

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

[LB345 LR345]

SENATOR McDONALD: I think we'll go ahead and get started shortly. We're waiting for a couple of senators. Good afternoon. The General Affairs Committee will now begin a hearing on LR345. I'm Senator Vickie McDonald, Chairman of the committee. Joining me are Senator Karpisek from Wilbur; he's also the Vice Chair. Hopefully, Senator Dubas from Fullerton will arrive shortly; Senator Preister from Omaha; and Senator Janssen from Nickerson. Our legal counsel is Laurie Lage, and we have a special guest committee clerk, Barb Koehlmoos, who is helping us today from the Natural Resources Committee. Also helping us out today is Chauncey Brown, a page from Gothenburg. As you know, when the Legislature is hearing testimony on legislative resolutions, all testimony is neutral. There are no supporting or opposing positions to take, because no propositions are on the table. If you plan on testifying, please pick up a sign-in sheet that is on the table of the back of the room at both entrances. Please fill it out before you testify and bring it to the testifier's table when you come forward, so that the page can give it to the committee clerk. When you testify, please tell us who you are, please spell your name, first and last, and tell us who you're representing. If you have handouts, please make sure that you have at least 10 copies to give to the committee. And please turn off any cell phones, pagers, or anything else that beeps. Keep your conversations to a minimum or take them out in the hallway. With that, I'll turn the chair over to Senator Karpisek, who is the Vice Chair of the committee, and I will open on LR345.

[LR345]

SENATOR KARPISEK: Senator McDonald. [LR345]

SENATOR McDONALD: Thank you. I'm Senator Vickie McDonald, and I represent the 41st Legislative District, and I'm Chairman of the General Affairs Committee. I introduced this interim study to give the committee an opportunity to hear from those involved in the industry, the state of the horse racing in Nebraska. This is why we are holding hearings not only in Lincoln, but in Grand Island and Omaha as well. We have

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

been hearing in recent years that horse racing in Nebraska is in trouble. We hear that it's a dying industry and that we cannot compete with other forms of gaming that are readily available to us. Horse racing is more than about gaming; however, I think it is important to take a look at the big picture of what horse racing has meant to the state, not only as a key part of the Nebraska history, but the agricultural and business interests in our communities. The moving of the state fair to Grand Island has made discussion of this topic even more well-timed. As you know, horse racing at the State Fair Park will end, along with the transition of State Fair Park to the university's technology park. It's obvious that losing horse racing at the State Fair Park will have a significant impact on the industry as a whole, and today we'll have the opportunity to discuss exactly what that means for Nebraska. I have asked experts representing a variety of interests in horse racing to attend the hearing today, to give us detailed information on the state of the industry, which will include up-to-date data and any recent developments. To facilitate the most useful and efficient presentations, I have a list of those I've asked to be here today and would like to hear their testimony in this order: Jerry Fudge, president of the Nebraska Horsemen's Benevolent and Protective Association; JoAnne Kissel, with the architectural firm, Clark Enersen; Mark Willet, Horsemen's Benevolent; Dean Steve Waller, University of Nebraska; Ron Snover, the Lancaster Event Center; Julie Wood, Sunrise Equitherapy; Kent Seacrest, from the Nebraska Horse Park Coalition; Tom Sage, Executive Secretary of the Nebraska State Racing Commission; Dennie Lee, chairman of the State Racing Commission; Ron Westermann and Bill Vannoy, both with the Horsemen's Benevolent and Protection Association. As we move along in the hearing, I will remind you of who is next to speak. Of course, after we hear from those folks that we have invited, then we will hear from other interests and members of the public on the topic of horse racing. This is certain to be a very informative hearing, so let's get started. Before I return to my chair, I'll ask if there's any questions. Thank you. [LR345]

SENATOR KARPISEK: I'd like to welcome Senator Dubas, from Fullerton--has arrived. Do we have any questions for Senator McDonald? Thank you. [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR McDONALD: Our first presenter is Jerry Fudge, president of the Nebraska Horsemen's Benevolent and Protective Association. Welcome, Jerry. [LR345]

JERRY FUDGE: Thank you. Good afternoon, Chairman McDonald and the members of the committee. My name is Jerry Fudge, J-e-r-r-y F-u-d-g-e, and I'm the president of the Nebraska HBPA. We would like to thank you for this opportunity to voice our concerns. I've been a thoroughbred breeder and owner for over 40 years, and I've been a member of the HBPA board of directors for over 20 years. State Fair Park and the university and the city of Grand Island this spring reached an agreement for the fair to move west, and it has put racing in a difficult position, especially in Lincoln. At this time the University of Nebraska is drafting an agreement with the HBPA to take over the racetrack and other necessary property at State Fair Park on January 1, 2010, and continuing through the racing seasons of 2012. But we all realize that this is only a temporary solution to our problem. The HBPA supported the 2015 vision group and the university in their desire to create Innovation Park, but without a racetrack in Lincoln horse racing is definitely in jeopardy. The university and the vision group have recognized this position, and they have stepped forward to offer a solution, not just for thoroughbred racing, but for the betterment of the university, the Lancaster Event Center, and a wonderful rehabilitation group known as Sunrise Equitherapy. We think that this plan could be of great benefit to the state of Nebraska. We are very excited about this proposal that you are about to see, and we hope that you will also see the potential in it. With that, I would like to introduce JoAnne Kissel of Clark Enersen Partners, who will explain our vision for Nebraska Horse Park. [LR345]

SENATOR McDONALD: Thank you, Jerry. Do we have any questions for Jerry before he leaves? Senator Janssen. [LR345]

SENATOR JANSSEN: Jerry, what's the time frame you're looking at? Did you mention that? [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

JERRY FUDGE: Pardon? [LR345]

SENATOR JANSSEN: The time frame. You have how many...how long can you run here at the fairgrounds? [LR345]

JERRY FUDGE: Our agreement with the university is going to be through the racing season of 2012. [LR345]

SENATOR JANSSEN: Through 2012? [LR345]

JERRY FUDGE: Yes. [LR345]

SENATOR JANSSEN: Okay. Now if you move, do you feel as though that will give you ample time to find a new place and get ready for the...if you could, would you move sooner? [LR345]

JERRY FUDGE: Yes. We would if we could, if we had a place to move to. But I think with the plan that you're going to see, I think we'll have time to get moved by then. [LR345]

SENATOR JANSSEN: Okay. (Inaudible) questions. [LR345]

SENATOR McDONALD: Senator Karpisek. [LR345]

SENATOR KARPISEK: Thank you, Senator McDonald. This may be jumping the gun, but I'd like to...I've heard the rumor that there won't be horse racing in Grand Island, with the move of the fair. And I don't know if that's a question to ask you, but... [LR345]

JERRY FUDGE: As far as I know, Fonner Park is going to continue their horse racing.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

[LR345]

SENATOR KARPISEK: And that's as far as I know, too. I just wanted to get that out right away. Thank you. Thank you, Senator. [LR345]

SENATOR McDONALD: Thank you, Jerry. We'll have JoAnne Kissel as our next presenter. Welcome. [LR345]

JoANNE KISSEL: (Exhibit 1) Thank you. My name is JoAnne Kissel; that's J-o-A-n-n-e, Kissel, K-i-s-s-e-l. I'm with the architectural firm of Clark Enersen Partners and have been working with the partners behind this concept for the last several months, and I'm here to describe it for you. And we passed out copies; I have a hard copy here and I've got something here, and I can really only point one place. So shall I point over here; is this the easiest one for you all to see, or is it easier for you to look that direction? [LR345]

SENATOR McDONALD: Oh, you know, I think that we can all see it to the left, but I think the audience can see better if you use that screen. [LR345]

JoANNE KISSEL: I hope I don't...okay. And I'm going to try very hard not to blind the committee clerk here with my lazar pointer (laugh). All right. Thank you so much for having me here today. As I said, we've been working on this for several weeks now, several months actually, and it's an exciting project because it takes some existing resources in Lancaster County and puts them to, really, their maximum use. Let me give you a little bit of orientation, first of all. North is to your left, this is 84th Street here, this is Havelock Avenue, and to the left of Havelock Avenue is currently owned by the University of Nebraska-Lincoln, and to the right or south of Havelock Avenue is owned by the Lancaster Event Center. What this proposal does is really create...I'm sorry. Question? [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR JANSSEN: Where did you say 84th Street was at? [LR345]

JoANNE KISSEL: 84th Street is right here. [LR345]

SENATOR JANSSEN: Okay. All right. Thank you. [LR345]

JoANNE KISSEL: And this is Steven's Creek, if you're familiar with that body of water. As I mentioned, there's the opportunity to create really a very significant campus that's centered around the horse industry. This is about 350 acres you're seeing here, and what we're doing is really trying to blur that distinction between what is now owned by the university and now owned by Lancaster County. To do that what we've done is we've taken Havelock Avenue or the proposed future Havelock Avenue, we have bent it, and what we have done is create what we call traffic calming strategies such as roundabouts here and here; the point being, this is an area that we want to be very friendly to horses and pedestrians, and the horse comes first, the cars come second. So once you pass either one of those roundabouts you are in horse territory, and you'd better be driving very slow and looking out and giving the right-of-way to horses. Unfortunately, it's not visible on this screen--a little more visible on the board--but there's a series of equestrian trails that connect and link all portions of this campus. So again, the horse is really the primary user here and the primary consideration. Right in the middle you'll see something that we've identified as an equestrian complex. Jerry mentioned that we have four partners, and let me remind you of those again--you can kind of see them up here--Lancaster Event Center; University of Nebraska-Lincoln; HBPA, the Horsemen; and Sunrise Equitherapy. This complex will be used by all four, but particularly the event center, University of Nebraska, and Sunrise Equitherapy, it will have indoor arenas and outdoor arenas, it will have classroom space, it will have stables for student horses, it will have therapy areas for equitherapy folks to work with disabled children, and all of those spaces will be available for all of the partners to use. The beauty of that is it means that folks don't have to individually build, so there's a real economy in sharing of space. It increases the utilization of anything that is built,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

because they will schedule it more constantly. They can share operation and maintenance, and you know, we've located it here with the idea that it truly will be convenient to all the users. It also would be a primary focal point of the campus, so when you come in you really...it's the first thing you see. This...and perhaps the biggest reason for doing this whole project is not only to find a home for horse racing, which I'll talk about in a minute, but this facility would allow the events that currently happen in the horse world in Nebraska to expand exponentially. The campus will allow virtually any kind of horse event possible to happen. It will accommodate hunter jumper events, western events, dressage events, racing events, cross-country events, and there are many more that I'm sure...in the audience, they'll be able to tell you more about those. But right now there really is no place in Nebraska that can accommodate that, so that is an industry that right now, on a regional basis, is going outstate. So we're very excited about the potential of bringing that into Nebraska. That will necessitate more stalls, and you see stalls here, here, and here. There are also some involved with the complex. When the Horsemen have a race going, they're going to need about 1,000 stalls, and we will need at least that many, if not more, for major horse events that happen even at Lancaster Event Center. Let me tell you a little bit about the racetrack itself. If you're familiar with this part of Lincoln, you perhaps heard that we have flood plain issues in this location. Steven's Creek generates some flood issues. The racetrack is really a good application for use in a flood plain. We also, though, are creating a lot of new development, and here's the commercial area along 84th Street that is in part the economic engine that helps pay for some of these other improvements. We will need to address the flood control requirements generated by this new development, so we show things like a diversion channel up here and flood storage mitigation areas in the infield of the track. Again, that's a very good use of the infield of the track, and there also would be space available for some of those other equestrian events, especially when there was not a flood situation happening. So it's really a very appropriate site for what we're talking about doing here. Coming back to this commercial zone just a little bit, right now this is the southeast corner...I'm sorry, the northeast corner of the Lancaster Event Center's property, and they've planned for some time to do commercial there.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

