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Date 3-25-91

MINUTES OF THE Senate COMMITTEE ON Federal and State Affairs

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

11:00 a.m./p.m. on March 20, 1991 in room 254-E of the Capitol.

All members were present ~~except~~:

Committee staff present:

Mary Galligan, Legislative Research Department
Mary Torrence, Office of Revisor of Statutes
Deanna Willard, Committee Secretary

Conferees appearing before the committee:

Mr. Dana Nelson, Executive Director, Kansas Racing Commission

Senator Vidricksen welcomed to the committee a group of students from Salina South Middle School.

Presentation by the Kansas Racing Commission on: SB 383 - Amending and supplementing the Kansas parimutuel racing act; providing for licensure to display simulcast races and conduct parimutuel wagering on such races.

Mr. Dana Nelson, Kansas Racing Commission, explained simulcasting and discussed its use in various other states. He said simulcasting would give the racing industry an opportunity to bring in feature events and would provide an opportunity for Kansas racing to be exported from the state. (Attachment 1)

Mr. Nelson said that Senate Bill 383 merges simulcasting into the Kansas Racing Act. He went through the bill and noted the changes in current law. A simulcasting license would have to be renewed yearly. If a licensee can prove they would be under hardship, a simulcast license could be denied to another track.

Regarding an interstate combined wagering pool: the money that is wagered in Kansas is taxed in Kansas.

Concern was expressed by a committee member that this seems to fly in the face of developing horse racing in Kansas as there is less emphasis on Kansas races.

Mr. Nelson was asked if the Commission would support the bill if there were an amendment that simulcasting could only be done to a track on days that actual racing occurs there. He said if it is the only way it would be passed, that it would be a start.

The meeting was adjourned at noon.

Testimony of Dana Nelson
Executive Director
Kansas Racing Commission
for the
Senate, Federal and State Affairs Committee
March 20, 1991

Thank you, Mr. Chairman, members of the Senate, Federal and State Affairs Committee: My name is Dana Nelson and I am appearing today to visit with you about the concept of simulcasting and the future consideration of Senate Bill 383.

Simulcast is a comparatively new term in the parimutuel racing industry. It means a live audiovisual broadcast of an actual horse or greyhound race at the time that race is run. Simulcasting has been around for some time, but in the last five years it has started to grow rather substantially. In the convenience oriented society that we now live, and with the variety of gaming opportunities and options for the public, the parimutuel racing industry initiated the practice of transmitting its racing signal from the track where the race was run to other sites, both on and off track, throughout the country.

Simulcasting can be done in three basic ways. First, and most simple, is the use of standard commercial television. As you are aware, many of the feature racing events such as the Triple Crown, the Breeder's Cup, the All American Futurity and other major horse races are already on regular commercial television be it the three primary networks or ESPN. The second method of transmitting a signal is to do so with a microwave. Several tracks around the country do that, and it is

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particularly successful when you are looking at an intrastate broadcast of the race, or the transmission of that race between two relatively close sites. The final, and most predominant way to simulcast, is to transmit the signal via a satellite and a receiving dish. Obviously, the use of the commercial television option is the simplest and least expensive. If you decide to transmit your race via a microwave link, you must receive FCC approval, and in order to uplink your signal to a satellite and bring it down, you must purchase or lease rather sophisticated equipment and buy time on the satellite so you can transmit your signal.

Most racing jurisdictions have already approved simulcasting in one form or another. California and New York have rather extensive simulcasting networks throughout the state. The New York off track betting system is very extensive and there are sites in virtually every metropolitan area in the state of New York. California has a rather extensive simulcasting network including county fair associations and, more recently, Indian reservations. Simulcasting has also become popular in smaller rural states such as my former home in South Dakota. South Dakota, being a seasonal racing state, meaning that they offer racing in the spring, summer and fall months, has taken great advantage of simulcasting during the winter months by receiving a signal and utilizing the facilities to a greater extent. Simulcasting is probably the reason that the two dog tracks in South Dakota are still open today. Other states, such as North Dakota, Virginia and Indiana, have

embarked on simulcasting or attempting to embark on simulcasting in order to build a parimutuel industry in their state. Those states have very little, if any live racing, and simulcasting is a tool to develop a parimutuel market and make it more attractive for businesses to apply for a live racing license.

The most recent evolutionary event in simulcasting is what we call interstate combined wagering pools. That is a concept whereby two or more facilities and racing jurisdictions combine the amounts bet in both facilities or jurisdictions in the same wagering pool. In that manner, a bet placed at the nonracing facility enters the pool at the racing facility just as if the individual had bet at a live racetrack. This has proved especially popular in small racing jurisdictions where the pools which people were betting in were very small and, consequently, the margin for success was very narrow.

Simulcasting is handled different from state to state. Some states have authorized simulcasting to tracks and to off track facilities. Others allow it only at live racing facilities but allow those facilities to simulcast when they are not running live races. Still others tie it specifically to a live racing program. Simulcasting can vary from a single race production to an entire card of 12 to 15 races and, in some instances, multiple cards resulting in simulcasting from mid-afternoon until late into the evening.

