

Transcript Prepared by Clerk of the Legislature Transcribers Office
General Affairs Committee March 30, 2026
Rough Draft

HOLDCROFT: OK. We're good to go. Well, Mr. Lee, thank you for being here today. Go ahead and give us your introduction.

DENNIS LEE: Good afternoon, senators. My name is Dennis, D-e-n-n-i-s; last name is Lee, L-e-e. I'm here today because Governor Pillen has reappointed me to the Nebraska Racing and Gaming Commission. I have been a racing commissioner appointed by the Governor since October of 1988. I've been reappointed each term. Ori-- initially, they were three-year terms. They were later change to four-year terms. The commission grew from three commissioners to now seven. And professionally, I'm an attorney in Omaha. My practice is restricted and limited to estate planning and probate. My office is in west Omaha. I've been blessed with an opportunity to work with the racing industry. My involvement in the industry, just to give you a little background, began well before my appointment. Those of you that remember a little place called Aksarben. I worked my way through high school, college, and law school in various capacities at Aksarben. And so really, my involvement in the horse racing side of the industry started in about 1972, when I was in high school. I've had a lot of interactions with all the players in the industry, meaning the racetracks. Now we have casinos in Nebraska. We have five casinos. Our Horsemen's NTBA, or Nebraska Thoroughbred Breeders Association, the Horsemen's Benevolent and Protective Association, and the Jockeys' Guild. I have really enjoyed my service on the commission. It's my way to give back to an industry that gave so much to me over the years. I appreciate the Governor's confidence in reappointing me for another term. And I'd be happy to answer any of your questions.

HOLDCROFT: Thank you, Mr. Lee. Questions? Se--

CLOUSE: Yes, thank you--

HOLDCROFT: Senator Clouse.

CLOUSE: Thank you, Chairman Holdcroft. Thanks for being here.

DENNIS LEE: You bet.

CLOUSE: You said '88 you've been on it?

DENNIS LEE: Governor Orr appointed me on October 4, 1988.

CLOUSE: OK. So how are you-- I guess in your opinion, how are you seeing where we're going with the, the racing? You seen very positive things or-- as we move forward?

DENNIS LEE: I couldn't have answered positive 20 years ago.

CLOUSE: OK.

DENNIS LEE: When Aksarben closed in-- I think it was 1997 or 1998-- Aksarben was the heartbeat of the racing industry. And the racing industry, just to broaden the definition, is not just the racetracks. It's not just the horses that are running with the racetracks and the related people that they employ, but it's the breeders that breed those horses, the Nebraska breds-- and it has an impact over the entire ag industry throughout Nebraska. When Aksarben closed, they were dark days for many years because that was synonymous with the, the dog tracks and the casinos opening across the river in Council Bluffs. Omaha, of course, is our major metropolitan area. And the only tracks we had then were in Lincoln, Grand Island, Columbus, and Atokad in South Sioux City. And the HBPA stepped up to the plate. They built a track called Horsemen's Park on 67th and Q Street, and that was a little light at the end of the tunnel, but then we had additional gaming opportunities that were developing in, in Iowa. And now as time has gone on, I've had the benefit of seeing a lot of changes-- not necessarily positive-- in the national gaming industry. There's predictive markets. I don't-- I-- that's, that's becoming something that is just going to be difficult to regulate. And it's impacting us and our beneficiaries: the tracks, the horsemen, the breeders, and the ag industry. And-- so that's something-- the predictive markets may eventually find its way to your body because it's so new right now. There was an editorial recently in the Dallas Morning News that said the only way to resolve and regulate-- because it's not regulated now-- predictive markets is with federal government intervention. It-- it's just-- those things are going to be constant changes. But for us now, at least in my view-- and I'm just speaking as one person-- the industry-- the, the legislative ini-- or, the, the voters initiative that approved gaming tied to a racetrack was key to kind of not decouple those. You can have a-- you can't have a-- in Nebraska, you can't have a racetrack without a-- with-- or, you can't have a casino without a racetrack. There's legislation in Florida now to decouple that, which essentially I think would be the death knell of the, of the racing industry in Nebraska. I believe Nebraska's been very proactive. It took us a while to kind of react from the Aksarben demise and that loss of 85 days of horse racing every year at Aksarben. And, and the, the tracks-- Fonner Park has, has been a real clear leader in their capacity. I share with people a lot that Grand Island and Fonner Park take the absolute worst days of the year and they consistently hold a real solid race meet. They're very cooperative with the industry. They open their track mid-December for

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training. That gives those horses a good, a good-- and we built a new mile racetrack in Columbus. And I say we-- I'm not talking about the commission. It's the industry. And that's the only mile track we have in Aksar-- in, in Nebraska. The previous one was at Aksarben. So there's been a lot of changes. I think this body, the industry, and the commission has been really responsive to those changes.

HOLDCROFT: Other questions? Senator Rountree.

ROUNTREE: Thank you so much, Chairman Holdcroft. And thank you so much, sir, for seeking the reappointment-- being reappointed but now being a-- unconfirmed. As you look at the landscape here for Nebraska, you've been-- you've seen it since '88. Sarpy County is one of the fastest growing counties in the-- in, in the state at this time. Do you see opportunity for expansion in Sarpy County and then further out in the state?