We're showing an expansion of that concept, which again is very in keeping with the thinking of Lancaster Event Center, which is that as horse events are expanded in this area, we are drawing more and more people that are going to generate the need for more hotel space, motel space, shopping. And in fact, what we really see happening in this commercial area is the development of equestrian-related commercial development. A lot of folks that go to horse shows, we understand, tend to...well, they need to trailer them, so there's a lot of folks who come who need to be able to park a trailer as well as stay in a hotel room. Many of them also want to camp, sometimes in those horse trailers. There's a lot of campsites that are needed to support a facility like this, and so we see campsites popping up in areas like this. Again, we see in the commercial area we could see tack shops showing up, maybe even a store like The Fort might be attracted to come here, because there's going to be a lot of potential customers that are going to be drawn to that sort of activity, even veterinarian clinics. And I think you're going to hear from all of the users, so you'll hear more in detail about some of these uses, but the University of Nebraska in particular is going to really benefit from what happens on this campus, because right now they are so confined in what they can provide, in terms of their equestrian program, their rodeo program, and their equine program, which is the academic side of what they do. We see that not only being taken care of here, but again, generating more and more economic development for the city of Lincoln. I mentioned, I think, that this area would be shared by others and include arena space. Right now the event center has on their master plan documents an arena planned for this corner of their property. You'll notice it's not...we're not showing it because they would not need it if we built the equestrian center there in the middle. So again, the idea here is to prevent duplication of structures, to create an economy of scale in building something that can meet the needs of many users. I didn't mention the grandstand, but clearly with the racetrack we're going to need a grandstand that would include a clubhouse, both outside seating--I almost got you there, didn't I?--outside seating and also inside seating in more of the restaurant sort of setting, and a paddock area which is here. That's the area where horses, before they race, jockeys get on and everybody, the kids, everybody gets to see the horses before the race. We show

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

parking, which you can see here. The new parking on this map is all shown in pink, and the gray shows existing parking. And we also know there are opportunities for doing what we call green parking lots. They're more overflow parking, and they don't have to be built with solid sheets of concrete, but you can build them so that grass can grow. They're permeable structures and grass can grow there when they're not being used for parking. I think that I've covered most of this. Again, if you're not familiar with Lancaster County and this area is unfamiliar to you, there's a couple of things to point out which makes it an ideal site. Lincoln has a very well developed bicycle trail network, and this is a future bike trail on Lincoln's master plan, and this is the Murdock Trail, which is an existing bike trail. And has you go further east, there are lots of acreages who have horses who also use the outer fringe of this trail. So again, we feel like this is located where it not only is building on some of the existing uses in the area, but it really takes advantage of all of the sort of natural amenities of the site. [LR345]

SENATOR McDONALD: Thank you, JoAnne. Any questions for JoAnne, Ms. Kissel? I guess I have a couple. You brought up the flood issue, which I also serve on the Agriculture Committee, so we have seen the plan similar to this. But because of the water problem, you obviously have that solved,... [LR345]

JoANNE KISSEL: We do. [LR345]

SENATOR McDONALD: ...and that's an issue that was brought up before. The size of the racetrack, what size did you... [LR345]

JoANNE KISSEL: Oh, I'm glad you asked. This is a mile track, and that's an important point because the existing track at State Fair Park, of course, is five-eighths. A mile track is much safer for horses. The turns don't have to be as sharp. It can attract bigger...or better races, bigger purses, better horses, and I'm sure you're going to hear this from people more educated about this than I, but the mile track is an important strategy in elevating what horse racing has been in Nebraska. And again, you can see

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

it's definitely squeezed in there, but it does fit on this without even having to buy additional property that the University of Nebraska doesn't own right now. [LR345]

SENATOR McDONALD: And I guess that last question is, you say that the property right now is owned by the University of Nebraska? [LR345]

JoANNE KISSEL: Um-hum. [LR345]

SENATOR McDONALD: Will it be maintained by the University of Nebraska, or is it going to be sold? [LR345]

JoANNE KISSEL: You know, all of those ownership/partnership/maintenance issues have yet to be determined. We are very much at the conceptual phase. Kent Seacrest I think might be our last speaker, and he is going to be able to answer some of those questions. The partnership can be structured in a number of ways, and at this point we really have just identified the partners. They're all very positive about it, but those sorts of negotiations and fine-tuning have not even occurred yet. [LR345]

SENATOR McDONALD: Ideas come first and then the details. [LR345]

JoANNE KISSEL: Exactly. [LR345]

SENATOR McDONALD: Thank you. Any other questions? I think not. Thank you, Ms. Kissel. Our next presenter will be Mark Willet with the Nebraska Horsemen's Benevolent. Welcome, Mark. [LR345]

MARK WILLET: Thank you. Good afternoon. I'm more comfortable speaking with horses than I am with legislative committees (laughter), but I'll give this a shot. My name is Mark Willet, M-a-r-k W-i-l-l-e-t. I represent the Nebraska HBPA. I'm a member of the board of directors. A little background--I grew up in Havelock, went to high school in the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

city of Lincoln and graduated from UNL. I currently own a 40-acre horse farm north of Lincoln in Lancaster County where I raise thoroughbred race horses. And again, I'll be speaking on behalf of the Nebraska HBPA. To start out, you know the future of horse racing in Nebraska is an important issue for many of the Nebraskans that I know, so I want to thank all of you for your time in holding these hearings on behalf of all those who participate in thoroughbred racing in Nebraska, and the list is more than just us. It's the thousand members of the HBPA from Nebraska. We have members of the Nebraska Thoroughbred Breeders Association, the Nebraska State Racing Commission, the many fine employees that we have, that represent the five thoroughbred tracks in the state of Nebraska, including Fonner Park in Grand Island, State Fair Park in Lincoln, Horsemen's Park in Omaha, Columbus races in Columbus, and Atokad Downs in Sioux City. Included in that are the many thousands of Nebraska fans that support horse racing at all these sites and the other participants in our industry, including veterinarians, farmers who provide our hay and grain, jockeys, grooms, other suppliers and service providers. So it's quite a large list, and thank you for having these hearings. There's a rich tradition of horse racing in the world; and in fact, most people don't know that the original horse races can be traced back to about 3000 B.C. in Central Asia, so we just didn't invent this sport. It's been around a long time, and it will be around a long time in the future. In fact, the ancient Greeks and Romans had horse and chariot races. If you've seen Ben Hur, you know all about that. The first organized thoroughbred race in the United States occurred about in the 1700s. However, before that there were several races just by a bunch of people, farmers that had fast horses, but they weren't organized like today. We have 38 states that have horse tracks, and simulcasting and pari-mutuel wagering has been allowed between these tracks under the Interstate Horse Racing Act passed by the U.S. Congress. When we talk about this project we're not just talking about horse racing, we're talking about the horse industry in general; and I just want to go over a couple of the statistics that I have on how the U.S. horse industry impacts the economy of the United States. In July of 2005 the American Horse Institute released an economic impact study on the U.S. horse industry. The study was completed by Deloitte Consulting, and some of the data

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

highlights are as follows: The American horse population has reached 9.2 million horses. Recreational horses represent 3.9 million; show horses, 2.7 million; race horses are just under a million; and any other type of horse is about 1.7 million. Horse ownership is broad based, where we find that 34 percent of horse owners earn less than \$50,000 a year; 24 percent, or less than a quarter, earn over actually \$100,000 a year. The U.S. horse industry contributes nearly \$40 billion in direct economic impact to the U.S. economy, and if we include indirect spending, that contribution to the U.S. gross domestic product increases to \$102 billion. Although thoroughbreds as a breed, which is what I'm interested in, amount to only 17 percent of the total U.S. horse population, they do generate 33 percent of the industry's economic impact. U.S. horse industry supports 1.4 million fulltime jobs; total taxes and fees paid by the industry equal nearly \$2 billion. So what do I conclude from this information? I conclude that the U.S. horse industry is large and economically diverse, it operates in every corner of the country, and is a key contributor to the overall fabric of the U.S. economy. When we talk about the story of where we are today, it really started for me personally a year ago in October of 2007, when the Nebraska HBPA endorsed a plan to move the state fair to 84th and Havelock location. We felt that Innovation Park would be helpful to the city of Lincoln, the state of Nebraska, and that having a new fairgrounds with a new racetrack would be also beneficial to the state of Nebraska. It was a win-win situation. The site next to the Lancaster Event Center would allow two traditional horse-related organizations to share facilities and resource, and it seemed like a good fit to us. As you're well aware, the state fair is now moving to Grand Island, and thoroughbred horse racing was really facing a life without a meet in Lincoln. I don't know if you know the old joke about the horse walks into the bar and the bartender looks up and says, hey, why the long face? Well, after the state fair moved to...it was announced to move to Grand Island, when I went to back side a lot of my members had long faces. I couldn't tell them from the horses. (Laughter) But with this new plan, I've seen a lot more smiles on the back side, so that's good. Thankfully for us, you know, the university worked with us initially and will allow us to continue racing at State Fair Park until 2012, so that gives us about a little over three years to find a solution, which I think we've found here. Soon

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

after that a coalition was formed, including the visions group in Lincoln, the Lancaster Event Center, Sunrise Equitherapy, University of Nebraska, and the Nebraska HBPA. We collaborated to participate in the design and development of this regional equine center that would benefit all groups while providing us with economies of scales and shared cost. This facility would also provide Lincoln and the state of Nebraska with a world-class equine event center that is capable of hosting national events, from rodeos, hundred-jumper contests, dressage competition, and much more, not to mention the benefit that our citizens will have with the Sunrise Equitherapy. A similar facility really is being built primarily for racing in Michigan, and it's expected to have an economic benefit to the state of Michigan at an estimated \$1.5 billion, and they're not even including everything we're including here. That's the latest I could find on new tracks being built. In conclusion, the horse racing in Lincoln represents over 25 percent of our Nebraska market. The sports popularity in Lincoln has been growing; 2008 at the live meet in Lincoln showed an 18 percent increase in attendance. Without live racing in Lincoln, Nebraska thoroughbred racing would most likely cease to exist, as owners, trainers, and breeders move their operations to other states. Nebraska HBPA fully endorses this development plan and looks forward to working with our partner organizations to create this world-class equine facility. [LR345]

