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General Affairs Committee
January 25, 2010

[LB788 LB825 LB861 LB867 LR277CA]

The Committee on General Affairs met at 1:30 p.m. on Monday, January 25, 2010, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB861, LB788, LB867, LB825, and LR277CA. Senators present: Russ Karpisek, Chairperson; Kent Rogert, Vice Chairperson; Colby Coash; Tanya Cook; Merton "Cap" Dierks; Annette Dubas; Bob Krist; and Scott Price. Senators absent: None.

SENATOR KARPISEK: Welcome to the General Affairs Committee. My name is Russ Karpisek and I'm from Wilber and I am Chair of the committee. Committee members who are present, to my far right, Senator Coash of Lincoln. Next to him is Senator Krist of Omaha. Senator Dierks of Ewing will be running a little late. He is introducing a bill in another committee. Then Senator Kent Rogert of Tekamah and he is Vice Chair of our committee. He will be doing a lot of the chairing today while I am presenting bills. Should be sitting next to me is Joshua Eickmeier of Seward. He is committee legal counsel and he will be introducing our first bill. To my far left is Joan Snyder, committee clerk from Lincoln. Next to her is Senator Price of Bellevue and Senator Cook of Omaha and Senator Dubas of Fullerton. Senators may be coming and going during the hearing today as there are other committees also having hearings, so if someone gets up to leave they're not necessarily not paying attention to your bill but they have other things to do. The pages that we have helping us out today are Justin Trauernicht of Pickrell and Leslie McIntosh of Syracuse. After each bill introduction, we would like to hear testimony in support of the bill, then testimony in opposition, and finally in the neutral testimony. If you're planning on testifying in any capacity, please pick up a sign-in sheet that is on the table at the back of the room by both entrances, bring them with you and either give them to a page or Mrs. Snyder. Please fill out a sign-in sheet before you testify. When it is your turn to testify, give your sheet to one of the pages or the committee clerk. I got ahead of myself. This will help make us an accurate record for the hearing. If you have handouts, please make sure that you have at least ten copies for the page to hand out to the committee. When you come up to testify, please speak clearly into the microphone, tell us your first and last name, and please spell it. I don't care how simple it is, we need to spell it to keep an accurate record. If you forget to tell us your name I will stop you, or Senator Rogert, and have you spell your name. Also if you're representing a group, we would like to know the group that you are representing, if any. Please turn off your cell phones, pagers, or anything else that makes noise. Keep your conversations to a minimum or take them out in to the hallway. Finally, while we do allow handouts, we will not allow visual aids or other display items in our committee this year. We will also be using the light system this year in the committee. We have only four meeting dates this year and we have over 20 bills. Each day we'll have at least five or six bills. We will be running the light system. The green light means you have five minutes to go; yellow means one minute; and red means your time has run out. Senators will be able to ask questions after that time, so you do still have time to answer

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questions. Any other questions? Anything you need, please contact one of the pages and we will get to what you need, and we appreciate your cooperation. And now we will begin with the first bill up today, LB861, which will be introduced by committee counsel Mr. Eickmeier. At your convenience, sir. [LB861]

JOSHUA EICKMEIER: Good afternoon, General Affairs Committee members. My name is Joshua Eickmeier, J-o-s-h-u-a E-i-c-k-m-e-i-e-r, and I am the General Affairs Committee legal counsel. I'm here to introduce the General Affairs Committee bill, LB861. Based on the phone calls and in-person inquiries that I have received on this bill, it would seem that a 69-page bill regarding the Nebraska Liquor Control Act tends to get people's attention; however, I assure you that this bill makes no substantive changes to the Liquor Control Act. LB861 merely consists of suggestions made by Bill Drafters as to better organize, harmonize, and clarify the act. The four changes are as follows. We divide the definitions in Section 53-103 into separate sections and place them in alphabetical order found in Sections 5 to 47 on pages 7-24 of the bill. Sections 2-4, 50, 61, 65-69 correct references to the new sections where the definitions are found. (2) Create a table in a new section for fees found in Section 53-124 and leave Section 53-124 as the section that provides procedures for fees found in Sections 52 and 53 which are on pages 32-38 of the bill. Sections 1, 4, 48, 49, 51, 54-59, and 62 correct references to the fees and subdivision of each section...of Section 53-124 as changed. So simply as you change it, you then have to (inaudible) new referencing points and so all those referencing points have to then be corrected in other sections. (3) Change the distribution language for the license fees to the common school fund according to direction from the Office of the State Treasurer found in Sections 60 and 64 on pages 49-50 and 55-57 of the bill. And finally, (4) Section 53-169.01 was amended in 2007 by LB578. In 2008, the court declared this section as amended was unconstitutional in the case of Southern Wine and Spirits of America, Inc. v. Heineman. This bill eliminates this dead language found in Section 63 on pages 54-55 of the bill. In other words, you have a section that's been declared unconstitutional in order to avoid confusion for someone who might be reading this for the first time thinking that this is current law, without knowing the case history, could lead to confusion and misunderstanding of the Liquor Control Act. So that's what it does. Again, there are no substantive changes, so if you have any questions I'd be happy to answer them. [LB861]

SENATOR KARPISEK: Thank you, Mr. Eickmeier. Senator Rogert. [LB861]

SENATOR ROGERT: Mr. Legal Counsel, I want to point out you have a typo in your introducer's statement. For those following along, if you're looking at... [LB861]

JOSHUA EICKMEIER: I'll be sure to correct that after the hearing. [LB861]

SENATOR ROGERT: No, I just...I was looking...the last section you mentioned of the

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unconstitutional removed language, Section 63 is on 59 and 60. I saw some people thumbing around back there, so it might be in a different spot, but...can you tell me just a brief bit about that, what that means? [LB861]

JOSHUA EICKMEIER: Well, I can a little bit, and I know...I believe there will be Hobie Rupe from the Liquor Control Commission could also give you some background. But my understanding was that there was, I think...and, you know, I better just let him explain that further, because I don't know the history. [LB861]

SENATOR ROBERT: You're off the hook. [LB861]

JOSHUA EICKMEIER: Good deal. And Hobie is on the hook. That's what matters. [LB861]

SENATOR KARPSEK: Thank you, Senator Robert. Any other questions? [LB861]

JOSH EICKMEIER: You're welcome. [LB861]

SENATOR KARPSEK: Seeing none, thank you. Do we have any...? [LB861]

JOSHUA EICKMEIER: And I'll waive closing. [LB861]

SENATOR KARPSEK: Thank you, because I think you have to. (Laugh) Do we have any proponents of LB861? Welcome, Mr. Moylan. [LB861]

JIM MOYLAN: Welcome. Happy New Year, everybody. I'm glad to be back. I'm Jim Moylan, Mr. Chairman, and I represent the Nebraska Licensed Beverage Association, which is a state association of liquor retailers. I have reviewed the act, I'm going to be on the top side of it, but I've got some in favor of and some I'm against. Let me give you the three that I would support and the reason I'm not for the rest of them. The first two are on page 54 and 63, and they're just referencing the school funds to the correct constitutional amendment, Article VII, Section 5. On page 59, it's 53-169.01, that's the case, the section that Josh talked about. That was the Southern liquor and wine case that was decided in '08 from federal court in Omaha. And they've got to take out a grandfather clause that was in there because it was declared unconstitutional by Judge Kopf of the federal court. Now the other ones, I won't go through them because I guess the wheel was invented in 1937 under this circumstance. And basically what we're doing, we've operated under that wheel for...since 1937. What this bill does, it just rearranges the spokes in that wheel, you know. It doesn't make any changes; it just rearranges them. Now all these retailers out there have been in business and they've used the act and it's been amended a lot of times over the years, and they had generally...most of them, have a booklet from the Liquor Commission. They know where the sections are. They can follow them, they can make reference to them, you know. So

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it's just going to disturb the whole process of having to go through and...I mean, you know what the act says, but now finding the sections that you might have reference to your establishment is going to take a little bit of time. Secondly, there's a lot of lawyers that deal in this business, you know, and they're going to have to come around and learn the whole act again and what sections they're making reference when they're doing things. I agree, it does not disturb any of the act. It just rearranges the spokes in the wheel. So I think if you just take those three sections and leave them in the bill, that will make...do the corrective measures that need to be done. The other sections, I think we can get along with our existing act. Now in 2004, Senator Janssen, when he was Chairman of the committee, Ray Janssen, we had a revision of quite a few items in there, including increasing the fees for all licenses, you know. And I don't know that we have to go back into the whole system and just rearrange things. If you have any questions I'd be happy to try to answer them. [LB861]

SENATOR KARPISEK: Thank you, Mr. Moylan. Any questions? Seeing none, thank you. Any other proponents? Any opponents to LB861? Seeing none, neutral testimony. Mr. Rupe. [LB861]

HOBERT RUPE: And here I thought I was (inaudible) testify. [LB861]

SENATOR KARPISEK: (Laugh) Almost. [LB861]

HOBERT RUPE: Thank you, Senator Karpisek, members of the General Affairs Committee. My name is Hobert Rupe. I am the executive director of the Nebraska Liquor Control Commission, H-o-b-e-r-t R-u-p-e. I generally go by Hobie so that's why. LB861 is a, as Josh said, is a cleanup bill. You know, it was funny, Mr. Moylan was also correct. It's also been around since 1936 when it was drafted; in '37 was approved post-Prohibition. And there's been lots of things added, changed, or removed. So I think, you know, going through it, I think this clearly does define it. Impact on the commission: The only thing it would do is you all should probably...we sent them out last year, if you've gotten a new copy of the red book, Liquor Control Act, we reprint that about every two or three years, depending on funds. And the printing fund, we get \$5 from all the renewal fees go into a fund for us that sort of keep those up. We give them gratis to state legislators, law enforcement, and each licensee gets one. Other people pay a minimal fee to cover that. So that would be the only impact we would have on that one. In reference to Senator Rogert's question, the issue...the case at issue with Southern Wine and Spirits v. Heineman, it was in the federal district court, actually of Lincoln. Judge Kopf ruled under the...the issue was they were trying to create more--how should I phrase this nicely?--to protect Nebraska's state interests, wholesalers, from more competition from out-of-state interests and that's what the bill was designed to try to do. [LB861]

SENATOR ROGERT: Oh, okay. I recognize the name now. I understand. I remember.

