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General Affairs Committee
January 26, 2009

[LB189 LB266 LR6CA]

The Committee on General Affairs met at 1:30 p.m. on Monday, January 26, 2009 in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB189, LB266, LR6CA. Senators present: Russ Karpisek, Chairperson; Kent Rogert, Vice Chairperson; Colby Coash; Tanya Cook; Merton "Cap" Dierks; Annette Dubas; Mike Friend; and Scott Price. Senators absent: None. [LB189]

SENATOR KARPISEK: Welcome to the General Affairs Committee. My name is Russ Karpisek, and I'm Chair of the General Affairs Committee, and I'm from Wilber, Nebraska. The committee members that are present, so far, are Senator Mike Friend from Omaha; Senator Cap Dierks from Ewing; Josh Eickmeier is the committee legal counsel; we have Senator Price from Bellevue; and our committee clerk is Joan Snyder from Lincoln. The pages helping us today are Courtney Ruwe of Herman, and that's all I have down, I'm sorry. And Courtney, also. Two? We'll be hearing two bills and one resolution today. LB189 will be introduced by Senator Pankonin, and LB266 and LR6CA will be introduced by myself, and those will be heard together. Senator Coash is joining us now, from Lincoln. Those will be heard together since they are...the bill is enabling legislation for the constitutional amendment. After each bill is introduced, we would like to hear the testimony in support of the bill, then in opposition, and finally, in the neutral. If you're planning on testifying in any capacity, please pick up a sign-in sheet that is on the table in the back of the room at both entrances. Fill it out and give the sign-in sheet to Mrs. Snyder before you testify. When it is your turn, give your sign-in sheet to her or one of the pages, and this will help us make a more accurate public record. If you have handouts, please make sure that you have ten copies to give to the page for all of the committee. When you come up to testify, please speak clearly into the microphone. Please tell us your name and spell your first and last names. I will stop you and have you do that if you don't do it. Also, please tell us whom you're representing, if anyone. Please turn off your cell phones, pagers, or anything else that beeps. Please keep your conversations to a minimum or take them out in the hallway. We will also try to hold about five minutes for each testifier. We do not have a timer like they do in some committees, but we will ask you to please keep your comments to about five minutes. There is also an overflow room down in Room 1023. If, after Senator Pankonin's bill, anyone that is here for that bill or does not plan to testify on the next two would like to go down there and make room for some that would like to testify, we do have people down there that would like to testify. If we are waiting for a little bit, it's because we have people in between those two rooms. On the second two bills, our Vice Chair, Senator Rogert of Tekamah, will be the chair. And we also have Senator Dubas from Fullerton joining us now. Senators may be getting up and leaving or coming as we are testifying; don't take it personally. We have other bills being introduced today, so senators may be coming and going as you are testifying. With that, Senator Pankonin, the floor is yours. Thank you. [LB189]

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Transcriber's Office

General Affairs Committee
January 26, 2009

SENATOR PANKONIN: Thank you, and good afternoon, Chairman Karpisek and members of the General Affairs Committee. I am Dave, D-a-v-e; Pankonin, P-a-n-k-o-n-i-n, and I represent the 2nd Legislative District. I'm here this afternoon to introduce LB189. For the sake of the new members of the committee, I would like to offer a bit of history. In 1992, the Nebraska Lottery was created by popular vote in legislative action. The citizens who voted to have a lottery did so, in part, because they were assured that a portion of the lottery's profits would be used to provide treatment for individuals for whom gambling is an addictive disorder. The Compulsive Gamblers Assistance Fund was created to hold the treatment monies, and the Nebraska Advisory Commission on Compulsive Gambling was established to direct the use of these treatment funds. In 2004, the Legislature passed LB1083, the Behavioral Health Reform Act. The act changed the name of the commission to the State Advisory Committee on Problem Gambling and Addiction Services. The reason for the name change was not explained in that bill. LB551 was passed in 2005, and it required that at least 3 of the 12 members of the advisory committee be consumers of problem gambling services. LB1058 was passed last year to change the name of the advisory committee to the State Committee on Problem Gambling, and redefine the committee's roles and responsibilities. The words addiction services were removed from the committee's name because Section 71-817 states that monies in the Compulsive Gamblers Assistance Fund, which the committee oversees, can only be used to provide services related to problem gambling. Since other addictive disorders can co-occur with problem gambling, references to other addiction services may be misleading as they relate to the responsibilities of the committee; the appointment of committee members, especially those who are consumers; and to the use of monies in the Compulsive Gamblers Assistance Fund. When the words addiction services were eliminated from the committee's name, other references to addiction services should have been stricken in Section 71-816 and 71-817 of this bill last year. LB189 would eliminate this obsolete language. LB189 would also replace compulsive with problem when the word is used to define gambling. The term problem is now preferred by most research and treatment professionals; it has a broader meaning because it applies to a range of gambling behavior that includes, but is not limited to, compulsive or pathological gambling. An exception is made with regard to the Compulsive Gamblers Assistance Fund, because the fund is named in the Nebraska State Constitution. Thank you. [LB189]

SENATOR KARPISEK: Thank you, Senator Pankonin. I'd also like to say that Senator Cook from Omaha has also joined us today. Are there any questions for Senator Pankonin? Seeing none, Senator, will you stay to close? [LB189]

SENATOR PANKONIN: I'll probably waive; I'll probably go to my other committee hearing. [LB189]

SENATOR KARPISEK: All right. Thank you, Senator. [LB189]

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

General Affairs Committee
January 26, 2009

SENATOR PANKONIN: Thank you. [LB189]

SENATOR KARPISEK: Is there anyone who wants to testify as proponents of LB189? Any opponents of LB189? Anyone testifying in the neutral? If not, Senator Pankonin waives closing and that will end the hearing on LB189. [LB189]

SENATOR ROBERT: Senator Karpisek to open on LB266. [LB266 LR6CA]

SENATOR KARPISEK: Okay. Thank you, Senator Robert. Good afternoon, members of the General Affairs Committee. My name, for the record, is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k, and I represent the 32nd Legislative District. I'm here today to introduce LB266 and LR6CA, which deal with slot machines being placed in thoroughbred horse tracks in the state of Nebraska. Before I address the constitutional amendment and the accompanying bill, I will provide the committee members with some background information concerning gaming in Nebraska. This is nothing new. The first racetrack in Nebraska was constructed at Ak-Sar-Ben in the early 1900s. A constitutional amendment in 1934 established pari-mutuel betting in Nebraska. Pari-mutuel betting simply means pooling together all bets before a race and then using that money to pay out the winners. Simulcast pari-mutuel wagering was allowed in 1987 by statute, and a 1988 constitutional amendment was passed by voters allowing for interstate, simulcast wagering. There are currently five thoroughbred racetracks in Nebraska that hold live horse races: State Fair Park in Lincoln, Fonner Park in Grand Island, Horsemen's Park in Omaha, Agricultural Park in Columbus, and Horsemen's Atokad Downs in South Sioux City. The timing of this idea also comes at a time of diminished economic revenue of the state, and the question is, where are we going to get the money for our programs? One program that has been consistently on the short end, because of the lack of funds and inflation of materials, is our road system. We are currently about \$300 million short on our roads funding. Hence, the idea of trying to help two struggling industries in Nebraska. We see millions of dollars leave our state every year to neighboring states that allow casino gambling. If anyone doesn't believe that, just take a quick trip to Council Bluffs and look in the parking lot and see where the license plates are from; a good percentage are from Nebraska. Last year, this committee conducted an interim study, LR345, by holding public hearings in Omaha, Lincoln, and Grand Island. The committee subsequently produced a report on its findings. The interim study focused on examining issues related to the horse racing industry in Nebraska. The report concluded that due to economic and environmental considerations, the horse racing industry, which is struggling, is worth saving. The economic considerations that are emphasized by the fact that horse racing industry is an important economic engine for Nebraska's agricultural community. It is estimated that the economic impact is nearly \$32 million, and that figure does not include Grand Island's Fonner Park. Out of this study, LB266 and LR6CA were brought to me by the HBPA: the Horsemen's Benevolent and Protective Association. The situation Nebraska finds itself in is not unique. Other states have made efforts to aid their horse racing and breeding industries. The two

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

General Affairs Committee
January 26, 2009

options utilized by other states are to either subsidize the industry with general funds, or expand gambling with a portion of those revenues set aside for the industry. It should be noted that of the 30 states that currently have live, thoroughbred racing in the United States, Nebraska is the only state not to have some sort of expanded gaming to help support their horse race industry. What I'm asking for is a level playing field so Nebraska can continue to compete with other states that currently have an unfair advantage on our horse racing industry. If passed by the Legislature, the constitutional amendment would be placed on the 2010 general election ballot. If passed by the voters, then the local political subdivision in which a racetrack is located would have to opt in, in order for that racetrack to have slot machines. In other words, there are three checks on this process to ensure that this is what Nebraskans want: the Legislature; Nebraska voters; and the local political subdivision; and I would add one more, being this committee. The constitutional amendment amends Article III, Section 24 of the constitution. The constitutional amendment allows for slot machines to be located at thoroughbred racetracks only. It limits the number of slot machines to 3,500 among a maximum of seven tracks. In other words, these 3,500 slot machines would only be located at racetracks where gambling is already allowed. I do not want to become like other states that have slot machines on every corner. Also, LB266 establishes the Racetrack Gaming Act and specifies the State Racing Commission's responsibilities for licensing, regulating, and administering racetrack gaming, and outlines the application process. The act also requires an independent audit be conducted by the commission to ensure that revenues are allocated in the manner specified in LR6CA and LB266. It is estimated that 3,025 slot machines would generate roughly \$221 million in revenues. The slot machine revenues would be allocated in the following way: 40 percent to the Highway Trust Fund; 39 percent shared among the racetrack gaming licenses to cover operating costs; 10 percent to enhance prize purses for thoroughbred racing; 4 percent to the local governing political subdivision; 2 percent to the development and improvement of the thoroughbred breeding industry in Nebraska; 2 percent to the development and improvement of the quarter horse industry, large-animals veterinary medicine, and equine therapy; 2 percent is allocated for the administrative expenses incurred by the racing commission; and 1 percent allocated to the Compulsive Gamblers Assistance Fund. I would like to point out that almost every 1 percent is roughly \$2.2 million with the estimates that we have. It is also important to note why I'm asking for this constitutional amendment that is local to Nebraska. Las Vegas casinos have nothing to do with this. I've seen where people are trying to say that it is; it is not. In fact, if I had my guess, they would be opposed to this constitutional amendment because it does not go far enough. Why? Because they want for-profit casinos, and that is not what I think is best for Nebraska. These are Nebraska racetracks run by nonprofit organizations. That means the revenues going to be at the racetrack are not going to be spent on operational expenses, but would be put back into the local communities. One last point I would like to make regarding LB266: I have an amendment prepared to address concerns that the State Racing Commission had regarding criminal penalties for knowingly or intentionally violating the Racetrack Gaming Act. This amendment...it is

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

General Affairs Committee
January 26, 2009

intended to add teeth to the bill in order to ensure the integrity of the gaming operation. Since there will likely be questions concerning the percentages and estimates, I have asked James Oberkirsch to testify and make himself available for questions. He is a CPA and has a bachelor's degree in finance, and an MBA with a concentration in accounting and finance. He's a former chief financial analyst with the Missouri Gaming Commission. And I'd like to point out that that is the only place we have gone for out-of-state help on this issue, since there isn't anyone that would be knowledgeable in the state of Nebraska. In his current role with The Innovation Group, which is the firm that prepared revenue estimates, he is responsible for preparing and evaluating market assessments, feasibility studies, financial analysis, and pro formas throughout the U.S. and around the world. He will tell you more about his credentials if you like, and I just wanted to assure you that I have a numbers guy here to answer your questions. One other testifier I wanted to single out is Al Peterson, a constitutional law expert with Cline, Williams, Wright, Johnson & Oldfather law firm. He has been involved in drafting the constitutional amendment and enabling legislation, and can answer any questions you may have concerning the mechanics of either LR6CA or LB266. With that I'll conclude my testimony and answer any questions, if there are any. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Senator Karpisek. Are there any questions from the committee? Senator Dubas. [LB266 LR6CA]

SENATOR DUBAS: Thank you, Senator Rogert. Senator Karpisek, I see that there is going to be...the State Racing Commission will now be a paid position, correct? [LB266 LR6CA]

SENATOR KARPISEK: Correct. [LB266 LR6CA]

SENATOR DUBAS: And the rationale behind this is... [LB266 LR6CA]

SENATOR KARPISEK: If they're going to handle up to \$200 million a year, we need to find...we need to get someone and make sure that we have someone good in place to oversee all this money. So it would make a huge impact on what they do right now, so we would want to make sure that we have the best people possible. [LB266 LR6CA]

SENATOR DUBAS: And the money for these salaries would come from the monies generated through the... [LB266 LR6CA]

SENATOR KARPISEK: Correct. [LB266 LR6CA]

SENATOR DUBAS: Okay, thank you. [LB266 LR6CA]

SENATOR ROBERT: Any other questions? Okay, thank you, Senator Karpisek. Can I see a count of hands who wish to testify as proponents? Ten. How many here to testify

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

General Affairs Committee
January 26, 2009

as opponents? [LB266 LR6CA]

JOSH EICKMEIER: They're in the overflow... [LB266 LR6CA]

SENATOR ROBERT: They're in the overhaul (sic) room? Okay, what about...anybody in here wishing to testify in neutral? Okay, we'll start with the first proponent. [LB266 LR6CA]

SENATOR DIERKS: Go right ahead. [LB266 LR6CA]

GREG HOSCH: (Exhibit A) Go right ahead? Okay. Good afternoon, senators. My name is Greg Hosch, G-r-e-g H-o-s-c-h. I live at 6406 South 150th Street in Omaha, Nebraska, and I'm general manager of Horsemen's Park in Omaha, Nebraska. I would just like to thank the committee for taking time to hear our testimony, and I would just like to especially go on record to thank Senators Karpisek and Fischer for introducing this bill, which I am testifying in favor of. I began my career in horse racing as a groom in 1974, on the back side at Fonner Park cleaning stalls. Since then I've worked in every aspect of racing along the way until now, 30-some years later, general manager of Horsemen's Park, which is the largest revenue-producing track in the state. I've experienced all the good times in racing, and all the bad times; but I really don't think I need to take you down memory lane today. Because I know that you all know that in 1985, an hour after the last race at Ak-Sar-Ben, you still couldn't get out of the parking lot. Or I know that you know that all the ambulances and fire trucks that were donated over those years were bought by revenue generated by racetracks. I know that you know what Fonner Park has meant to the people of Grand Island and Hall County over the last 40 years, and I know that you all know that horse racing is an ag-related industry in an agricultural state. So I think you all know how important horse racing has been to this state over the years. So today I don't want to dwell on the past, but I want to really focus on the future. But you're going to hear from our opponents who are going to say that horse racing is a dying or dead industry, depending on who's talking, but that simply is not true. Horse racing is not as unpopular as some people would have you think. I challenge each of you to stop by Horsemen's Park some Saturday afternoon and see for yourself; or make it out to our live races in July and see 10,000 strong watching the live racing. The fact of the matter is, that since the '80s horse racing has come under extreme competition for the entertainment dollar. Competition from dog racing, Keno, the lottery, casinos...that's not to mention competition for one's entertainment time. You know, we have five times the number of golf courses now that we had back in the '80s. And that's not to mention the sports competition. We have to compete with Creighton basketball, Nebraska football...we have to even compete with Little League sports. You know, everybody has a couple of kids in sports these days. Dad used to be able to stop at the race track on the way home from work; now he's got to get home, get Johnny off to baseball while mom takes Jill off to softball, so. Despite all that, with all the competition, we're still here. We're still here despite not being allowed to compete with

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

General Affairs Committee
January 26, 2009

our competitors. You know, if you think about it for a second, if you want to buy a lottery ticket you can go to over 1,200 locations. If you want to play Keno, you can go to over 600 locations in the state. But if you want to bet on a horse race, there's only five locations in this entire state that you can go to. You know, if Keno wants to expand, they simply have to get the blessing of city council; they buy a computer, buy a TV, and for a thousand bucks they're up in action. You know, for us to take our product to, say, Norfolk or Scottsbluff, we have to build an entire racetrack: tens of millions of dollars. So you can see what a disadvantage we are at to try and take our product out to the people. This year the racing industry is faced with yet another grim prospect: the move of the State Fair to Grand Island and the possibility of losing the Lincoln racing market. You can trust me on this one, if we lose the Lincoln racing market, the face of racing in this state will change forever. So now you have a bill before you that will allow us to compete. A limited number of slot machines at a limited number of racetracks. We're not asking for a handout or a bailout, but simply for the tools to effectively compete in today's market, to level the playing field to allow us to compete. We are forced to operate under the laws that were written in the 1930s, and we cannot be competitive under the constraints that we're forced to operate under. You know, this bill is very unique. It's very straightforward, very easy for everyone to understand. It allows for a specified number of racetracks (sic) at a designated number of racetracks--no more, no less--and it specifies where all the revenue goes. In putting this all together, we retained the services of a number of experts. We hired The MSR Group out of Omaha to do an extensive poll for us. It was a poll that revealed that 65 percent of all Nebraskans would like an opportunity to vote on this issue. We engaged the services of Mr. Al Peterson, whom you'll hear from today, to write the language for this bill. Mr. Peterson's expertise in this area is unparalleled. And we contracted with The Innovation Group out of Denver to do an extensive revenue projection and pro forma statement for us. They are experts in this area. They have done studies worldwide, as well as Iowa, Kansas, and Missouri. We have Mr. Jim Oberkirsch from The Innovation Group on hand today, and he'll testify as to the validity of the numbers. I could tell you unequivocally that this project is for Nebraskans, by Nebraskans, paid for by Nebraskans; not one penny has come from any casino interests. You might ask yourself, why the racetracks? Well, first of all, we already have gambling there, so we're not expanding where we're going to gamble; we're only enhancing what we already have. Secondly, we're already heavily regulated by the Nebraska State Racing Commission, so the regulatory body is already in place. And thirdly, we at the racetracks are all nonprofit entities. We cannot take the money and head back to Las Vegas; we have to put the money back into the community, back into the business. What would the revenue from this bill allow us to do? Well, it would provide about \$80 million a year for the roads infrastructure in this state. It would create jobs. It would allow us to be part of the Nebraska Horse Park that's been talked about here in Lincoln, and it will allow for racing to be strong in today's market and compete with everyone else. And maybe most importantly, it will keep approximately \$220 million a year on this side of the river. The Iowa casinos take in over \$435 million a year and most of it from Nebraskans. Wouldn't that be an interesting concept; to keep some of

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

General Affairs Committee
January 26, 2009

the money on this side of the river? In closing, I would ask that you please vote this bill out of committee, get it to the floor and let it be debated, and ultimately, in the end, put it on the ballot and let the people vote. Thank you. [LB266 LR6CA]