SENATOR McDONALD: Thank you, Mr. Willet. Questions? Senator Janssen. [LR345]

SENATOR JANSSEN: Mark, did you have this idea before or after the move of the state fair? [LR345]

MARK WILLET: Well, I think part of this was part of the Visions Group, that when...if the plan was to move the state fair to the 84th center, we had worked with the 84th center, we had worked with the Visions Group to actually have a mile racetrack, also. This particular plan I didn't see prior to that. [LR345]

SENATOR JANSSEN: Okay. Well, I'm sure you knew that...or anyone with any foresight

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

knew that that property was going to become too valuable for the university, where the old racetrack is at now. I think you have an excellent idea. [LR345]

MARK WILLET: Yeah, I think you're right. I mean, the university has been very good to us in allowing us to stay for an extra two years, and they've been very helpful with this plan also. I think that the university sees--and they'll have to speak for themselves--but sees a value in the collaboration with the Horsemen, not only for racing but for equine sciences for the university. [LR345]

SENATOR JANSSEN: Well, I could elaborate more on the move to Grand Island with the state fair, but I didn't...not once--I've been around this place a long time--did I have anyone from the city of Lincoln come in opposition of the move, and I was a little disappointed in that. [LR345]

SENATOR McDONALD: Thank you, Senator Janssen. Any other questions from the committee? If not, thank you, Mr. Willet. [LR345]

MARK WILLET: Thank you. [LR345]

SENATOR McDONALD: Our next presenter will be Dean Steve Waller from the University of Nebraska. Welcome, Dean. [LR345]

STEVE WALLER: Thank you. Chairman McDonald and committee members, my name is Steve Waller, S-t-e-v-e W-a-l-l-e-r. I serve as the dean of the College of Agricultural Sciences and Natural Resources at the University of Nebraska-Lincoln and will represent the university's input on the academic side of the proposal. We're extremely excited. In fact, it's hard not to smile constantly about the proposal that is before you. We have had wonderful growth in our equestrian program, both in the academic as well as the co-curricular side. Our college led the university in the last two years in enrollment growth, and part of that growth has been the result of the success of our

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

equine program, and it is in fact a significant part of it. I would like to point out, too, that over half of the students that are attracted to the equine program, broadly defined, are in other colleges within the University of Nebraska. So this has impact universitywide, and it has resulted in some significant increases in our student enrollment. The challenge we have is that we are now at the limits of our facilities. We have a rodeo team that has doubled in size, which means more horses on the grounds. We have an equestrian team that is maxed out on not only horses, but riders, and now we're offering equitation and other equine courses. There's 11 total on campus, and some of those are beyond the limits of the number of horses that we have. Our challenge on campus is that the facilities, being internal, we have some environmental concerns and compliance issues that will not allow us to expand our horse population on campus. So we have been looking for facilities' enhancement, and our challenge has been that they need to be close enough for your students to have access. So once again, the 84th and Havelock site is excellent, from our perspective. The equestrian team, just to give you some background, it's been the regional champ four years in a row and two individual national champs in the last six years. That's an excellent program, and it brings visibility and reputation to the university that we haven't been able to achieve elsewhere. The rodeo team is equally successful and that's what we want to build upon, and what we're looking for is the opportunity to have facilities that our students deserve. And currently we're not there, and this collaboration will essentially make the eastern edge of East Campus 84th and Havelock, and I'd encourage you to think of this as an academic endeavor as much as anything else, because that's exactly what it will have as an impact on our students. It will be improved academics. So we sincerely appreciate your interest in looking at the proposal, and the collaborations, I think, are wonderful. And you're going to hear from Sunrise Equitherapy, which will be blended and integrated right into our academic programs and set this institution, in particular the equine program, apart from other peers within the region, if not nationally. Any questions?
[LR345]

SENATOR McDONALD: Thank you, Mr. Waller. Any questions? Senator Dubas.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

[LR345]

SENATOR DUBAS: Thank you, Senator McDonald. Thank you, Mr. Waller. Do you have any students now that aren't able to either get into classes or participate in the co-curricular activities because of your size constraints? [LR345]

STEVE WALLER: We do now. We had to reduce our equestrian team by six students. We can take 30 riders to events, and because of the shortage on the ability to house the animals because of the environmental issues, we're down to 24. So it has had an impact there. All of our classes are filled. Not admittedly, on equitation with animals, you're running ten students per equitation class, but we've had to move some of those off site from the animal science complex and offer those at the rodeo grounds, which is not a desirable situation for an academic setting--doable but not desirable. [LR345]

SENATOR DUBAS: So if you were able to have this expansion, you would have the students to fill those spots? [LR345]

STEVE WALLER: Oh, absolutely, absolutely. We have 2.5 times the students try out for the equestrian team as we've got spots right now, and so there's capacity in terms of student demand that we haven't met yet. [LR345]

SENATOR DUBAS: Thank you very much. [LR345]

SENATOR McDONALD: Any other questions of Mr. Waller? I have a question and as we move forward with this proposal and if things all fall into place, what do you believe will...or what program will you be able to expand if you move the equestrian program to this new site? What opportunities will that leave the Ag campus, with that area that is now going to be utilized for something else? [LR345]

STEVE WALLER: If in fact we have the opportunity to move the horse program, we've

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

also added a DVM program that we collaborate with Iowa State, and it is now housed in the animal science complex. The research investment that we have inside the building is one that is expanding, so if, in fact, it's what fills the space that we would have on campus, that part of it would be in the animal science are. The rodeo grounds sit on a piece of property right now that's designed to be recreational fields in the master plan on the northwest corner of East Campus, so at some point in time we're going to have to relocate the rodeo grounds, and given the environmental issues around the horses and other animals outside the building at the animal science complex, we've got to relocate those as well. So all of this will facilitate that relocation in a very positive way because it will be close to the campus, but it will allow us to expand into other uses on campus. [LR345]

SENATOR McDONALD: Thank you. Senator Karpisek. [LR345]

SENATOR KARPISEK: Thank you, Senator McDonald. Dean, thank you. I agree with Senator Janssen. I think it's a great plan. My bottom line is going to be in the details. Who's going to pay for it, how this is all going to shake out. So I think it's a great plan, it looks good, I'm very happy about everyone working together. So I'll be interested to see, just as soon as we can, how that's going to shake out. But I'm very happy to see that the university is playing a role in this. [LR345]

STEVE WALLER: Thank you. We're...as I said, we're extremely pleased to be part of this partnership. [LR345]

SENATOR KARPISEK: Thank you, Senator McDonald. [LR345]

SENATOR McDONALD: Thank you, Mr. Waller. Our next presenter is Ron Snover from the Lancaster Event Center. Welcome, Ron. [LR345]

RON SNOVER: Thank you. My name is Ron Snover, manager and director at

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

Lancaster Event Center. R-o-n S-n-o-v-e-r. I'm originally from Hooper, Nebraska, not far from Ramie Janssen's home. Known each other a long time, haven't we, Ramie?

[LR345]

SENATOR JANSSEN: Right. [LR345]

RON SNOVER: Chairman McDonald and other members, I'm glad to be here today. As you know, we've been out at our facility where the Lancaster County Ag Society owns our property, and the event center is kind of a business, off-season business for the county fair and the Ag Society. And we knew the property next door to us, you know, through the fair and all that, the people looked at our properties next door. And always our concern would be who would be our neighbors out there, because you know, not everyone wants to be a neighbor to an equine facility. And we think this would be a good match for us. I never have enough parking where I'm at, never enough stalls. Right now I'm pushing my limit already. We just did an \$8-million expansion, which will be completed on October 1, and I already have it full. I have over 40 horse events already there, yearly. Some months I have 30 events in one month out there. So it's growing faster. I guess we have growing pains, and this would help us. This would get us to our phase where we need to be. Right now I've been told by visitors and consultants that we had in that we're probably in the top 12 equine facilities now in the country. With this project it would probably be one of the top ones in the country. As far as equine and working with the university, I think it's a perfect match. It's kind of what the Ag Society's mission is, working with youth and educating people on agriculture and equine. It's a perfect fit with the handicapped youth coming out there. Our facilities right now, I let the 4-H use it during mid week, when it's not in use. UNL Rodeo, I brought them back to Lincoln, the rodeo. Two years ago it was the biggest rodeo in this area, the colleges that ride together, so we've already hit a milestone there, and I work them always. We helped them set up, we furnished things for them. We could help during the mid week when we're not busy, too. We have the facilities. We are...our stalls in the regular season this summer, we have approximately...I can stall 1,200 now, which, you

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

know, that will be probably same time as horse racing going, so we will need more stalling because it will be the same type of year. But I do have horse shows; I think my biggest one now is ending now, so we'll be starting again in January. We kind of take a couple months in there, but since we're a climate control area, we are planning a lot more horse shows. So we support it wholly. One thing I do have: I'm working on national shows, the National High School Finals Rodeo, which is in New Mexico. They've contacted me several times. They need 2,000 campsites; they need more places for stalling. This would work good. They put up tents down there and now they're all outside. They're looking for a better facility, so you know, at certain times of year we could really work together and partner. When they're off season then I could use theirs, and maybe if I'm not having a show and they have a big horse racing event or the university has something and I have something available, that's the time to partner. So we think it's a good project. And the commercial part, right now I have some national shows that would love to have more commercial. If you spend six, seven days at a horse show, you don't ride all day; and they're always looking for something to do or walking distance to motel. I have at least five shows waiting for my commercial corner to be complete, and then they will talk to me. And I am booking out...I think the furthest show I got right now is 2013. So it's exceeded our expectations out there. So thank you.
[LR345]

SENATOR McDONALD: Thank you, Ron. I have a question from Senator Janssen.
[LR345]

SENATOR JANSSEN: Ron, how serious is the flood plain there? Is that something to be concerned about? [LR345]

RON SNOVER: On our property it hasn't been a problem for us at all, but if they develop the way they're thinking about handling, you know, the flood possibilities, that will improve our property. We can gain more property that we would build onto. So their plan to, you know, take that floodwater control a little better would work better. Now

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

where we're at now, you see on yours, we're all out of the floodway, completely.
[LR345]

SENATOR JANSSEN: Um-hum. Now what is that little creek to the east there? Is that...
[LR345]

RON SNOVER: Steven's Creek? Yes. [LR345]

SENATOR JANSSEN: All right. Compared to what? [LR345]

RON SNOVER: All of the big rains we had this spring, we have drainage. When we built ours, we put in better drainage in handling retaining ponds and it backed up into our drainage ditches but never flooded a bit, and we had like an eight-inch rain in two days in the spring. So we haven't had any problems. [LR345]

SENATOR JANSSEN: All right. Where does that little creek empty into? [LR345]

RON SNOVER: Steven's Creek? [LR345]

SENATOR JANSSEN: Yeah. [LR345]