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[LB861]

HOBERT RUPE: And under the Granholtm analysis, which was from the Supreme Court, that was clearly out of bounds, and so it got struck. [LB861]

SENATOR ROBERT: Thank you. I remember now. [LB861]

HOBERT RUPE: Yeah. Beyond that, if you have any questions I'd be happy to answer anything. . [LB861]

SENATOR KARPISEK: Thank you, Mr. Rupe. Senator Coash. [LB861]

SENATOR COASH: Thank you, Chairman. Hobie, just in response to Mr. Moylan's question, when would you plan to reissue the book? [LB861]

HOBERT RUPE: Usually, right now, we've been on an every three-year cycle. [LB861]

SENATOR COASH: So that would put us two years down the road? [LB861]

HOBERT RUPE: Two years out. We might be able to do it sooner. A lot of it is going to depend. That cash fund is...you know, it sort of rises, then we deplete it when we do it because the printing is a pretty substantial cost and the numbers of copies we do. It also serves to utilize...a couple years ago it was changed so the commission could use that for educational purposes, for more than just the printing cost. You know, I would have to sit down with Mr. VanAckeren in my office to see when we could afford it without draining the account completely. It did take a hit last year in this special session, some money was taken out of then too. [LB861]

SENATOR COASH: But all else considered, you're probably about two years out, so. [LB861]

HOBERT RUPE: Two years probably. Yeah, we might be able to do it one year sooner than earlier. You know, instead of three years we could probably do it in...probably '11...this last printing was January of '09, so we might be able to shorten that by a year, but...so it's conceivable we could do it. I'd just have to look and put the pencil to the paper. [LB861]

SENATOR COASH: And when you...and when the Liquor Commission decides to reissue it, that's your discretion? [LB861]

HOBERT RUPE: No, there's no... [LB861]

SENATOR COASH: You're not required to send these out every year, a particular...?

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[LB861]

HOBERT RUPE: No, there's no requirement that we send out on a certain date. It's...you know, that's what that fee was designed to do was to cover that so there's...so that the licensees and law enforcement who regulate them, and city councils and whoever has to deal with it, have pretty up-to-date copies of it. And so we try to keep that as up-to-date as possible, but there are certain...you know, we can go...I think we've gone two years before when there was a mass of changes and we've gone three or four where there's been relatively minimal changes, so. [LB861]

SENATOR COASH: Thank you. [LB861]

SENATOR KARPISEK: Thank you, Senator Coash. Any other questions? Senator Price. [LB861]

SENATOR PRICE: Senator Karpisek, thank you. Mr. Hope...Mr. Rupe, excuse me. The question comes to mind is, could you not just broadcast an electronic version of this and a letter to tell them what the changes are so they could cross-reference? I mean, many, many years of working with manuals and technical orders, they didn't republish every technical at every time; they just published the changes and sent us to put the changed pages in. [LB861]

HOBERT RUPE: You've got to make...I've got to go get a copy of the book so you can see what...it's a small printout. It's a small book. It's bound. It's designed for them to have it on their premises so that, you know, if there's a question they can refer to it. As to the electronic prospect of it, I must say that a lot of our licensees--thank you; this is what the current book looks like and it's about that thick. A lot of licensees don't have...aren't electronic. I mean, they...you know, honestly, the way they look is the less they hear from us, the better, and so, you know, except for when they get their license. And so I'm not really sure how much help that would do. We've been trying to do electronic renewal of licenses, for example, which is an easier process than going through the paper renewal. And we've actually been somewhat disappointed in the turnout we've had. A lot of people just don't like to change that. There's a lot of people who are, especially bars, you'll have everybody from high tech where everything is computerized to a place where there's absolutely no electronics, you know, where they're using the same exact accounting system that worked for them in 1960. [LB861]

SENATOR PRICE: Okay. Thank you. [LB861]

SENATOR KARPISEK: Thank you, Senator Price. Senator Dubas. [LB861]

SENATOR DUBAS: Thank you, Senator Karpisek. I had a question similar to what Senator Price just asked, so you did answer that. But essentially, because we're not

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changing anything, we're just kind of putting things in what seems to be a logical sequence, so even though those who use that book regularly know where things are at, as we get new people into the process or if someone even outside of the industry goes to look for something, this should make it easier. It's not going to make it, for those who are already familiar with book, it's not going to make it more difficult for them. [LB861]

HOBERT RUPE: No, I don't think it's going to make it difficult. I mean, people still know you're not supposed to sell to someone under the age of 21; the types of ID stay the same; the hours of sales stay the same. The basic principles are still there. They might just be renumbered. And a lot of the parts which are being renumbered are actually clarifying, like the...more clearly setting out the license fee, more clearly setting out the definitions, you know, because the definitions were...you know, everything that got added on, got added on to the back, and so, you know, you had eight pages of definitions and they didn't make a lot of sense sometimes because they weren't really grouped accordingly, so. I think in the long term it would be a good thing, but, so. [LB861]

SENATOR DUBAS: All right. Thank you. [LB861]

SENATOR KARPSEK: Thank you, Senator Dubas. Any other questions? I would ask, on Mr. Moylan's point about changing everything around, I realize that this is Bill Drafters, but can you kind of agree that that might be more busywork than we need to do to the bill, or to the...? [LB861]

HOBERT RUPE: Well, normally I would say that, you know, it would be a really good idea. My only hesitation at all would be this year there's quite a few liquor bills which are going to be changing the same exact sections at different points, you know. But that's a headache that I think E&R gets paid to handle when they have multiple bills coming up. You know, as I said, you know, this bill here is making no substantive changes, you know. There are some other substantive changes you'll be hearing another bill later today and some next week, specifically that makes some very, very substantive changes. But, you know, I'm not really sure, is it really busywork? No. I mean, you have the opportunity to clarify. As Mr. Moylan said, you know, the basic framework of this has been around since 1937--actually '36, when they were starting to draft it. So, you know, if you can't sort of change and update the language and sort of clean it up a little bit, you know, it's probably the appropriate time. It's...you know, it's served us pretty well for 75 years-plus, but I think all we're doing now is putting a new coat of paint on it. [LB861]

SENATOR KARPSEK: Okay. Thank you. Any other questions? Seeing none, thank you, Mr. Rupe. Any other neutral testimony? Seeing none, that will end the hearing on LB861. Senator Rogert. [LB861]

SENATOR ROGERT: Okay. We will open the hearing on LB788. Senator Karpisek.

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[LB788]

SENATOR KARPISEK: Good afternoon, 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 am the Chair of the General Affairs Committee and introducer of LB788. LB788 amends Section 53-125 and Section 53-103 by clarifying that a manager of a corporation with a liquor license shall be a citizen and a resident. Currently, there are two references to manager in the Liquor Control Act that, arguably, contradict one another. LB788 makes it clear that a manager is required to be a citizen and a resident of Nebraska. This bill is consistent with the Liquor Control Commission's current interpretation of this requirement. Hobie Rupe, executive director of the Liquor Control Commission, will be testifying today and can explain further why this change is necessary. With that, I would take any questions from the committee. [LB788]

SENATOR ROBERT: Thank you, Senator Karpisek. Are there any questions? Seeing none. [LB788]

SENATOR KARPISEK: Thank you. [LB788]

SENATOR ROBERT: Are there...we'll go to proponents. The first proponent. [LB788]

HOBERT RUPE: Good afternoon. Once again, my name is Hobert Rupe, H-o-b-e-r-t R-u-p-e, executive director of the Nebraska Liquor Control Commission. This bill is one of the many ideas contained within the commission's legislative letter of this year. The commission is charged to send a letter to the Governor and to the members of the Legislature recommending at least an analysis and possible changes to the Liquor Control Act when they feel it might be necessary. Over the last year, my staff and I have done a pretty extensive look at issues which were...you know, might have been causing us problems, which potentially could have, and the licensing staff brought forth the issue that is before us today on managers. The definitional clause in 103 arguably we said that a manager would not have to be a citizen or a resident. Later on in the statutes, I believe in 124, specifically say they are. The commissioner over the last couple of years...I mean, and longer than that, has always gone by they needed to be a citizen or a resident because you always...if you have two conflicting versions of a statute, you generally go with the more restrictive, not only for statutory analysis but also for policy. The policy reason is, what is a manager? Okay. A manager, from the commission's standpoint, is who is the person who is representing this corporate entity and is the person in charge of making any liquor-related decisions or policies, and also in a much more...you know, fundamental...which one can we reach out and bring down to the commission in case there are problems with the licensee. You know, that's who we reach out and touch. And because of that, you know, they sort of need to be a resident and a citizens because, you know, our subpoena power sort of ends at the border, and if somebody is a manager of out-of-state, it causes problems. Philosophically, that also

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goes back. Right after Prohibition, a corporation couldn't have a liquor license. That was a holdover from the time when...one of the reasons it brought about Prohibition was you had these big corporations which owned a bar or an establishment basically from field to tap. You would have...they would own it all the way. They were absentee owners. They didn't have a community connection or something like that. Back then, they were primarily the manufacturers of the product. Well, that vertical integration was destroyed by the three-tiered system. But over the time, you've had more and more corporate entities. First, you had big corporate hotels, restaurant chains, and that kind of stuff. And now I would probably say corporate licenses...corporate licenses and LLCs are probably half of our total licenses, if not more. It's primarily designed to be a way, because for tax purposes, to protect individual assets. And so you're seeing more and more utilization of those, and a lot of families will form an S-class corporation just to help protect their assets. And so we clearly wanted to make sure that, you know, at least the manager who was, you know, standing instead of the head corporate entity, was a resident and a citizen. And that's been our requirement for years and we just want to make sure that there's not an argument that can be made because of a conflict within the statute. [LB788]

SENATOR ROBERT: Thank you, Mr. Rupe. Are there any questions from the committee? Senator Price. [LB788]

SENATOR PRICE: Senator Rogert. Thank you, Mr. Rupe. Do you know of anybody who will be...who will lose their job from this clarification? [LB788]

HOBERT RUPE: Not that I'm aware of. It's been our interpretation for at least ten years, if not longer. [LB788]

SENATOR PRICE: All right. Thank you. [LB788]

HOBERT RUPE: I can go back about ten years, because beyond that is before Hobie's time, either as attorney or as director. [LB788]

SENATOR PRICE: Okay, thank you. [LB788]

SENATOR ROBERT: Any further questions? Seeing none, thank you, Mr. Rupe. [LB788]

HOBERT RUPE: Thank you. [LB788]

SENATOR ROBERT: Any further proponent testimony? Are there any opponents? Anybody here to testify in a neutral capacity? Seeing none, Senator Karpisek waives closing. That will close the hearing on LB788. We'll now move to LB867. Once again, Senator Karpisek. [LB788 LB867]