SENATOR DIERKS: Thanks, Greg, are there questions? Senator Price. [LB266 LR6CA]

SENATOR PRICE: Yes, Mr. Hosch, a couple of quick questions for you. In your extensive breakdown there of the machines, number of parks, have you...is that about 700 machines, then, per park? [LB266 LR6CA]

GREG HOSCH: Well, actually, The Innovation Group broke it down for us. They have a recommendation of, I believe it's around 1,000 in Omaha, 750 in Grand Island, and then a middle ground in between on the rest of them. The whole total came to 3,025 machines. [LB266 LR6CA]

SENATOR PRICE: So, and on this breakdown, do you have a per machine profit expectation? [LB266 LR6CA]

GREG HOSCH: The Innovation Group put that study together and they estimated that it was about \$220 per machine if we maximize all the projections. [LB266 LR6CA]

SENATOR PRICE: \$220? [LB266 LR6CA]

GREG HOSCH: \$220 per machine, per day. [LB266 LR6CA]

SENATOR PRICE: Per day. [LB266 LR6CA]

GREG HOSCH: Yeah. I'm sorry. [LB266 LR6CA]

SENATOR PRICE: And then in reading...what expectation of rate of return are you expecting on these machines, a profit margin? [LB266 LR6CA]

GREG HOSCH: Well, I'll tell you the...in The Innovation Group's study, they recommended that we get 46 to 48 percent for the racetracks. We're willing to try it at 39 percent because we are nonprofit; we don't have turn a profit for any shareholders or, you know, anybody that owns the track, so we're going to put everything back into the business. So we're just hoping to break even. [LB266 LR6CA]

SENATOR PRICE: Well, I'm sorry, I think I didn't clarify. In gaming, that machine has a...amount it returns. It pays out a certain amount to the players, a certain amount that the house would keep... [LB266 LR6CA]

GREG HOSCH: Oh, I would say, yes... [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

SENATOR PRICE: My understanding is, roughly, it said between 9 and 10 percent. Would you agree with that number? [LB266 LR6CA]

GREG HOSCH: Well, I would say that usually the return on a slot machine is around 92 to 95 percent back to the player who's playing the machine. [LB266 LR6CA]

SENATOR PRICE: So if we went the other way and we said that the 10 percent a night...said it was going back to the player, 10 percent, I'm just trying to understand that if we're talking with \$221 million, how many dollars are going through at 10 percent, if it were that much, how many dollars are actually being played through the slots? [LB266 LR6CA]

GREG HOSCH: I wouldn't have that figure, but... [LB266 LR6CA]

SENATOR PRICE: About \$2.2 billion? [LB266 LR6CA]

GREG HOSCH: ...but it would be substantial. But Mr. Oberkirsch could probably answer that question for you when he testifies. [LB266 LR6CA]

SENATOR PRICE: Okay. Thank you, sir. [LB266 LR6CA]

GREG HOSCH: You bet. [LB266 LR6CA]

SENATOR DIERKS: Other questions? I think that does it, Greg. Thanks so very much. [LB266 LR6CA]

GREG HOSCH: Thank you. [LB266 LR6CA]

SENATOR DIERKS: Next proponent, please. Whenever you're ready, Alan. [LB266 LR6CA]

ALAN PETERSON: Thank you, Chairman Dierks, members of the committee. I am Alan Peterson. I'm a lawyer from Lincoln, Nebraska. Primarily a trial lawyer, but also have been involved in legislative work for several decades--as lobbyist for the news media and in drafting various legislation. I was asked by the Omaha Exposition & Racing, Inc. company, which is involved with the Omaha racing park, if I would help them draft legislation for the purposes that you've heard about so far, and I've done my best. I can only say I'm not really here so much as an advocate; I was the scrivener. And if you don't see that word very much, I think that's what Bob Cratchit was in A Christmas Carol. I wrote this stuff. I want to tell you how I went about the task assigned to me. The states I could find that had the closest kind of situation to what we've been talking about that are also Midwestern states were Indiana, and Kansas, and Iowa. Kansas, I found,

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

General Affairs Committee
January 26, 2009

had an extremely complex set of statutes; a book, compared to what's been presented to you. Iowa had the simplest set of statutes, and they have both racetrack gaming and regular casinos, as many of you know, in Iowa. Indiana was somewhere in between. And frankly, because I didn't...I had very broad instructions to go forth and draft this as well as I could, I thought it best to take the best I could find in language and provisions and borrow them, or rewrite them as necessary to fit this situation. And this is unique. I'm unable to find any other state that has as limited a gaming situation as this would be, of the states who have gaming at all. And even...I didn't really find another state that has solely racetrack gaming, as Nebraska would be. So there isn't a mirror image anywhere. What I tried to do, using the State Racing Commission as the regulator, enforcer, licenser, and overall monitor, I tried to draft something that would be as airtight as possible in terms of money coming in and how it is spent. There are substantial auditing provisions for every beneficiary; annual audits to make sure that the money goes where it's intended to, and that it will satisfy CPAs' standards in terms of how it is kept and how it is monitored within those organizations: nonprofits, charities, etc.; and how it is used. I would touch on a few of the...what I would call key points and then I will just highlight, I think, about six of the sections just to call your attention to them. And I'm not going to read them. I know you need to move along. Number one, the limits are firm and definite in terms of the number of machines, the number of places, and that's in the constitutional amendment. Number two, local approval would be required. If the proposed racetrack gaming would be within a city limit, then that municipality would be the governing board which would have to approve, by a majority, even the beginnings of an application for a license to do this. So you do have local control. And if it's turned down, it's turned down. They can go to other tracks. You have a limit of seven all together, but it's entirely possible that one or more of the current places would not get the local approval. Fine, that may happen. Most other states do also have local approval. The Racing Commission's controls...I borrowed additional regulatory provisions from all three of those other states, and then kind of sifted through them so I didn't repeat myself too much. But I have essentially every major control that those states have, although boiled down and summarized and duplication knocked out. I would note that the accounting and auditing takes place with regard to all uses of the funds that come in, as well as the fees and other administrative fees that might come in to the Racing Commission. And then auditing takes place as to the beneficiaries, those percentage stakeholders. They have to basically prove that they used it for what they were supposed to use it for, every year. And the Racing Commission would be on top of that; they would get the reports as well as the state of Nebraska. Finally, this is supposed to be a self-sustaining kind of an idea. In other words, the fees, the costs, the additional costs of investigating license applicants: those are paid by the license applicants. All of those major costs are paid by them. I do note the Nebraska constitution would require that the license fees themselves go to the county, and the county then needs to pay them to the school districts within the county; so that's for the license fees. But administrative fees, the cost of the investigation and so forth, those are paid by the applicants. Trying to keep this from having a financial impact that's negative

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

General Affairs Committee
January 26, 2009

on the state, even at the beginning. Okay. And then I would just mention a few of the very specific section numbers. Section 5 is the one that contains commission powers, and I do want to note it also includes an obligation of the commission to set up a program they have in many of the other states, but not all, and that's known as voluntary exclusion. People who either know they are addictive in nature, or acquire an addiction and get in trouble, or know they are in trouble, are allowed, or in some cases required by a court or whatever, to voluntarily exclude themselves. And each of the racetracks having gaming would be required to keep the records of them; they cannot get in. They cannot get in. The voluntary exclusion program has worked to some degree with regard to the problem of gambling addiction, and nobody's got their eyes closed as to the downside, the possible downside, of gaming of any kind. But we're doing our best, with regard to this, to minimize that. A portion of the proceeds goes to the Compulsive Gamblers Assistance Program, which is a state-run program: 1 percent, which is a substantial amount every year. Second one I wanted to mention is number six, Section 6, is the licensing factors. And I did borrow these from the other states, and thought about them, and also looked at licensing factors that you already have to satisfy just to get a racing and pari-mutuel license in this state. So that's where that comes from. The third one I would mention is Section 8: sets an absolute minimum age of 21. Not 19, as it is for pari-mutuel gambling, but 21. Most states have 21; a few have 18 or 19. Iowa has 21; Kansas has 21; we think it appropriate that Nebraska have 21 as the minimum age for any gaming. In fact, you cannot even get onto the gaming floor without proving that you are 21 or over. Section 9, I think this is important: Gaming agents of the commission would be stationed at each of the racetracks that has gaming. These would be the on-scene person to monitor, enforce the rules, and also to be a complaint department for the public if they have a problem with what's going on, and a way to communicate any concerns back to the commission for handling. The agents are paid by the licensee but they're employees of the commission. Like many things in here, it's paid for by the licensees but the commission is in control. One other that we borrowed from Kansas, it's the only place I've seen that's done this so far, is a centralized computer. Every single gaming device, slot machine, that is in use must be connected to a central computer under the control, and presumably at the premises, of the State Racing Commission. That gives you instant control of everything going on. And if a machine goes offline, it's not to be used. Kansas does that as an additional monitoring for integrity purposes. And finally, I'd mentioned in paragraph...Section 14, the contractors...you know, it's not clear yet whether the 39 percent allocation for operating expenses would go partly to the licensees, we know that, to run their share of the operation. Many of them will need to hire assistants. And any contractors who are experienced in the operation, maintenance of slot machines, these devices, also have to be licensed with really just as strict of qualifications about their past, about their performance, bonding requirements and so forth, as the licensees themselves. So this is a big regulatory task for the Racing Commission. The \$75,000 salary--that's what the PSC gets at this time, Public Service Commission--that salary would start, if this thing passes in 2010, and it would start at the start of the year 2012. That's probably as soon

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

General Affairs Committee
January 26, 2009

as anything could get up and running anyway. So that wouldn't have an immediate fiscal impact on this biennium; the next one there would be a fiscal note if this is done at that time. So those are key provisions. I ran through it as quickly as I could; I tried to make it tight. Some of you know me; you know I don't hide anything, and I'm happy to answer to answer any question that I can, and if I can't, I will look it up and get right back to you. I appreciate your time and attention. [LB266 LR6CA]

SENATOR DIERKS: Thank you, sir. Questions? Senator Friend. [LB266 LR6CA]

SENATOR FRIEND: Thank you, Senator Dierks. And thanks for the testimony, Mr. Peterson. I have a couple of quick questions. Based on the definition in LR6CA and also the definitions that I read in LB266, give me a feeling about what the legal difference is between the definitions here and the legal definitions that would appear in the legislation, for example, that we heard a few years ago; the piece where you're talking about casino gaming and racetrack gaming. I mean, what would preclude someone from reading this language, if they were to contest it for one reason or another, and say this is casino gaming, this is casino gambling? [LB266 LR6CA]

ALAN PETERSON: You know, people can attach whatever label they want; the facts are... [LB266 LR6CA]

SENATOR FRIEND: Right, but what is the court going to attach? I mean, based on your experience... [LB266 LR6CA]

ALAN PETERSON: Right. [LB266 LR6CA]

SENATOR FRIEND: Everybody in this room could attach different things, but what's the perception going to be by...what's the history and the precedent? What is the court attaching to them, if...sorry to interrupt you. [LB266 LR6CA]

ALAN PETERSON: I think...no, that's fine. That's a good question. There is a difference. Casino gaming, generally across the country, means table games, slot machines, even betting on sports books and so forth. This is one type of gaming, which is slot machine--they're called gaming devices or whatever; it's slot machines. And they must be at racetracks, and there is a limited number. The setup in Nebraska is, our constitution says no gambling in this state except...and then it lists exceptions such as Keno, state lottery, small raffles by towns and villages. And this would be a new paragraph in that same constitutional provision which would also create this exception. But it goes only as far as it goes--that is, a max of 3,500 machines at a max of seven places. No more. So that's...it's size, I think, Senator. [LB266 LR6CA]

SENATOR FRIEND: Okay, which...good point. And that leads me to the next question then. If...forget about what the court's definition is going to be just for a second, and let's

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

General Affairs Committee
January 26, 2009

assume that the court's definition...or let's say a court interprets the definition as being, we're going to classify some of these racetrack gaming facilities in Nebraska as casinos. [LB266 LR6CA]

ALAN PETERSON: Okay. [LB266 LR6CA]

SENATOR FRIEND: What would preclude an Indian reservation in this state from developing the same type of thing without horse racing? [LB266 LR6CA]

ALAN PETERSON: I'm not an expert in the Indian Gaming Regulatory Act, but my understanding is that if this should pass as a constitutional amendment, this would be allowing what is called Class III gaming, which is, some people will say, casino gaming. When that happens, an Indian tribe on its own land has the right to contract with the state to permit it to have Class III gaming. [LB266 LR6CA]

SENATOR FRIEND: Okay, correct. But, and tell me if I'm wrong, there are no reservations in the state that's doing any pari-mutuel racing, correct? I mean, they don't have a... [LB266 LR6CA]

ALAN PETERSON: That's right. And that is not deemed Class III. [LB266 LR6CA]

SENATOR FRIEND: I guess my trouble is, based on the assumption that I gave you, the people are going to get a chance to...well, could...maybe they won't get a chance, but if they were going to have a change to vote on LR6CA after the Exec Board gets done with it, is this going to tell them that casinos will...or these racetrack gaming facilities will only be on racetracks, or is it going to give them the indicator or let them understand that there could be three other opportunities...I mean, expansion could be greater than that. I mean... [LB266 LR6CA]

ALAN PETERSON: To the Indian reservations, you mean? [LB266 LR6CA]

SENATOR FRIEND: Right. With the assumption that I made earlier... [LB266 LR6CA]

ALAN PETERSON: Okay. [LB266 LR6CA]

SENATOR FRIEND: ...let's say that a court turns around and says, well yeah, this is casino gambling. And guess what? The trigger mechanism kicks in; next thing you know you got three more casinos. And by the way, you don't have a horse track that's able to compete with those three casinos because they're not horse tracks. [LB266 LR6CA]

ALAN PETERSON: Yeah. [LB266 LR6CA]

SENATOR FRIEND: And they may be able to have different type of expansion

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

General Affairs Committee
January 26, 2009

opportunities that those horse tracks don't have, based on this language. I mean, am I going somewhere that could be problematic, or not? [LB266 LR6CA]

ALAN PETERSON: No, you're...I think, full disclosure, I think that the tribes...if this passes, the tribes could well take a look at the economics of putting a Class III gaming--that is, a casino--on their own land in Nebraska. And Nebraska would be required to contract them to permit that. But nobody else. [LB266 LR6CA]

SENATOR FRIEND: And that's what I'm a little bit concerned about, because they may have the opportunity to do things that these racetracks, according to strict statutory language and constitutional language, can't do. So there's another competitive disadvantage for the horsemen in this state after, theoretically, after the Indian casino situation comes to fruition, if it does. [LB266 LR6CA]

ALAN PETERSON: Absolutely. [LB266 LR6CA]

SENATOR FRIEND: Yeah. [LB266 LR6CA]

ALAN PETERSON: I think you hit a point that is definitely there. I think if they could economically make it work, where they have reservation land--and they are limited to building such things there--they might build casinos. Because Class III gaming, I believe is considered Class III gaming, this might trigger that for the Indian tribes. No, I think you hit a legitimate point and a concern. But it's something that could be taken into consideration. I think it would be...have to be on one of their tribal areas, which are pretty limited in Nebraska. But it's a very good point... [LB266 LR6CA]

SENATOR FRIEND: Thank you. [LB266 LR6CA]

ALAN PETERSON: ...and I'm glad you brought it up. [LB266 LR6CA]

SENATOR DIERKS: Thank you. Senator Dubas. [LB266 LR6CA]

SENATOR DUBAS: Thank you, Senator Dierks. Thank you, Mr. Peterson, your testimony has been very helpful. Just help me understand a couple of points a little bit better. The opt-in process for local governments... [LB266 LR6CA]

ALAN PETERSON: Yes. [LB266 LR6CA]

SENATOR DUBAS: Now who is making that decision? Is it the local governing entity, or would it be the citizens of that particular area who would vote and make the decision? [LB266 LR6CA]

ALAN PETERSON: It would be the governing board, which would be the county board if

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

General Affairs Committee
January 26, 2009

it's not within a city limits, or it would be the city council or town council if it's within the town or city limits. [LB266 LR6CA]

SENATOR DUBAS: Okay, and then they have the ability to set up certain rules and regs as far as the operation? Or are those statewide rules and regs that they would comply with? [LB266 LR6CA]

ALAN PETERSON: Those, I believe, would be preempted by the statewide regulation by the Racing Commission. Not only the laws, but also the rules and regulations that can be passed by the Racing Commission to give more detail and to flesh out some of these areas; like what has to be in the contract if anybody wants to work here. You can't put everything in the law, but they do have the right, under the Administrative Procedure Act, to pass additional details. [LB266 LR6CA]

SENATOR DUBAS: So basically the local governing entity, then, would just be giving the approval, yea or nay, to have the facility...have the ability to do that. They wouldn't have any other... [LB266 LR6CA]

ALAN PETERSON: And receiving their several million dollars as an incentive to do it, I suppose. But that would be a fair decision for those councils or county boards, yes. [LB266 LR6CA]

SENATOR DUBAS: Okay. And then you brought up the age, and it's 21 to play the slots... [LB266 LR6CA]

ALAN PETERSON: Yes. [LB266 LR6CA]

SENATOR DUBAS: ...but it's 19 to go to do pari-mutuel betting. Is that correct? [LB266 LR6CA]

ALAN PETERSON: Right. So people could get into the track, but they will have to have a separate gaming floor and separate I.D. entrance if anybody wants to get in to where these gaming devices are. [LB266 LR6CA]

SENATOR DUBAS: So there couldn't be just an open space where it's all going on together. [LB266 LR6CA]

ALAN PETERSON: No. [LB266 LR6CA]

SENATOR DUBAS: There would have to be some distinct boundaries in place. [LB266 LR6CA]

ALAN PETERSON: Because of that age differential, that's true. [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

SENATOR DUBAS: Okay. [LB266 LR6CA]

ALAN PETERSON: There would have to be a separate gaming floor, and people who could go bet on the pari-mutuel could not necessarily bet on slot machines. [LB266 LR6CA]

SENATOR DUBAS: Okay. Well, thank you very much. [LB266 LR6CA]

ALAN PETERSON: Yes. [LB266 LR6CA]

SENATOR DIERKS: Thank you, other questions? Senator Price. [LB266 LR6CA]

SENATOR PRICE: Yes, sir. One quick question for you, and that would be, do we have any legal opinion that this constitutional amendment being proposed does not violate the single subject rule? [LB266 LR6CA]