RON SNOVER: It goes north and I'm not sure, Salt Creek probably, I think. Yeah. But it's never been a problem for us, but that...you see our facility when you go east there, we use that mostly just for hang and you know, we do have two or three horse groups that use that for a driving area, too. So it hasn't been a problem for us. Just some people remember back before we built there it used to flood under that, where the trail went over, you know, heavy rains. Well, since we did the retaining ponds and did better drainage, that hasn't been a problem at all. [LR345]

SENATOR JANSSEN: Okay. Thank you. [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR McDONALD: Thank you, Senator Janssen. Any other questions? I do have a question. [LR345]

RON SNOVER: Sure. [LR345]

SENATOR McDONALD: The area that shows the horse trails, is that also university property? [LR345]

RON SNOVER: No. The white trail there next to the...that goes onto our property, too. [LR345]

SENATOR JANSSEN: Well, there's one a little further east. [LR345]

SENATOR McDONALD: North of the flood mitigation channel. I guess it's not north. [LR345]

RON SNOVER: Or east. That would be east, Senator. [LR345]

SENATOR McDONALD: East, okay, where it says horse trails. [LR345]

RON SNOVER: Yeah, and it crosses Havelock and that would be on our property, too. And we've already agreed with the city and the county that we would allow that anyhow. It's going to happen anyhow, that trail,... [LR345]

SENATOR McDONALD: Okay, okay. All right. [LR345]

RON SNOVER: ...which would really be nice. That would get...people, you know,...we have a lot of groups and that's all they do is horse trail riding, and they do use our property for that. So it will be an added plus. [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR McDONALD: Okay. Senator Janssen. [LR345]

SENATOR JANSSEN: Ron, to the west across 84th Street, isn't there a...doesn't the university own some property in there, where they have a nut farm or something? [LR345]

RON SNOVER: Yes. That's where they do their research. They do wheat research out there. I think that's one of the biggest ones, and then they do wheat research, and they have their grain bins there and they store their equipment. It's directly to the west of us. [LR345]

SENATOR JANSSEN: How many acres do they own in there? [LR345]

RON SNOVER: I think that's about 40 acres. [LR345]

SENATOR JANSSEN: Forty acres? [LR345]

RON SNOVER: Maybe 40, 60 acres, I was told, but that's pretty close, so. But that's directly west of us across 84th Street, um-hum. [LR345]

SENATOR JANSSEN: Yeah, right. [LR345]

RON SNOVER: And then, just so you know, the trail, the Murdock trail to the south now, is a Wal-Mart, you know, that's being developed. [LR345]

SENATOR JANSSEN: Would you be able to take that Wal-Mart store out of there, then? [LR345]

RON SNOVER: Yeah. (Laughter) But you know, that has already helped us. People

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

really like to have something that close, and what's like about the Murdock trail along the south of us, it is a natural barrier for our type of facility. [LR345]

SENATOR JANSSEN: Okay. [LR345]

SENATOR McDONALD: Thank you, Senator Janssen, and thank you, Mr. Snover. Our next presenter, Julie Wood, with the Sunrise Equitherapy. Welcome, Julie. [LR345]

JULIE WOOD: (Exhibits 2 and 3) Thank you. Senator McDonald and members of the committee, Julie Wood is my name, J-u-l-i-e W-o-o-d. I'm executive director of Sunrise Equitherapy. My background is in education, and a master's in special education from UNL. I'm a certified instructor through the North American Riding for the Handicapped Association that sets standards and accreditations for all the therapeutic riding facilities across the United States, Canada, and Europe. Sunrise Equitherapy is a 501(c)3 not-for-profit and has provided equine-assisted therapies in a nonclinical setting for individuals of all ages with physical and cognitive disabilities since 1998, serving Lincoln, Omaha, and southeast Nebraska. Through the movement of our specially trained therapy horses, weak muscles are strengthened, tight muscles are loosened, and their unconditional love raises self-esteem and confidence, and fills the soul. The educational component exercises the mind and memory. Therapeutic riding, hippotherapy, therapeutic cart driving, and equine-facilitated mental health therapy activities are implemented by our certified instructors, healthcare professionals, educators, and trained volunteers. Over the past ten years, Sunrise has utilized donated facilities and has leased facilities. In early 2008, we received a challenge grant of \$500,000 from Christina Hixson, Lied Foundation, to build a year-round permanent facility, which would allow us to expand our programs. At this time, we have been collaborating with animal sciences, colleges of education and special education, exploring the possibilities to develop an equitherapy curriculum at the university level. This partnership will be a great resource in accomplishing our goals to expand equine therapies to the disabled in our community, as well as providing university-level

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

education in equine-assisted therapy and utilizing the skills of the university students with our program. Thank you for your time, and Sunrise Equitherapy looks forward to working with the partners. [LR345]

SENATOR McDONALD: Thank you, Julie. Any questions? Senator Janssen. [LR345]

SENATOR JANSSEN: One remark, Julie. I see in this Sunrise Equitherapy, the miracle of horses changing lives. I had a horse once that almost changed my life. (Laughter) [LR345]

JULIE WOOD: He was not trained by our special trainers. (Laughter) [LR345]

SENATOR JANSSEN: He was not trained by anyone! (Laughter) [LR345]

JULIE WOOD: Yeah, not trained by anyone. [LR345]

SENATOR McDONALD: Thank you, Senator Janssen. Senator Dubas. [LR345]

SENATOR DUBAS: Thank you, Senator McDonald. Thank you, Julie. So I might understand, that you don't have a permanent facility now that you operate out of? [LR345]

JULIE WOOD: We are operating at various locations, in Blair, several parts of Lincoln with therapy horses, in various places, living...being taken care of by volunteers and good friends. One of our therapy horses is a miniature horse that is featured on the back of that flyer, who is Delta certified through the Lincoln Pet Partners, and he is like a therapy dog--cats, chickens, whatever--and he goes to nursing homes, actually goes into the hospital at Immanuel in Omaha, into rehabilitation in-patient. We've been making trips to Madonna, inside Alzheimer's units, rest home area, and respiratory areas. So he's been our lifeline at this point. And one of our handlers who is certified

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

through the Delta Society is a quadriplegic, and he makes visits us in, in addition, talking to individuals that do have injuries that...he's their inspiration, to let them know that your life is not over just because you have a disability. He also rides with our program, as well. [LR345]

SENATOR DUBAS: So if you are able to have everything in one location, that would allow you many more opportunities to serve people? [LR345]

JULIE WOOD: Oh yes. Oh yes, because we would go...we've always been seasonal, just because we've had no choice. This would allow us to go year round and introduce more programs on a continuing basis. Individuals with disabilities, of course, strive on structure and a continuum of care, and with seasonal like we are, obviously that doesn't work. [LR345]

SENATOR DUBAS: And I'm going to assume that the demand is there; you just haven't been able to meet it because of your space issues. [LR345]

JULIE WOOD: Of space issues, and the facilities where we were located, you know, a lot of them were private homes, and you know, they would change...they didn't want us to start at a certain time, or they wanted us only to do two days a week instead of one, or three, or five. When we were doing lessons five days a week, we had over 25 riders. And right now we have 30 on a waiting list and 8 wishing to return. [LR345]

SENATOR DUBAS: Well, I'm very familiar with this type of therapy, and I know it just works miracles, so I hope that something can work out for you to be able to continue on with what you do. Thank you for your efforts. [LR345]

JULIE WOOD: Thank you. We feel that this opportunity would be outstanding. [LR345]

SENATOR McDONALD: Thank you, Senator Dubas. Senator Janssen. [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR JANSSEN: Julie, what kind of a program do you have in Blair? [LR345]

JULIE WOOD: We have two of our therapy horses that live there, so we do lessons in Blair at...actually, Gail Jensen, who's here. She represents Great Plains Communications in Blair, and Gail has been a longtime supporter of the program. And we have one of our therapy horses visiting there, and she's donated another therapy horse, so we just utilize an outdoor arena and do a lesson when we can, around weather. [LR345]

SENATOR JANSSEN: Good. That's great. Thank you. [LR345]

SENATOR McDONALD: Thank you, Senator Janssen. Seeing no other questions, Julie, thank you for your presentation. [LR345]

JULIE WOOD: Thank you. [LR345]

SENATOR McDONALD: Our next presenter is Kent Seacrest, with the Nebraska Horse Park Coalition, Vision 2015. Welcome, Kent. [LR345]

KENT SEACREST: (Exhibits 4 and 5) Thank you. Good afternoon. My name is Kent Seacrest. I'm involved with 2015 Vision and have helped with other very skilled people to try to formulate what we call the Nebraska Horse Park Coalition partners. We've indicated to you those four primary partners--UNL, the Horsemen, Sunrise Equitherapy, and Lancaster Event Center--but we also have three supporting partners: 2015 Vision, the city of Lincoln, and the Lancaster County. I've handed out to you a letter from the mayor of Lincoln, Chris Beutler, indicating his support for the concept and enthusiasm to help us drill down to get to the devil in the details, as somebody referred to maybe earlier, and also the five county commissioners for Lancaster County have given their support to this concept, as well, and so you have both of those letters in front of you.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

We would also invite any other partners that are out there that could leverage off of this, because we think, again, through the testimony you've heard, the more we have cost-sharing arrangements, economies of scale, and avoidance of duplication along the way. This is a concept at this stage. We do not have all the answers. The one thing we probably can tell you is, that site plan will probably change because when we go to the next step of drilling down, we will do more program statements, we'll verify who really can share what, when, where, how, and as a result that's going to cause us to be smarter on the size of the buildings, the type of improvements, which then causes us to be smarter at figuring out what's this going to cost. Once you know what it's going to cost, we then need to figure out formulas so everybody pays their fair share, and as a result, then each of the partners will have the challenge to be sure they have the resources to fund their fair share, both of the capital costs to build this, as well as the ongoing operation and maintenance costs. But again, there's a lot of savings on operation and maintenance, as well as capital, along the way. We hope to in the next six months do that drilling down. We have a lot of issues that we talked about, including governmental approvals. We have certain things like property ownership issues to decide; flood plain issues; transportation issues; land use issues; interlocal governmental agreements, because we got several governments working with other nonprofits along the way. We have looked at the flood plain issue already; that's one of those areas we've starting drilling down, and the city of Lincoln has a very progressive policy in the newer areas of its community. It can be simplified to say you can do certain things to the flood plain, but you shall not flood thy neighbor--upstream or downstream--which is very wise. And it involves two subcomponents: no net rise and no net loss of flood storage. So if you treat the site today like a bathtub of what it holds in flood plain waters, we can move the bathtub around but at the end of the day, it's got to hold the same volume of water so we don't cause a rise on our neighbors in any fashion or form. Our hydraulic engineers indicate that this can be done. We need to do the modeling to verify that to the regulatory agencies and actually remap the flood plain and floodway out here, but we're optimistic in our preliminary discussions that that can be done along the way. We again hope to drill down in six months; we then probably would