Just to give you an idea of the type of simulcasting that's going on throughout the midwest, I'll quickly tell you what the various states are doing. Nebraska simulcasts their own racing

signal from the live racetrack to the other racetracks in the state. They simulcast from mid-February until the season ends in late November. Currently, Fonner Park in Grand Island is running live and broadcasting its signal to the Lincoln, Columbus, Omaha and South Sioux City. When racing moves to Aksarben, it will be simulcast similarly as will Columbus and Lincoln. Atokad, in South Sioux City, does not put their signal up in the air.

South Dakota has two simulcasting networks run by the two greyhound tracks. Sodrak Park receives a signal during the off season as does six off track sites associated with Sodrak. Black Hills Greyhound receives a signal along with three off track sites in western South Dakota. This year the two tracks agreed to combine their pools in order to make one extensive simulcasting network throughout South Dakota. The greyhound tracks have also tried simulcasting of horses, and as recently as yesterday requested the South Dakota Racing Commission to allow them to do horses again and to combine pool with the state of New Mexico.

North Dakota has an extensive simulcast network in the decent size towns in that state. It is run by a separate not-for-profit business and it takes signals from New Mexico, Canada, Illinois and occasionally from some other jurisdictions.

Minnesota has started simulcasting into Canterbury Downs during the off season, and there is legislation pending in that state to allow them to go into off track facilities.

Iowa has done just a little bit of simulcasting, but one of the real novel things they have been doing is uplinking the Bluffs Run signal and taking that at Prairie Meadows, the horse track in Des Moines. It was especially successful during the harness season and, as a result, the greyhound track will be simulcasting dog races to the horse track throughout the upcoming season at Prairie Meadows.

Colorado has been simulcasting for years in an intrastate system featuring the four major greyhound tracks in that state. Each of the tracks run live for three months and then simulcasts for nine. The law also allows for them to simulcast to other tracks such as Holly, Colorado and other dormant horse tracks.

Wyoming has a simulcast network run by Joe Joyce, the owner of Wyoming Downs in Evanston, Wyoming. They have been taking the signals from primarily California and New Mexico.

Montana simulcast their own races last year on an intrastate basis throughout their fair circuit, similar to the way Nebraska ran. They also take the signal from New Mexico in the winter.

Idaho has done very limited simulcasting, primarily doing feature events.

Nevada has done extensive simulcasting and has run both parimutuel and sports book on the signals they take.

New Mexico has been very active in exporting their racing signal and establishing an intrastate circuit where they send their signal to the other tracks in New Mexico. Currently, that

is one of the more aggressive and active promoters of a racing signal.

California, as I mentioned earlier, has an extensive system of simulcasting throughout its fair circuit and Indian reservations. They primarily take other California races.

Arizona has done some simulcasting and Phoenix Greyhound sends their signal out to Apache Junction throughout the year. Turf Paradise takes a pair of races on a daily basis, normally from one of the California tracks, to supplement its race card expanding to as many as 13 and 14 races a day two or three of which are simulcast. Turf Paradise is also on occasion been able to uplink their signal and send it to Tucson to Rillito Park.

Indiana and Virginia, two new racing jurisdictions, are considering legislation which would allow them to establish simulcasting as a forerunner to live racing.

Louisiana has an extensive simulcasting system where tracks are allowed to own a certain number of off track sites, and the state is basically carved up so each has a geographic area.

Alabama, specifically Birmingham, has been simulcasting races into that facility from all over the country.

Illinois is similar to Louisiana in that they have a simulcasting system with each track being allowed to own off track facilities. Similarly they have divided the state up, however, Arlington near Chicago has the best markets.

I mentioned earlier the concept of interstate combined pooling. Several states have embarked on that including

North Dakota and Montana. Several other states are considering legislation similar to some of the language found in Senate Bill 383 which would allow the state to join such a consortium of racing jurisdictions. South Dakota, Wyoming and Idaho have passed the legislation. It appears it will pass in Montana, it is halfway through the legislative process in Colorado. It has been introduced and is being considered in Iowa and is scheduled to be heard in the Unicameral in Nebraska within the week. New Mexico, Arizona, Indiana and Virginia also introduced similar versions of the interstate combined bill.

Before discussing the bill I would like to close by saying that simulcasting is a tool which the racing industry needs. It would give the racing industry an opportunity to bring in feature events such as the Kentucky Derby and other major horse races or greyhound races as they are available. It would also allow tracks to bring in more extensive race programs if the economics work for all involved. Finally, it would provide an opportunity for Kansas racing to be exported from the state, thus generating revenue for the facilities where the racing is conducted, and advertising and promoting a Kansas product. There is always resistance to a concept such as this, and some tracks may feel threatened by the concept of simulcasting. However, it is my opinion that those facilities and owners ought to look at what simulcasting could do for them not what it might do to them.