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SENATOR KARPISEK: Thank you, Senator Rogert, members of the General Affairs Committee. Again, my name is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k, and I am the Chair of the General Affairs Committee and introducer of LB867. LB867 amends Section 53-124 of the Liquor Control Act by increasing the shipping license from \$200 to \$1,000. Currently, there are 613 shippers with either a Class S license, which is a wine and spirits, or a Class T which is a beer license in Nebraska. Of those, 504 are wine and spirits shippers such as Diageo, Kendall-Jackson, and Constellation; and 109 beer licenses, such as MillerCoors Brewing Company, Anheuser-Busch InBev, and Boulevard. Currently, the state collects \$122,600 in shippers license fees. LB867 would increase that amount by \$490,400, to a total of \$613,000. Hobert Rupe, executive director of the Liquor Control Commission, will be testifying today and can explain further why this change is necessary. And I'm sure that he will tell you where we are in correlation with other states and why it seems that we are very low on this and that this does not so much affect our instate people, our distributors, although they'll have to probably pay it. Everyone will see the raise. But if, I guess in this current economy, another \$500,000 coming in is the thought behind this bill. With that, I'll answer any questions. [LB788]

SENATOR ROBERT: Thank you, Senator Karpisek. Senator Price. [LB867]

SENATOR PRICE: Senator Rogert, thank you. Senator Karpisek, so a 500 percent increase of fees is in line with your reasoning? [LB867]

SENATOR KARPISEK: Oh, if you have to go that way, I suppose 500 percent is a little rough. But again, Mr. Rupe will tell us when the last time is that we did this; where we are again, compared to other states. I think \$200 is very low. [LB867]

SENATOR PRICE: A paltry sum. [LB867]

SENATOR KARPISEK: Yes. [LB867]

SENATOR PRICE: Okay. You gave a number of 1,600, roughly, licenses in the state. [LB867]

SENATOR KARPISEK: 613. [LB867]

SENATOR PRICE: 613. [LB867]

SENATOR KARPISEK: Sorry. [LB867]

SENATOR PRICE: Oh, no, that's okay. You probably did say 600. All right, thank you. [LB867]

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SENATOR KARPISEK: Thank you. [LB867]

SENATOR ROBERT: Any further questions? Thank you, Senator Karpisek. [LB867]

SENATOR KARPISEK: Thank you, Senator Rogert. [LB867]

SENATOR ROBERT: Proponents. Mr. Rupe. [LB867]

HOBERT RUPE: Good afternoon. Once again, my name is Hobert Rupe, H-o-b-e-r-t R-u-p-e. I'm the executive director of the Nebraska Liquor Control Commission. Last fall, when the special session was gearing up, both the Governor and the Legislature sort of asked, you know, what other ways can we look at besides just cutting things. One of the things we looked at was our fee structure. There will be some other fees and costs bills that you'll be hearing later on, but this is one of the ones we looked at. As far as we could tell, it hadn't been changed for probably over 40 years. Are we the lowest in the country? No. As low as I've found it was North Dakota at \$50. Are we the highest in the country at \$200? No. There's many which are multiples: \$1,400, \$1,500 a year, or more. Who does this affect? This affects out-of-state shippers for basically the people who have the right to ship into Nebraska wholesalers. Is it possible we would lose a couple of smaller brands that might not ship in? It is conceivable. I don't see a lot of it. Although it is a 500 percent increase, it's an \$800 raise in that fee. If you compare it to some other fees which have come out of the Legislature recently, you'll see in that same act what is commonly called the S-1 liquor license. That was years ago--about ten years ago now, coming up, if not more. That's the direct shipping fee. That's when for a small winery to direct ship, say, to Senator Rogert, they would have to pay \$500 just for that right. And so it sort of seemed inconsistent that we're charging a small person \$500 to directly ship to somebody there, but we're only charging them \$200 to ship to a Nebraska wholesaler, I think the math is somewhat upside down on that in a lot of ways. Why? Well, the shipping fee didn't come around until the early 1990s, and so you sort of tried to come up with a rate, what was going to be fair for the rights then. And so that's why we came forward with the \$1,000. I mean, are we sold on that? No. Do we think it's relatively consistent with other states which have recently looked at it, especially in the upper Midwest? Yes. It's consistent with, like, Minnesota, which they've done recently. Missouri, I think, is \$850 on theirs. Minnesota, I think, is right at \$1,000. Some other states are lower than that. They haven't had a chance to look at that. I think you'll probably see a lot of other state legislatures looking at that in these economic times, revisiting some of those fees which have probably been in place...you know, some of those might not have been changed since 1936, 1937. So that was the reason why we brought it forward. Now one thing I will say right now, it's sort of an issue. Currently those go to the General Fund. Those are out-of-state entities. Up until 1992, when this was sort of the...you know, argument regarding on cleanup bills, there was a cleanup bill which changed some languages of permits, what they used to call a permit, and

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made everything a license. Well, that's just sort of a technical change. You know, it changed what we called them. Well, last fall we were asked by the Auditor to ask for an Attorney General's Opinion because they said, wait a minute; shouldn't those be going to the school fund instead of going to the General Fund? So we've asked for an Attorney General's Opinion. We haven't got that back. You know, the issue, of course, is these are all out-of-state generally...Article...I think it's Article VII of the constitution says they go to where the fee or permit from where it arises. Well, these are all out-of-state entities. So perhaps we might need to look at that. Which they, currently they've been going there, and I've got to say I think the Auditor missed it on, like, five different audits during that time frame, so they didn't catch it either until later on, because it's one of those changes of one word. So we might need to perhaps send an amendment later on, depending on what the AG's Office says, and change this back to permits. Or you can decide where you want that money to go. Does it go to the general school fund, you know, which is money you don't have to then appropriate from the General Fund? So with that, I'd be happy to answer any questions. [LB867]

SENATOR ROBERT: Senator Coash. [LB867]

SENATOR COASH: Thank you, Senator Rogert. Hobie, is there a Liquor Commission duty that these shipping fees are supposed to cover? Is there...I mean, a lot of times these fees are supposed to cover the costs of doing something. What is...is the Liquor Commission doing something...? I mean, it's all going to the General Fund, which makes me think you don't... [LB867]

HOBERT RUPE: We're a general funded-agency. We're not a cash-funded agency. [LB867]

SENATOR COASH: Okay, so...but is there some administration of shippers that the Liquor Commission has to do, that this fee helps cover the cost of doing? [LB867]

HOBERT RUPE: Not really. You know, in the grand scope of things, the shippers probably cause us the least amount of headaches. Although we do have more and more problems because we've had a proliferation of them, especially more and more small wineries from, you know, the East Coast and the West Coast. You know, as I say, you've got over 600 shippers and that's just sending the rights in. And many of those shippers have multiple brands. You know, for instance, Diageo was brought up earlier, which covers...well, actually they have two licenses because (1) they have to bring in Guinness, which is a beer; but then they bring in Captain Morgan, I think they have Smirnoff, they have Bombay Sapphire. So, you know, multiple brands are covered underneath that one shipping license. So you will have some places which cover just one, but actually for costs, you know, later on there will be a bill that will come forward which looks at the retail costs of processing retail application, which is sort of trying to cover the costs of actually doing it. This one here is just sort of...is a time to relook at

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this rate which hasn't changed, you know, since as far as we can tell, back from the 1960s. [LB867]

SENATOR ROBERT: Okay. Thanks. Any further questions? Senator Krist. [LB867]

SENATOR KRIST: You alluded to the fact that the AG's decision may tell us that we need to put the money in one place...or advise we should put the money in one place or another. Do you have an opinion? [LB867]

HOBERT RUPE: I think I would make an opinion and, you know, it's...I think the current...the purpose of that constitutional was for licensing and fees for instate entities. I think that shippers are one of the very few times when the state actually licenses somebody who is out of state. So I think that the current utilization of the General Fund is probably appropriate. I'm sure that...I might be...they might disagree with me. I don't see a problem with it, this current method, which is one reason why my thought would be, if the AG does recommend going the other way, we might want to change it back to being called a permit, which a lot of other states call them permits because I thought...you know, going to the General Fund is better for the...you know, it gives you guys more latitude as to how you are going to disburse those funds. [LB867]

SENATOR KRIST: Thank you. [LB867]

SENATOR ROBERT: Thank you. Any further questions? Seeing none, thank you. Any other proponents? Are there any opponents to LB867? Anybody here in a neutral capacity? Senator Karpisek waives closing. That closes the hearing on LB867. We're going to do the last two together. We'll do LB825 and LR277CA at the same time. Senator Karpisek. [LB867 LB825 LR277CA]

SENATOR KARPISEK: Thank you, Senator Rogert, members of the General Affairs Committee. For the record, my name is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k. I am Chair of the General Affairs Committee and introducer of LB825 and LR277CA. LR277CA places on the November 2010 General Election ballot a constitutional amendment that amends Article III, Section 24 of the constitution to allow satellite wagering facilities, if approved by the appropriate county, city, or village. LB825 is the enabling legislation for LR277CA. So we need the constitutional amendment passed by the voters to approve this. LB825 is how this would work. LB825 allows horse racing tracks to establish satellite facilities with the local community's approval. Again, if the local community does not want to do the satellite, they don't have to. It is important to remember that this bill is...this bill and the constitutional amendment do not expand the types of gambling allowed in Nebraska, but merely allow for additional locations to participate in an already legal activity. Last year I had the bill that we named "horses and highways" that dealt with slot machines. I heard the committee's trepidation on that and the body's and the people's, and we will probably be killing that bill later today. I've

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brought this back to try to help the horse racing industry in a different way; hopefully, not as unappetizing to some people. Of 30 states that allow horse racing, 24 of them allow wagering from locations other than the racetrack. The additional revenue that would be generated by satellite facilities would be placed with the Racing Commission to enhance purses, provide breeder awards, and allow for racetrack construction and maintenance. The Racing Commission will have the responsibilities, along with the local authorities, to oversee a satellite facility. LB825 requires a feasibility study to be submitted to the Racing Commission prior to a license being issued by the Racing Commission. There will be a number of testifiers here today that will be able to further explain in greater detail what LB825 will do and many of your questions. Again, I brought this bill as I brought other bills, to try to help the horse racing industry. I feel if we don't do something, that we're going to lose it. I guess the bottom...my bottom line is, if you feel that the horse racing industry is an industry worth saving, they need some help. This isn't any money from the state. It isn't a buy-out. It isn't handed to them. It's just something for them to try to stand up on their own two feet. I am also...or four feet, if it's horse racing. I am also concerned when the track closes here at State Fair Park, what's going to happen to horse racing in this state. Lincoln is one of our biggest betting...or the biggest betting site. I am very concerned that the whole circuit won't be able to run; or if so, in a limited capacity. I think there's already a bill in this year that would ask that some of the tracks not run a full card this year, which doesn't help the horsemen out, because, of course, the more races, the more they can participate; hopefully, try to win. That is the idea behind this legislation. Again, I don't think it's going so far out of bounds as the bill did last year. There may be people who don't agree with that, but again, I'm try to do something to help the industry. And I'd be happy to take any questions. [LB825 LR277CA]