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

have six months of design and probably two years of grading, infrastructure and construction ahead. And with that, I'd be glad to answer any questions you might have. [LR345]

SENATOR McDONALD: Thank you, Kent. Any questions for Kent? Senator Karpisek. [LR345]

SENATOR KARPISEK: Thank you, Senator McDonald. Kent, thank you. You almost answered by question--a floodway. Are there any floodway issues there? [LR345]

KENT SEACREST: Okay. [LR345]

SENATOR KARPISEK: Are there [LR345]

KENT SEACREST: Yes. Because of the Steven's Creek, typical of creeks, there's the floodway and then there's the flood plain, which is further out. Those have been recently remapped and the best available data has been sent to FEMA to update the map again. So we're working under very good data, and as a result, there is floodway. We have purposely done, to date...the existing floodway that's out there, none of the buildings you see are in the floodway, because that's a no-no, for lots of reasons. So we have (inaudible) the floodway by keeping the buildings out. Now the racetrack, a portion of the racetrack, is in the current floodway, but then the experts are telling us that that's a permissible use in a floodway. You would design it so that that one-year flood would hopefully not impede the track and maybe not even the 10- or the 20-year, but maybe eventually a big flood could come over the track and be able to put it back into shape shortly, when the waters receded along the way. [LR345]

SENATOR KARPISEK: Well, and I may be wrong, but when you're dealing with a floodway, if you would have the equal effect on the other side, if you are pushing water, and so you do have some land on that side that maybe could come into play? [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

KENT SEACREST: Well, you could, but we're going to try to do it all on our side. This what is called the flood mitigation channel up there is one of the techniques the engineers are proposing, so that we do not cause the floodway to shift onto our neighbors, because that's not a neighborly thing to do. [LR345]

SENATOR KARPISEK: Okay. Thank you, Kent. Thank you, Senator McDonald. [LR345]

SENATOR McDONALD: Thank you, Senator Karpisek. Senator Dubas. [LR345]

SENATOR DUBAS: Thank you, Senator McDonald. So did I understand you correctly to say that the proposed buildings are not located in the flood plain? [LR345]

KENT SEACREST: The proposed buildings are not located in the floodway currently. Some of the proposed buildings are located in the current flood plain, but through a regrading and what we call a map amendment with FEMA, we can show where we are bringing dirt in to raise it one foot above the 100-year flood plain for just the buildings. We will be scooping out, so to speak, an equivalent amount of dirt, probably even more, in other of our open spaces area and lowering those areas, so that when the 100-year flood water hits the site, our bathtub holds the same amount of water. [LR345]

SENATOR DUBAS: Thank you. [LR345]

SENATOR McDONALD: Thank you, Senator Dubas. Senator Janssen. [LR345]

SENATOR JANSSEN: All right. Now that area would be the flood storage mitigation area on this map. [LR345]

KENT SEACREST: One of them is inside the racetrack, but we also think there are some others that perhaps could be on the southeast corner of the site. [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR JANSSEN: On the southeast. Southeast, all right. Yeah, because there is a pretty good-sized area there, where you could... [LR345]

KENT SEACREST: Again, we've not worked out those details with our partners, but the engineers are telling us that we have room to make the floodway and flood plain work so it's safe for our citizens and the horses. [LR345]

SENATOR JANSSEN: Yeah. You know, the more concrete we floor, the faster that water comes, too. [LR345]

KENT SEACREST: That's correct, and when we do this type of analysis, the flood plain management study has to take that permeation into effect, and we calculated it. Lincoln has another ordinance that says when you add the concrete, you have to detain the run-off, so that when the run-off occurs, it's the equivalent if your whole site was an agricultural cornfield. [LR345]

SENATOR JANSSEN: Um-hum. [LR345]

KENT SEACREST: So we're got to over detain because of that concrete. [LR345]

SENATOR JANSSEN: Thank you. [LR345]

SENATOR McDONALD: Thank you, Senator Janssen. Kent, what is the difference between a flood plain and a floodway? [LR345]

KENT SEACREST: I wish I could have brought you my easy map display to show you that. The simplest explanation is you have the floodway, which is right next to the water, and that's...the simple one is that's where the moving water is, and the flood plain is off in the back bays, the back eddies, the back fill. That's too simple of an explanation. The

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

real answer is that you have a standard that when you fill in the flood plain, and under law in most jurisdictions, you can fill the flood plain with dirt. And what it's saying is, you have a flood plain on both sides, if you fill in that flood plain on both sides, what happens is the floodway is the final conveyance system for the 100-year water. So that's...we are not planning to fill in our floodway, so theoretically we will not have just the floodway be the conveyance of the 100-year water. So we'll be safer, because what happens when you do that is you constrict water, and when you constrict water it does two things: it either doesn't go through the constriction as fast and somebody upstream gets wet, or it goes through very fast and head cuts the stream and pounds the downstream side. So hydraulics work both ways of flooding your neighbor, up and down, if you aren't careful here. And our standard in Lincoln is, "Thou shalt not flood thy neighbor, up or down," and that's our standard as well. [LR345]

SENATOR McDONALD: And I think flood...I think water has a great memory. It always goes back to what it was, until something is diverted. [LR345]

KENT SEACREST: Yes. [LR345]

SENATOR McDONALD: And many times it still will go back. [LR345]

KENT SEACREST: Yes. It's a good consideration that we will address, and that's why we're optimistic, because we've done enough work that we feel we can get it addressed. [LR345]

SENATOR McDONALD: Very good. I see no more questions. Thank you, Kent. [LR345]

KENT SEACREST: Thank you. [LR345]

SENATOR McDONALD: Our next presenter is Tom Sage, executive secretary of the Nebraska State Racing Commission. Welcome, Tom. [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

TOM SAGE: (Exhibits 6 and 7) Thank you, Senator McDonald and members of the committee, for the opportunity to address you today. My name is Tom Sage. I'm the executive secretary of the Nebraska State Racing Commission. Hopefully, we can give you some facts today about horse racing and the status of horse racing in the state at this time. I'd start off by...I've been asked a number of times to describe horse racing in Nebraska. I like to describe it as, we're struggling but we're holding our own. I also heard earlier, and Senator McDonald, in your introduction you indicated that you've heard horse racing is dead or is a dying industry. We bet almost \$97 million last year in the state, our handle. I think that's pretty good and it may not be a dying industry. From 1995 to 2007 our handle is down \$19 million. That is considerably down. That contributes to the loss of Ak-Sar-Ben, which was a premier racing facility, but we are holding our own. We've been fluctuating between 2, 3, 4 percent down the last few years. So far this year is doing very well, and I'll go over those numbers more specific for 2008. Currently, there are five thoroughbred facilities in Nebraska and one quarter horse facility. Our first thoroughbred facility is in Grand Island, Fonner Park. They ran 35 days this year; started on February 15, ended on May 3. Their live handle was up almost \$400,000, almost 10 percent--remarkable! For the same period of time, from January 1, 2008, to August 31, 2008, Fonner's handle was up almost \$14 million...excuse me. They bet almost \$14 million; they're up \$1.8 million or 15 percent--again, remarkable number. Fonner Park contributes to almost 16 percent of the statewide handle in 1997 bet here in our state. Our next facility is State Fair Park here in Lincoln. They ran 37 days starting May 9 and concluded on July 13. Their live handle was up \$187,000 or 9.62 percent over the 2007 handle. For the time period January 1, 2008, through August 31, 2008, State Fair Park has bet almost \$15 million. They're down \$443,000 or 2.8 percent. Lincoln contributes to 21.65 percent of the statewide handle in our state. Our next race meet is Horsemen's Park, which is ran in Omaha. It's a four-day meet. It started July 17 and concluded July 20 this year. They were down \$61,000, 9.2 percent, over last year's handle. But for the period of January 1, 2008, through August 31, 2008, they're up almost a million dollars over last year.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

They contribute to 51 percent of our statewide handle--very important. Our next track we go to Agriculture Park in Columbus. They ran 24 days this year. They started on July 24, concluded September 1. They were down \$38,000 over last year on their live handle; but again, their overall handle from January 1 through August 31 is up \$186,000, or 1 percent. So again, they're up this year. They contribute 6.7 percent of our handle in our state. After Columbus we go to Atokad Downs, which is in South Sioux City, Nebraska. They ran a three-day meet, September 5 through September 7. Their live handle this year was up \$9,000. Again, this track for the year, January 1 through August 31, is up \$317,000, 4 percent. Again, our dying industry seems to be coming up a little bit this year. Atokad contributes to 4.7 percent of the handle in our state. We also run a one-day quarter horse meet at Fair Play Park. It's ran at the Adams County fairgrounds there in Hastings. They ran September 13. Their handle this year was up \$319. They do not conduct simulcasting at that facility but are licensed to do so by the commission. In your packet you have a pie chart that shows the handle of our state. As you can see, almost a quarter of that handle is here at State Fair Park. What I want to do now is focus on, if we lost that percentage from Lincoln--although from what we hear earlier in presentations, we're on the right road to be able to keep that 21 percent in our handle and help us to keep pushing along and having a good product--losing races in Lincoln would be dramatic to Nebraska. They wagered almost \$21 million last year here in Lincoln. If we would lose the Lincoln pari-mutuel handle, don't have any pari-mutuel wagering in Lincoln, the racing commission would stand to lose \$134,000 in operating revenue. The commission receives .64 percent of the pari-mutuel handle bet in the state. Also, Agriculture Park in Columbus would lose approximately \$32,000 in subsidies that Lincoln paid into a small-track fund to help the smaller tracks. Horse racing participants would lose \$2.1 million in purse money that was paid out in 2007 here in Lincoln. The Nebraska breeders would lose \$310,000 in breed money; again, that was distributed last year at the Lincoln meet. The horse racing would lose 37 days in Nebraska, lowering our thoroughbred days to 66 days. A lot of our top echelon trainers would not be able to survive on 66 days. They would be going to other states looking for other meets that were longer. I just don't believe on 66 days

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

they could survive. We ask ourselves, what has horse racing done for our state? Well, I can tell you what horse racing has done as far as taxes that are generated and funds that it has put into local governments within our state. Horse racing does pay into the General Fund what is called a pari-mutuel tax, and as your packet shows, from 2003 to 2007, the pari-mutuel tax. In 2003 we contributed \$304,000 into the General Fund. Handle was down in 2007; we only contributed \$223,000 into the General Fund. That is money that horse racing did contribute to our state. Also, all sanctions imposed by our commission or our board of stewards in a fine go into a common school fund. That common school fund is distributed to the counties' school districts where the fines occurred. From 2004 to 2007, there was \$76,000 contributed in fine money to the common school fund, distributed through our five tracks...counties in our five tracks--Hall County, Lancaster County, Douglas County, Platte County, and Dakota County. Again, \$76,000 given to the schools. Horse racing also has a race which is called a claiming race, which is the majority of our races in Nebraska. But that is a race where somebody who is licensed, properly credentialed, could purchase a horse out of a race for the claiming price listed in the program. When you purchase a horse, you also have to pay the sales tax of that jurisdiction. From 2005 to 2007 there was \$70,000 paid into state funds and collected as state tax revenue, \$12,000 for local sales tax collected for our communities--Fonner Park, Horsemen's Park, and Atokad Downs are the only two tracks that have a local sales tax. In your packet are those charts showing that information. An important part of horse racing is simulcasting. Simulcasting last year contributed to 88 percent of the total amount of funds wagered in our state. I hope that's a quick, brief synopsis for the committee. I would address any questions I could at this point. [LR345]