ALAN PETERSON: Yes. There is, in my opinion, a legal opinion from our yet Attorney General from 2006. They came out, coincidentally, on the last gaming proposal, which was an initiative. And I'm not saying that's binding, because he's been asked for an opinion on that issue. But that opinion said that having a constitutional amendment cover the regulation, the allowance of, and the distribution of funds in one constitutional proposal did not violate single subject. That was an initiative. The other part of the answer is, you just read the constitutional provision that Senator Fulton has referred to in asking for an AG opinion now, and it says the single subject rule in the Legislature applies to bills, not resolutions. And a CA is a resolution. So argument one is, does it even apply at all? I don't think it does, because clearly the constitution writers knew the difference between bills and resolutions. There was even reference to resolutions in that same provision, but not on the single subject clause. That one says just bills have to meet the single subject. So I'm saying, yeah, the arguments are pretty strong that this should be okay. [LB266 LR6CA]

SENATOR PRICE: Thank you. [LB266 LR6CA]

SENATOR DIERKS: Other questions? Senator Coash, please. [LB266 LR6CA]

SENATOR COASH: Thank you, Senator Dierks. Thank you for your testimony. I just have a quick question. You may have answered it in your answer to Senator Dubas, but I just wanted to clarify regarding the local control issue. If this were to pass and make it all the way down to a city council and...does that local governing entity have any power to say, you know, we're okay with this but we don't want 500; we're okay with 20, or we're okay with this many. Does that local governing body have the authority to dictate that, as far as the number of machines in those? [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

ALAN PETERSON: You know, I think not, because the legislation, this bill, specifically gives that authority to the State Racing Commission--the state agency. And I think that that would preempt the city from putting any such limitation on; the city or county. So I think the answer is no, they could not do that. They could go up or down on it; they could certainly examine the applicants to see if they want such people as, you know, Omaha Exposition & Racing or whoever in there. All those kinds of considerations could be looked at. But could they get involved in the sort of limiting the license? No, I think they would be preempted, Senator. [LB266 LR6CA]

SENATOR COASH: Okay, thank you. [LB266 LR6CA]

ALAN PETERSON: Yes. [LB266 LR6CA]

SENATOR DIERKS: Other questions? I think that does it. Thanks, Alan. [LB266 LR6CA]

ALAN PETERSON: My thanks to the committee. [LB266 LR6CA]

SENATOR DIERKS: Next proponent, please. [LB266 LR6CA]

JIM OBERKIRSCH: Good afternoon, Chairman and committee members. Again, my name is Jim Oberkirsch; last name spelled O-b-e-r-k-i-r-s-c-h. Again, I've been affectionately referred to as the numbers guy. I'm not a great orator, but I'm pretty good with a ten-key. I work for The Innovation Group. We're based out of Denver. We're considered one of the top consulting firms in the country in the gaming industry. We have six other offices spread around the country, and we do approximately 300 projects of this type a year. I've been with The Innovation Group for about four years now. Prior to that I was with the Missouri gaming commission for seven years. I was their chief financial analyst, which means I was in charge of safeguarding the state's interest, from a financial perspective, as Missouri was growing with regard to gaming. We were hired by Horsemen's Park on behalf of the Nebraska racetracks and Nebraska horsemen to conduct a gaming market assessment for the greater Nebraska market. We conducted a very detailed...or we employed a very detailed model, what I call a bottoms-up model, which started with the adult residents living in population centers within about two hours of the Nebraska racetracks. In other words, the persons 21 years and older. To that figure, which incidentally is about 2 million people, to that figure we applied gaming factors, which are propensity, frequency, and win per visit. Propensity judges how many people would partake in gaming at least once a year; frequency is the average number of trips per year; and win per visit is the amount they spend per trip, at the casino, on gaming product. Once those numbers are compiled, the total market gaming revenue came to about...over \$700 million. And then the model distributes that total pie to the different racetracks and other competitors in the area, based on their proximity to the

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

General Affairs Committee
January 26, 2009

different population centers. And we did that on a racetrack by racetrack basis. As you know, there's competition in northern Kansas: four Native American casinos there; there's a casino in northwestern Missouri; and six in Iowa along the Nebraska border. So the larger pie split a number of different ways. In total, we estimated that there are five Nebraska racetracks who capture about \$220 million of the total pie, and that's utilizing about 3,025 slot machines. We allocated the slot machines between the different racetracks based on market demand, and not some predetermined allocation schedule; and that was per the direction of the Horsemen's Park and the horsemen's groups. So that's the gaming market assessment in a nutshell. I might add that we're very familiar with the different propensities that we use because there is gaming already in the area. There is three major casinos in Council Bluffs; one in Sioux City, as you all know; so Iowa reports gaming revenue monthly to the public. So we had a good barometer for which to judge the gaming factors that we used. Again, 3,000 machines, that's about \$200 win per day per machine. We were next asked to develop a pro forma operating statement which forecast profitability. It goes beyond the revenue line down to the cash flow line, and we were asked to assume that the racetracks would receive 39 percent of gaming revenue. Obviously, they would realize other revenue sources such as food and beverage and a few incidental revenue components. Now, in summary, based on the 39 percent distribution, we're looking at a very break-even environment. And if I could just take a moment, I could outline where the 39 percent goes. We estimated that 20 percent would go to the machine vendor. They're responsible for bringing the machines in, keeping them running, and as well as maintaining the central control system which monitors the machines. So that's 20 percent; almost half of the allocation to the racetracks. 4.4 percent would go to the actual gaming operation. The gaming operation requires a casino manager, shift managers, slot attendants, cashiers, cage personnel, account team, and a drop team. And if you want any detail into those components I would be glad to expand. So 20 percent, 4 percent, and then about 7.5 percent to marketing and promotions. I might mention that we estimate that the Council Bluff (sic) casinos spend about 20 percent of their gaming revenue on marketing promotions. So this is a very conservative figure at about 7.5 percent. And then the other .2 percent would go to various general administrative operating expenses such as the accounting and internal controls; they're very, very thorough in the gaming environment, the internal control standards, as I can attest due to my time at the Missouri gaming commission. Of course you have human resources; MIS; facility and maintenance, which is mainly the cleaning team; and security and surveillance, a very important aspect of a gaming operation. Every square inch and every single machine is under constant surveillance, as well as security patrols, due to the cash-intensive nature of the facilities. And then lastly, about a percentage point to various G&A expenses like supplies, energy, insurance, and professional fees. And we assume that, as opposed to a green star project, we assume there would be significant efficiencies associated with the existing racetrack operations. In other words, they would already have some of the administrative expenses covered. But the bottom line is, that 39 percent, it's a break-even environment; it's really the tipping point with regard to a distribution number.

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

General Affairs Committee
January 26, 2009

And another way to judge that number is to look at other jurisdictions with a similar distribution schedule and see how they're faring. I might mention Kansas in particular. The Woodlands Park--and they have very experienced gaming personnel running that facility--decided not to make a go of it at about...well, it's 25 percent to the facilities and then another 15 percent for costs, so if you add those two together it's about 40 percent to the facilities. But they decided not to make a go at it because of the lack of funding and the level of competition in that market. And with that I'd be happy to answer any questions. [LB266 LR6CA]

SENATOR DIERKS: Thank you, sir. Questions for Mr. Oberkirsch? Senator Price. [LB266 LR6CA]

SENATOR PRICE: Thank you, Senator Dierks. Sir, I asked an early question about some numbers, and we heard \$200-\$220 a day coming from a machine in profits. How many dollars, under your model, whatever the profit is--whether it's 10 percent or you have a payout of 94 percent, that is 6 percent... [LB266 LR6CA]

JIM OBERKIRSCH: Right. [LB266 LR6CA]

SENATOR PRICE: How many dollars have to go through a machine a day to get that level? [LB266 LR6CA]

JIM OBERKIRSCH: Okay. Let's say the hold is 10 percent, which is about average; you'd need \$2.2 billion running through the machines to generate \$220 million in revenue. And just a quick point of clarification, the \$200 figure per machine per day is gross revenue before operating expenses. So it's technically not profit, but a good observation. [LB266 LR6CA]

SENATOR PRICE: Okay, okay. [LB266 LR6CA]

JIM OBERKIRSCH: Sure. [LB266 LR6CA]

SENATOR PRICE: Thank you. [LB266 LR6CA]

SENATOR DIERKS: Thank you. Any other questions? Senator Dubas, please. [LB266 LR6CA]

SENATOR DUBAS: Thank you, Senator Dierks. Thank you, Mr. Oberkirsch. You said you have some pretty good data from Iowa, the casinos that are surrounding us, as far as the types of activities. So could you...do you know what are the most popular forms of...do they like the slots more than cards? Or are you able to determine which are the things that attract the most attention? [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

JIM OBERKIRSCH: Definitely. As a matter of fact, Iowa reports revenue by machine type and card games, so. It's about 88 percent slot machines, as a general rule; 12 percent table games. So it's extremely skewed toward slot machines. [LB266 LR6CA]

SENATOR DUBAS: Okay, so in that regard, then, if we are looking strictly at slot machines, that information lends itself to the support of we could be competitive with a full-blown casino, with only slot machines. [LB266 LR6CA]

JIM OBERKIRSCH: Yes. And a couple of other competitive points, since you mention them. You could be operating from single-level facilities as opposed to a three-level gaming boat, which is not customer friendly. [LB266 LR6CA]

SENATOR DUBAS: Okay. Thank you very much. [LB266 LR6CA]

SENATOR ROBERT: Any other questions? [LB266 LR6CA]

SENATOR DIERKS: Senator Cook. [LB266 LR6CA]

SENATOR ROBERT: Senator Cook. [LB266 LR6CA]

SENATOR COOK: Thank you, Senator Rogert. Thank you for coming and offering some background in terms of the numbers. You've done a fine job, thank you very much. I would like to ask a question related to the allocation that we see described. You've done a wonderful job describing how the 39 percent...where it comes from. Can you tell me, first of all, from your experience in Missouri, whether or not the 40 percent allocated to the Highway Trust Fund...is that something you've seen before? Is that a typical amount that would go toward a process like this? [LB266 LR6CA]

JIM OBERKIRSCH: It's...for every state that has gaming there's a different distribution structure. And you see a lot to education. But there are some things familiar in the distribution schedule before you. The 10 percent to the horsemen; that's fairly standard--varies between 7 and 12 percent--so that's kind of in the midrange. You see a certain amount to the Gaming Commission for their operation, which is going to be extremely labor-intensive when you consider you're managing a lot of cash flow. And there will be agents, Nebraska agents, on these facilities monitoring customer complaints and the internal control process, so that's good as well. You know, on average, with regard to racino states, it's about a 53 percent to various projects' funding sources, and 47 percent to the racetrack. So we're in the ballpark here. [LB266 LR6CA]

SENATOR COOK: Okay, thank you. I have a second part. So that would be typical also for the Compulsive Gamblers Assistance Fund and some of the other smaller numbers that we see? [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

JIM OBERKIRSCH: Right. We're seeing that more lately; definitely in Kansas. I think it was 2 percent--I have the exact figure here. But everybody's earmarking a couple of percentage points for that fund as well. [LB266 LR6CA]

SENATOR COOK: All right, great. Thank you very much. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Senator Cook. Senator Dierks. [LB266 LR6CA]

SENATOR DIERKS: Mr. Oberkirsch, you talked about market demand and marketing emotion. I wonder if you could expand on both of those a little bit. [LB266 LR6CA]

JIM OBERKIRSCH: Market demand is mainly based on the gamer population within a region. In other words, we're allocating more machines to the Horsemen's Park because Omaha has a higher population base relative to Grand Island or Columbus. And marketing is a layer of promotional activity. In the gaming industry, there's a lot of giveaways and complimentary goods and services provided to the best customers. And that amount can be, sometimes...it's typically in the 12-13 percent range. I think when I left Missouri it was starting to hit the 13 percent range. In other words, those are free hotel rooms, free meals, and such. And then the other aspect of marketing is just your advertising, mailings, and direct promotions on the casino floor. So it takes a level of marketing to realize the revenue figures in our assessment. In other words, if the marketing budget was nonexistent, the \$220 million would not be realized. [LB266 LR6CA]

SENATOR DIERKS: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Any further questions? Thank you, sir. [LB266 LR6CA]

JIM OBERKIRSCH: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Next proponent, please. [LB266 LR6CA]

DIANE SIMMONS: Members of the committee, my name is Dr. Diane Simmons, that's D-i-a-n-e S-i-m-m-o-n-s, and I live in Omaha, Nebraska. I'm a licensed veterinarian and have been practicing in Nebraska for 26 years. I graduated from Colorado State Veterinary School. I have been treating horses on the racetrack since 1986. I'm here today to tell you that additional large-animal veterinarians are desperately needed in this state, as they are nationwide. This is especially true for official veterinary positions, such as those needed at horse shows and racing. Treating large animals, specifically horses and cattle, is a very physically demanding profession. Fewer and fewer students are entering this field of veterinary medicine, and many concerned owners, trainers, show racing officials, are finding it increasingly difficult to find a veterinarian, especially on short notice when animals need treatment. This legislation would enable a fund to be

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

General Affairs Committee
January 26, 2009

established to provide students with financial incentives to enter large-animal veterinary medicine. This would help ease the burden on those of us currently in the field, especially in rural areas. If you have any questions, I'd be glad to answer them. [LB266 LR6CA]

SENATOR ROBERT: Thank you. Any questions from the committee? Thank you, Dr. Simmons. [LB266 LR6CA]

DIANE SIMMONS: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Next proponent. [LB266 LR6CA]

JESSE COMPTON: Hello, my name is Jesse Compton, J-e-s-s-e C-o-m-p-t-o-n. And I guess I'm here to represent myself, first and foremost, but on a larger scale, most of the people in the industry. I'm going to explain a little bit different perspective than what some of the people up here before have explained. I'm going to talk a little bit more about the racing side of things; the actual nuts and bolts of who makes the industry go, what makes the horses go around the tracks, so on and so forth. Whether the committee is aware or not, there are 1,500 to...the estimates for how many horses in the state are dedicated to racing. Each one of those horses provides jobs for various people. Each horse that runs, for example, requires a pony person, a trainer, typically a person that exercises that horse in the morning, typically a person that works with that horse throughout the rest of the day as a groom; there's also an owner, there's also a jockey, there's an agent for that jockey. In all, what I'm saying is, is each horse that runs provides economic activity for each of us that works at the track. And despite gaming in several other states, where we have lost some of the best people in the state to go race there, we have still managed to survive. But the future is looking bleak for us. Every time I go out and take care of my horses I wonder how much more time we have. Without the Lincoln market, there's a strong chance that racing in Nebraska, as we know it, will cease to exist. And there's a lot of people in this room that will be directly affected by that. We will lose our jobs, we'll lose our livelihood, we will lose what we know. On the other hand, if racing were to be helped like the proposition seems to work for us, the money and purses that we're going to get will help directly affect everybody involved with racing, from top to bottom. We, right now, are operating on margins that are so small that it's very difficult to market horses to individuals within the state. Because that's really how we get our money; we sell horses to people who buy them as investment vehicles, share the risk with us as trainers, you know, and people in the business. And we try to turn a profit for them. But with less and less purse money and less and less racing dates, our inputs are going up at the same time and it's becoming increasingly difficult for us to make money. And this is one of the last efforts we have to try to save what we are trying to do in the community and within the industry. So I guess I am just here speaking on behalf of everybody that works within the community; that we do need help and that this is something that we need to really look at. And if we get a

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Transcriber's Office

General Affairs Committee
January 26, 2009

new track built, an updated facility, and so on and so forth, that can mean the shot of confidence that we need from the state, from the Legislature, and from the government to give us the confidence we need to go back out and market our sport to other people. Part of the problem in the last few years is people perceive our sport to be dying, because of so many things that are happening within it that are out of our control. And an influx of money into purses will directly affect the communities with which those racing operations are held; in hotels, in restaurants, so on and so forth. But it would also give money back into the agricultural community through all the various businesses that we horse patrons support; whether it be feed, whether it be hay, whether it be land...all of those things. It is said that, many times, one dollar of purse money can be turned over 18 to 20 times, back into the community. And we're not talking about gambling dollars; we're not talking about things like that. We're talking about money used solely for the horses themselves. And if horse racing does cease to exist in Nebraska, the horses are the ones that are going to lose, ultimately, because there are not very many markets left for horses to go. And that's going to be another problem to consider. So in closing, I would just like to thank you guys for your consideration, and thank you for your time; and help horse racing the best we can. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Compton. Any questions from the committee?
Senator Dubas. [LB266 LR6CA]

SENATOR DUBAS: Thank you, Senator Rogert. Thank you very much, Mr. Compton. Do you have any idea, when horse racing was really in its prime and glory days, how much...how many less races or less horses are participating today than at that time? [LB266 LR6CA]

JESSE COMPTON: Well, there are several factors, some industry wide, some statewide, that would go into that question, but I would say when I was a small child when Ak-Sar-Ben was running, and I was growing up at that time, the crowds in the fields and the level of racing that Nebraska enjoyed at that time was probably the premier in the Midwest. But since then, gaming has been introduced in Iowa. That has drawn a lot of people and farms to move from Nebraska to Iowa, just for the racing possibilities. Also, Oklahoma; many trainers have went to Indiana; many trainers have went to Louisiana. Basically trainers will go wherever they can get the most purse money to run their horses. And throughout the years, the purse money maybe has stayed somewhat the same in Nebraska, but because gaming has been introduced in many other states, it has provided them with more purse money to go back to the owners; better breed programs to facilitate breeding within the state; as well as better facilities to race at. I mean, most of our facilities where we race were built a long time ago, and there is certainly a new type of consumer with which we are trying to bring to races that a new facility and some updated money could really, really help. And also, on behalf of the horse community, the facilities with which we stable our horses and we train our horses on, you know, there's a lot of things that we would like to see improved

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

General Affairs Committee
January 26, 2009

and this is exactly the answer that we're looking for when it comes to helping us and finding a way to help the rest of the state of Nebraska, so. [LB266 LR6CA]

SENATOR DUBAS: So basically our industry has just pretty much stagnated. [LB266 LR6CA]

JESSE COMPTON: Yes. [LB266 LR6CA]

SENATOR DUBAS: It's the other states around us that have picked up. [LB266 LR6CA]

JESSE COMPTON: Exactly. And if you had to put it in like a life cycle of a business, they have more money to invest long-term, where if we try to sell a horse that maybe has a four- or five-year racing career, it's difficult for us to sell that horse now because in four or five years we're likely looking at the possibility without help that there may not be racing in Nebraska. So it's hard to get Nebraska money to race in Nebraska. There's lots of Nebraska money racing in other parts of the country, but we need to do what we can to try to save what's here and also rebuild and revive what's...what I would say is a 70- or 80-year heritage of racing. There's people in every little town that have owned horses. It permeates the entire society of Nebraska. It's an agricultural sport in an agricultural state: I think Greg said it best. [LB266 LR6CA]

SENATOR DUBAS: Thank you very much. [LB266 LR6CA]