SENATOR ROBERT: Thank you, Senator Karpisek. Are there any questions from the committee? Seeing none, I assume you'll stick around to close. [LB825 LR277CA]

SENATOR KARPISEK: I sure will close on this one, Senator Robert. Thank you. [LB825 LR277CA]

SENATOR ROBERT: Could we have the first proponent this afternoon? [LB825 LR277CA]

WALTER RADCLIFFE: Senator Robert and members of the General Affairs Committee, my name is Walter Radcliffe, R-a-d-c-l-i-f-f-e. I'm appearing before you today as a registered lobbyist on behalf of the Horsemen's Benevolent and Protective Association--in other words, the HBPA--in support of both LR277 and LB825. I'm going to speak first about the constitutional amendment that you have before you. Oh, one other thing. Mr. Moylan had to get back to Omaha and asked that I submit a letter on behalf of his client in support of both of these, as well, so. [LB825 LR277CA]

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SENATOR ROBERT: Okay. [LB825 LR277CA]

WALTER RADCLIFFE: (Exhibit 1) Thank you very much. LR277, as most constitutional amendments that the Legislature considers, is very straightforward. There's 15 new words on page 3, and basically what it simply does, as Senator Karpisek said, it allows for satellite simulcasting outside of the premises of the racetrack at locations that are approved by the local governing body in which the facility would be located, a la keno. Same type of local regulatory scheme as keno. Those are the only two things: approves the simulcasting and requires local approval. Something that I'm not going to go into at great length because I know the committee has heard it before and has had interim studies and documentation relating to, quite frankly, for lack of a better word, the state of horse racing in Nebraska and its decline. And I'd really like to take this opportunity to thank Senator Karpisek and the committee for the last several years, taking the time to understand and to listen to the horse racing industry and to be willing to consider and address different types of ways to solve horse racing's problem. And I really think that this proposal is probably one of the better ones that you could have, primarily because it requires the people to say, yeah, we think horse racing is important enough, and yes, we'd like for it to continue in this state. That's really what you're doing by allowing the constitutional amendment to pass. The legislative bill that is attendant to this--LB825--quite frankly, is something that I think was introduced to show what this type of a program would look like if it was implemented. To be very honest with you, passing an implementing bill before the constitutional amendment passes really doesn't do anything because the Legislature, if and when the constitutional amendment is approved, will then have to come back and truly pass the enabling legislation. And I have visited with Senator Karpisek about this and I think what he's trying to do with LB825--and he can answer it better than I can--but I think what he's really trying to do is say, hey, look, this is the regulatory scheme we anticipate. This is the same methodology that was used when the lottery was passed. And, in fact, if you look on page 2, you'll see the lottery language that was put in, the constitution. And after that was put in, then a regulatory bill was passed. Now, frankly, a regulatory bill was passed beforehand with regards to the lottery, but that was done to demonstrate to, and to ensure to, the two named beneficiaries at that time--education and environmental protection--that, yes, in fact, the money was going to be earmarked for the lottery. So that would be the nexus that I would draw. Just a couple more points and I'll be finished. The revenue that would be projected...and, frankly, you know, projections are a lot like the Forecasting Board. The only certainty is, is they're going to be wrong. But the question is, how wrong? And I...and the Forecasting Board comes pretty close and I think this comes pretty close too. Greg Hosch is going to testify after me. Greg is a racetrack manager, both at Omaha and Lincoln, and is very, very knowledgeable about horse racing. But we would anticipate that approximately \$6 million...\$6 million additional dollars would be available to, quote, the industry and the racetracks as a result of this. This is based upon approximately \$12 million that's available today through existing racing, and this would anticipate approximately a 50 percent growth

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factor in that handle. Out of that \$6 million, a good portion of that...or a portion of it--I shouldn't even--it would be less than half could be utilized to help build a new track to replace the track in Lincoln. To be very honest, you know, if we don't have a facility to race, well, obviously you're not going to have horse racing. And that would be one of the things that that money would be used for in addition to purses and the other statutory requirements. JoAnne Kissel is going to be here to testify in a neutral capacity because she's not taking a position on the bill. She has worked with the people in Lincoln in developing the Equestrian Center and the track out on north 84th Street, and she had previously given a report to the Agriculture Committee last year as to what was going on there. And I think this will give you some sense of what's going on rather than me just sitting here and saying to you, oh, by the way, they're going to build a new track or they're looking at building a new track on 84th Street. JoAnne can tell you what actually is being contemplated out there and what the status of it is with regards to the various entities and professional people that are working on it. I'd like to close just with two quick things. I always hate...and (laugh) I always hate anticipating testimony, but I do want to mention two things that I think you'll hear. One is that this or a similar issue like this has been on the ballot in the past and has failed. And that's true. I forget if it was 14, 15, 20 years ago, to allow betting off the tracks, and that did fail. Quite frankly, the technology today is so much different. We have the keno model to follow. I just submit to you that that was then and this is now. Secondly, I also understand there's a concern that we don't specifically--or that we don't? That the constitution doesn't specifically earmark in here that this money should go to horse racing, the satellite wagering. Well, that's true. It doesn't. But the other doesn't either. I mean, the other...this is modeled after what we've had, and we're very comfortable that the money will go to horse racing based upon the legislation that we previously had based upon that which is proposed and also based upon the constitution. With that, I'd be happy to attempt to answer any questions anybody might have. [LB825 LR277CA]

SENATOR ROBERT: Thank you, Mr. Radcliffe. Are there any questions from the committee? [LB825 LR277CA]

SENATOR COASH: I do. [LB825 LR277CA]

SENATOR ROBERT: Senator Coash. [LB825 LR277CA]

SENATOR COASH: Thank you, Senator Robert. Walt, and if you defer to somebody behind you, that's fine. You know, we heard last year about horse racing needs something or horse racing is going to go away. You know, if you had your crystal ball out and you say is this it? Or if this goes through are you going to be back? Do you think the Horsemen are going to be back in five years, saying well now we've got off-track betting and now we need something else? I mean, from your work with the Horsemen do you...does...I hesitate to call anything a magic bullet, but. [LB825 LR277CA]

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WALTER RADCLIFFE: Let me try to put...I want to answer your question directly but I also want to put it in some historical perspective, okay? I mean, I've been lobbying on gambling...I've been lobbying a lot of issues, but I've been lobbying on gambling issues since 1978, 1979, and, quite frankly, about the only significant change that we've seen in the gambling landscape has been the state lottery--really has. And that's required a vote of the people. In reality, any significant change in gambling in Nebraska, any change that would move to Class III gaming, which is not this bill but was the "horses and highways" from last year, requires a vote of the people, okay? So the Legislature alone can't do it. Do I think that the Horsemen will be back in the future? This year there's a bill pending in the Revenue Committee which would tax revenue from certain amusement machines and earmark that for horse racing. And there is also a bill pending in the Judiciary Committee with regards to historic horse racing machines, you know. Now those efforts are currently pending before this Legislature. I have to tell you, last May or June after the Legislature adjourned, I really...I thought, well, you know, horse racing just isn't going to be around. I mean, there just isn't anything there. I heard what the Legislature said. When I say, I mean I heard it, my client heard. What the Legislature said as far as, no, we don't want Class III gaming law; what don't you understand about that, you know? And then a few of you explained it to me more graphically. So I did ultimately understand you don't want Class III gaming. So I really did have to say, okay, what's out there that isn't Class III gaming, that with which there is a nexus to horse racing, because we aren't going to be able to go get revenue from an unrelated source. And those are the things that we came up with. Now, Senator Coash, quite frankly, I can say to you that there aren't any plans that I'm aware of at this time to do anything else. I honestly believe that if this passes and the people pass and the Legislature passes the enabling legislation, you will accomplish several things that will put horse racing really back on its feet. Number one, you'll have a very fine facility for them to race in. You'll have a mile track with a good location and new facilities that people are going to be anxious and willing to go to. Secondly, with the approval of local communities, just like we have in keno, horse racing will be available for more and more people around the state. People will be able to see it. They'll be interested in it. You know, look at what happens with the Triple Crown today. People are interested in the Derby, the Preakness, and the Belmont, because it is available to them in mass media and available to them on their...when they go to various venues to see it. So this would be a great deal. Now, frankly, if the...the Horsemen. You know what? The Horsemen...this might not be a very kind thing to say, but they're not dissimilar to anybody else. Everybody wants more, and I mean, that's human nature. But I tell you what. This would go a long, long way, and without it they won't be back asking for more because they won't have anything to go from. I hope that's a direct answer to your question. [LB825 LR277CA]

SENATOR COASH: I do have another question for you, Walt. I lived in a community outside of Nebraska for about a year that had off-track horse betting. And that didn't look good. The community I lived in had...it was a metropolitan area, but it had these

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little seedy alleys that you'd walk in and it was a... [LB825 LR277CA]

WALTER RADCLIFFE: I think I...where did you live, Senator? I might have been there. [LB825 LR277CA]

SENATOR COASH: I think I saw you there, Walt. But it was just an open room off of an alley and it had a couple of TVs and it had a booth with bulletproof glass and you slid your money in, you got your ticket out, and there was a bunch of people just standing around watching races. And it didn't look good to the community that was in. It's definitely something I wouldn't want us...a situation like that, watching off-track betting, it's not something I'd want to see in our communities here. Do you see that happening with the passage of this bill? Or how do you see... [LB825 LR277CA]

WALTER RADCLIFFE: Let me give you...let me respond to that with two points, okay? Very honestly, if a local city council, the way this is structured, wanted to allow that to take place, it could. I'd be lying to you if I didn't say that. However, if you...if a person...or if an entity is interested in getting as many people to participate as they can, I mean to get a handle up, it's going to be in their best interests to have a nice facility--one in which people will come in and will spend time and not have to deal through a plate of armored glass. So I mean, yeah, could it happen? Yes, it could. I'd be lying if I said it couldn't because I don't think the Legislature wants to, in enabling legislation, prescribe, you know, building standards for them. Although that certainly...the nature of a facility is something that you could address in the enabling legislation. Keep in mind, LR277 passes, only two things occur. One, it goes on the ballot. And if it passes then the Legislature enacts the enabling legislation. This is not a self-executing constitutional amendment as some are. But this is not self-executing. Requires an action by the Legislature. [LB825 LR277CA]