SENATOR McDONALD: Thank you, Tom. Senator Janssen. [LR345]

SENATOR JANSSEN: You mentioned Hastings. Isn't that a quarter horse track?
[LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

TOM SAGE: Correct. That's the only licensed quarter horse facility. [LR345]

SENATOR JANSSEN: But they do have one day a year where they have thoroughbreds, is that correct? [LR345]

TOM SAGE: No. That's incorrect, just quarter horses. At this time they're just running quarter horses. [LR345]

SENATOR JANSSEN: Okay. I thought you said that there was one day... [LR345]

TOM SAGE: If I did, that was misspoken. They have quarter horses only. [LR345]

SENATOR JANSSEN: Okay. All right. And how many days do they run there? [LR345]

TOM SAGE: At Hastings? [LR345]

SENATOR JANSSEN: Yeah. [LR345]

TOM SAGE: Just the one day. This year they ran three races, was all, and that was on September 13. [LR345]

SENATOR JANSSEN: Oh, is that right? Haven't they in the past years run more races? [LR345]

TOM SAGE: I believe in 2005 they ran a full card. The last few years they've ran a reduced meet of two to three races, is all. [LR345]

SENATOR JANSSEN: We were out there once. Senator Burling invited us out. [LR345]

TOM SAGE: Sure. [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR JANSSEN: That's a nice facility. [LR345]

TOM SAGE: That was 2005, I believe, and that's when they ran the full day's races. I think they ran seven or eight races. [LR345]

SENATOR JANSSEN: Very interesting. Thank you. [LR345]

SENATOR McDONALD: Any other questions? Thank you, Tom, for all your research. I think that it goes to say that the rumors that we've heard are untrue and that horse racing is viable and will continue to be, if we make the right decisions here. [LR345]

TOM SAGE: Thank you. [LR345]

SENATOR McDONALD: Thank you. Our next presenter will be Dennie Lee, chairman of the Nebraska State Racing Commission. Welcome, Dennie. [LR345]

DENNIS LEE: Thank you, Senator. Senators, my name is Dennis Lee, and I'm the chairman of the Nebraska State Racing Commission, and Tom... [LR345]

SENATOR McDONALD: You want to spell your name and... [LR345]

DENNIS LEE: I'm sorry. L-e-e. [LR345]

SENATOR McDONALD: First name? [LR345]

DENNIS LEE: D-en-n-i-s. Last name is L-e-e. Tom Sage is our executive secretary, and he just provided you with a very extensive encapsuled review of the status of racing in Nebraska. As this committee is well aware, there are three commissioners on the Nebraska State Racing Commission. Each of us are appointed by the Governor. I'm

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

from the second district, and I currently serve the commission as chairman. Helen Abbott, one of our other commissioners, is also here, and I'd like to introduce Helen and ask her to stand. Helen is from the First Congressional District, and Janell Beveridge, the other racing commissioner, from Paxton, is from the third district. Our duties as racing commissioners are to regulate the racing industry in Nebraska, and as Senator Janssen indicated in his question to Tom, the racing industry in Nebraska primarily is comprised of thoroughbred horse racing. But we also have a limited number of races over the years at Hastings. I remember when we had quarter horse racing at Broken Bow and Deshler, and then again at Hastings, at a different facility. But be that as it may, the purpose as I understand it, of our resolution and study here today is to look at racing in general and see where we're at and where we've been. And as you will have a chance to review in Mr. Sage's report, as I share with my kids, sometimes the best things that we have to do is to play the cards that we're dealt; just make sure we play them very well and as best we can. In applying that situation to the racing industry, if you look at the summary of the handles since 1995, 1995 was the year that Ak-Sar-Ben closed; and Ak-Sar-Ben at one time was one of the top ten tracks in the United States, and at one time it was the only racetrack between Chicago and Denver. And that was back in the eighties and early nineties, and since then there was racing...pari-mutuel wagering was approved and advanced in Iowa, Missouri, Kansas, Colorado, and South Dakota. And that was okay, because the onset of additional horse racing in the Midwest really provided, in my view, our trainers and our owners with an opportunity to race their horses in other jurisdictions, giving them other opportunities to make other competition, run for different purses throughout the industry--jockeys, exercise riders, grooms. The problem began, from our standpoint with horse racing, when there was an expansion of other forms of gambling in neighboring states; specifically for our purposes today, in Iowa. When Iowa began to go down the casino route and the riverboat casino route, that was at or about the time--and our report doesn't go that deep into our historical analysis--but that was about the time that you would notice that Ak-Sar-Ben began to take a real hit in its handle. And ultimately that led to Ak-Sar-Ben closing, which really faced...we being in the racing industry, it caused us to really face the mirror, so to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

speaking, as to what are we going to do? Here's one of the top ten tracks in the country that has slowly declined in handle and in attendance, and that track is now closing. And it was a very difficult time in the racing history in Nebraska, because as went Ak-Sar-Ben, so did essentially the other remaining four thoroughbred tracks in our state. And shortly thereafter and while Ak-Sar-Ben was in the process of winding down its operations, enter the HBPA; and the HBPA acquired some property south of the--I was going to say existing Ak-Sar-Ben, but that's no longer there--south of the former Ak-Sar-Ben complex and some of you have had an opportunity to be there. And Horsemen's Park was born at that point, which really became...allowed the racing industry to continue to have an anchor in the Omaha metropolitan area. We have five thoroughbred racetracks in Nebraska. We start the season at Fonner Park in Grand Island, we come here to Lincoln at State Fair Park. We go to Horsemen's Park in Omaha for a four-day meet--four races on Thursday and Friday, and five races on Saturday and Sunday. From there the racing season moves to Columbus, and then we wind the season up, and we've done that this year at Atokad Downs in South Sioux City. We have not yet had our racing dates meeting for the live racing dates for 2009. I anticipate, as we usually do, we usually have that meeting in October or early November. But as Mr. Sage indicated, we have a total number of 103 days of live racing that when we start that meeting, the goal before the meeting ends is to have 103. And the 103 number is truly the mythical, magical number, because the 103 live racing days, if that is not met, then none of the racetracks in Nebraska would be able to simulcast for the following year. In other words, if we didn't have 103 in 2008, the tracks could still simulcast, but they wouldn't be able to simulcast in 2009. As you had an opportunity or will have an opportunity, hopefully, to review this packet that Mr. Sage has prepared, you'll see how critically important simulcasting has become to the Nebraska racing industry. Now simulcasting itself, in its importance to the industry, is not just unique to Nebraska. During my time as a member of the Nebraska State Racing Commission, I've had various opportunities to interact and share discussions on common areas of industry interest with other commissioners and regulators from across the country. And we began simulcasting, historically, back in 1984; and we were probably--we being the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

state--we were probably about five years behind the initial start of simulcasting, and it began very quickly apparent how important simulcasting would be. And other states, as I sit here, I can't think of any state...of a commissioner that I've talked to in all areas of the country over the last year or two that would not be able to confirm how important simulcasting is to theirs. Where does that lead us today? And if you look at the chart, the last year that the racing commission or the racing industry, rather, had a positive mutuel handle was in 2001, when the industry had a positive figure of 1.20 percent gain from the previous year of 2000. So far, last year in 2007, the racing handle was -4.28 percent down from 2006. That's the bad news. The good news is...well, I'd like to be able to explain the difference and how this has happened, but I think it's just a question of marketing and the racing industry working hard to market its product to the portion of the public that is truly interested in the industry. Through the first eight months of this year, we've had handles up across the board, with the exception of Lincoln being down. Fonner Park, through August of this, was up 15.85 percent. And I've always said that Hugh and Bruce and Todd out at Fonner Park take absolutely the worst possible days of the year, in terms of offering a live racing meet, and do an outstanding job of getting their track and facility ready, getting their bars, putting on a quality product for the people in central Nebraska, and a quality product across the country, because the Fonner Park races are beamed to other tracks across the country in February and March. And they do a great job, as does the horsemen, getting the horses ready to go. Lincoln this year up through August of this year, is the only track that's down, and Lincoln is down -2.83 percent from its comparable January-August figures of 2007. Horsemen's Park in Columbus, interestingly enough, are both up at the same month, 1.37 percent from their comparable figures of the same period in 2007, and Atokad up at South Sioux City is up 4.15 percent. And my explanation of why for the first time, really, since 2001, for the first time in seven years, we've had, with the exception of Lincoln, four of our five racetracks showing positives, and one, Fonner Park, double-digit positive figures, is that we have played the cards the best way we can, we being the industry--the horsemen, the breeders, the jockeys, the tracks, as well as the racing commission itself. And they have done the opportunity to market, they've gone to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

their fan base, they've expanded that fan base, and there is a loyal fan base. And there's a loyal fan base in Lincoln, which is why a facility such as what we're talking about here in east Lincoln, would be such a critical factor of the continued health and well-being of the racing industry in Nebraska, when the facility currently at State Fair Park closes. So I hope that supplements Tom's and gives you some additional information. I'd be happy to answer any questions you may have. [LR345]

SENATOR McDONALD: Thank you, Dennis. Any questions for Dennis? Seeing none, thank you. [LR345]

DENNIS LEE: Thank you. [LR345]

SENATOR McDONALD: Our next presenter is Ron Westermann with the Horse's Benevolent. I said Horse's, but it's the Horsemen's Benevolent. [LR345]

RONALD WESTERMANN: Thank you very much for having me here. My name is Ronald Westermann, R-o-n-a-l-d W-e-s-t-e-r-m-a-n-n, and I am from Scribner, Nebraska, and I am representing the HBPA, but mostly I'm here to talk as a thoroughbred breeder and a trainer. And I have a farm at Scribner, Nebraska, where I have approximately been a breeder for 27 years and an owner and trainer for 22 years. I started with one brood mare, and now I have approximately 50 head of horses. And we raise about ten foals a year and breed about 30 outside mares to two of our stallions, and when we go to the racetrack, we take approximately 20 head there. Our goal has been to continuously increase our quality, hoping that someday we could come back and get a mile racetrack in the state. Our operation is a family operated. My wife works outside of the home, but I've raised three children, and they've always helped me. The two oldest daughters are now pursuing careers elsewhere, but my son is a senior in high school and he's very active helping me at the farm. We haul most of our horses to Grand Island and race them and come back home, because it's a very busy time of the year for us, with foaling mares and breeding mares and that sort of thing. But when we