SENATOR ROBERT: Senator Dierks. [LB266 LR6CA]

SENATOR DIERKS: Thank you, Jesse. I just want to thank you for your testimony; you've done a great job today. And there's something I wanted to just throw out for people to consider. This is changing the subject just a little bit. And that's the fact that in the...there's an effort on the part of several groups in this country to stop the slaughter of horses for food. And we are in a huge problem right now with an overabundance of horses that are suffering more from that, from being abandoned, than otherwise. So, it's another issue I think we're very concerned about. But thank you for your testimony. I think you did a great job. [LB266 LR6CA]

JESSE COMPTON: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you. Any further questions? Thanks, Jesse. [LB266 LR6CA]

JESSE COMPTON: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Next proponent. [LB266 LR6CA]

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Transcriber's Office

General Affairs Committee
January 26, 2009

ED ZIEMBA: (Exhibit B) Good afternoon, senators. My name is Ed Ziemba; last name spelled Z-i-e-m-b-a. I am from Hastings, and I'm a past president of the Nebraska Quarter Horse Racing Association and am a current board member of Hastings Exposition and Racing, an entity that has conducted a one-day race event for the past five years in Hastings. We just want to share a few numbers with you, and a little bit of information. Nebraska is centered in one of the most heavily concentrated areas of the world with quarter horse populations. We currently have just over 18,000 owners in the state and nearly 90,000 quarter horses; significant numbers. We, in the surrounding states, have nearly 150,000 owners, and those are the states that directly surround Nebraska, and 600,000 quarter horses. When you couple those states along with Texas and Oklahoma...and I do that because it's a central region, and because when we have hosted quarter horse racing in this state, we have brought participants from each and every one of those states. Those states represent 40 percent of the world's population of quarter horses; a significant number. Why? Agricultural based: horses have been a part of agriculture forever. Horse racing has been part of the horse industry since, probably, the first time somebody said, I think my horse is faster than you. But that's another story. Horse racing is a part of agriculture and a significant contributor to agriculture. Agriculture benefits from it, and horse racing and the horse industry benefits because of agriculture. How much? The American Horse Council, in 2005, did a number of economic studies in a number of states to try to determine that. Although Nebraska wasn't one of those states, if you apply the methodologies that they did to Nebraska, the horse industry, overall in Nebraska, contributes \$500 million to the state. Significant impact; significant numbers. My point is, is that I don't know how many \$500 million industries there are in this state, but we have to appreciate all of them. This is one, the horse industry overall, and horse racing being a part of it, it is one we need to take care of. We have not developed horse racing to the potential that it can be, and we really look for help and support from the Legislature in trying to bring it to what it can be. That's all I need to say. Thank you. I would answer any questions you might have of me. Otherwise... [LB266 LR6CA]

SENATOR ROBERT: Thanks, Mr. Ziemba. Senator Dierks, do you have a question? [LB266 LR6CA]

SENATOR DIERKS: Yes, I just was daydreaming, but I thought I heard you say something about a potential horse track in Hastings...quarter horse track in the Hastings area. Is that right? [LB266 LR6CA]

ED ZIEMBA: The Hastings...there has been horse racing in Hastings for many, many years. There was a brief period of time where no horse racing was conducted. The last time that there was an extended meet would have been in '92-93. The Nebraska Quarter Horse Racing Association, when I was president of that, leased the facility at the fairgrounds and conducted racing there. There was a gap, and then Hastings Exposition and Racing...again, there are a few people on that board, but for the past five

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Transcriber's Office

General Affairs Committee
January 26, 2009

years have conducted racing for one day. That has been to stay involved, to give quarter horses a place to run in the state. And we, quite honestly, have been waiting and looking for legislation that would be favorable to us expanding that facility. [LB266 LR6CA]

SENATOR DIERKS: Was the quarter horse racing pari-mutuel racing? [LB266 LR6CA]

ED ZIEMBA: Yes, sir. So in fact, there are six pari-mutuel racetracks in the state. [LB266 LR6CA]

SENATOR DIERKS: Is that the only one for quarter horses... [LB266 LR6CA]

ED ZIEMBA: Yes, sir. [LB266 LR6CA]

SENATOR DIERKS: ...in Hastings? [LB266 LR6CA]

ED ZIEMBA: Yeah. Formerly there were other tracks, in fact, three other tracks. But numbers are such, Hastings is it. [LB266 LR6CA]

SENATOR DIERKS: Thank you. [LB266 LR6CA]

ED ZIEMBA: You're welcome. [LB266 LR6CA]

SENATOR ROBERT: Senator Price. [LB266 LR6CA]

SENATOR PRICE: Yes, sir; thank you sir. I have a question for...when we see this number of 18,299 owned, how many of those horses, (1) actively reside here in the state? I mean, they're owned here but they could reside in another state, presumably. And how many of them are still racing? [LB266 LR6CA]

ED ZIEMBA: Okay. I'll try and answer your question. Potentially, yes, they could be located elsewhere, but if I owned my horse I would have it here. They might leave for a show, maybe to do some training, that kind of thing. But these are American Quarter Horse Association numbers; I don't put these together, they do. So that 18,300 number is quarter horses in the state. Now, a quarter horse is a very versatile athlete; they are not just involved in racing. Typically, 10-12 percent of the overall quarter horse population is race bred. So in other words, 8,500-10,000 of those are capable of racing. [LB266 LR6CA]

SENATOR PRICE: Thank you. [LB266 LR6CA]

ED ZIEMBA: You're welcome. [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

SENATOR ROBERT: Any other questions? Thank you, Mr. Ziemba. [LB266 LR6CA]

ED ZIEMBA: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Okay, your turn over there. [LB266 LR6CA]

GAYLE CAREY: My name is Gayle Carey. G-a-y-l-e, first name; last name, Carey, C-a-r-e-y. I reside at 11007 County Road 29, Blair, Nebraska. General Affairs Committee, I want to thank you for letting me testify on behalf of the Nebraska Thoroughbred Breeders Association. And the NTBA is the official registrar for Nebraska-breds. In order to be able to participate in extra bonus money, or extra purse money, they have to be certified by the NTBA. A Nebraska-bred will make 12 percent more than a non-Nebraska-bred. And the reason for this increase in monies was to inspire horsemen to breed to Nebraska-breds, or to have Nebraska-bred horses; to bring their mares and stallions from other states here to Nebraska. And of course this is going to increase the consumption of agriculture products such as your corn, or your grains, alfalfa, straw; which is...the feed is the only...horse feed is the only feed that there's a sales tax on. So that's revenue for the state. And your Revenue Committee is always looking for some more money. And we never understood why just horses, horse feed, has a sales tax on it; so that is revenue. The number of Nebraska-bred foals have decreased by 42 percent, and this is from 1996 to 2005. There were 300 foals in 1996, and in 2005, 126. And we haven't got the figures yet for 2008, but by the looks of it, they're going to be down from there. Horse owners are taking their breeding stock populations to other states, and this is partly the reason for the decline of the Nebraska-breds. And just to share with you some comparative incentives, they're going to states where the incentives are much more than our state here. To give you a comparative example, I'll start with Nebraska. And these are comparable races; they are Maiden Special races. A Nebraska-bred race, the purse is \$10,000; Iowa, it's \$32,000, and I understand they're going to \$34,000; Minnesota--and these are our neighboring states--\$19,000; Arkansas, \$34,000; Oklahoma, \$28,000. So you can see how the gaming subsidies have enabled their state programs to provide higher purses, and this is why a lot of horse owners are fleeing to those states. It takes about \$8 million to \$10 million to feed breeding and racetrack populations. And again, there's a sales tax on that. And this is increased revenue. If we could have extended gaming, or gaming subsidies, we would have a basis for going out and marketing why it's important to have a Nebraska-bred. We will be a lot more competitive with our neighboring states. And in summary, those states that have expanded gambling...those owners, trainers, they are fleeing there just daily. And I think if we can turn that around, you know, with some good marketing practices, I think we can bring back a lot of pride to the Nebraska-bred and we can be on top again. Is there any... [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Carey. Senator Dierks. [LB266 LR6CA]

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Transcriber's Office

General Affairs Committee
January 26, 2009

SENATOR DIERKS: Do you know how many pari-mutuel tracks there are in Iowa, Mr. Carey? [LB266 LR6CA]

GAYLE CAREY: Just one. [LB266 LR6CA]

SENATOR DIERKS: And they do, how many thousand dollars' worth? Did you...you were comparing... [LB266 LR6CA]

GAYLE CAREY: Purse. I was comparing purses for a specific race, and that was \$32,000. [LB266 LR6CA]

SENATOR DIERKS: For... [LB266 LR6CA]

GAYLE CAREY: And the winner gets 60 percent of that. [LB266 LR6CA]

SENATOR DIERKS: For one racetrack? [LB266 LR6CA]

GAYLE CAREY: That's one race. [LB266 LR6CA]

SENATOR DIERKS: One race. [LB266 LR6CA]

GAYLE CAREY: Yeah, one race. [LB266 LR6CA]

SENATOR DIERKS: Okay, thank you. [LB266 LR6CA]

GAYLE CAREY: And that was for all the respective racetracks that I mentioned. [LB266 LR6CA]

SENATOR ROBERT: Any other questions? Thank you, sir. Next proponent. How many more proponents do we have? Four; okay. I'll ask everybody, please try not to repeat what you've heard ahead of you; so we move along. [LB266 LR6CA]

JERRY FUDGE: Good afternoon, senators. My name is Jerry Fudge, J-e-r-r-y F-u-d-g-e. I live at Ashland, Nebraska. I am the president of the Nebraska HBPA, which is the Horsemen's Benevolent and Protective Association. We have approximately 1,100 members in our association. Our industry is struggling; we have for the last ten years. I'm a third generation horseman. My family has been in the business for about 70 years. Our industry is more than an industry, it's more than jobs; it's also a way of life for many Nebraskans. We're trying to help ourselves with this bill and help the state of Nebraska, and we need this bill to get back on the right track. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Fudge. Any questions from the committee?

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

General Affairs Committee
January 26, 2009

Seeing none, thank you. Next proponent. [LB266 LR6CA]

DAVID ANDERSON: Good afternoon, senators. My name is David Anderson, D-a-v-i-d A-n-d-e-r-s-o-n. I live at 937 County Road 4 in Ashland, Nebraska, where I was born and raised. I've been in the thoroughbred industry all my life, if you can count when I was old enough to pick up a bale of hay and throw it in the back of my dad's truck and help him haul it to racetracks such as Lincoln and Ak-Sar-Ben, and so on and so forth. I've been a licensed trainer on the backside--thoroughbred trainer--for the last 26 years. Recently I...last year I was inducted into the Nebraska Racing Hall of Fame, for which I am very, very proud. We are now currently in Grand Island preparing for the upcoming 2009 racing season, where I have been allocated the maximum number of stalls, which is 40. I also have approximately 40-50 head at my thoroughbred farm in Ashland. It takes numerous employees for us to get that done throughout the course of the day, which is a seven day a week job. In yesterday's Omaha World Herald the front page read: Surge in layoffs leads to rush on jobless benefits; unemployment up 45 percent in January alone. There are several hundred people who find employment on the racetrack backside throughout the racing season, therefore keeping them out of these unemployment lines. Everyone knows we have people hired right here in this state for the sole purpose of bringing new industry and business into the state. These businesses are offered all sorts of tax incentives and tax breaks, etcetera, just to relocate here and bring their employees with them. Horse racing has been in the state for over 80 years, creating hundreds of jobs, generating millions of dollars in revenue at each of the communities where we race. We aren't looking for a handout. We have found a way to help our industry plus funding for the highway department, which helps everyone in the state. Ladies and gentleman, without this amendment, LR6CA, horse racing in this state today, as we know it, will probably cease to exist. If this happens, trainers like myself and numerous others will be taking our families, our horses, and our employees to neighboring states to compete. I want you to consider this as you decide to move this bill out of committee. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Anderson. Any questions from the committee? Seeing none, thank you. [LB266 LR6CA]

DAVID ANDERSON: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Next proponent. [LB266 LR6CA]

JIM MOYLAN: Mr. Chairman and members of the committee, I'm Jim Moylan, J-i-m M-o-y-l-a-n, from Omaha, Nebraska; and I represent the Nebraska Licensed Beverage Association, which is a state association of retailers. And I'm going to fill a little different horse into this element today than what you've been used to. As you know, there's about 4,600 licensees in the state, and we've tried many times over the years to get video slots. We think you ought to expand the bill to also include video slots, so many

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

General Affairs Committee
January 26, 2009

for the licensees in the state. To give you a little idea as what's happening around: South Dakota, they've had video slots for 20 years now. It's a little state of about 700,000 population; about a third of the size of Nebraska. They have about 3,000 beer and alcohol licenses. And they have about 9,000 machines in the state. No licensee can have more than ten machines. Of the revenue, they divide 50 percent to the state and 50 percent to the individual establishments--the bars, the restaurants in that state. Last year, the revenue the state obtained off this was \$110 million, which means it made approximately \$220 million total...was the gross income from that. This is after prizes is paid out. You could make diamond studded highways on an income like that, if we had the video slots in the state. We have no objections in the bill to the percentages: 40 percent to the highway fund and 39.5 percent to the retailers who are producing this. Now the way they operate it, the bars--some of them own their own machines, and they get, of course, naturally, the total 50 percent that's left over. Those who have leased machines, I think about 35-40 percent goes to the vendor, and the remaining part goes to the liquor retailer. So on behalf of the association, we ask you to expand this so we can compete with the surrounding states that have gambling; generate revenue for highways, which we think is probably a good fund for it. Also, my source said that this income has probably prevented South Dakota from adopting an income tax over the years, so. We ask you to look at it, we ask you to include the retailers and the video slots into it, and if you have any questions I'd be happy to try to answer them. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Moylan. Any questions from the committee? Seeing none, thank you. [LB266 LR6CA]

JIM MOYLAN: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Next proponent. [LB266 LR6CA]

ALAN USHER: Good afternoon. Members of the General Affairs committee, my name is Alan Usher, A-l-a-n U-s-h-e-r. I'm a resident of Grand Island, Nebraska and also a small business operator in Nebraska with Hometown Family Radio. We are a Nebraska owned and operated family business that currently operates 15 radio stations serving Nebraskans living across the 3rd Congressional District. I'm grateful for the opportunity to address you as you consider such an economically important issue as is before you today in LR6CA. Today you'll hear many people speaking before you on this resolution. Some will try to persuade you that you're making a decision on gambling, others will say roads, and others yet, on professional horse racing. I don't disagree with any of them. But I'm honestly here today to make sure that we realize that we are really deciding on. The economic impact that this resolution will have on the state of Nebraska is unfounded. I'm here today to encourage you to advance this bill to the vote of the people. In my profession as a locally owned and operated radio station group, I help over 700 Nebraska businesses grow and prosper in this state. In each community,

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

General Affairs Committee
January 26, 2009

these are local people trying to grow, prosper, create jobs, and give back to the communities. In Grand Island, the sport of horse racing provides an economic impact of \$5 million or more every year. I would challenge you to find a business or event that resides in any community that has that large of an economic impact. If this was a business looking to relocate, states would be lining up at our door for the chance to bring this company to their own state. Can you imagine the impact on the local economy? Fonner Park has been a pillar of our community for decades. Without the passage of this bill, we will stand to jeopardize this pillar and the very core of our community. Beyond Fonner Park there are hotels and motels, restaurants, shopping malls, auto dealers, gas stations, and the list of small businesses go on and on, that are positively impacted by Fonner Park and the sport of horse racing; including hundreds of good-paying jobs. If we lose Fonner Park and racing in Grand Island, the economic impact would be devastating. We cannot afford to let this happen. But this bill goes even further. It is estimated that \$88.5 million will be generated annually for road improvement across the state. The impact that this would have in the 3rd Congressional District alone can greatly change the face of our road system in our state. There is no other way to raise \$88.5 million a year for roads without doing it on the backs of taxpayers, or drawing down our state reserves even further. In today's economic times, you have to advance this bill. There is no other choice but to let the voters of this state make the decision that is in their best interest. Lower taxes, improve roads, and unfounded, positive economic benefits: that is why as a small business owner and operator in Nebraska I am before you today. This resolution is a lot of things, but the most important thing is that...is to our state, is the economic development and jobs. You will hear others before you today ask you not to gamble with the good life. They are right about one thing. Without this resolution, we really are gambling with the good life of thousands of Nebraskans, including all of us here today. Please vote to advance this resolution to the vote of the people. We cannot afford to say no. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Usher. Any questions from the committee? Seeing none, thank you, sir. Any further proponents? [LB266 LR6CA]

LANA JONES: (Exhibit C) Good afternoon, senators. My name is Lana Jones, L-a-n-a J-o-n-e-s. I'm a resident of Lincoln, Nebraska. I'm here today representing two people--myself and my husband. I'm at the age of approaching retirement and my retirement investments aren't looking very good these days, and I imagine there are others in the similar situation. And I like this legislative resolution and LB266 because I see some relief for taxes in doing this. Our roads are not in good shape, I know our infrastructure is not in good shape, and this is a way to get what I call voluntary taxes to generate some revenue that is much needed in this state. With looking at the cost of living increases, the taxes on my humble home have more than doubled in 20 years. I'm probably going to have to work until I can't work anymore, and hopefully I won't ever become dependent upon the state, but I know a lot of people my age who are in a similar situation. Unfortunately for us, we're at the age we're at, with the bad economic

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

General Affairs Committee
January 26, 2009

situation we're facing. You know, I plan to retire in two years. I don't think that's even remotely possible now. I don't mind working. I don't mind paying my fair share of taxes, but I'm really concerned at where my life is headed at my stage in my life. I'm 63 years old and my husband is 67; and health insurance, health cost, prescriptions...the fact that I am still employed, and gainfully employed has been a big help because we can afford the prescriptions he needs. I don't know if any of you have looked at the Medicare drugs prescription program; that's not a huge help. But that is a big concern to me. Taxes is a problem for me. Right now, on the income that I make, and I make a decent income, I could not afford to retire and live in my own home. And I have a two-bedroom slab home in Belmont area of Lincoln. Which brings me to another concern: I do a lot of shopping in the Belmont area and I know residents are gravely concerned about the impact of the loss of racing to that area of the city. That's kind of a little boom town; I don't know if many of you get out to that part of town during the racing season. And when I go to, like Save-Mart in Belmont, I see all kinds of track people there buying groceries. I see them at the local Gas 'n Shop filling up with their pickups and trucks and stuff, so it's an economic impact that's going to be greatly missed in that area, and I'm sure the whole state. And not to mention with the State Fair going elsewhere, that's going to be another difficulty for that area. Senator Rogert has asked not to repeat what has been said so I will refrain from doing that. But the bottom line here, as a taxpayer, I really hope that you can find good creative ways, like this bill offers, to generate revenue for the state of Nebraska without having to impose more taxes, on at least those that are 63 years old and looking to retire. I know a lot of people that are not happy with going over to Iowa and seeing 50 percent or more of the cars there with Nebraska license plates at the casinos. I've heard that so many times. Recently I was in the Omaha area so I just drove through there. I've never spent a dime in an Iowa casino and never will, because I want that tax money here. It could do a lot for the state of Nebraska; it's not going to...it hasn't ruined the state of Iowa that I can see, and I know a lot of people over in Iowa. So I request that you support this bill; get it out of committee; support it on the floor; get it out to the people, who really deserve to be the ones to vote for this. Thank you for your time. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mrs. Jones. Are there any questions from the committee? Seeing none, thank you. [LB266 LR6CA]

