorado Racing Commission. I was responsible for managing the day-to-day regulatory supervision of all pari-mutuel facilities located in the State, including verification of all financial records of the racetracks, training and staffing of all racing facilities with regulatory personnel, as well as public relations and budgetary responsibilities. Prior to becoming Executive Director of the Racing Commission in 1982, I held various other positions with the Colorado Racing Commission, including Greyhound Racing Coordinator, where I was the Chief Assistant to the Executive Director of the Commission and responsible for supervision of all greyhound facilities. I also served Judge, special assistant to the Greyhound State Veterinarian, Chief of Security, and Mutual Line Auditor. In the early 1970's, I also held various positions with several race tracks in Colorado.

In addition to my experiences in Colorado, I was also the Executive Director of the Nevada Racing Commission in 1980. In this position, I was responsible for designing and implementing the organizational structure of Nevada's then newly formed racing commission. Additionally, I have been a member of the National Association of State Racing Commissioners, and have served on various special committees of that organization. I have also appeared before the legislatures in Arizona, Colorado, Louisiana, Iowa and Nevada on racing related matters, and have been on the faculty of numerous symposiums and seminars on parimutuel racing.

Today, I would like to share my thoughts with you concerning the lack of feasibility of multipurpose racing facilities. Based

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upon my experience in the industry and more specifically my first hand knowledge regarding dual-purpose racing facilities, which I will discuss with you in more detail in a few moments, it is my opinion that multipurpose racing facilities are simply not feasible, and any attempts to write legislation requiring or encouraging multipurpose racing facilities would be foolhardy and would court disaster.

There are numerous factors which limit the feasibility of multipurpose racing facilities. Chief among these, however, is the relative profitability of greyhound racing versus that of either thoroughbred or quarterhorse racing. In short, the economic realities of the horse racing industry are such that major horse racing facilities are struggling for financial survival, while greyhound racing facilities throughout the country are performing quite well. Inevitably, the feasibility of a dual purpose racing facility would require that profits from greyhound operations would be required to subsidize the losses from horse racing operations. Thus, in my opinion, it would very difficult, if not impossible, to obtain financing for a dual purpose racing facility.

The poor health of the horse racing industry can be attributed to many factors. Initially, horse racing facilities require a much greater initial capital investment, and if constructed requires much greater operational expenditures. Initially, it should be noted that the physical plant at a major horseracing facility is very expensive to construct. The racing oval itself, which is typically one mile in length and seventyfive feet wide, combined with ancillary facilities require a great deal of real estate. Add to this the necessity of constructing a barn facility capable of housing a minimum of one thousand (1000) horses, as well as large grandstand and other ancillary facilities, and you have a very large capital outlay. If you could get such a facility to the operational stage, there are also prohibitive operational expenses. For one example, it takes an extremely large staff and large amount of equipment to maintain the racing surface itself as well as the barns and other areas of the track.

Another factor contributing to the ill health of the horse racing industry is that the proliferation of tracks around the country has created a demand for top quality horses which outstrips the supply. Purses required to attract quality horses typically require an outlay of 8 to 10 percent of the handle, as opposed to 3 to 4 percent for greyhounds. In addition to requiring higher purses as discussed above, this also dilutes the horse racing talent quite substantially. Horses typically run no more than one time a month, as opposed to every 4 to 5 days for a racing greyhound. If quality racing cannot be maintained,

bettors quickly recognize the lack of consistency in the races, and quickly lose interest in the sport. A good example of this phenomena is the situation in Minnesota, where Canterbury Downs, a horse racing facility, lost nine (9) million dollars last year, principally because it had to pay three (3) million dollars more than it had budgeted for purses. My understanding is that the recently opened Birmingham Turf Club in Birmingham, Alabama, is already experiencing similar difficulties, and that Ak-sar-ben in Omaha is having similar problems. In contrast to the horse racing industry, the greyhound industry is quite healthy. Much lower initial capital investments and much lower operating expenses leave the industry in good health. Additionally, there is no problem with maintaining quality racing because greyhounds can run every four to five days, and the talent is not diluted nearly as quickly as in horse racing.

There are also practical problems which I believe would prohibit a successful multipurpose track operation. Initially, the greyhounds and the horses cannot share a common oval because they run on two different types of surfaces. The only dual purpose racing facility in North America, the Caliente Race Track in Tijuana Mexico, has movable turns for the dog racing oval, which features an artificial surface. This surface is extremely dangerous for greyhounds and causes many dogs to become crippled very quickly. This of course leads to a very drastic decline in the quality of the racing, and the health of racing stables at those tracks.

Another factor which would make dual-purpose facilities unattractive is that greyhound races and horse races attract two different sets of patrons. Horse races, which almost always are run during the day time, typically attracts a more aristocratic, white collar crowd. It is simply impossible for most of the population to consistently take off afternoons from work to attend horse races. Greyhound races, on the other hand, can be run either at night or in the afternoon, and generally are run during the evening. This allows a much greater cross-section of the population to attend, and consequently greyhound racing appeals to a much broader spectrum of the population.

To my knowledge, the facility at Tijuana, Mexico, is the only dual purpose racing facility in North America. It is my understanding that the greyhound operations at that facility subsidize the horse racing operations. Additionally, such a dual purpose facility in Mexico would be much more feasible in that the facility is maintained and operated using cheaper Mexican labor. Additionally, the facilities there are quite old, and it is doubtful that a similar facility could be constructed today except at prohibitive cost.

I would now like to relate to you my specific experiences with dual purpose racing facilities, which I gained while I was the Executive Director of the Nevada Racing Commission in 1980. The enabling legislation which allowed parimutuel racing in Nevada required mutlipurpose racing facilities. The law required that for every three (3) days of greyhound racing, the track had to offer one (1) day of horse racing. The plan was that a greyhound facility would be built and an initial greyhound season completed, and then a shortened horse racing season would be run. In my opinion, this enabling legislation led directly to the demise of the Las Vegas Downs track, which ceased operations before being able to run a horse racing season. Developers in Nevada were able to obtain financing and completed a greyhound oval, grandstand, and wagering facilities which enabled them to begin greyhound racing in early 1981. After completing the initial greyhound season, the developers were required to complete construction of the horse racing part of the facility, which included the much larger oval, one thousand stall barn facility, and an enlarged grandstand. However, the developers were unable to obtain financing to complete the horse racing part of facility and sought relief from State Racing Commission, and asked that they be allowed to run another greyhound season before completing the horse track. The State Racing Commission, however, citing the requirements in the enabling legislation, declined to grant the developers a moratorium on horse racing, and required that they complete the first season of horse racing. Because the developers were unable to obtain financing to complete that part of the facility, the facility ceased operations and ultimately closed.

In summary, it is my opinion that Kansas would be inviting disaster if its enabling legislation either required or encouraged dual purpose racing facilities. Simply put, greyhound racing and horse racing at the same facility is not compatible and to attempt to force such an ill-conceived marriage would be extremely ill-advised. In short, profitable greyhound racing would simply subsidize the horse racing operations, and would quickly lead to a downturn in the quality and profitability of both types of racing. In my opinion, multipurpose racing facilities are not feasible from a financing standpoint, and are also not feasible from an operational point of view. I would like to thank you for your time and would now invite any questions that you may have. Thank you.