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

come to Lincoln, the two-year-olds are allowed there, so they have to be gate broke, so it takes a lot more time. So I usually rent an apartment here for three months and basically live in Lincoln, Nebraska for three months during the racing season. And I guess we feed about a ton of hay a day now, probably, and 300 pounds of feed, which will definitely increase as the winter gets colder and the pastures get shorter. So there's an economic farmer impact there that we also contribute to. And I'd also like to comment that a mile racetrack would be much safer for our horses, and I think it would be much safer for the jockeys so we could get more jockeys to come in and help, because by the end of the year when Columbus rolls around, we're pretty short on riders a lot of times. So there's a lot of safety features here that would be a definite plus for our industry, and without Lincoln racing I'm afraid that my operation would almost become nonexistent, because I couldn't afford to do it. [LR345]

SENATOR McDONALD: Thank you, Ron. [LR345]

RONALD WESTERMANN: Thank you very much. [LR345]

SENATOR McDONALD: Any questions? Senator Janssen. [LR345]

SENATOR JANSSEN: Ron, where is your farm located at, from Scribner? [LR345]

RONALD WESTERMANN: I'm actually 13 miles north of North Bend. [LR345]

SENATOR JANSSEN: Okay. [LR345]

RONALD WESTERMANN: Or like seven miles west of Scribner. [LR345]

SENATOR JANSSEN: About between...all right, okay. [LR345]

RONALD WESTERMANN: And I've worked in Fremont for about 20 years with Herb

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

Reakin (phonetic), which you probably know. [LR345]

SENATOR JANSSEN: Oh, sure. You bet, you bet. Well, you had a good teacher.
[LR345]

RONALD WESTERMANN: Yeah. Well, thank you. [LR345]

SENATOR JANSSEN: One of the best. Thanks for coming down. [LR345]

SENATOR McDONALD: Any other questions for Ronald. You said you go to Grand Island and you also come to Lincoln. Do you go to Columbus? [LR345]

RONALD WESTERMANN: Yes, yep, Omaha. We do them all. [LR345]

SENATOR McDONALD: You do them all. [LR345]

RONALD WESTERMANN: And I've been to Canterbury in Minnesota, and Kansas, but truthfully, if we can stay here it's so much better, because our expenses are so high, you know, and now with gas going up, and feed and hay and everything is getting higher every year. And Nebraska has a terrific breeders' program. There are incentives for raising Nebraska-bred horses is as good as any of them in the United States. So it would be a definite plus and a lot safer if we could accomplish this project right here.
[LR345]

SENATOR McDONALD: Thank you, Ronald. [LR345]

RONALD WESTERMANN: Thank you very much. [LR345]

SENATOR McDONALD: Thank you. And our last presenter that we have asked to come is Bill Vannoy, with Horsemen's Benevolent, and after that, anyone from the audience

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

that would like to come up and present are certainly welcome. Thank you, Bill. [LB345]

BILL VANNOY: My name is Bill Vannoy, B-i-l-l V-a-n-n-o-y. I'm a retired CPA. That was the way I made my living for quite a long time. And I've been involved in the horse business for many years. We now live in Lincoln; prior to that we had an acreage east of Lincoln where my wife and kids and I bred mares, raised horses, and enjoyed the country life. I was born and raised on a farm and always had a pony or a horse to ride, so it's always been of interest to me. There have been a number of speakers here, and I think they've pretty much covered the waterfront, unintended (laugh), so I will not take a lot of your time. In regard to the flood situation, some years ago that property was quite frequently under water, but a program of impoundment dams, I guess you would call them, upstream in quite a few places, and I think that's been coordinated by the NRD, has greatly changed that situation. I don't think you see...well, I know you don't see the kind of water that I have seen there quite a few years ago. At that time that whole area clear up to 84th Street, I've seen that under water. But I think with the changes that have been made and are being made, the chances of that happening are less...are greatly lessened. It's obvious that--we talked about this--that loss of the Lincoln market would be disastrous to the race industry in Nebraska. My involvement, besides the HBPA, is I'm president of the Omaha Exposition and Racing Corporation, which operates and holds the racing license at Horsemen's Park. Horsemen's Park subsidizes all of the tracks, the breeders, the tracks themselves, and (inaudible). Without Horsemen's Park, we would be in dire straits, and in fact, there probably would be no Nebraska racing industry. The HBPA has always been a supporter of the state fair, and we were really hopeful that they would make the move out to this area. It didn't work out that way, but some of the things in the past that have happened several years ago--you may remember the state fair was literally broke and the Horsemen came forth with, I think, \$142,000 to pay the bills that they had due and couldn't make the payments on, thereby giving them a chance to make changes and have a fresh start, and they've done well since then. So we're sorry to see them go, but on the other hand, this looks like a great opportunity for Lincoln, and we're most appreciative to 2015 people and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

others involved for doing a lot of the hard work on this. If you have any questions, I would try to answer them. [LR345]

SENATOR McDONALD: Thank you, Bill. Are there any questions for Bill? Seeing none, thank you for your presentation. At this point in time we're going to open it up to anyone else that would like to present. Could I see a show of hands of those that are willing to come forward? Okay, one, two, three, four. Looks like about four. Okay, if you would make your way to the front, and we'll be glad to hear your presentation. Welcome. [LR345]

ROBERT KIRBY: Senator McDonald, members of the committee, I'm Robert Kirby, R-o-b-e-r-t K-i-r-b-y, and I've been involved in racing for over 40 years. I'm currently the president of the Nebraska Thoroughbred Breeders Association, and we currently have 260 people that breed horses in Nebraska, and there's currently 572 brood mares listed with us, and there's approximately 700 horses, Nebraska-bred horses, that are currently racing. And we have 267 members at the time, and if we had a sound place to race, our racing industry would continue to thrive. And I thank you. [LR345]

SENATOR McDONALD: Thank you, Robert. Any questions for Robert? Seeing none, thank you for your presentation. Welcome. [LR345]

RICHARD HADEN: Thank you, Senator McDonald and members of the committee. My name is Richard Haden, that's R-i-c-h-a-r-d H-a-d-e-n, and I'm here representing the Gambling With the Good Life and the Nebraska Annual Conference of the United Methodist Church, where I'm coordinator for alcohol, drugs, and other addiction issues. I wish that when someone wagered, they could always do it with disposable income. I wish that when someone wagered, they could walk away from it when they need to, but that is not always the case. The National Research Council found that many families of pathological gamblers suffer from a variety of financial hardships, and children of compulsive gamblers are more likely to engage in delinquent behaviors such as

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

smoking, drinking, and using drugs, as well as an increased risk of becoming pathological gamblers. A survey of 400 Gamblers Anonymous members says that 57 percent of those who replied admitted to stealing to finance their gambling. Collectively, they stole \$3 million, with an average of \$135,000 per individual. The survey also found that 48 percent had considered suicide, and 13 percent had attempted it. So when the cost impact of gambling is considered...I want to talk a little bit about some of that impact, as I have already stated. There are impacts of social impacts, there are financial impacts. The former economic advisor to Ronald Reagan, Earl Grinols, has written a book called Gambling in America: Cost and Benefits, and he says that gambling causes up to \$289 in social costs for every \$46 of economic value. In 2003 the cost to society of an additional pathological gambler was \$10,330, and I could go on and on, but you kind of, I think, get the idea of where I'm going, that there is another impact--financial, social. And who pays for that? Well, the taxpayer pays for it through social services, employers pay for it through theft, families pay for it through the breakup of families in the stress that is caused in families because of pathological or addictive gambling. Thank you.
[LR345]

SENATOR McDONALD: Thank you, Mr. Haden. Any questions for Mr. Haden? Seeing none, thank you for your presentation. [LR345]

RICHARD HADEN: Okay, thank you. [LR345]

SENATOR McDONALD: Next testifier, come forward, please. I think I saw several hands. [LR345]

MIKE NEWLIN: Good afternoon. My name is Mike Newlin. I'm director of racing operations at State Fair Park. My name is spelled M-i-k-e N-e-w-l-i-n. I've been at State Fair Park for just over year. I've been in the gaming industry for 22 years. I've held management positions at seven different racetracks, from tracks in Wisconsin to Florida to Minnesota and now back in my home state of Nebraska. Over a year ago when I

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

accepted this position, I was very excited about coming home and helping revitalize the sport of kings in the state. Little did I know how dramatically the landscape was going to change and how uncertain my future would be. As I mentioned to Senator Erdman, there are more than 100 employees at State Fair Park that rely on the racetrack as their main source of income year round. These aren't high-paying jobs, most don't have health benefits, the hours include 19 weekends. Many of our employees are long-term employees. Some are single mothers, some are semi-retired people, college students. Others are working there as a second job. There is very little turnover at the racetrack with those employees. A lot of them have been there for a long time; the reason why is because these people love their jobs, they love what they're doing, they truly enjoy coming to work each day. The track employees are basically a big family, and a lot of them rely on each other and it has become a big family. And for the most part, we all do really enjoy our job, and I think enjoying your job is a little bit more important than a big paycheck. I'll quickly summarize our live meet. Some other people have mentioned the numbers, and the numbers for the live meet were very good. For the fourth straight year our numbers have been up across the board for live racing at State Fair Park. My predecessor, Greg Hosch, got this ship steered in the right direction back in 2005. In 2008, with the commitment from the State Fair Board and the hard work of our staff, we made improvements throughout the facility. We changed our marketing promotions to appeal to a broader audience. Our attendance of nearly 85,000 fans for our 36-day live meet was up 18 percent versus 2007. Currently, that is unheard of to have an attendance increase in this industry right now. Our live on-track handle, which are the patrons at State Fair Park wagering on our live racing, was up 9.7 percent. Again, these are only live racing numbers. I'm a firm believer that the live racing is the best way to generate new interest in our game and create new simulcast players. As you've heard, our simulcast numbers this year are down about 2.87 percent. I think we're probably hit a plateau with our existing facility and what we can and can't do there to attract new patrons. As I mentioned, live racing is the main way to attract customers. But I think it should be noted: In 2004, our total handle was only \$16 million; last year our handle was just under \$21 million. So we have made substantial gains especially in the live