LANA JONES: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Any further proponents? Rich, are there some opponents in the other room? [LB266 LR6CA]

RICH TODD: Yes, there are. [LB266 LR6CA]

SENATOR ROBERT: Here's what we'll do. I will ask for some volunteers for folks to switch places over there. If we can get some of you to...we've got a TV on over there

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Transcriber's Office

General Affairs Committee
January 26, 2009

and we're watching it; if we could get some folks in here to make room, we could bring those opponents over here so we can move on the testimony. Thanks. Let's take a five minute break and we'll come back at 3:25. [LB266 LR6CA]

BREAK []

SENATOR ROBERT: Returning to the hearing on LB266 and LR6CA; we'll start with the first opponent, please. Good afternoon. [LB266 LR6CA]

AL RISKOWSKY: (Exhibit D) Good afternoon. My name is Al Riskowski, it's R-i-s-k-o-w-s-k-i, with Nebraska Family Council, here in regard to families here in the state of Nebraska. My particular family is invested in the state of Nebraska as well. My wife's family homesteaded here in the 1850s, so we have a long-lasting heritage here in the state of Nebraska. Our ministry is located at 11th and E Street here in Lincoln, which reflects, many times...people who are in great need are in our neighborhood. So when I look at LB266 or LR6CA, it's an attempt to use slot machines as, certainly, a bailout for the horse racing industry. And certainly the people of Nebraska had the opportunity back in November 2004, in that election, to vote for slot machines, and they voted it down. There was a follow-up bill; it failed also, in 2005. And I believe the people of Nebraska have already spoken, and it's the obligation of this committee, General Affairs, to listen to the voice of the people of Nebraska and their voters and oppose this bill. I believe it's nothing more than an attempt to take hard-earned money from the people of Nebraska and put it into the pockets of the horse racing industry. I know that when our tax revenues are falling you're looking for ways to shore that up. But when you go to gambling, you are not generating wealth; you are trying to redistribute wealth. Let me give you an example. In our neighborhood, this morning, I had four people wanting to scrape the little bit of snow that we had off the sidewalks in front of our home because they're out of employment or they're underemployed. And when you start putting a carrot out saying, look at the winnings you can get off of slot machines, you try and lure in these individuals telling them that they're actually going to win some money, where in reality, it's all built on losers. Everybody has to lose in order for some money to go into roads. I calculated out that if 100,000 Nebraskans played the slots, according to the numbers that were stated earlier by those in favor of this, that we needed to raise \$2.2 billion...or, I should say that \$2.2 billion would need to be wagered in order for \$200 million to be lost. That would mean if 100,000 Nebraskans...100,000 Nebraskans, different Nebraskans wagered \$22,000, then we could raise that kind of money. I mean, that's just an amazing amount of money by many Nebraskans. And the majority who are going to lose...it's going to fall on people in my neighborhood: the poor and those that can least afford to lose this money. So as I look at this, I believe that gambling is a practice that bets on losers and uses their limited monies to fund projects. The money that is gained from gambling is not manna from heaven; neither is it miracle money. The money gained from gambling is taken from the same individuals who pay Nebraska state taxes. And the gambling industry entices individuals to gamble by promoting the

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General Affairs Committee
January 26, 2009

possibility of big winnings to them. I believe that gambling is a loser for Nebraska communities, families, and individuals; and I ask the committee of General Affairs to oppose these bills. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Riskowski. Are there any questions from the committee? Seeing none, thank you, sir. Next opponent, please. [LB266 LR6CA]

DAVE BYDALEK: Senator Rogert, members of the committee, my name is Dave Bydalek; and that is spelled B-y-d-a-l-e-k. I am the executive director of Family First, a nonprofit research and educational organization located in Lincoln. I appear before the committee today to signify our opposition to both LB266 and LR6CA. I believe, really, the key question here today is, what will be the effect of putting slot machines at racetracks, and whether that will be a positive or negative thing for the people in the state of Nebraska. And we believe the bottom line is that video slots will be bad for Nebraska's families and economy. I have some friends that work in economics departments here in the state of Nebraska, one at the University of Nebraska-Lincoln and one at Nebraska Wesleyan University, and they are very interested in the subject. I am an accountant and lawyer by trade, but I'm kind of a policy wonk and I've read a lot of these studies, and so some of the statistics I'll be citing for you today come from studies that I read from...being given this information by these economists. So if you're wondering where I get my information, that's where it's coming from. Here are some of the specifics, and reasons we believe that this is a bad thing for the people of the state of Nebraska. Number one, we believe video slots are highly addictive, to a much greater degree than any previous form of gambling. Players on standard quarter slots can lose over \$600 per hour. A study by the Brown University School of Medicine found that men and women who got hooked on video gambling became compulsive gamblers in about one year. Those who got hooked on other kinds of gambling, such as sports betting, blackjack, other table games, became compulsive gamblers after about 3.5 years. In Las Vegas, 90 percent of female gambling addicts and about two-thirds of male gambling addicts are addicted to video gambling. So we believe this video gambling addiction...it's called the crack cocaine of gambling for a reason. Second, video slots, we believe, are bad for Nebraska's economy. The National Gambling Impact Study Commission, which consisted of pro- and anti-gambling members, found that video gambling creates few jobs and fewer good quality jobs and is not accompanied by any significant investment in the local economy. Now the members of the commission did not agree on many things, but the commission did recommend that since there are no measurable benefits to slot machines, states should cease and roll back existing operations. Another study found that for every 80 video gambling machines, \$2 million was drained from the local economy each year. Additionally, for every three video gambling machines, two jobs were lost. Now is not a time, we believe, to spend more government money and lose jobs. Finally, a couple more items: gambling increases crime. The average national crime rate in communities that legalize slot machines and casino gambling is 84 percent higher than in communities without gambling. Especially

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

General Affairs Committee
January 26, 2009

important to our organization is we believe gambling will hurt a lot of children. The National Gambling Impact Study found that children of compulsive gamblers are often prone to suffer abuse as well as neglect as a result of parental problems or pathological gambling. And finally, we believe gambling increases bankruptcies. After slots were introduced in Iowa, bankruptcy filings increased 34 percent in one year. And a national survey found that nearly one in five pathological gamblers reported having filed for bankruptcy, compared to 5.5 percent of low-risk gamblers. So, in essence, we believe that any gains that might be made by putting slot machines at Nebraska racetracks will definitely be offset by the social cost, the real social cost to Nebraska's economy and Nebraska's families. And we'd ask you to indefinitely postpone both LR6CA and LB266. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Bydalek. Any questions from the committee? Seeing none, thank you. Good afternoon. [LB266 LR6CA]

PAM REDFIELD: (Exhibit E, F) Good morning, Mr. Chairman, members of the committee. My name, for the record, is Pam Redfield, P-a-m R-e-d-f-i-e-l-d. I represented Legislative District 12 for eight years, and previous to that I represented the Ralston School Board for six years. You will find that your concern for the people of your district and your state will not disappear when you leave the Legislature, and that is why I am here today to tell you a little bit about the district that I represented and the schools that exist there. The pages have distributed a handout to you, and one is very colorful, and on that you will see some colored graphs. For those of you who are not familiar with Ralston, I want to give you a brief history. Ralston was a very small town surrounded by farms when I grew up there as a little girl. Today, they are surrounded on three sides by the city of Omaha, and on the south side they butt up to the Sarpy County lot line. They...half of the school district is currently in the Omaha city limits, and right here you have statistics from the Ralston School District. The middle graph shows you the growth trend on free and reduced lunches in the Ralston School District. In 2002, you see that it was only about 25 percent. Today I called for this years' current statistics, which are not on here; it has reached over 47 percent. That number has almost doubled in a little over five years. At the bottom of the page you are going to see a trend line on the demographics for minority groups. You are seeing that that number grew, just in the last year, by 13.3 percent, and double-digit increases are occurring as we speak. Ralston is changing, our city is changing, our state is changing. I've also brought you a map of the Ralston School District, and I've marked in red for you where Horsemen's Park is located. It's in our backyard. Zip code 68117, where the Karen Western School District--in the light color--is located, has some very interesting demographics and statistics. It only comprises four square miles; it's a very small geographic area. It has no lakes; it has no scenic seashores. It even has a creek that runs through it that they stripped out all of the trees and bushes, and installed wire cages of rocks so that they could build up the levees to prevent flooding because, in fact, this is a flood plain. You will see that the homes there are not large, they are not expensive. You will not find a

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

General Affairs Committee
January 26, 2009

millionaire's home in that district, you will not find a home valued at a half a million, you will not find \$400,000. How about a \$175,000 value home? No. But what you will find is that there are some homes there, 15 housing units, that are valued between \$15,000 and \$20,000, and that was before the sub-prime fallout. So three out of four of those homes were built over 40 years ago; one out of five was built before the second World War; 102 were vacant when the census was taken in the year 2000, and that number has increased as we have seen foreclosures. One out of five households shows no earnings in the 2000 census, and citydata.com provides 2004 figures for the average adjusted gross household income: \$34,178. That's over \$10,000 below the state average of \$44,271. The average household size is slightly larger than the state average; that means there are more mouths to feed. There are six registered sex offenders. The 2004 poverty rate was 12.5 percent, and this has surely increased during the current recession. Today, 83.2 percent of the students at the Karen Western Elementary School building are in the free and reduced lunch program. When I was on the school board, we instituted a summer school just so that we could provide breakfast and lunch to hungry children year-round. These are decent, hardworking families. Many used to work at some of the industries nearby: some at the Safeway grocery distribution center earning good wages as meat cutters and truck drivers--gone; Pacesetter homes--gone; Continental Can--gone. This is the neighborhood of Horsemen's Park. These are the people that you are asking to put their money into a slot machine. These are the people that you are asking to pay for the roads of Nebraska. And no road is worth the devastation of the lives of these children. \$2 billion buys a lot of groceries, it buys a lot of schoolbooks, it buys a lot of other things that these families need. It makes a lot of house payments, and it pays a lot of property taxes that support our schools, our cities, our counties, and other governmental units. Legislators often hear, not in my backyard. Well, Ralston is my backyard, but I'm going to implore you today to say, not in Nebraska's backyard. That's all of our backyard. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Pam. Any questions from the committee? Ah, yes, Senator Friend. [LB266 LR6CA]

SENATOR FRIEND: Thank you, Senator Rogert. Senator Redfield, it's good to see you again. It's almost like *deja vu*--don't let me forget my question, I wrote it down here. She sat right next to me and she made me laugh on occasion, and I don't want to do that here. The demographic data, the information and stuff that you provided, it's good; and I think it's interesting. But I'm more interested, because I've picked your brain before on these issues, when I read through...and I raised these points to Mr. Peterson earlier, I'm sure you got a chance to at least see or read through either both items or one of them...I'm more interested in picking your brain about...If you saw a piece of legislation like this and you looked at what could possibly occur, I guess, legally, what are your high-level views? I mean, do you...I brought up some points earlier, I guess, and let me set that up for you, to say we're going to have, possibly, tribal casinos that could sprout up from legislation like this, if it was actually successful. If that's the case, we don't have

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

General Affairs Committee
January 26, 2009

any contributing legislation that would manage all of that stuff. What are your high-level thoughts about that? I mean, what would be the first thing that would occur to you if you were looking at this stuff? [LB266 LR6CA]

PAM REDFIELD: I was here when Alan Peterson was testifying. He is the author and he does agree that, in fact, this would open gambling up--Class III gambling--on the Indian reservations. And you are correct: we would not have the controls in place at that point. [LB266 LR6CA]

SENATOR FRIEND: And I would have to search back in the memory bank or go look at the transcripts. I mean...I am not ridiculing the way this is drafted. What I'm saying is, are you seeing the same thing that I am, in that it might not be workable? [LB266 LR6CA]

PAM REDFIELD: I would say that there are several problems. But overriding all of the technical problems, even if the committee could work out all of the technical details, what you can't fix is the impact of draining \$2 billion out of our economy for the basic necessities of life. [LB266 LR6CA]

SENATOR FRIEND: Okay. Thanks, Pam. [LB266 LR6CA]

SENATOR ROBERT: Any other questions? Thank you. [LB266 LR6CA]

PAM REDFIELD: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Next opponent, please. Good afternoon. [LB266 LR6CA]

JOHN DITTMAN: Good afternoon, senators. My name is John Dittman, J-o-h-n D-i-t-t-m-a-n. I am the Chairman and CEO of Cornhusker Bank here in Lincoln; I also reside here in Lincoln. Thank you for the opportunity to be here to make some comments on this bill. We all want to do the right thing here, and it is a complicated issue. And I appreciate having the opportunity to give you a few of my thoughts. As I was sitting here listening to the testimony, the thought came to my mind: what is the best way to help the horse industry? And is the only way through gambling? I hope there are other ways; I really don't know what the answer to that is. But I think to vote for this and to advance it, you have to look at a broader constituency and not just the horse industry. You would have to look to the people in your respective districts and to the people of Nebraska. So I would believe to vote for this, you would have to be convinced that this also is the best way to help the people of Nebraska as a whole. So the question I would raise is, as the central issue, is Class III gambling the best thing for the people of Nebraska? I would say no. A few observations that I've had about gambling over the years, most...very importantly, is that slot machines are a poor way to finance government spending. There's tremendous variability in this industry. It is not reliable; it

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

General Affairs Committee
January 26, 2009

is not a typical way to finance government spending, such as road construction. Another issue that I've noticed is once you start this type of gambling, it seems to never stop. It always wants to expand, and expand in more exciting ways, shall I say. I don't know an awful lot about it, but I know that slot machines used to be the one-arm bandit; now they have the video...they're connected with computers so they have bigger purses. People can be playing, you know, multiple machines, or multiple machines can be playing for a large purse. They're more exciting. And I actually have never spent a penny on them and I hope never to, but I do feel that it's something that has to be ever more exciting and enticing to get people to put their money into it. So I think once we go down this path, it will be a never-ending process. And I do personally believe that gambling hurts people, especially the poor. And certainly, being in the banking industry, we do see people, obviously, that enjoy it and handle it responsibly. There's also a number of people that it impacts very negatively, and unfortunately the people that are most impacted are the people who can least afford it. So I would hope that this would be something that we would not want to expand. And I think...as I think about it, just the thought, and I think it's a good one, to please think about the fact that what would pay for the roads are gambling losses. That \$220 million that they're talking about are actual losses of the people, which doesn't seem to me, again, to be a good way to go about financing roads, or anything for that matter. I think another thought is just that, in this current economic crisis, I think if it has taught us anything it's that we have to make wise decisions, understand the risks, and have the long term in mind. And when thinking about that, is this a wise decision? Do we know all the risks, and are we just thinking of the short term or are we looking at the long term? And I feel so fortunate and blessed to live in a state that doesn't have slot machine gambling. I think that most states that have started it are very sorry that they did because of how it expands. I don't have a lot of statistics to share with you; I'm sure that could be made available to you. But I do know I had one conversation with Coach Tom Osborne one time, and he commented that one of the governors of Iowa that he spoke with had said that he felt it was the worst decision that they ever made--or during his legislative career--because of how it just continues and expands, and is a redistribution of wealth. And along that line, I watched a half-hour video that Warren Buffett had on the issue of gambling, and he made the comment that gambling is the most regressive tax known to man, and it takes from the poor and gives to the rich. And it does take from many, many people and gives to very few--in this case, to the state and to the operators of the machines, which would get 80 percent. So I guess I would just ask you to reject this bill, and let's keep the good life of Nebraska without Class III gambling. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Dittman. [LB266 LR6CA]

JOHN DITTMAN: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Senator Price, for a question. [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

SENATOR PRICE: Senator Rogert, thank you. Sir, I'd like to ask you...and as I stumble through this, help me a little bit here. As a banker, would you be more or less inclined to loan money to a financial enterprise that is embarking on an effort that has, at best, a break-even potential? So... [LB266 LR6CA]

JOHN DITTMAN: Less. [LB266 LR6CA]

SENATOR PRICE: So you'd be less inclined to loan money to them? [LB266 LR6CA]

JIM DITTMAN: Yes. [LB266 LR6CA]

SENATOR PRICE: Okay, great. So I've heard it said here before we're to be saving an industry that is, at best, going to break even, if the best case scenario for marketing is as low as they say it is, when it hasn't been in other places. So again, you would say you'd be less inclined? [LB266 LR6CA]

JIM DITTMAN: Yes, absolutely. [LB266 LR6CA]

SENATOR PRICE: Thank you very much. [LB266 LR6CA]

JIM DITTMAN: Um-hum. [LB266 LR6CA]

SENATOR ROGERT: Any other questions? Seeing none, thank you. [LB266 LR6CA]

JIM DITTMAN: Thank you. [LB266 LR6CA]

SENATOR ROGERT: Next opponent. [LB266 LR6CA]

KATHLEEN HOLKEBOER: Hi, my name is Kathleen Holkeboer, K-a-t-h-l-e-e-n; Holkeboer is H-o-l-k-e-b-o-e-r. I just wanted to tell you about a phone call I got one day. It was one of those out-of-area on the caller ID. I'm going, well, it might be somebody, so I pick it up: you have won a free, everything-expenses-paid, free security system for your home! Oh really, and how much does it cost to install it? Oh no, installation is free too, completely free. Isn't there a monthly fee? Yeah, yeah, there's a monthly fee. This is what would happen. We would have free roads at the expense of lives. We've been hearing some of that already. It isn't free. There's a regular, leftover cost, by borrowing money that doesn't exist to loan it to somebody who can't pay it back. I really appreciated the efforts that have been made by the bill writers to make this be cleaner than most gambling kind of situations. But as the illustration goes, if I dump mud on the floor, then I can bring in a fancy cleaner to clean it up. And I think that's the same story here. We're putting mud on the floor, offering this gambling idea, and then we're going to have a really tight system for keeping track of it, so somehow that will clean it up. And that does remind me of the guy who was going around selling vacuum cleaners many

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

General Affairs Committee
January 26, 2009

years ago. He dumped a bunch of dirt on the floor and he said, let me show you how good this vacuum cleaner works. This was years ago; the homeowner did not have electricity. There was no way to clean up the mess. I'm using lots of illustrations, and they all mix together, just to say I very much oppose the idea of using gambling money to support an industry that could support itself, if it were free to work in the capital system. That's all. [LB266 LR6CA]