SENATOR COASH: Thanks. [LB825 LR277CA]

SENATOR ROBERT: Any further questions? Seeing none, thank you. [LB825 LR277CA]

WALTER RADCLIFFE: Thank you, Senators. [LB825 LR277CA]

SENATOR ROBERT: Next proponent. [LB825 LR277CA]

GREG HOSCH: 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. I'm general manager of Horsemen's Park and I oversee Lincoln Race Course here. I'd like to thank the committee for taking the time to conduct this hearing and hearing our testimony, and I'd especially like to thank Senator Karpisek for introducing this bill which I am testifying in favor of. As you know, the State Fair moved to Grand Island. We were able to secure a lease with the

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university through September of 2012 to operate the facility here in Lincoln. I've got to say, when that date comes racing is over if we don't have something to sustain racing here in Lincoln. LR277 would allow us to have satellite wagering. I believe that would allow us to...you'll hear from JoAnne about the Nebraska Horse Park. We're part of the equation. We're part of building a racetrack there, a nice mile facility. A mile racetrack with a nice facility. That will bring us back; that will put us back. Walt, he talked about...well, he took most of everything I had to say, but he talked about the revenue--generating revenue with the satellite wagering. Like he said, or Senator Karpisek said, 24 out of 30 jurisdictions have some form of satellite wagering. Based on that, we did a little research. We found out that Virginia...in Virginia, 93 percent of the handle comes from satellite wagering facilities. In Arizona 63 percent of it comes from satellite wagering facilities. We believe based on that, that we could probably increase our handle from at least 50 percent. In doing that, that would raise about \$6 million a year to go to the tracks and to purses. I wanted to touch on something that Senator Coash asked about the facilities. I don't envision a satellite wagering facility on every corner in every bar. It can't happen. It's absolutely not...it's not economically possible. Just to touch on that for a second. In order to bring in a signal, when we bring in a signal we have to have a decoder. Decoders are 300 bucks a month. Currently, at Horsemen's Park, we have 24 of them. So if we tried to bring all those signals into one small little facility, it's not going to work. We have to pay the host track--the host tracks, meaning Santa Anita or Gulfstream or whatever track it is--a fee to get their signal which is 4-5 percent. We've got labor costs. We have tote costs, the people that have the machines that facilitate the wagering. And then we have to split...at the end of the day, we have to split the money with the horsemen for purses. So to saturate the landscape with satellite wagering facilities, it just can't happen. It just, economically, it can't happen. What I envision is us to be pretty selective. In Omaha, you might see a few locations, something out west. At one time we had one in Bennington. It was ruled unconstitutional, but we employed six or seven people there. We had food, beverage. It was a nice facility. They did quite well. And I see that happening. Maybe something like Fremont, North Platte, Scottsbluff, Dresher. Just towns that want to have it, we can take our product to them, and I think it will really be a big boost to the racing, as will the new facility here in Lincoln. We just...you can't imagine what a shot in the arm that would be to have a mile racetrack again after we lost Ak-Sar-Ben. Everybody knows what Ak-Sar-Ben was. So I would just ask that you pass LR277, give us an opportunity to really get something going, finally, in this state. Thank you. [LB825 LR277CA]

SENATOR ROBERT: Thanks, Greg. Any questions from the committee? Senator Krist. [LB825 LR277CA]

SENATOR KRIST: Thank you, Senator Rogert. Do you agree with Walt's assessment that if something doesn't happen, if this doesn't happen, your industry is gone? [LB825 LR277CA]

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GREG HOSCH: Totally. The industry as we know it. You know, the industry, we have a complete industry here where...and so does every other state. You know, Illinois, they have a circuit. We have a circuit here. The circuit will be gone. You may see Fonner Park and that would probably be it. So the people that make their living throughout the entire year here in the state, they're going to have to elsewhere. So they'll spend two and a half months in Grand Island and then they'll go to either Iowa or Minnesota or somewhere else to race. They'll just have to. So we won't really have an industry and that will affect the owners and the breeders and right on down the line. So, yeah, I do believe we'll be done if we don't get something. [LB825 LR277CA]

SENATOR KRIST: Thank you, sir, for your testimony. [LB825 LR277CA]

SENATOR ROBERT: Thank you. Any other questions? Senator Dierks. [LB825 LR277CA]

SENATOR DIERKS: Where is horse racing in Nebraska this year? [LB825 LR277CA]

GREG HOSCH: As in...? This year we'll race at Grand Island Fonner Park, then we'll come here to Lincoln. And we'll go to Horsemen's Park and then to Columbus and then to Sioux City...South Sioux City, I'm sorry. [LB825 LR277CA]

SENATOR DIERKS: And Horsemen's Park is contracting with Lincoln then for two years, you say? [LB825 LR277CA]

GREG HOSCH: Until September of 2012, we have an agreement to operate the racetrack here in Lincoln, and we're going to race 32 days there this year. I would add that we had 103 days of live racing last year. We're going to have 92 or 93 this year. [LB825 LR277CA]

SENATOR DIERKS: Did I hear you say there's a possibility that there could be more racing in Nebraska with the advent of this legislation? [LB825 LR277CA]

GREG HOSCH: Well, if we get this legislation, this will give us a tool to help build the new racetrack here in Lincoln, and if we can build a mile racetrack, I think that's what's going to bring us back around as far as racing goes. We need that mile racetrack. There's a number of things you can do with a mile racetrack. We've talked about having a training center open year-round there. But you can also...the signals that we're talking about importing from around the country, we can export that signal. Right now, because we have five-eighths mile tracks, it's tough to sell that because the race is usually won or lost in the first turn and people just don't like betting on that. They...and so you can't sell that to the Illinois tracks or any other tracks in the country. If we have a mile racetrack, it's a whole new ball game. [LB825 LR277CA]

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SENATOR DIERKS: Thank you. [LB825 LR277CA]

GREG HOSCH: You're welcome. [LB825 LR277CA]

SENATOR KRIST: One follow-on question, thank you. [LB825 LR277CA]

SENATOR ROBERT: Senator Krist. [LB825 LR277CA]

SENATOR KRIST: Take me back...take us back to when Ak-Sar-Ben was at its peak just in terms of the percentage of profit or percentage of money lost in the state. Back when, we were doing X amount of dollars and today we're doing a percentage less, I'm assuming. Can you give us a ballpark figure? [LB825 LR277CA]

GREG HOSCH: You know, off the top of my head I can't, but I have to believe that we were betting \$150 million to \$200 million, and we're down to about \$90 million now, you know. And, of course, we all remember the Ak-Sar-Ben days. I mean, I can remember having to get out of there before the last race or you're there for an hour trying to get out of the parking lot--25,000 people. It's...and I see...I see that similarity there in getting back to that with a mile racetrack again here in Lincoln. [LB825 LR277CA]

SENATOR KRIST: And do you envision this new track to be Ak-Sar-Ben-like? [LB825 LR277CA]

GREG HOSCH: Well, it will be...you know, the face of racing has changed so dramatically with satellite wagering and simulcasting. I mean, you go to the...there's very few racing centers in the country now to where you can go and find a crowd. Down in Hot Springs, right now, Oaklawn Park is running and I remember going there a few years ago and standing out on the apron, and all of a sudden I hear this roar, and I'm like, what the heck is that? You know, the horses were turning down the stretch. You don't get that around here anymore because everybody stays, you know, where the...at the different racetracks and they bet from far away. So this racetrack, JoAnne can probably fill you in more on that, but this racetrack you'll see a different type of grandstand with a more of a simulcast facility/racing on the side with some other uses. But I can see this being a destination place as opposed to what we have now. [LB825 LR277CA]

SENATOR KRIST: Yeah, I guess that was my point. I remember the Ak-Sar-Ben days of being a destination and it wasn't...it was...there was some family events, as well, so. [LB825 LR277CA]

GREG HOSCH: Correct. [LB825 LR277CA]

SENATOR KRIST: Anyway, thank you, Mr. Chairman. [LB825 LR277CA]

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SENATOR ROBERT: Any further questions? Seeing none, thank you. Next proponent, please. [LB825 LR277CA]

JERRY FUDGE: Good afternoon, Chairman Karpisek and Senator Rogert and members of the committee. My name is Jerry Fudge, J-e-r-r-y F-u-d-g-e, and I'm the president of the Nebraska Horsemen's Benevolent and Protective Association. We represent almost 1,000 members from all parts of the country. LB825 and LR277 are urgently needed to preserve racing in Nebraska. I know you're all aware of our situation here in Lincoln. Without a new racetrack in this area we would lose 32 days of live racing and the entire industry would lose the simulcasting revenue from the second largest market in the state. With the ability to provide remote simulcasting to our racing fans, we would obtain the funding to build a horse-centered facility that would be unmatched by any other facility in the Midwest. Our hope is to bring horse fans of all kinds together to enjoy equine activities in one convenient location. The racetrack would just be one part of this new Horse Park, but without additional funding it cannot become a reality. Thank you for the opportunity to testify, and if you have any questions I'd be happy to answer them. [LB825 LR277CA]

SENATOR ROBERT: Thank you. Are there any questions from the committee? Seeing none, thanks for coming down. [LB825 LR277CA]

JERRY FUDGE: Thank you. [LB825 LR277CA]

SENATOR ROBERT: Next proponent. Welcome. [LB825 LR277CA]

JESSE COMPTON: Good afternoon, committee. I'd like to thank Senator Karpisek. My name is Jesse Compton, J-e-s-s-e C-o-m-p-t-o-n, 2494 140th Road, Shelby, Nebraska. I'm speaking as a proponent of LB825 and LR277CA. I'm a third generation horseman joining the business by my father, brother, sister, grandpa, grandma, both uncles. Grew up around the track; been raised on the backside. Pretty much consider everybody in this state that's in the racing community the last 30 years is pretty much my community. As soon as I could get a license at 16, I've been working full time. Started my own business, put myself through college. Done everything from muck stalls, starting colts, galloped horses, worked for all the different racing associations around this state--pretty much every job you can do at the track. After I graduated from UNL, I chose to continue my career in the racing business. Now we have a farm, good horses, a bright future. Everything is going good for us, but the paradigm of racing in this state is going the other way. As one of the few younger people in my industry, I feel it's my duty to use my youth and my education level and my experience to do all I can to save the livelihood of racing at this crucial time in our state. My family isn't...is similar to other racing families in the state that are facing very tough times. We're not asking to be saved; we're just asking for a chance to compete. A chance to be given the tools to compete. We cannot