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

racing show that we put on. I've heard the anti-gambling groups say that this business is already dead, that no one under the age of 55 goes to the racetracks anymore, that our form our gaming doesn't appeal to the younger generation. I'd invite these same people to come to our track on Friday night during live racing and see more than 3,000 fans that are much closer to age 25 than they are 55, then tell me no one has an interest in racing anymore. Go to Columbus on a Friday night and see how half the town turns out for their live races. Then visit Horsemen's Park during their live meet and tell me that the 10,000 people that they average every day of their live meet don't care about horse racing any more. That's a false statement. People in Nebraska have always loved horse racing and they always will. It was once a proud part of our state and it can be again. My travels in this business have taken me to all parts of the country. More often than not, when I've told someone I was from Omaha, Nebraska, they'd only know two things about the state: Nebraska football and Ak-Sar-Ben horse racing--sad, but true maybe. But that gives you an idea of how important horse racing was. When we were one of the top ten tracks, when Ak-Sar-Ben was one of the top ten tracks, it was very important and we had an identity, Nebraska had an identity related to being a premier track in the country. What's the future of horse racing in the U.S.? This industry as a whole needs a change. We need to reinvent our game, we need to refocus on the live racing product, we need to put on a show that appeals to the mainstream, we need to market our game better, we need to promote and explain pari-mutuel wagering to the public. The fact that you're playing against each other when you go to a racetrack and the house has no interest in who wins or who loses, is not common knowledge to the average person. The house or the racetrack would actually prefer that more people win, because if they win, they will stay longer, they will play more often, and have a more enjoyable experience at the track. I want to see our patrons win money when they come to our track. I have no interest in whether they win or lose. I prefer they win. I'd like to see them win money and walk out with a smile on their face. Pari-mutuel wagering is as simple as this: If you bet two dollars to win on the Number 3, and I bet two dollars to win on the Number 8, if the Three Horse wins the race, you're just winning my money. The tracks take about 18 percent from each dollar wagered to pay purses, breeders' fees,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

taxes, and all operational expenses. The other 82 percent of the pot gets paid out into winners. Very few people understand this, and it's mostly our fault as an industry, because we've never done a good job of promoting this and informing the public of how our game is played. Pari-mutuel wagering is probably the best form of gaming available. Our industry needs to make wholesale changes to appeal to the mainstream, much like NASCAR did in the mid-nineties. They realized that they needed to revamp their entire business model in order to survive. They went from nearly dead to the number one spectator sport in America, hosting 17 of the top 20 highest-attended sporting events last year. They have also become the number two rated regular season sporting event on television in the U.S. Horse racing could learn a lot from NASCAR. Basically as an industry, we've been doing the same things and putting on the exact same show for 30 years, and we wonder why our fan base has decreased. The racing industry hasn't done much to change with the times but it's not too late to start, and I believe with the new track in Lincoln, we could be one of the pioneers of the future of this business. If a new racetrack can become a reality, we'd have the opportunity to create something different, something that is more than just a traditional racetrack, something that can bring fans in for more than just horse racing, something that can become an example for tracks across the country. I can envision a track where you don't stand in line to make your wager; instead, the tellers come to you; where you can order food directly from your clubhouse table through your TV, a track where the infield is utilized for group parties, concerts, playgrounds, and parking; where on a beautiful summer day you can leave the computers, the TVs, the E-mails, and all the stresses that our fast-paced, technological life has become, and sit outside and enjoy some sun with your family, some fresh air, and some good quality racing. I can envision a facility that would make Nebraskans proud of horse racing again in Nebraska. The next couple years will be critical in determining whether racing in our state will live or die. If the Lincoln market disappears because we can't get a new track built, I believe that the near extinction of live racing in Nebraska is inevitable. This is simply my opinion. Thank you for your time.

[LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR McDONALD: Thank you, Mike. Any questions for Mike? Seeing none, thank you for your presentation. [LR345]

MIKE NEWLIN: Thank you. [LR345]

SENATOR McDONALD: Welcome. [LR345]

AL RISKOWSKI: I do have the...Al Riskowski, it's R-i-s-k-o-w-s-k-i, with Nebraska Family Council. I have just three quick thoughts in regard to the proposal that has been made today. Number one, is it appropriate for the University of Nebraska to promote gambling? The University of Nebraska is a state educational facility. Is it appropriate for the University of Nebraska to partner and share facilities with actually a gambling entity? The University of Nebraska has students who are 18 and even some are younger than that. Is it appropriate to share such a facility use with a gambling entity? So that's my number one question. Number two question: What is actually the cost to the taxpayers of Nebraska? It feels like that much of this is a plan to get the Nebraska taxpayers to help pay for a mile-long racetrack and support facilities that are unique to the racetrack, and I believe that's a question that needs to be answered to the Nebraska taxpayers, as well as the cost to changing Havelock Street, as well as the flood work that would need to be done to create the floodway for the track. What is the burden that's going to be asked of the Nebraska taxpayers in regard to this? And then my final question is: We are moving our state fair to Grand Island, and we are expecting people from Omaha, Lincoln, etcetera, to continue to support our state fair after moving it to Grand Island. We already have a racetrack in Grand Island. What makes us think that people won't just travel there, as well? Why can't we look to people to simply move to Grand Island, as they will with the state fair, instead of trying to come up with a plan that could be very costly, additional cost to the taxpayers of Nebraska? So those are my three questions today and I know are not able to be answered today, but I believe need to be considered as we look at this proposal. Thank you. [LR345]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

SENATOR McDONALD: Thank you. Are there any questions? Seeing none, thank you. [LR345]

AL RISKOWSKI: Okay, thank you. [LR345]

SENATOR McDONALD: Do we have any other presenters? Is this gentleman our last one? One more. Okay. [LR345]

NICK BANDEMER: Good afternoon. My name is Nick Bandemer, B-a-n-d-e-m-e-r. I'm here today because I'm 28 years old and I love horse racing. I had several members of the Horsemen's association ask me to come today, because there are a lot of people out there that say the younger generation doesn't care about horse racing. And I could say that when you walk into a lot of the racetracks or you walk up to a simulcast facility when you first look around, it does look like everybody in the place is 55 or over. But I'm here to tell you that that's not true. I've got a large group of friends that really enjoy going out for both simulcast and live racing. One of the arguments that I've heard is that the younger generation doesn't care about horse racing because it's not fast paced enough, and that's simply not true. With your average race lasting a little over a minute, that's about how long it takes to pull a slot-machine handle or play a game of blackjack. That has nothing to do with why the younger generation doesn't get into horse racing. I believe this facility could really get the younger generation into horse racing, because people like me like fancy things--we like bells and whistles. And I love the facility and the people that are out at State Fair Park, but it's old and it's rundown, and when people my age come out and we see the drip stains on the ceiling or we see the tobacco burns on the floor, we want the fancy stuff. We like the bright lights that they have in Omaha, when we went down there for the live racing. And I think another point that needs to be made about the handle being down in Lincoln this year, guys like me and my friends do not go out for horse racing simulcast when the state fair is going. I'm a city kid from Omaha, Nebraska. I graduated with Senator McGill. I don't really care to see the largest tomato in the state of Nebraska. I don't care about the goats, no disrespect to the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

farmers that are here. I'm a city kid, and that doesn't interest me, and I'm too old to ride the rides. So I just avoid going out and simulcasting when the state fair is in town. And I think as little that that's down, I think that that might be something to look at, is a lot of people won't go out there because of the parking, and so on and so forth. But I would really urge you guys to strongly consider building this racetrack for the next generation--people like me and my friends that really, truly care about horse racing. Thank you. [LR345]

SENATOR McDONALD: Thank you, Nick. Any questions? Seeing none, thank you for your presentation. [LR345]

NICK BANDEMER: Thank you. [LR345]

SENATOR McDONALD: Let's see. Is this our last testifier? Oh, we have one more. One keeps jumping up every once in awhile. So, we have one more. Anyone else besides this lady next? Okay. All right. [LR345]

KATIE KALISCH: Hi. I state my name, right? [LR345]

SENATOR McDONALD: Yes, please. [LR345]

KATIE KALISCH: My name is Katie Kalisch, K-a-t-i-e K-a-l-i-s-c-h, and you know, a lot of people are wondering if the younger generation cares about horse racing, and yes, it does. I'm part of the younger generation, but I don't care about it for the entertainment. I'm more concerned about the adverse effects it might have to Nebraska, because horse racing is gambling, plain and simple, and gambling is a huge problem for several reasons. What will happen to the economy if there is legalized gambling such as horse racing? It seems to me the people who are for the horse racing are for it only solely for their own profit and making a lot of money off of it. But in reality, gambling has a huge effect on the economy, because it diverts money that could have been spent stimulating

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

the economy, like small businesses in Nebraska especially. There are also millions of families torn apart by financial strain. You know, by gambling that's...my own grandmother has a gambling addiction, so I've experienced firsthand the effects that gambling can have on family members. I've seen my mother and my aunts and my uncles be turned against each other, and then because of the financial strain and the stress it puts on relationships, and then try to unify themselves again to tackle a problem that seems too big to handle. So I guess I'm wondering why people can argue that this is good for our economy and for our society, because I don't quite get that. And the third thing is, what about the future generation, which is my generation? Can...I don't know. It seems that my generation would be a lot better off if we invested our time and money in more profitable venues than horse racing and gambling. I guess there's a chance that we could get rich off of it--get rich quick--but those chances are pretty minute. So I don't see why we should waste our money on a chance that barely exists. What we need is more positive influences and positive encouragement so we can get jobs, persevere, be responsible adults, and taste the fruit of our own labors. Can you imagine an economy where that would not be rampant, where the elderly don't have to rely on Medicare to live, and families are not torn apart by financial stress? It could happen if you strive for it, and I don't know if this is the vision that you have for our state, but the last thing our economy needs is more debt. And gambling only increases debt. So I'd like to urge you as senators to not only consider people's opinions on matters, because opinions are relative--they change. But think more about what is the truth of the matter, because the truth never changes. Truth is truth, whether you want to believe it or not. Thank you. [LR345]

SENATOR McDONALD: Thank you, Katie. Any questions for Katie? Seeing none, thank you, Katie. Looks like we have one more testifier. Welcome. [LR345]

LORI HOGAN: Thank you. My name is Lori Hogan, L-o-r-i H-o-g-a-n, and Senator, thank you for allowing me to speak today and addressing this committee. I agree with the young woman who was just speaking before me. She had such courage to speak

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

General Affairs Committee
September 18, 2008

forth against this issue. I too have experienced the issue of gambling within my own family. I have a family member who has been very addicted to gambling. I see this as a gambling issue that is going to be really wrong for our state, and I believe that it does not promote integrity for our University of Nebraska at Lincoln to be associated with this, and I truly oppose this track being built. Also in our church, as well, we have experienced a fire. Somebody who was our secretary at the time, involved in our accounting, because of gambling and the gambling debts, embezzled from our church and then when there was going to be an audit the very next day, our church was set on fire--because of gambling debts, because of gambling involvement. These are the types of things that the young woman was talking about and the effects of gambling that happens among families. And so I'm very, very opposed to this, and I just appreciate you listening. Thank you. [LR345]

SENATOR McDONALD: Thank you, Lori. Any questions for Lori? Seeing none,...oh. Have you filled out a paper? I need you to do that, Lori. Thank you. I haven't heard anyone from the ag industry, someone that supplies hay and products to the horse racing. I'd like to hear from someone that relies on the horse racing industry for your wherewithal, when it comes to selling your agricultural products. Since I haven't heard anyone, is there anyone that would like to come in and talk about that? If not... [LR345]

LYNN McNALLY: I think we have some people (inaudible). [LR345]

SENATOR McDONALD: Okay, all right. So if not, that closes our hearing for the day. Thank you for coming to listen and also for testifying on LR345. [LR345]