SENATOR ROBERT: Thank you. Any questions from the committee? Seeing none, thank you. [LB266 LR6CA]

KATHLEEN HOLKEBOER: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Next opponent. Welcome. [LB266 LR6CA]

THOMAS MERADITH: Good afternoon, senators. My name is Thomas Meradith; last name M-e-r-a-d-i-t-h. I live at 15417 Hamilton Street in Omaha. And I will be very brief this afternoon, as there are others that would like also to testify. I am the executive program director of a homeless shelter in Omaha, Nebraska, and our internal data would indicate that a very high percentage of homeless and near-homeless individuals have gambled with money that they really couldn't afford to lose trying to hit a jackpot, mostly from slot machines, that ultimately might change their lives. Senators, I have to be very honest with you. I have never spoken with anyone where this happened. As a matter of fact, what happens is many times I see them changing one addiction for another one. And as a result, there are social service agencies with a further strain on shrinking budgets. And I would like to address the emotional outcomes of gambling on individuals who, many times, use gambling for reasons that I have, above, stated. They find themselves where they have relatively little hope in their lives. And they perceive that where there is no hope, there is also no consequences. No hope, no consequences. So as a result, what does it matter if I spend money that I don't have on gambling, trying to hit something that I might get, because I don't have any hope anyway. And that thought perpetuates that downhill spiral that many times we see individuals, especially with co-occurring disablements, having. And I'm also concerned with the affect on social counseling service for individuals finding themselves struggling with gambling addictions. I've heard it said that we'll take care of that; we'll make sure that we have counselors out there that can give the kinds of counseling that individuals need to have it. Senators, I have to testify before you that I have not seen that in other fields, and I don't know necessarily that I would see that, or that we have seen that data indicated with gambling also. Most of the positive comments I have heard have come from individuals who directly or indirectly would financially benefit from expanded gambling. And we would take that as the norm; that would be the case. But again, what about those individuals that will not benefit from that? And I have not heard those same comments from many social services organizations who see increased strain put on the family fabric following expanded gambling coming into an area. And we have seen that

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

General Affairs Committee
January 26, 2009

at the organization with which I am employed. We've seen that strain come on families. We've seen that happening more and more; much of it has happened since we have seen gambling come at a close proximity to us, across the river. And we've dealt with some of that. And finally, I am a proud native of this great state. It is, indeed, the good life. I would ask you, our state's leaders, to help develop income streams that will help our state's families from top to bottom, and not just a select few. And I thank you for your time. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Meradith. [LB266 LR6CA]

THOMAS MERADITH: Um-hum. [LB266 LR6CA]

SENATOR ROBERT: Any questions from the committee? Seeing none, thank you. Further opponents. Good afternoon. [LB266 LR6CA]

LYLE JAPP: (Exhibit G, H) Good afternoon, senators. My name is Lyle Japp; first name, L-y-l-e; last name J-a-p-p. I live at 1505 South 97th Street, Omaha, Nebraska. I'm a graduate of the University of Nebraska with a degree in economics, and I've spent my career helping families to build estates to take care of their families in case of an early death or at their retirement. And I'm very much opposed to anything that can destroy a lifetime of work in very few days. And often as people get older, they lack something to do and get involved with going to casinos, gamblings...or a widow who loses a husband, lonely, often gets involved in something like this. And she can tear down and lose a couple hundred thousand dollars in a very short time. We've heard a lot in terms of business and income, and I'm going to leave studies here with you, but this particular study is an Impact of Casinos on Retail Sales in Mid-Size Iowa Cities. And it's done by Lori (Phonetic) Fairchild, who has a Ph.D. in economics, and Jonathan Krutz, who has an MBA. This study covers ten cities in Iowa between 20,000 and 50,000, and its study is of those effect on retail sales and covering various years. But of these ten cities, while the sample is small, the mean annual rate of growth of retail sales from 1996 to 2004, in the four cities with casino gambling had 0.6 percent gain in that eight-year period. The six cities without casinos, the growth was 3.4 percent. This result also was seen in the subject of the period 1996-2000; shows a difference of 1.4 percent growth in those cities who have casinos, and a growth rate of 5 percent in those without casinos in the vicinity. Now this study is just in retail sales, but I've seen similar studies with circles around these same cities and judging bankruptcy rates. And those cities that have casinos, slot machines...the bankruptcy rates are considerably higher than in cities where they're not. And they've just got rings about it; the further away, the fewer bankruptcies, proportionately. We hear about Ak-Sar-Ben and the people talk about it, and I just invite anyone who has not been there but to drive through that area where there was once horse racing. And I came to Omaha in 1950 and horse racing...fine, fun games, and so forth, I'm sure...but businesses, during that period when horse racing was going, were virtually dead. Also, some of the prospective clients and clients talked

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

General Affairs Committee
January 26, 2009

about how the payments that they were owed, how they slowed down during those periods. Other studies show that for every dollar that a state gains it has \$3 of expense. So for every dollar that would come in the one department in the state of Nebraska there would be \$3 going out, primarily through, probably, Health and Human Services. So I just ask today that you vote not to advance this bill, and thank you for the privilege of being here. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Japp. Any questions from the committee? Seeing none, thank you. Next opponent. Welcome. [LB266 LR6CA]

RUTH LIENEMANN: (Exhibit I) What am I doing up here? I'm supposed to tell you my name first: Ruth Lienemann, spelled L-i-e-n-e-m-a-n-n. I live at 209 Shillaelagh Boulevard--I dare you to spell that. It's Irish, S-h-i-l-l-a-e-l-a-g-h Boulevard, Papillion, 68046. And on my refrigerator I have a prayer for older folks: Dear Lord, keep me from falling into the habit of expressing an opinion on every subject, and free me of the notion that simply because I've lived a long time I am wiser than those who haven't lived so long. But I've also...I confess I've added a line to the Lord's Prayer. It's: Dear Lord, lead us not into temptation, even when the legislators are leading the way. And I agree with Senator Tony Fulton. On the back of one of those sheets, it's on both sides, this...the article from the World Herald, and he says that: Gambling is the wrong source of revenue for building roads, and I agree with that. We didn't have graveled roads until I was out of high school, and we didn't have running water, electricity until I was out of college. I used to fill the kerosene lamps and clean the shades and empty the bedchambers and all those homely things; I was a good maid. There were six, seven kids in our family, and two nieces, that my dad raised on a little 160-acre farm. And we had high self-esteem because believe me, we were needed to carry in the firewood and the water to the stock; and pump the water when the wind wouldn't blow and fill the stock tanks. Okay, so much for old times. But I hope that...you know, I feel that the racetracks have just as much right to fail as any other business. I have a grandson looking for a job; my son-in-law does temp work, and he was an architect and had a good job at IBM; my daughter had a job with IBM--it was sent over to India...and let's see, who else? That's the grandson, and the daughter, and son. So they're looking for a job. My daughter had a good job with IBM and was at a school library for a while. She prepared for another job. She's now working at the job at a minimum wage, hoping to get...she gets hired. So they have troubles too. Not only the people in the horse industry; there are lots of people without jobs. And I just...I wonder how many times we citizens have to make it plain that we don't want expanded gambling in Nebraska. We got it three or four, how many times? You should get the message by now. I'm sort of surprised that legislators ask us to support their amendment when they do their utmost to destroy the initiative process. And on the back of one of these sheets there's an article from The Wall Street Journal, 2002. It's an old article, but the facts are just as pertinent today. There are fewer and fewer initiative petitions, ballots...petitions getting on the ballot, and more and more ballots by the legislature. That's not fair. That's an

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

General Affairs Committee
January 26, 2009

uneven playing field. And besides, you can pass laws the ordinary way, but the governor can veto those. But you also have two chances to put an amendment on the ballot. You can put one on in the primary election. You can put one on in the general election. And I've circulated a number of petitions for the honorable Ed Jaksha and I heard a noise the other night and I think it was Ed Jaksha rolling over in his grave because you're bringing up the gambling again. But I was glad that it wasn't that. But anyway, it's a right that is dear to my heart. And when the framers put this into the constitution, it's the first right reserved to the people, and the Sections 2 and 3--I know this is boring unless...I've read it about 2,000 times, that's why I know it. But Sections 2 and 3 were the only ones that Chambers and Hall amended in 1988, and it said, we're changing the word electors to registered voters in Sections 2 and 3. You know why they couldn't change it in Section 4, which is where the formula is that says...because the...that formula didn't use the word electors or registered voters. The framers were pretty smart. They used the word: votes cast in the prior election for the governor shall be the precise formula, or shall be the basis of the formula, on which we determine how many signatures people are to collect. And when...so in 1988, the people voted for that amendment. Sure, it's okay to be registered to vote. And that law was passed in 1967, that we have to be registered to vote. And believe me, people that were circulating petitions knew that you were to ask to ensure that anybody who signed a petition was registered to vote. We knew that. We didn't need Chambers and Hall to remind us, but they did. And then that law was passed. The people probably voted for it. It was passed, but nothing happened until--and that was 1988--until 1992, four years later, people made the mistake of having an initiative petition for term limits. And it passed, by 70 percent of the voters. And the Secretary of State put it on the ballot because he also thought we had complied with the signature. That was when...in the Blue Book at the time that formula was in there and he knew...nobody told him, you better tell the circulators they have to collect more signatures. It was kept quiet. Then the day after, after the election had failed, there was a lawsuit. And I think that was prearranged. My idea: it was prearranged at the outset that there would be a lawsuit and that it would land in the court system, which it did. And so the decision wasn't really made, finally, that we had to collect these signatures until 1994. That's two years after we passed term limits. So they said yes, we didn't have enough signatures. Now I kind of resent the courts and the legislators getting together to destroy my initiative petition rights. I think that's citizen abuse. And I hope that you will withdraw this resolution. I want it to fail. And I hope that when you get that done, you also clean up the petition process. Because what are civics students supposed to think when they get out the Nebraska Blue Book and they turn to that page, and you have it right there, and it still says: the exact number of votes cast in the prior election for our Governor shall be the basis of the formula where we compute the signatures. We had enough signatures. We had more signatures than we needed, according to what we thought was the law and what the Secretary of State thought was the law. So you have heard my gripe. I appreciate it. And those...the sheets that I gave you, I hope you'll consider that homework. I'm a former teacher. I built fires and carried the wood in the country schools too, so I know

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Transcriber's Office

General Affairs Committee
January 26, 2009

about all the hard times. [LB266 LR6CA]

SENATOR ROBERT: Thank you Mrs. Lienemann. [LB266 LR6CA]

RUTH LIENEMANN: I enjoyed them. [LB266 LR6CA]

SENATOR ROBERT: Any questions from the committee? [LB266 LR6CA]

RUTH LIENEMANN: Thanks for your... [LB266 LR6CA]

SENATOR ROBERT: Senator Friend. [LB266 LR6CA]

SENATOR FRIEND: Yes, Senator Robert. Ruth, I think that Senator Karpisek is sitting in the corner. I think you need to make him spin around and stare at the wall. [LB266 LR6CA]

RUTH LIENEMANN: I thought he was sitting over here someplace. Hi there. [LB266 LR6CA]

SENATOR FRIEND: No, it's...Ruth, thank you. Ruth,... [LB266 LR6CA]

RUTH LIENEMANN: I heard some people...one more thing. When I circulated these petitions, they're trying to still solve this affirmative action thing, you know, they're still not satisfied with losing. And I circulated petitions and would run into people circulating another petition. And one of them was a gambling petition. And this woman said, would you care to sign a petition that will lower your property taxes? So I walked up to her and said, what did you say? And I told her that was not in the petition. And she was so angry that she said, why don't you just go your way and mind your own business? I said, honesty is my business. And then I...some teachers were circulating a petition one time, it was that every student has a right to a good education, or something like that. And I was circulating a petition and they approached me and I listened to them. So I told them, I challenged them, I said you have totally misrepresented your petition. So it doesn't just happen on affirmative action; it happens a little bit all over. But still people get to vote on it, and that's the important thing, so. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Ruth. [LB266 LR6CA]

SENATOR FRIEND: Thank you, Ruth, Mr. Chair. [LB266 LR6CA]

RUTH LIENEMANN: Thank you. I wish I could do a better job, but I try. [LB266 LR6CA]

SENATOR ROBERT: Next opponent, please. [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

DALE MONSELL: I'm Dale Monsell, M-o-n-s-e-l-l, from Omaha. And I would just like to add a few brief comments to what has been said earlier. Besides the point that if the racetracks cannot make it on their own, they shouldn't be bailed out by the crack cocaine of gambling. Now you Legislature have seen, year after year, how the expanded gambling interests have come back and tried to get their bills, and usually they'll use some different approach. I would suggest that getting the machine gambling in the racetracks is just another approach, another foot-in-the-door mechanism, if you please. And I would suggest that if you look behind these bills you'll find some casinos that they know that if they can get machine gambling in the racetracks, that other locations will see it and it will be an excuse for them to get the slots. And as mentioned, I think, earlier in this hearing that one of those interests would be the Indian reservations. So I would just suggest, rather I would say that I hope you will kill these bills in this committee. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Monsell. Any questions from the committee? Okay. Next opponent, please. [LB266 LR6CA]

PAT LOONTJER: (Exhibit J, K, L, M, N) Senators, I am Pat Loontjer; it's spelled L-o-o-n-t-j-e-r. And I've had the privilege of meeting most of you prior sessions, and I'm happy to be able to reach the rest of you today. This is an issue that I've been involved in for the past 14 years. I'm the executive director of Gambling with the Good Life. We've been opposed to expanded gambling since 1995. It has been on the ballot three times. It was on the ballot in 1996 to allow off-track betting; that was soundly defeated. It was on the ballot in 2004 and 2006. In 2004, it was sponsored...in those cases it was slot machines...it was...2004 was sponsored primarily by Nevada gambling interests. They spent \$7 million on that campaign, which was the largest campaign that had ever been fought in the state. But we had people of integrity like Warren Buffett and Tom Osborne and Nancy Osborne and Pete Ricketts; a number of people who really studied this issue and joined with us. Our coalition involves every church in the state of Nebraska, so the religious community was behind us. And we...they had the money but we had the truth, and we got it out and we won. And then in 2006, the keno operators came back and they said that they were just going to convert their keno machines. And that was when I used to get to come down here and bring my duck. And some of you senators may remember the duck. Because I...it was a big thing and it used to quack, and I gave everyone ducks on the committee, because I used to say if it walks like a duck, talks like a duck, it's a duck. It is not a mechanical dispensing device. Because in those years, they didn't want to say the words slot machine. They called it a mechanical dispensing device. Or in the case of 2006, the keno operators called it enhanced keno. So in one case I admire the horse racing industry, because they are coming back and they're calling it what it is. And it is slot machines. But I think we have to look at what it's done to our neighbors, what it's done across the country, and how it's going to affect our general population. This is no free revenue stream. There is no new money that's going to be made. This is, what we've heard before, it's a redistribution of wealth. And I have

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

General Affairs Committee
January 26, 2009

material for you. This one is an article, just January 23, out of the Omaha World Herald and this tells that Iowa is facing a \$700 million deficit. Now, Iowa started in the early '90s with two river boats. And they came in and said, that's all we want, that's it; two river boats. We're going to float up and down the Missouri, we're going to bring tourists to Iowa, we're going to pay for education, and everything except having Mark Twain on the back strumming his banjo. And it wasn't a year later that the horse tracks, and at that time the dog track, Bluffs Run, went back to the legislatures and said, this is unfair competition; we can't compete. We have to have an equal playing field. I think we've heard that today. Well, they agreed. And they converted all of the horse tracks and Bluffs Run into a casino. Now let's just take a look at Bluffs Run. Bluffs Run was a little dog track. Bluffs Run is now Horseshoe Casino: largest casino in the state; has 68,000 square feet of gambling floor, and it's owned by Nevada. And does anybody know where the dogs are? They're there somewhere, running around the track once or twice a day, maybe, to keep their license. Which is exactly what's going to happen in this case. And it subsidized the dogs, they're still running. But at what expense? At what expense to the citizens of Iowa and, in many cases, the citizens of Nebraska? And when we talk about the money, as our financial expert mentioned, where does this money come from? And I have charts here that's going to show you, nationwide, that 80 percent of the gambling losses occur from 20 percent of the population. The poorest of the poor; those that are most desperate; those that are looking for hope. And we've got to say, is this the way, in all honesty and integrity, that we want to finance government, that we want to pay for roads or pay for anything else on the backs of those that can least afford it? Has it benefitted other states, and what's the trend? Here's an article from the Thomson Financial News. It's dated January 15, and it says, "U.S. states losing bets on casinos." This is not an industry that you want to base your roads on, your health department, your education, or anything on. It is not a reliable source of income. We had a young man that was here today, but he had to leave at 3:00 because he had a job that he had to go back for. This young man is from Lincoln, and he had four children--the youngest is one year old. And every Saturday night, he and his wife would come up to Omaha where they had relatives. The relatives would watch the four little kids, and they'd go over to the casinos for a date night. His wife went over and played \$20 in the nickel machines, but meanwhile Scott was going up and up and up on his share, unbeknownst to his wife. He maxed out his credit cards, he put the house into foreclosure, and he began embezzling from his employer. He was finally caught. He's been penalized. He's now on house arrest, and his life has been ruined. They had to sell their house; they lost everything they've ever...they almost lost the marriage. And he was here today; he's going to send in a written testimony because he couldn't stay. But this is some of the things that he was going to share with you...some other stories of how this affects people. And then this one, again, is the Las Vegas report. But I think we have to ask ourselves, is it worth it? Is it worth any amount that's being promised if it's on the back of our citizens that can least afford it? We had...the senators are here to represent the state, and I believe it's the state's responsibility to protect their citizens and not prey upon their citizens. Now, Senator Friend, you brought up an excellent point in