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compete as long as we are bound by the antiquated laws that prevent us from being able to expand with the modern world. Many of the facilities we race on were built in the fifties and sixties. Many of the laws haven't been updated with the technology, and it's hard to get our product out there, not just from a racing perspective, but as far as developing the business and getting new owners and new business, when they can't...when they have to drive several hours to come to the facility to race, it's not the same as if they could go down to someplace within a half-hour's drive or...you know, we have owners from Scottsbluff that have to drive hours to come watch their horses run. Nebraska racing creates several thousand jobs in the state. Any sport industry or business that is ag-related and employes that number of people, should get the same consideration afforded to other large industries in the state. The industry serves as an engine to move money into local economies, and because of the way the current conditions are it's left many of us doing things that we don't normally do to try to stay afloat. And racing, you don't really want to cut corners, but when you start cutting costs to a point where you have to start cutting corners, it's going to decrease the product that we're putting out there. A large portion of the money involved in racing comes from Nebraska horseowners. I think that Jerry did a nice job of representing them. Only capable businessmen who care more about the sport themselves put their own money at risk in an environment where the future is uncertain, and that's where we are right now. So it's hard to tell people, you know, you buy a horse, that's kind of a 4-5 year plan. And you're going out there trying to develop new business, it's hard to sell people on the fact that we're going to be racing here in a few years because everybody can see the conditions that we're in now. The cost of the care and training of race horses can be more than the amount of purse money won for some owners. Now that the purse has fallen so low, the rest of the costs are being paid by those families like us that are in racing. We're the ones that are making up the gap for the shortfalls. The money is spent directly into the local economy. Horses create jobs in many ways. It takes trainers, dentists, farriers, vets, jockeys, agents, grooms, valets, assistance starters, ticket tellers, office help, and so on, and it goes on and on. It takes a village to put on a show. And all that money revolves roughly around 25 horses in this state. It creates endless opportunity for people and families. And that money has nothing to do with gambling. That's all directly related to the purse money that's invested in the state by people who use that on overhead in their business. And then all that money gets spent basically in the cities where they race. Just for an example, we're getting ready to start in Grand Island. Between my father and I, we carry about 40 horses. We haven't been in Grand Island two weeks--already spent \$15,000 or \$20,000; hired three more people. I mean, as soon as we come to town...you know, we're away from home eight or nine months away from the year. Now, if we lose the Lincoln racing facility, that's going to cut, you know, at least a third of our season down, and that's going to really create less opportunity for us to be profitable. Racing has survived in Nebraska despite the expansion of gambling in several other states, despite some of the things that are going on that are not going on here. And that is a testament to the strong support racing has in this state, that it's still survived. We're the only ones, you know, around here that are

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still doing things the way they were 25 years ago. And pretty much, the greener pastures in other states have robbed our state of the best people, you know, the youngest people. Pretty much everybody that I've grown up with has left. They're in Kentucky, they're in Texas, they're in Oklahoma; you know, places where the money is better. But those of us that have stayed and are dedicated to this state need the tools so we can compete in the future. If that is not done, the rest of us are going to have to move elsewhere and take our horses and our money elsewhere, I guess. I think they've done a great job of saying what the impact of a new track and the impact of this legislation will do on our future. Without it, our future is certain. I mean, it's over. Every year it's tougher and tougher for all of us, and if we had a new track and a shot in the arm to sell to new investors and a place and a venue for them to watch, I think that it'll go a long ways into healing what has been a big problem. Thank you, guys. Do you guys have any questions? [LB825 LR277CA]

SENATOR ROBERT: Thanks, Jesse. Any questions from the committee? Seeing none, thanks for coming down. Can we have the next proponent, please? [LB825 LR277CA]

ED ZIEMBA: (Exhibit 2) Good afternoon. My name is Ed Ziemba, E-d Z-i-e-m-b-a. I live at 2505 South Deer Trail in Hastings, and I am here on behalf of these, a proponent for both of the bills that we are talking about. I am a past-president of the Nebraska Quarter Horse Racing Association and currently serve on the board of Hastings Exposition and Racing, an entity that through Fairplay Park in Hastings has conducted a one-day horse racing event for the past six years. I'm here to point out some numbers and some things strictly about quarter horses and quarter horse racing. Nebraska happens to be centered in one of the most concentrated quarter horse regions of the world. Some of you are aware of that; some of you may not be. Nebraska and its surrounding states, we have nearly 150,000 owners; nearly 600,000 registered quarter horses in Nebraska and its surrounding states. Nebraska has nearly 18,000 owners of registered quarter horses. There are over 85,000 registered quarter horses in this state. Those are fairly big numbers. If we were to look at Nebraska, the six states that surround it, and also Oklahoma and Texas, states that we have traditionally and typically drawn horses for when we have run race meets for quarter horses, those states, the central region of the United States, 40 percent of the world's quarter horse, registered quarter horse population, is in that central region. Why? We're agricultural-based. Horses and horse racing are tied to agriculture. In 2005, the American Horse Council conducted economic impact studies through a lot of states. Nebraska was not one of them; Oklahoma, Colorado, Missouri were. If you use the methodologies that they did, the American Horse Council, and apply those to the number of owners and horses--quarter horses, thoroughbreds, other breeds in this state--it's a \$500 million industry in this state. Significant number--at least a significant number to me. As I pointed out, horses, the horse industry, horse racing is part of entertainment. Certainly. It's a sport, certainly, but it's agricultural-based. Five hundred million dollars. I would like to think that with the passage of bills like this and other options, innovations, the attitudes that have been

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applied to agriculture in this state, if we took those and applied those to the horse industry and horse racing, we'd see a significant change and it would be a positive change. To do some of those things we need the help and support of the Legislature, and we appreciate your positive look on that. That's really all I have to say. If you have any questions, I would attempt to answer them. [LB825 LR277CA]

SENATOR ROBERT: Thanks, Mr. Ziemba. Any questions from the committee? Senator Price. [LB825 LR277CA]

SENATOR PRICE: Senator Rogert. Yes, Mr. Ziemba, real quick, you took the time to mention the number of registered quarter horses. But how many have actually run? [LB825 LR277CA]

ED ZIEMBA: Registered quarter horses, about 85,000. National averages say that of those registered quarter horses, about 10 percent of them are actually race-bred, okay? So in the state, somewhere in the neighborhood of 8,000 of those would have race breeding of some type. Obviously not all of those currently run, but the opportunities are fairly limited. [LB825 LR277CA]

SENATOR PRICE: Okay. Thank you. [LB825 LR277CA]

ED ZIEMBA: You're welcome. [LB825 LR277CA]

SENATOR ROBERT: Any further questions? Thank you for coming down. [LB825 LR277CA]

ED ZIEMBA: Thank you very much. [LB825 LR277CA]

SENATOR ROBERT: Any further proponents? [LB825 LR277CA]

MIKE O'NEILL: Good afternoon. My name is Mike O'Neill, M-i-k-e O'N-e-i-l-l. And I guess I'm here because I'm one of those people in the village he was talking about. We started up a firm three or four years back to interact with the waste stream to recycle, reuse materials that usually went to landfills, etcetera. One of the things that we got into was recycling wood pallets--clean wood--that we could use for other uses. Our major purchasers are agricultural dehydration mills that make dehydrated pellets--alfalfa, whatever. A secondary market, as it turned out, was bedding--animal bedding. We live in Grand Island. Our plant is in Grand Island. Fonner Park was one of those. Basically, what we found in three years--and that's all we've provided bedding for the horse racing industry--was that we are one of four or five of the larger bedding provider vendors at Fonner Park--just at Fonner Park. A little bit to Columbus, a little bit to Lincoln, because of the distance of travel and stuff. Last year, our sales tax revenue from sales on bedding to Fonner Park was almost \$10,000. I think that's something that people lose

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sight of when we get in these discussions. It's not just the people in the horse racing industry. I'm somebody that's in the, for lack of a better word, green technology business now. But \$10,000 is a sizeable piece of sales tax to accomplish in three months because that's basically all we provide at that point. That's all I'm here for, just to show that there's another side to that. Any questions, I'd be glad to answer. [LB825 LR277CA]

SENATOR ROBERT: Okay. Thank you. Are there any questions from the committee? Thank you for coming down. [LB825 LR277CA]

MIKE O'NEILL: Thank you. [LB825 LR277CA]

SENATOR ROBERT: Are there any more proponents? Hello. [LB825 LR277CA]

MARGARET LANDIS: Hi. My name is Margaret Landis. Margaret, M-a-r-g-a-r-e-t, Landis, L-a-n-d-i-s. And I'd like to thank Senator Karpisek for introducing this bill to try and help our industry out. I am a former county supervisor of 16 years, former teacher, and now I've been a horse owner, breeder, and trainer for 20-some years. I have...at Fonner Park, right now, I have 14 head. And sad to say, I own them all--my husband and I do. And I came to testify to you people to let you know a stranger thing happened this year when I moved to the track. I move in right after Christmas. And usually when I move in, I need help because I'm like Jesse, I really have to hire almost everything done. And I came in with my horse walker to get it set up and I pulled in behind my pickup truck, and I had 5-10 people there wanting to help, begging for help. So I hired them and then I had another group that wanted...were begging for work, so I put them into doing the stalls. And finally I said to my son, my heavens, there are 13 people wanting work, and I said we just can't take any more. And we...I'll be honest with you, we don't hire the most educated people, but I will tell you one thing: We hire the best workers in the world. And it's the same story every day I come to the track. If I bring a big brown bale on the back of my pickup, I've got five guys on top of my pickup knocking that big brown bale off. Anything to make a little bit of money. I hire people to hot walk my horses, to clean my stalls, to gallop my horses, and I pay good. I'm a good payer and people know that. But there's so many people standing around, begging for work. I've never seen it before at Fonner Park. I think it's got to be a sign to the economy that we have so many people. Last year, I had a good year. My horses ran good, which is a real switch. And now like what my husband wanted me to do, put it in a savings account. Oh, no. I rebuilt fences, put in new waterers, trying to improve my facility. And how did I do that? Every day at noon guys who wanted to work in the afternoon knew if they came to my barn, hey, if you're willing to work, I'm willing to pay. We essentially rebuilt my farm. And these are wonderful people and they work so very, very hard, and I don't know what they would do if our industry goes down. They'll probably migrate somewhere else. But I feel very bad for them and I hope that you take a serious look at this. We really hire a lot of people. I hire a lot of people. Jesse said he spent \$15,000 so