DENNIS LEE: I do see an opportunity for expansion. When we talk expansion, we, we, we need to remember we have to combine racetrack with casinos. Currently, after-- I think your bill was LB876 several years ago-- after the voter initiative approved casino wagering at licensed racing facilities, the commission received, if I recall correctly, seven applications for applicants-- communities to build a racetrack with, of course, the pathway then, assumingly, to build a casino. We have applications from Bellevue. We have applications from York. We have applications from Norfolk. I think McCook and Scottsbluff or Gering.

ROUNTREE: OK.

DENNIS LEE: I may be leaving one out. When those began to come in after LB876 became effective, it was-- I, I announced to the industry at one of our commission meetings that our charge at that point in the commission's view was to not award new licenses but to get the casinos licensed, regulated, operational. And so the casinos at our present tracks are operational and have been. So that was the charge that the commission prioritized, those issues over new expansion. One of the things that-- and I've talked with our staff and other commissioners. I believe now that since we have casinos operating in Omaha and Lincoln and Grand Island and Ogallala and Columbus that we are now in a position where we've laid the foundation and they're operational. And if you look at the 20% gaming tax that comes in, there's a lot of revenue that is being generated for all the different beneficiaries of that 20%. I envision in 2026 the commission will then hold public

hearings on those other six or seven applicants throughout the state. One of the things that we have to measure-- and this is in the statute-- is that we need to have a feasibility study done. And the one concern everywhere is oversaturation of the market, and that's probably no more clear than in the Omaha area market-- which I'm including Sarpy County in-- because there's three casinos in Council Bluffs. We have a casino at 67th and Q. And we did a market study because the Legislature had-- gave us a deadline to do a market study a-- I think it was by end of '24, if I recall correctly. We did it, but it wasn't really an informative market study because we hadn't had casinos open very long. And so there was-- there wasn't really a valid pool of numbers to consider with regard to that. So I think the market study-- we had a company out of Louisiana that has done market studies for other racing jurisdictions-- gambling jurisdictions across North America. But I think we're gonna have to redo that market study. But I think all of those applicants-- and I'm guessing there'll be some other communities that'll apply as well-- they'll have their public hearing. But our analysis I believe as the, as the charge of the commission from the Legislature is to consider the feasibility study as to the oversatur-- potential oversaturation. And there's other elements in the feasibility study as well.

ROUNTREE: All right. Thank you so much.

DENNIS LEE: You bet.

ROUNTREE: Appreciate it.

DENNIS LEE: Thank you.

HOLDCROFT: Any other questions? Senator DeKay.

DeKAY: Thank you. Real quick, how-- do you have any idea what percentage of revenue comes into the state from-- across the border from Kansas, Iowa, wherever?

DENNIS LEE: I don't have specific numbers, I have information that-- after three months of operating Warhorse Casino in Lincoln and Warhorse Casino at Omaha, there was an 18% drop collectively in the casinos in Council Bluffs. So there was always kind of a-- an assumption in the industry that a lot of money was going to Kansas, to Iowa. And they're pretty closely guarded numbers in Iowa, but I think our-- I think we've had a-- an-- a positive impact for Nebraska, a negative impact for the casinos in Iowa and the state of Iowa, and I think that's going to

continue just in terms of what we do. And, you know, there's a voter initiative that potentially may go in November to address the mobile wagering, and that's real-- in my view, mobile wagering is a major negative hurdle for collectively our industry right now because-- well, well, this weekend, we had NCAA's Elite 8-- Sweet 16 and Elite 8 games. And I didn't see any figures for what the wagers were at our casinos on that, but I can tell you from industry information that I get there's more money wagered on those mobile sites. You can't-- I don't think you can watch a sports event now without having an ad from TwinSpires or BetMGM or somebody else. They are not regulated by the commission. And so one of the things that we've talked about at the Racing Commission recently and-- the two people behind me are our executive director and deputy director, whom I refer to as our dream team. We've talked about-- let's anticipate that the voters approve the mobile wagering initiative. I think the commission-- it's important to be proactive. And then it comes before you. And you adopt legislation directing the commission to adopt rules and regulations to implement that. So one of the things we're considering in anticipation-- and, and I don't think it's gonna be premature but-- is sending letters to places like BetMGM, TwinSpires, all those venues and platforms that you see advertised during every major sporting event-- particularly basketball this time of year-- and just inform them that we regulate gaming in Nebraska, which is potentially including mobile wagering. We have a sense that you're accepting wagers from Nebraska on these platforms. And just understand that if the voters pass it and the Legislature approves it and the Governor signs it and we develop rules and regs, one of the questions on the application to be a, a mobile betting platform affiliated with the casino in Nebraska is, have you accepted bets in Nebraska on mobile sites prior to your submission of an application? And we don't have any teeth, admittedly, to that letter. It's not a, a show cause or anything of that nature, but I would hope it would give them reason for pause. Because in the scheme of their international marketing income, I have to think that Nebraska is kind of small compared to other states. But I believe it's going to be-- I'm hoping it has a positive impact that I-- that they shut off the platform-- and I'm not naive enough to think that they will-- but that they shut off the platform pending maybe approval by the voters, approval by this body, and approval of the Governor. So there's a lot of things going on in the racing and gaming industry.

HOLDCROFT: Any other questions for the nominee? Seeing none. Are you going to testify back there?

_____: No, but I do support him.

HOLDCROFT: Oh, OK. Then di-- did you want to make a closing statement?

DENNIS LEE: No, I'd waive the closing.

HOLDCROFT: OK. Well, thank you very much, Mr. Lee.

DENNIS LEE: Thanks for having me down. Appreciate your attention.

HOLDCROFT: And that will conclude our hearing today on Mr. Lee.