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

General Affairs Committee
January 26, 2009

that, where will this go? Once we change our constitution, which is, I consider, a sacred document, how is this going to affect the Native American population? And it is. It will open the flood gates, because the only thing that is holding the Indian casinos back in Nebraska is the fact that they cannot have anything unless it's legal in the state. The minute we change that constitution and make slot machines and Class III gambling legal, Katy bar the door. Now, we have four tribes. They could all have casinos. It's been said, well, they can only have them on the reservation. You know that's not true. You know what we just thought, with the Poncas buying five acres of land in Carter Lake. And they were backed by, we believe, a Nevada gambling interest. And they were going to build a five-acre building and then rent the land around it for infrastructure and for parking. That was just recently defeated; only after the Attorney General got involved and the state of Iowa joined our case. And it was recently defeated. But it was a very close call. So that can be done. Land can be bought, can be put in trust in any city that the Native Americans can claim. And of course, they walked this whole state. So we don't know what that would do. And these are tax-exempt casinos; Native American casinos are tax exempt, and they also can allow 18-year-olds to gamble. Because that's what's happening in the state of Iowa. When the three casinos opened up in Council Bluffs, it basically killed the two Indian casinos that were further up the river. What did they do? They lowered their gambling age to 18. The state of Iowa challenged that and lost. Because they are on Indian property, which is considered sovereign land, and they make their own rules. So we're looking at tax-exempt casinos, and we're looking at 18-year-olds being able to gamble. The other thing I would like to leave you today, since I didn't bring you ducks today, was I brought you the closest thing that I could find to remind you that this is a bailout. It is a bailout of the horse racing industry. And I wanted to leave you each with a pail, so that you could look at it and remember that the American public is sick of bailouts; nationwide. And I would like you to please think long and hard before you pick out one part of society, or one business, or industry, or sport, to subsidize and to allow to continue. Because we could have, today, every small business owner in the state sitting before you saying, where is my piece of the pie? Because it's just not fair. So we would like to urge you to...oh, I forgot. I brought you all copies of that wonderful...Senator Karpisek. I understand...I tried to get the original for you, but Deb Fischer already got it. I know it. So I brought you all copies of that. I don't think this is the way that you want to be remembered in history. And so I would just urge you, please, to remember the people that you represent. Remember how the voters have voted three times and just kill this thing in committee. I have 11 grandchildren; I'd love to go home and spend time with them and not on this issue, but unfortunately it does keep coming up. So I would urge you to vote down both of these--the resolution, and also LB266. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Pat. [LB266 LR6CA]

PAT LOONTJER: Any questions? [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

SENATOR ROBERT: Any questions from the committee for Ms. Loontjer? Seeing none, thank you. [LB266 LR6CA]

PAT LOONTJER: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Any further opposition? Anyone wanting to testify in a neutral capacity? Welcome. [LB266 LR6CA]

DENNIS LEE: Good afternoon, senators. I'll be brief. My name is Dennis, D-e-n-n-i-s; Lee, L-e-e. Last week I received a letter from Senator Karpisek requesting that I appear before you in my capacity as chairman of the Nebraska State Racing Commission. I guess I've taken the liberty of anticipating some of your questions, and so I wanted to give you some information here relative to both of these items of legislation that are before you this afternoon. These figures, with only two exceptions, are all in millions of dollars. And I've used 2007 as the baseline for being able to provide you with this information, for several reasons. 2007 seems to be the most recent year for the states that I've had the opportunity to review, and is also the most recent annual report that our staff at the Racing Commission has prepared. In 2007, the Nebraska Racing Commission issued 2,136 occupational licenses. We had offices at all of the five thoroughbred racetracks in Nebraska and the one quarter horse track in Nebraska. The five thoroughbred tracks, as you know, are Fonner Park in Grand Island, State Fair Park in Lincoln, Horsemen's Park in Omaha, Agricultural Park in Columbus, and Horsemen's Atocad Downs in South Sioux City. The only quarter horse track that is operating now is in Hastings. We used to have quarter horse racing in Broken Bow at the Custer County fairgrounds, and in Deshler, Nebraska, but those facilities have not been operational for many years. The Nebraska mutuel handle, and this is a combination of on-track and simulcast handle, in 2007 was \$96.8 million. The Nebraska Breeders Awards, which are the awards that extended by a fund administered by the commission through the Nebraska Thoroughbred Breeders Association, has gone up in recent years: 2005, the Breeders Awards totalled \$442,000; 2006, it totalled \$444,000; and in 2007 it had reached another increase, up to \$455,000. Those figures that I've just shared with you today are just the horse racing end of it, which is a combination of the live racing handle as well as the simulcasting handle. I checked on the charitable gaming reports that were effective as of 2007: bingo, \$12.1 million was handled in 2007; pickles, \$41.6 million; lottery and raffle, \$6 million; and the thing that interested me the most was keno handle in 2007 was \$196.2 million, which is essentially a little more than the \$100 million more than what the Nebraska mutuel handle was in 2007. Powerball: scratch sales for 2007, \$59 million. Powerball tickets were a total of \$54 million for that year, which is a little over an average of a million a week. Total Powerball and scratch sales were \$103 million. How does this compare to some of our counterparts in other jurisdictions? Well, for...location-wise, I went to the Iowa Racing Commission. And in the Iowa Racing Commission in 2007, and I focused...Iowa is an interesting state. They have dog racing, as some speakers have indicated earlier, and one speaker said horse tracks. In reality,

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

General Affairs Committee
January 26, 2009

there is only one horse track in Iowa and that's located in Des Moines, and it's Prairie Meadows. There are several dog racing facilities, but most notably, most people I think would reflect on Iowa being the casinos that are in Council Bluffs; casinos that are in the eastern part of Iowa; and the casinos that are located elsewhere within Iowa. So for purposes of Iowa, so we can compare apples to apples, I just compared the Nebraska racing handle with the only comparable horse racing track in Iowa, which is Prairie Meadows. And in 2007, Prairie Meadows had a horse racing handle for the year of \$21.1 million. Remember, Nebraska's handle was \$96.8 million. So the horse racing handle in Iowa was \$21.1 million. Prairie Meadows' purses, though, are much better. Prairie Meadows' purses, in some cases, are 125-175 percent more than the purses that are offered through racetracks in Nebraska for the horsemen, the trainers, and the owners. Where does that difference come from? This was a figure that surprised me because, frankly, I hadn't looked at it, ever. I was going to say for a while, but that's not accurate; I've never looked at this figure. Prairie Meadows, like all of the other racing facilities in Iowa--dog racing and other facilities and river boat casinos--have a variety of gambling opportunities. Not only do they have horse racing and simulcasting opportunities at Prairie Meadows, but they also have slot machines and various table games that you would find at any of the casinos that are operational on the other side of the river from Omaha. The most popular, as was stated earlier this afternoon, the most popular gambling opportunity at Prairie Meadows were the slot machines, not the table games. In 2007...this is the one exception I cautioned you about earlier when I was going to talk to you in millions of dollars. In 2007, the slot machine handle at Prairie Meadows was \$2.4 billion. The most popular slot machine was the dollar slot machine. And the dollar slot machine at Prairie Meadows was \$679 million. Now that's not loss; that's the total amount handled. They have a category...you can go to the Web site; you'll see that they have various categories. And they break it down based upon slot machine, and it's called the slot drop, which is when you drop a dollar or you put \$10 in the slot machine and you get down to \$4, and you win a \$10 jackpot and you're up to \$14...well, and you continue to press the enter--it's all part of the slot drop, because it's a wager. The payout of the \$2.4 billion...the payout to the public at Prairie Meadows, was 93.12 percent of that. And I apologize, I haven't done the math, but the profit on that was 6.88 percent, that was retained within the racing industry, the state, the racetrack, the Polk County situation, and Des Moines. And that's the difference, getting back to my point, that's the difference as it relates to why can Prairie Meadows offer purses that are, in some cases, 200 percent better than the purses that are offered at the Nebraska racetracks? Prairie Meadows had a situation where, before the gambling was expanded in Iowa, Prairie Meadows had built its racetrack facility and the people of Polk County had guaranteed the bonds on the building of that facility. And at the time that the legislation came up for vote in Iowa to expand gambling to specifically include the racetracks, the Polk...the Prairie Meadows had technically defaulted on the bonds, but demand had not yet been made upon the Polk County supervisors for payment of the bonds. The bill was passed; enabling legislation was placed in effect; slot machines were installed at the racetrack. And as you can see, the handle has been very popular

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

General Affairs Committee
January 26, 2009

in Iowa, to the point that the bonds were paid off early and there's a 93.12 percent payout. I anticipated that one of the reasons Senator Karpisek asked me to be here today, is the Racing Commission would be the regulatory body that would regulate if this bill were to be passed by...referred by this committee to the floor of the Legislature, and the Legislature approves it, it goes on the ballot, and the voters approve it. Can we handle that? The answer is a yes and a no. Yes, we can handle that; we can't handle it with our present staff. Our present staff consists of about six full-time employees. We have seasonal employees that assist us during the racing season. To give you an idea, Oklahoma has three tracks and we have five; six with counting our quarter horse track. Oklahoma, in its 2007 annual report, has three racetracks. They had a mutuel handle very similar to ours, of \$100 million, compared to ours of \$96.8 million. They also had slot machines at their racetracks--fewer than 3,000, I can't give you a specific amount, and they handled \$78 million in their slot machines in 2007. Oklahoma's Racing Commission has 28 full-time employees and 14 part-time employees, for a total number of employees of the Oklahoma Racing Commission of 42. I've been on the Racing Commission since 1988. I've been involved in the racing industry in a variety of capacities since, actually, May of 1970, working my way at Ak-Sar-Ben through high school, college, and law school at Creighton. I'm an attorney in Omaha, and essentially my service on the Racing Commission is an opportunity for me to give back to the industry that essentially put me through school. I can tell you that with my service, even as a staff member of the commission--I was on the commission staff as an attorney from 1984-87--when the Racing Commissioner started to regulate racing, the Legislature expanded that jurisdiction when exotic wagering was approved. The commission modified its approach; we were able to regulate exotics. Some time in the...I believe it was the mid-'80s, the Legislature approved a Sunday racing referendum, where it would go to the local option voters to, on a racetrack, to have the local voters approve Sunday racing. Prior to that, racing was consistently held on Tuesday through Saturday. The Racing Commission adjusted to that. We handled the Sunday racing issue; most of the tracks now race on the weekends, including Sunday. Most recently, our jurisdiction was expanded by this body in 1988 with the adoption of the inter- and intrastate simulcasting legislation in compliance with the federal legislation on the interstate wagering act. We've handled that. We wrote the rules for it; we've adopted it. The rules that we have for simulcasting have been approved by the Attorney General, the Governor, and approved by the Secretary of State. So to get back to the original question that I posed, if this bill were to...if this combination of bills were to be approved and placed in effect, would the commission have the ability to regulate? The answer to that is yes. The commission has consistently shown a pattern, during my service as a staff member and as a racing commissioner for the last 25 years, going back to 1983 when I was on the staff...you give us a job, we do it. We don't make policy. Our Racing Commission...we regulate, you tell us what to do, the Governor tells us what to do, and we do it. And so if this is what you tell us what to do, we're prepared to do it. My only caution is we're going to need more help. We're going to need a larger staff. And this bill requires that we have an officer at every gambling facility. You know, right

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

General Affairs Committee
January 26, 2009

now we have a tough time staffing sometimes when we have tracks that are overlapping a little bit. And we're trying to license people; we're going to open our licensing facility at Fonner Park in ten days. So we can handle it; we're going to need some more help. I'll be glad to answer any questions. If there's anything that our staff can provide you or your staff, just say the word and we'll get it to you. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Lee. Any questions for Mr. Lee from the committee? Seeing none, thank you. [LB266 LR6CA]

DENNIS LEE: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Next neutral testifier. [LB266 LR6CA]

TIMOTHY KEIGHER: Good afternoon, Vice-Chairman Rogert, members of the committee. My name is Tim Keigher; that is K-e-i-g-h-e-r. I appear before you today as the executive director and registered lobbyist for the Nebraska Petroleum Marketers & Convenience Store Association. I appear before you in a neutral capacity. We applaud Senator Karpisek and Senator Fischer for bringing this idea forward, innovative idea. I guess NPCA does not have a position on gambling, and I'm not here to speak on that, but simply here to say that we look at this as an alternative to having to raise the gas tax, which is something that we hold dearly. And with that, we would encourage you to take a look at this as a viable idea. And I'm happy to answer any questions. [LB266 LR6CA]

SENATOR ROBERT: Thanks, Tim. Any questions from the committee? Senator Price. [LB266 LR6CA]

SENATOR PRICE: Senator Rogert, thank you. Mr. Keigher, if we had a problem with the petroleum industry, would you advocate we put slots in the gas stations? [LB266 LR6CA]

TIMOTHY KEIGHER: I think my members would probably support that, yes. [LB266 LR6CA]

SENATOR PRICE: All right, thank you. [LB266 LR6CA]

SENATOR ROBERT: Any other questions? Thank you. Next neutral testifier. [LB266 LR6CA]

JERRY BAUERKEMPER: It's getting late, I'll be brief. My name is Jerry Bauerkemper, B-a-u-e-r-k-e-m-p-e-r. I'm the executive director of the Nebraska Council on Compulsive Gambling. Many of you are new, but we have been in front of this group for many years, since 1992, when gambling was legalized in the state of Nebraska through the lottery.

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

General Affairs Committee
January 26, 2009

Let me, first of all, say that in about...in the early 1990s, the American Medical Association deemed that gambling was an inherently dangerous activity. So let's not go into this saying that this isn't a dangerous activity. It also...they also came out many, many years before that talking about alcohol being a dangerous activity, too. And many people drink. And how many of us are standing in line to vote against alcohol? And so I would suggest to you that, even though this is a dangerous activity, a limited number of people will, in fact, have a gambling problem. And statistically, we have about 17 or 18 prevalent studies throughout the United States, and numerous in Europe and Asia, that talk about the average being about 2 percent of the population will have a gambling problem at any given moment; and 5 percent over the course of their lifetime. Compare that with 10 percent of the population will have an alcohol problem. And so we're talking about people who...this is a generally less addictive process for most of the population. Now, does that mean that it won't be in the future? Studies are out on that. There are many people who speculate that as we...as gambling proliferates, and more and more people get acclimated to gambling, that that number will rise. And I'm here to say that that's probably true; the number will rise. But the reality of the situation is that about 95 percent of the people won't have a gambling problem, regardless. There are many people that have sat in this room and said I don't gamble and I don't ever go there. Well, about 12 or 13 percent of the population don't. But about 87 percent of the people will gamble an average of once a year or more. And I'm not suggesting that we should or should not pass this bill, I'm suggesting you should know the truth. Because both sides are going to tell, and both sides are going to tell one part of the story. Approximately two-thirds of our population are already within 50 miles of a casino or Class III gaming. And so...and the statistics talk about the fact that, if you're within 50 miles, you have double the chance of having a gambling problem than if you're not within 50 miles. So basically, the vast majority of our population is already acclimated, and the percentage of problems that we have is already there. Now the issue is one of, if gambling is put into the tracks and its casinos, or Class III gaming machines, will it raise the number of people who have a gambling problem? And the answer to that is, probably not. What it will do is speed up the process, we know that. And it will affect people that haven't been acclimated before, okay? And we know that from research too. Someone said that slot machines are the crack cocaine of gambling. That is an untrue statement; it is video poker machines that are that. Slot machines are the second most dangerous, as far as addictive. And the reason I know that is because that was a Dr. Robert Hunter quote, and he is...and he happens to be a personal friend, and I was there when he made it. So video poker machines...and there will be a discussion on should we, you know, at some later point if this is allowed, should we go to video poker machines, should we allow this, should we allow that. And the history of gambling tells us that when you start putting machines in, or when you start raising the stakes of gambling, then people will come back. So the question is, will this piece of legislation stop it as it is? And that's for you all to decide; that's not for us to decide. We're just here to say that the people that are going to have a gambling problem in this state already have a gambling problem in this state. 55 percent of the people who call our help line--and that's what we do, we

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

General Affairs Committee
January 26, 2009

answer the state's help line for problem gambling--55 percent have a Class III gaming issue already. Which means that 45 percent of the people who call us, don't. And they have a sports gambling problem, and a keno gambling problem, and a bingo gambling problem, and a lottery gambling problem; they have all kinds of different kinds of gambling issues, including stocks and commodities and things like that which are, in fact, a gamble for some. And so we know that gambling is a part of this process, and we also know that it's already indoctrinated into this state. In the legislation that's being proposed, they're talking about a 1 percent problem...1 percent of the legislation. I know where that came from. I was one of the people who advocated that. The first time that happened was in the state of Iowa, and I happened to be working in the state of Iowa, and we as a group lobbied for 1 percent of the funds. We have found that to be woefully inadequate, I want you to know. And so we would advocate...if this were to go in front of and become a process, we would advocate at least 2 percent of the funds to be allocated. Now that means somebody else isn't going to get any, and that's going to make some sort of a process. But I'm suggesting to you we get 1 percent of the lottery funds, and right now we have more people that want to get into treatment than are able to get into treatment. And someone talked about, well, you know, we don't know how many people are getting help. Well, part of the reason people aren't getting help is because we don't have the funding to do that. And the other issue around that is, is that they would still need help if we outlawed every form of gambling. Because we have people that come in that are sports betters. Now, in the state of Nebraska, sports betting is not legal; I know most of us think it is. And so are the poker games; those aren't legal either. But people get into problems with those things. People get into problems with most any forms of gambling. So what we have begun to look at is, what would it take to do a comprehensive piece? And we're talking about using...if this were to pass, what would we do with the funds? Well, we know that in the state of Oregon, they had a comprehensive...including prevention, and treatment, and intervention, and they actually, with enough funding, reduced the amount of people who had gambling problems--percentage of people. You can, in fact, affect that if you do a comprehensive program. And so if we were to have the additional dollars, we could put forth not just a stopgap, acute, let's deal with the worst of the worst, the people that come in that are \$90,000 in debt; we could actually affect people who don't have a problem so that they wouldn't. And so one of the positives of having additional dollars in our pockets is we actually know that it can be done. The state of Oregon did it. We love the exclusion process of this. We wish they would do that even if they didn't get this passed. Because we believe...and we have done focus groups with people who have horse gambling problems, and they all say to us, if the casinos can do this, why can't the horse tracks do this? And so they're advocating for them to do that. We would agree that that's a good idea, regardless of whether or not this passes or not. Now, are we for this bill? You know, we see all the devastation. We see...the people who come to see us are in pain. And the people who come to see us are in debt, and they are in pain, but we don't get to see...and we don't...and I would not pretend to tell you about the people that don't have a problem. The people that spend their \$20 or \$40, and they go and they go to the

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Transcriber's Office

General Affairs Committee
January 26, 2009

buffet right afterwards. Or they go and they have, you know, the Horsemen's Park's \$6.99 steak, and they spend 20 bucks. I can't tell you about those people. I can only tell you about the people that have problems. And I can tell you that we could use the additional dollars. Now, at the back of casinos or at Class III gaming, that's your decision. But one way or the other, we'd like to introduce you to the fact that gambling does exist in this state; people who have gambling problems are real in this state; and regardless of what you do, there will be people that have gambling problems. And we could sure use your support in whatever you decide to do, okay? And I'll end with that and let you guys make decisions on going home. Yes? [LB266 LR6CA]

SENATOR ROBERT: Senator Friend. [LB266 LR6CA]

SENATOR FRIEND: Thank you, Senator Rogert. This was neutral testimony, is that correct? [LB266 LR6CA]

JERRY BAUERKEMPER: Yes. [LB266 LR6CA]