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far. I did my books last night. In three weeks, I've spent \$7,800, and I've just started. But if we can get better purses, we can afford to continue to put this money out. It's bring it in, spend it. But we have to have the horses. But I did want to let you know that it's a different year this year at Fonner Park, and I feel sorry for the guys out there that didn't get a job because, I promise you, there's 10 or 12 of them outside my barn every morning. And the fact is, most of the trainers are here and I don't believe they're going to get work and I don't know what they're going to do. So I just wanted to let you know that I'm just...I'm a horse trainer, owner, and breeder, and I raise Nebraska-breds. And if Nebraska-breds, if we go down, I'm not going to another track. We're going to get out of it. We're just going to sell. I do have a few quarter horses, but as far as the thoroughbreds, the industry we love the most, I'm going to sell out and quit because I don't want to go to Oklahoma or to Canterbury or to Prairie Meadows. I want to stay here in Nebraska. So anyway, thanks a lot for time. [LB825 LR277CA]

SENATOR ROBERT: Thanks, Margaret. Senator Dierks, questions? [LB825 LR277CA]

SENATOR DIERKS: Margaret, when does racing start at Fonner Park? [LB825 LR277CA]

MARGARET LANDIS: Oh, we start the 19th of February. [LB825 LR277CA]

SENATOR DIERKS: The 19th of February. And how many days does it go? [LB825 LR277CA]

MARGARET LANDIS: I think we're going to go 32, 33, this year. It's less than last year, I'm afraid. [LB825 LR277CA]

SENATOR DIERKS: Is that only like four days a week or how do you...? [LB825 LR277CA]

MARGARET LANDIS: Well, actually it's kind of a strange schedule. The first two weeks it's just two days, which being a trainer it's hard on us because we've got all this labor and we don't get to run our product. And then we go to three days and we'll run until May 7. And then we go to Lincoln, which Lincoln is the best purses and really a fun place to run. Oh, everybody loves Lincoln. And everybody loves Columbus too. And I don't know what we're going to do if we lose Lincoln. I think we've lost it. [LB825 LR277CA]

SENATOR DIERKS: Thank you. [LB825 LR277CA]

MARGARET LANDIS: Okay. [LB825 LR277CA]

SENATOR ROBERT: Thank you. Any other questions? Thank you. Are there any more

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proponents? Okay, then we'll move to opponents. Can we have the first opponent?
[LB825 LR277CA]

PAT LOONTJER: (Exhibits 3, 4, and 5) Well, hello, Senators. I'm Pat Loontjer. It's spelled L-o-o-n-t-j-e-r, and I'm the executive director of Gambling with the Good Life and Gambling with the Good Life has been around for 15 years. We've been through all these elections with the various proponents of expanded gambling. We've managed to establish the largest coalition in the state. Every denominational church plus almost every profamily organization is in our coalition and we all work together when something comes up that's going to expand gambling in any way, shape, or form. And we're very fortunate. We have a number of prestigious Nebraskans who have joined with us. Tom and Nancy Osborne, Nancy is on our board of directors. Pete Ricketts is on our board of directors. Warren Buffett has done a 30-minute table-side chat that is on the Internet and has gone around the world of him speaking out against gambling and how it affects the families and how it affects the economy of a state and the nation. So that's kind of our background and, like I say, we've been around for all of these fights. And in 1996 was the first one and it was pretty much exactly what we're talking about today. It was the establishment of offtrack betting and it was soundly defeated. And nothing has changed really as far as the voice of the people, because in 2004 that was our biggest antigambling campaign. That was when Nevada came in and wanted the casinos. They spent \$7 million against us in 2004 and we beat them because the voice of the people have spoken. Nebraska voters have said enough is enough. Two thousand and six we had another ballot issue and that was the expansion of keno, to take it to...well, they called it expanded or enhanced keno, it was basically a slot machine, and that was defeated by 61 percent of the voters. So the voters that you represent have spoken. They've said time and time again, for the last 14 years, no to everything that has been placed before them. And we have to look at how gambling affects other states because that's our role model since we don't have the machines. And in 1990, the gambling industry came into Iowa and they asked for just two simple things: Just give us two riverboats; we're just going to float up and down the river; we're going to bring you prosperity; we're going to bring you tourists that are going to come to Iowa. And what happened after that was then the dog track and the racetrack said that's unfair competition. The next year they were given the license to have slot machines. Now the closest example that we're familiar with is Bluffs Run, which is right across the bridge from Omaha. Bluffs Run was a little dog track, was going nowhere. It's an industry very much like the racing industry in that it's promoting a form of gambling that the younger generation is just not interested in. It's too slow. They're used to iPods, they're used to the slot machines, they're used to the Internet and it's very hard to get the younger generation interested in dog tracks or horse tracks. But Bluffs Run got the license. Bluffs Run is now absolutely the largest casino in the state of Iowa. They have 68,000 square feet of gambling floor and nobody knows where the dogs are. They're there. They have to be there because they hold the license, so they're running around but you never see any advertisement promoting coming out, coming over to see the dogs at all. And

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basically, that's what we see with Horsemen's Park. Horsemen's Park, I believe, runs four days a year live racing and the rest of the time they exist on simulcast, which are the big television sets and live racing. And now they want...they're not content with that because that's not saving the industry. We've never opposed horse racing. It's not that we like it or any other form of gambling that currently exists, but you've just got to face reality. And if you had an industry that was making the buggy whips and they were the best buggy whips that money could buy and the automobile was invented, nobody is going to buy your buggy whips. You know, it's sad but that's just reality. If it cannot sustain itself, then it should not ask to impose itself on the state. And what gambling does is it hurts families and it hurts the economy. The money that's going to go for, quote, purses is coming from somewhere. It's coming from the people who lost and they lost the money that was going to go pay for their kids' tuition, it was going to go pay for the new refrigerator, it was going to pay the rent. So, you know, we're talking about kind of a fluid type of an economy here. Now, the other thing that I think we need to look at is that the industry in...back in the Ak-Sar-Ben days, and it attracted people, buses used to come in from Kansas to race at Ak-Sar-Ben and it was predominantly a nonprofit association because almost 100 percent of their profits was given back to the community in the form of scholarships and in the form of fire trucks and different things for different communities. Now that's not done in this day and age with what's happening in the racing industry today. But during that time they were given a provision of an exemption and I'm going to leave you a copy of this and I can e-mail it to all of you, and it is NRS2-1208.01, and this exempts the first \$10 million in gross wagering from taxes, and the next \$10 million to \$73 million only pays 2.5 percent. This industry already has a bailout. They got it a long time ago before it was popular and now they're coming back and saying this isn't enough, we still can't exist with this large of a bailout, we need more. Now when...so when you start taking it out of the tracks where it's existing right now, where they're looking at live races and you start putting it in other locations, and you can say until you're blue in the face, well, it's going to be up to communities to decide, same thing is going to happen like happened in Iowa where it starts expanding and they start playing off of each other--well, Douglas County is going to allow it; Sarpy is going to have to allow it; Lancaster County is going to have to say, all our money is going up to Douglas, all our money is going to Sarpy. It's just a matter of time, it will be all over the state. And you have to say, where is it coming from? It's coming from the pockets of those that choose to gamble and lose. It's coming from the losers. I have two testimonies that I'd like to leave with you of individuals who wanted to come today and couldn't. One is a gentleman that was a compulsive gambler and his story is very touching in that he's in Nebraska for a reason and that he really feels that any expanded gambling of any sort is going to really jeopardize him even staying here because of the temptation. And the other is from Lauren Ekdahl, who has been a Methodist pastor in Lincoln for years and years, he's now out in Scottsbluff, and he lists a number of reasons that he'd like to share with you why he thinks this is just a bad bet. [LB825 LR277CA]

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SENATOR ROBERT: Okay. [LB825 LR277CA]

PAT LOONTJER: So we've got those two testimonies. [LB825 LR277CA]

SENATOR ROBERT: I need you to wrap up if you can, Pat. [LB825 LR277CA]

PAT LOONTJER: That's about it. [LB825 LR277CA]

SENATOR ROBERT: Okay. [LB825 LR277CA]

PAT LOONTJER: I do have some other materials I can either e-mail them to you, but it just tells what's happening in Iowa as far as their budget is just being devastated. If we want to help our economy and why don't we take away that exemption? [LB825 LR277CA]

SENATOR ROBERT: Okay. [LB825 LR277CA]

PAT LOONTJER: Why does it have an exemption that no other industry has? [LB825 LR277CA]

SENATOR ROBERT: Are there any questions from the committee? Senator Price. [LB825 LR277CA]

SENATOR PRICE: Thank you, Senator Robert. Ms. Loontjer, you know, you brought an analogy. You said young people don't like dog track racing. Well, I guess you're trying to say young people won't like horse races so you really won't see an expansion because there will be no new people getting in it, to use your analogy. [LB825 LR277CA]

PAT LOONTJER: I believe...I really... [LB825 LR277CA]

SENATOR PRICE: So really, it's a... [LB825 LR277CA]

PAT LOONTJER: They're closing up all over the country, the tracks are, and it's... [LB825 LR277CA]

SENATOR PRICE: Good. [LB825 LR277CA]

PAT LOONTJER: ...you know, it's a chance it's a generational thing. [LB825 LR277CA]

SENATOR PRICE: Okay. Thank you. [LB825 LR277CA]

SENATOR ROBERT: Any further questions? Thanks, Pat. [LB825 LR277CA]

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PAT LOONTJER: Thank you. [LB825 LR277CA]

SENATOR ROBERT: Next opponent. Can I get a show of hands of how many other opponents we have? Okay, thank you. Hi, Dave. [LB825 LR277CA]