SENATOR FRIEND: Sir, really? You see the devastation and you would actually come in here neutral? [LB266 LR6CA]

JERRY BAUERKEMPER: Yeah. [LB266 LR6CA]

SENATOR FRIEND: I find that... [LB266 LR6CA]

JERRY BAUERKEMPER: People ask me that all the time. [LB266 LR6CA]

SENATOR FRIEND: I find that...no, no, wait. I find that somewhat hypocritical. I've sat here for six years and I've seen this before... [LB266 LR6CA]

JERRY BAUERKEMPER: Yeah. [LB266 LR6CA]

SENATOR FRIEND: ...from your organization. Now the thing is, I find it...convince me. You're really neutral? You see the devastation...why can't you come in here in an opposition fashion and tell us you need more money? I'd respect that a heck of a lot more. That's a question. Why couldn't you come in in opposition and say, we need more money because we've got a problem? I mean, help me out with that. [LB266 LR6CA]

JERRY BAUERKEMPER: Okay, and I'll answer that question. Because... [LB266 LR6CA]

SENATOR FRIEND: Quickly, please. [LB266 LR6CA]

JERRY BAUERKEMPER: ...because the bill doesn't come in here for us to be opposed

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

General Affairs Committee
January 26, 2009

or, or...that's your decision. [LB266 LR6CA]

SENATOR FRIEND: We had all kinds of opponents here today. [LB266 LR6CA]

JERRY BAUERKEMPER: Yeah, and they're all against gambling... [LB266 LR6CA]

SENATOR FRIEND: And you're not? [LB266 LR6CA]

JERRY BAUERKEMPER: ...and I'm not against gambling. [LB266 LR6CA]

SENATOR FRIEND: You're not. [LB266 LR6CA]

JERRY BAUERKEMPER: No. [LB266 LR6CA]

SENATOR FRIEND: You've seen all this devastation and you're not against it? [LB266 LR6CA]

JERRY BAUERKEMPER: No. [LB266 LR6CA]

SENATOR FRIEND: Thank you for your time. Thank you, Mr. Chair. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Senator Friend. Any more questions? Seeing none, thank you. [LB266 LR6CA]

JERRY BAUERKEMPER: Yep. [LB266 LR6CA]

SENATOR ROBERT: Further neutral testimony. [LB266 LR6CA]

DEBRA HAMMOND: My name is Debra Hammond, D-e-b-r-a; Hammond, H-a-m-m-o-n-d. I am a state certified gambling counselor and the director of Choices Treatment Center here in Lincoln, Nebraska. I actually am a board member of the Nebraska Council on Compulsive Gambling as well, and a former member of the Governor-appointed committee that regulated and disseminated the funds in the initial...when the lottery was approved and legalized in 1992. I served from 1998 until...excuse me, 1994 until 2002. I sit here today to ask that, as you make your decision on this, that you take a look at the amount of monies that you have agreed to...that you will agree to if you pass this, to appropriate into the treatment--the Gamblers Assistance Fund. We need, and currently do not have, a public awareness message. That is much needed in our state. And as a treatment provider, I can assure you that if we had a public awareness message we would eliminate some of the issues that we have to deal with as providers--the amount of debt that people present for with treatment, and so on. And I am not going to repeat some of the things that Mr. Bauerkemper had originally stated to you. I would be happy to take questions if you

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

General Affairs Committee
January 26, 2009

have them. [LB266 LR6CA]

SENATOR ROBERT: Are there any questions? Thank you, Ms. Hammond. [LB266 LR6CA]

LARRY DIX: Senator Rogert, members of the committee. For the record, my name is Larry Dix. I'm the executive director of the Nebraska Association of County Officials. You've listened all day; you've heard two sides of the story. I would tell you, within our organization, two sides of the story exist there, too. Certainly we see it on one side that this can put...potentially put additional strain on the law enforcement side of it. We believe that there is the potential for that to impact some of our funds on that side. On the other side, we realize that sort of the crisis we're in as far as road funding, and that's a very, very real, real need also. We've got bridges across the state being closed left and right. We certainly care...and again, we do see both sides of it. We appreciate having a new idea put forward for the road funding on that side, but we also know that our sheriffs are on the back side saying, oh my gosh, what kind of a dilemma will this put us into? So we appreciate the committee looking at it. The main part about it, I think, from NACO's side is we're glad at the end of the day it will be a vote of the people, and whichever way that comes out, then we'll go forward with that. I'll end my testimony with that. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Dix. Any questions from the committee? Thanks. [LB266 LR6CA]

GARY KRUMLAND: Senator Rogert, members of the committee, my name is Gary Krumland, it's spelled K-r-u-m-l-a-n-d, representing the League of Nebraska Municipalities. And taught not to be repetitive, we are neutral on this; we don't have a stand on the bill. We do support funding for roads. The money says it will go in the Highway Trust Fund which is 53 percent to the state; the rest is divided between counties and cities. We do support increased funding for the roads and streets. This may not be the mechanism, but I just want to take the opportunity to bring that to your attention now. Because of the lateness of the hour, that will be all I say. [LB266 LR6CA]

SENATOR ROBERT: Any questions for Gary? Thank you. [LB266 LR6CA]

LOY TODD: Senator Rogert, members of the committee, my name is Loy Todd; it's L-o-y T-o-d-d. I'm the president and legal counsel for the Nebraska New Car & Truck Dealers Association. It probably won't surprise anyone that we don't have a position on gambling at all in our association, and won't have one. However, just want to emphasize the same thing that Mr. Krumland was mentioning. Highway funding is not only at a standstill, it's going backward. As you know from our industry, all the sales tax on motor vehicles comes to the Highway Trust Fund. We're down, hopefully, only about 25 percent. So that's a decrease. Fuel consumption is down; that's the other funding

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

General Affairs Committee
January 26, 2009

source for highways, and that's significantly reduced. And so the one thing that was refreshing is to see just some new approach, something that recognizes the fact that there's a need. Probably wouldn't even testify except that a lot of the other people concerned with the Highway Trust Fund didn't. We thought it was important, because if something goes forward we think that this is a good place to put the money because, as you'll see, once this...if this does come out, and they start to talk about real money being available...wait till you see the flood of people who come to see if they can get a piece of it. And we certainly...we like the funding sources for our roads department right now; we don't want to be out there competing with the elderly, and with the schools, and K-12 for the money. So with that we encourage you to give it the consideration that you think it deserves. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Any questions for Mr. Todd? Thank you. [LB266 LR6CA]

BILL KURTENBACH: (Exhibit O) Good afternoon...evening. My name is Bill Kurtenbach. I'm the general counsel for the Nebraska Cooperative Government. We are here in a neutral capacity, at least at this time, primarily because of the fact that... [LB266 LR6CA]

SENATOR ROBERT: Sir, can you spell your last name for us, please? [LB266 LR6CA]

BILL KURTENBACH: Oh, sure. [LB266 LR6CA]

SENATOR ROBERT: Yeah. [LB266 LR6CA]

BILL KURTENBACH: K-u-r-t-e-n-b-a-c-h. Our governing body...we are a government body, and I'll get into that a little bit, but our governing board has not had an opportunity to formally meet and to hold a meeting or take a position, but I can express some of the concerns that they've...we've had on similar legislation in the past. Nebraska Cooperative Government is a separate government entity, and it's described somewhat in the handout I've given you there, where about 100 of the towns that hold keno licenses have joined together through the provisions of the County and City Lottery Act and the Interlocal Act to create a separate governmental body called the Nebraska Cooperative Government, to conduct...at least one of its purposes, a joint lottery among those 100 communities that are members of the Cooperative Government. By doing so, it allows...it's a real benefit for many of the smaller cities in Nebraska because it provides them with an opportunity to generate revenue and have opportunities through the County and City Lottery Act that would not otherwise be available to them. By joining together, they establish statistical stability and get economies of scale that make the keno lottery available to them. Since 1990, the Cooperative Government has generated over \$21 million for its cities alone, and they've used that money for a variety of purposes that would probably not otherwise be available. They buy ambulances; they buy pagers for their firemen; they put lights up at the ball field. The range of things they

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

General Affairs Committee
January 26, 2009

do is just...you can't describe it all. But like I said, these things would not have been available to many of these communities without that...the opportunity through the Nebraska Cooperative Government. Included in the handout is somewhat of a history of gambling in Nebraska. We thought that it may be appropriate to provide that to the committee because of the fact that we haven't been before this committee in the past. When Senator Janssen was here, and Ken Winston was sitting in your seat, we've been here several times. But we have a lot of new faces here; we don't have a lot of that past history, so if you feel the opportunity or sit and read through that, because that will tell you what's happened in gambling in Nebraska over the past 70 years, when they first legalized gambling at the racetracks. The general rule is that, through this history we've had in the Legislature is that, you know, you have all these various gambling interests in Nebraska. You have the charities who have their pickle cards; you have the local governments with their keno; you have the racetracks with horse races; the state government with scratch offs and Powerball. You have all these various gambling interests that already exist in the state. And the past has kind of shown that unless they're all pulling together, nothing goes anywhere. That's because you...they do everything they can to prevent one or the other from having an upper...gaining an upper hand on the other, because once they do and the camel's nose is under the tent, and they get all this revenue from whatever expanded gambling is available, they're going to own the show for the rest of the time...for the rest of the...from there on out. So that's why...I mean, we were somewhat disappointed that weren't approached by the tracks. We worked with the tracks in the past, but apparently they didn't see fit to bring us in on the wagon so, like I said, we're somewhat disappointed in that. The common goal of all those gaming interests in Nebraska though, at least as it's developed over the past few years, is that we've got to do something about this \$300 million that's going across the river every year. I mean, that money could surely be used in Nebraska for some public purposes. I like the idea of the highways; I've got to give it to them, that's a great idea. But there's so many other things that we could do. But the main thing, the common goal that we all have to share, is do something about that...we've got to plug that drain. \$300 million a year is a lot of money, and there's a lot of things that we could be doing with that money in the state. So the question becomes, why do it this way? Are we going to have...give \$80 million to...and establish it in the constitution, for an industry of questionable viability? The...I know this probably sounds extreme, but I think, in hindsight, if we were going to do it right...you know, right now our constitution, as far as gambling, is a patchwork. You have a general prohibition against gambling and then you have all these exceptions carved out of it. You know, you have the exception for the racetracks. You have the exception for the state lottery. You have the exception for the local government lotteries; on and on and on. And this general prohibition is, like I said, it's just a patchwork. If we were going to do it right, we'd just get rid of the general prohibition. And I know that's going to make Gambling with the Good Life go nuts, but that way the Legislature would have some authority to do something that makes sense, instead of etching it in stone in the constitution, which we all know how hard it is to amend the constitution. It just makes no sense to do that. But if you did it, if you did

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

General Affairs Committee
January 26, 2009

away with that general prohibition, let the Legislature have the authority to do something that makes sense, that has flexibility, you'd be more...you could be more responsive to changing environments. That would be the way to do it. But like I said, that's probably pretty extreme. If this thing would pass, I can promise you, yes, you will have Indian casinos in Nebraska. No question about it. You're also going to have the charities and the local governments coming to you saying, you helped the tracks out, where's our share? Like I said, \$21 million to small towns across Nebraska is a lot of money to those towns. The small towns are having a hard enough time the way it is. Don't pull the rug out from underneath them by doing this because, frankly, if they get those...the slot machines at the racetracks, the keno games in those small towns are going to have a real hard time generating any money for their communities, certainly not nearly to the level that they have so far. And I think there's just a few other things that need to be addressed about what...the bill. I think there are some assumptions...what the bill says that aren't in the bill. For example, it appears that the cities that have racetrack gaming would get 4 percent. It doesn't say you get 4 percent of what's played in your town; it says that the Racing Commission allocates 4 percent to the cities. Theoretically, one city could get it all, even though you have play in all...at up to seven racetracks; let's say five existing. For example, the racetrack...if the Racing Commission wanted to, they could give it all to the city of Omaha and none to anybody else. The Racing Commission also allocates the 10 percent that goes to the racetrack facilities, the racetracks. It doesn't say that it's based...you get 10 percent of what's played at your racetrack facility. Again, it could all go to one track. And I think what probably needs to be said more than anything is, the way it's set up now, the percentage...you'd have more money going to the racetracks than you would to the Highway Trust Fund. And I can't believe it costs as much to feed a horse and put up prize money as it does to build a highway. We are neutral on this. We're not going to come in here and be hypocrites and say, yeah, expanding gambling's great when it's for keno, but maybe not the racetracks. I'm just saying we need to all pull together on this. And if we can, I'm sure we can come up with something that satisfies everybody. There's plenty to go around. We tap into that \$300 million going to Iowa, everybody's going to be fat, dumb, and happy. Any questions?
[LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Kurtenbach. Any questions from the committee? Seeing none, thank you. [LB266 LR6CA]

BILL KURTENBACH: Thank you. [LB266 LR6CA]

SENATOR ROBERT: One last testifier? Are there any more testifiers? Two more, okay.
[LB266 LR6CA]

CURTIS SMITH: Senators, thank you for the opportunity to be here. My name is Curtis Smith. I'm with the Nebraska Associated General Contractors. We're the horizontal infrastructure guys in the state: highways. Last Friday I had the opportunity to be and

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

General Affairs Committee
January 26, 2009

attend the Highway Commission meeting out at the NDOR, and at that committee and that hearing there were numerous representatives from various communities across the state: Gering, Scottsbluff, Columbus, Norfolk, Wayne, South Sioux, Blair, and so on. And they're all, without exception, concerned with the highway funds that are available. If you know, and you probably do, the highway funds...the program peaked in about 2006 at about \$390 million. It's down this past year to about \$341 million and expected this next year to go down to about \$317 million. So all these communities are seeing their local highway projects, the expressway system and so on that we've talked about over the last 20 years in the state, disappear as time goes by. And the way the funding is going within the state at the present time, it won't be very long before the funds available will be no more than a preservation or maintenance overlay, pothole filling and so on, within our state. And these communities recognize the economic benefits that come from having good highways across our state. And that's why we are here. We are glad to be here as a neutral, but we're glad to see that the recognition of needs for additional funding within the state are being recognized. And the \$80 million that...wherever it comes from, would be a benefit, I think, across the state. And that's why the industry is here. I'm glad to see somebody addressing that issue. Thank you. [LB266 LR6CA]

SENATOR ROBERT: Thank you. [LB266 LR6CA]

CURTIS SMITH: Any questions? [LB266 LR6CA]

SENATOR ROBERT: Any questions for Mr. Smith? Thank you. [LB266 LR6CA]

CURTIS SMITH: Thank you. [LB266 LR6CA]

SENATOR ROBERT: Further neutral testimony. [LB266 LR6CA]

CRAIG WULF: Hello, senators. My name is Craig Wulf, W-u-l-f. I live in Raymond, Nebraska. I came here today, I'm not going to lie to you, I came here today as a proponent, because I do benefit from it because I am a horse owner. But I'm also a voter and a taxpayer in the state of Nebraska. I think it's time that we put aside the argument. Gambling is here, whether it is legal or not, it is here in the state of Nebraska. It is within an hour's drive from almost any place in the state to get to a legalized gambling state that has it. Other people talked and said how much money is going out of the state. I understand that gambling is an evil, and it isn't something that should be...maybe should never have been allowed into other states, as well as maybe it shouldn't be allowed in ours. But it's also time that, I think, the state of Nebraska has to embrace and try to get some of the positives from it, like taking the money that is leaving the state, and try to do some good with it here. Whether that's right or wrong, it's hard to decipher, and that's what you guys have to do. But in my mind, it's here already. Maybe we have to embrace it and move on because times have changed. It's a different

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

General Affairs Committee
January 26, 2009

society that we live in than 80 years ago when the first laws were proposed. That's my thoughts. I hope you guys can make a good decision on this fact. Thanks. [LB266 LR6CA]

SENATOR ROBERT: Thank you, Mr. Wulf. Any further testifiers? The senator from Wilber to close. [LB266 LR6CA]

SENATOR KARPISSEK: Thank you Senator Rogert, members of the committee. I appreciate everyone sticking around and listening. I know it was a long day. I would like to thank everyone who testified on both sides of the issue. We all have feelings, and we all know that there are two sides of this issue. I'd especially like to thank Ms. Loontjer for being here because we have started an e-mail friendship over this whole issue, sending cartoons back and forth. Today, many have said that gambling has been voted down enough times. We've been voted in as senators, but they make us go back in four years and get voted on again. But only once now, because term limits won't let us go back twice--unless you're like Senator Dierks and come back again. But I can't say that just because something has been voted down in the past that that doesn't mean that we shouldn't have the issue come up again. I don't believe that at all. I do think that this is a different way to go about it than was done in the past. We weren't here when it was done in the past. I watched it from the outside looking in, and I'm sure that we would have learned a lot more had we been here. I saw in the paper this morning there are no less than 14 states this year that are looking to have gambling initiatives on their ballot. I think that shows...even Hawaii, that has absolutely nothing right now as far as gambling, is looking at doing something. I feel that this is a very straightforward and controlled way to get some of the benefits that are leaving the state every day. Under this proposal, gaming would only happen where it is already happening, at the racetracks. A controlled number of machines, a controlled number of tracks, and that would all be in the constitution that would have to be changed by the voters of Nebraska. There has been the question of the Native casinos coming up. I guess my personal opinion is that that doesn't play that much into that for me. If that's what they think that they can do, if they can help themselves out, if they can run a little competition with Iowa and South Dakota and Kansas, I guess, to me, I don't have a problem with that. But I know that that does make the whole issue a little more sticky. To the opponents of this proposal I would just like to ask that a better plan be presented on finding money for our roads. Broad generalizations such as cutting spending, or waiting for the federal government, to see what is going to come down in the stimulus plan, I don't think are things that we can say and that we can't wait for. As Mr. Krumland said, or Mr. Dix, I guess, we have bridges being closed all the time. There are catastrophes that are waiting out there, such as the bridge collapse in Minnesota, and our very important lifeline of roads are in very serious trouble. And Ruth, I didn't catch her last name, the lady that testified...but she was talking about the constitutional amendment. She said, let the people vote; why wouldn't you let the people vote? Well, I can't agree with her more. On this issue, I would respectfully ask that you give a vote to get it out to the floor and to let the people vote on

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

General Affairs Committee
January 26, 2009

it. With that, I appreciate your time and I would take any other questions one last time.
[LB266 LR6CA]

SENATOR ROBERT: Does anybody have any questions for Senator Karpisek...that matter? You're thinking. That closes the hearing. And that closes the hearings for the day. Thank you for coming. [LB266 LR6CA]

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

General Affairs Committee
January 26, 2009

Disposition of Bills:

LB189 - Placed on General File.

LB266 - Held in committee.

LR6CA - Held in committee.

Chairperson

Committee Clerk