AL RISKOWSKI: Hi. Good to be here. Thank you, Senator Rogert and Senator Karpisek, who is in the back here on the General Affairs Committee. Al Riskowski, it's Al, A-I, and Riskowski is R-i-s-k-o-w-s-k-i, with Nebraska Family Council. I am in opposition to LB825 and the constitutional amendment, LR277. One of the things that's interesting, you haven't heard at all by the proponents, is how is this good for the state of Nebraska. Ninety-nine percent of what has been said is how it's good for the horse racing industry but not for the state of Nebraska. And we're asking our Nebraskans to take their hard-earned money and bailout the horse racing industry. I don't believe that Nebraskans are prepared to do that. This truly is expanded gambling, but what I found I think is interesting. I'd like to, if you'd like a copy I'd be happy to give it to you, but two articles. One is out of the Los Angeles Times. This was July of this last year and the headline is casino is the first of 45 new offtrack racing satellite horse racing facilities allowed under a new state law to boost the horse racing industry, and the first sentence is we need to whip up the struggling horse racing industry, here in California, where they have prime horse racing but they still have the same problem. And not only are they going to start with only...with 45 new of these satellite starts, satellite locations at sports bars, they're talking 34 additional in the Los Angeles area. So almost 80, in the Los Angeles area, sports bars are going to be taking up satellite gambling. But what's interesting, too, an article in the September newspaper in Santa Barbara says they're closing them because they've had them open for a number of years but they're not providing the money they need to really supplement the horse racing industry. It still isn't doing what they were hoping it would do. Those articles are available to you if you'd like to see. The other point I'd like to make today is that we're going to be taking this type of satellite gambling to bars where people come to drink and so you're...while it's true that the horse racing industry does hire individuals, we're asking people who already have jobs who are going to these bars, these are hardworking Nebraskans, while they are drinking, we'd like you to wager more of your money and lose it to support our industry, is what we're really saying. So already, hardworking Nebraskans, we're asking them to lose their money to support this industry. Thirdly, this milelong horse track, I know that they want to apply some of this money to build it but it would still cost Nebraska taxpayers money. There's no doubt in earlier testimony that they would have to redo some roads to make it work. There is the flood plain that's in consideration that would have to be redone to make this milelong horse track work. They've talked about in the past of the facility and still needing state dollars to build some of the facilities because of the vision they have, wanting to use even University of Nebraska monies perhaps to build some of the facility. All of this is Nebraska dollars that I don't believe Nebraskans are ready to spend to supplement a horse track here in our state. So I guess in conclusion, we expect that because we have...well, we've closed the State Fair Park,

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we have expected that individuals will still go to the State Fair Park who want to enjoy the State Fair and they will enjoy going to Grand Island. Why do we think it would be any different for the horse racing industry? If people want to enjoy that, they, too, can go to Grand Island, which is available there just as well? So for the state...for the good of the state of Nebraska taxpayers and citizens, I hope that the General Affairs Committee and their past willingness to curtail expanded gambling will continue to curtail expanded gambling here in our state and refuse to take these pieces of legislation out of committee. Thank you. [LB825 LR277CA]

SENATOR DIERKS: Thanks, Al. Questions for Mr. Riskowski? Senator Krist. [LB825 LR277CA]

SENATOR KRIST: During the prior testimony, which went exceedingly over the time limit, there was an attitude that we don't need to take it back to the taxpayers because they've said on a number of occasions that they don't want gambling. Is it your opinion that we shouldn't put it back for a vote of the general population to see if the citizens of Nebraska want gambling? [LB825 LR277CA]

AL RISKOWSKI: That would certainly be our opinion because just in recent years, I mean, if we had been talking about a 10-year gap or a 15-year gap we could say, well, maybe it's interesting to explore where the taxpayers of Nebraska, the voting individuals in our state would land in regard to this. But this has just been within the last two years and we had the huge push just within five years ago to expand gambling and all of that was rejected, every proposal has been rejected. So just in recent history, Nebraska voters have rejected every proposal. [LB825 LR277CA]

SENATOR KRIST: Thank you. [LB825 LR277CA]

SENATOR DIERKS: Other questions? Senator Price. [LB825 LR277CA]

SENATOR PRICE: Senator Dierks, thank you. Mr. Riskowski, I have a question for you. A lot of things seem to hinge on the definition of the word "expanded." Nebraska statute calls out what expanded, or going to a Class III, if you go from Class I to Class II to Class III, that's what the statute lays out. To say this is expanded gambling, is it expanded by statute? [LB825 LR277CA]

AL RISKOWSKI: Well, certainly not expanded by type of gambling. It's not an additional type of gambling but it is expanded in that it gives opportunity for much more gambling here in the state of Nebraska. And as we heard in years past, Tom Osborne, as Pat mentioned, Warren Buffett, all will speak to the fact that the more opportunity you have, the more convenient it is, certainly the more people will wager and certainly when you put it...when you mix it with alcohol. When you talk about a horse track, there may be alcohol served but they're going there to wager. They're not going there to drink. You're

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going to a sports bar in many cases to drink, and when you mix alcohol and wagering together you're actually taking advantage, I believe, of those patrons who have gone there to those bars. [LB825 LR277CA]

SENATOR PRICE: But by the truest definition, you said it's not an expanded type of gambling. [LB825 LR277CA]

AL RISKOWSKI: It's certainly not an expanded type of gambling,... [LB825 LR277CA]

SENATOR PRICE: Okay. [LB825 LR277CA]

AL RISKOWSKI: ...but it expanded in opportunity. [LB825 LR277CA]

SENATOR PRICE: All right. Thank you. [LB825 LR277CA]

SENATOR ROBERT: Any further questions from the committee? Thanks, Al, for coming down. [LB825 LR277CA]

AL RISKOWSKI: Okay. Thank you. [LB825 LR277CA]

SENATOR ROBERT: Uh-huh. Next opponent. Hello. [LB825 LR277CA]

MARY FORESTER: I'm not sure how to address you. Who's in charge? [LB825 LR277CA]

SENATOR ROBERT: It's me. [LB825 LR277CA]

MARY FORESTER: Senator Robert,... [LB825 LR277CA]

SENATOR ROBERT: Uh-huh. [LB825 LR277CA]

MARY FORESTER: ...and other members of the General Affairs Committee, my name is Mary Forester, it's F-o-r-e-s-t-e-r. I live in Omaha and I'm testifying as a citizen who is opposed to gambling of any form. I came to Nebraska 5 years ago from New Jersey and, having lived in New Jersey for 35 years, I watched the progression of gambling. I saw what it did to cities, I saw what it did to the citizens, I saw what impact it had on the economy. It started out as lottery, then it went to horse racing, and then to casinos. I saw a beautiful city of Atlantic City ruined. There were many businesses closed, many, many jobs lost. There were negative businesses that came in, such as prostitution and mob-related. There was...Atlantic City is not the same city it was. It was once beautiful with a beautiful beach, a beautiful place to go for conventions. I went there for conventions. Many of those conventions withdrew. They wanted no part of that because of the atmosphere of the whole city. The revenue promised for education to help keep

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property taxes down did not materialize. I know that as a property owner. Also, the national stats, for every \$1 gained for the state or city or wherever the promise is, \$3 are needed to address the social problems caused by that, such as addictions and the breakdown of the family. I was very involved in profamily ministry so I knew a lot of those problems. Divorce, children in divorce, juvenile delinquency, all can be traced to the breakdown of the family and one of the problems is addiction to gambling, not the only but one of them. I came to Nebraska to be near my daughter and grandchildren and I, being in a liberal state and being conservative, I looked at Nebraska as a conservative state and a family-friendly state. I have been really concerned to watch the gambling industry, while I've only voted on two but, as Pat said, there were some prior to that, so evidently this has been going on over and over and over again over the years. I am just concerned of the tenacious efforts of the gambling industry here in Nebraska. The people of Nebraska have said no over and over to expanded gambling, and when I say expanded I mean just like Al did. There's more opportunity for more people to gamble and when that happens there's more chances of addictions and all of the problems that lead to it. I believe that LB825 and LR277 will expand gambling without any regulations from the state, if I'm understanding that correctly. I do not believe that the voters in Nebraska want any expanded gambling. When you have more sites to gamble, you produce more addicted gamblers. I hope this committee will look at the history of gambling in other states, such as Iowa, and also look at the economic picture in these states. Gambling in any form does not economically help the state. I believe that the horse racing industry should not be subsidized by the state. There seems to be an insatiable appetite for public subsidy to this venue of gambling. It needs to stand on its own, as any other business has to do. We need only to look at the national government and see what happens economically when government get involved in the private market. I urge this committee to oppose both LR277 constitutional amendment and LB825. Thank you. [LB825 LR277CA]

SENATOR ROBERT: Thank you, Ms. Forester. Is there any questions from the committee? Seeing none, thank you. [LB825 LR277CA]

MARY FORESTER: Thank you. [LB825 LR277CA]

SENATOR ROBERT: Next opponent. [LB825 LR277CA]

DAVID BYDALEK: Senator Robert, members of the committee, for the record, my name is Dave Bydalek, and that's spelled B-y-d-a-l-e-k. I'm the executive director of Family First and I want to state right up-front that really I have nothing, per se, against horse racing. In fact, my dad took me to Fonner Park many times when I was a kid growing up in Grand Island, which is becoming a further and further distant memory. But, yeah, we've had friends also involved in the Racing Commission. But our group's concern with the bill really relates to the question posed by Senator Coash to Mr. Radcliffe during his testimony, and that is if the horse racing folks were successful at getting offtrack betting,

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will they stop? And I believe this does provide a path, LB825 and LR277, it provides a path to expansion of gambling in forms, which are terribly destructive to families and I think the state and its economy, in outposts located throughout the state. I don't believe this is really a far-fetched concern given the numerous attempts to allow various types of Class III gambling, other forms of gambling in the state over the past 15 years. Bottom line is we know that more opportunities to gamble means more people gambling more dollars, followed by the attendant social costs. We certainly don't want to see a step down that path of what happened in many other states and I think what could happen in this state, so we respectfully ask you to indefinitely postpone LB825 and LR277CA. Thank you. [LB825 LR277CA]

SENATOR ROBERT: Thank you, Dave. Any questions from the committee? Seeing none, thanks for coming down. [LB825 LR277CA]

DAVID BYDALEK: Thank you. [LB825 LR277CA]

SENATOR ROBERT: Next opponent. [LB825 LR277CA]

LYLE JAPP: (Exhibit 6) My name is Lyle Japp, that's L-y-l-e, last name Japp spelled J-a-p-p. I'm here, a part of Gambling with the Good Life, and have been around for the past 15 years, and my main concern that got me involved in the first place, I have spent 60 of my 84 years with New York Life, helping to build the states and to preserve states, and nothing will tear down a financial program quicker than an addiction and particularly an addiction to gambling. Iowa went into the casino gambling in 1989. They did a study: 1.7 percent of the adult population had a gambling problem. 1995 they did another study. At this point they found 5.4 percent of the people had a gambling problem. Now, that was before Council Bluffs and many other casinos came to Iowa. They haven't done any further studies, I don't think they're interested in doing more studies, but it wouldn't surprise me if today it was 10 percent. Now there was a study done in Nebraska, this is from McCook Daily Gazette, October 7, 2009, and they were amazed in the study that Nebraskans are racking up an average debt of \$26,722. Now that usually means that those people have lost everything they've had and, in addition to that, have this kind of a debt. This is what I mean by tearing down financial programs. These people that lose everything end up almost wards of the state. Who takes care of them if they go to a nursing home? Who takes care of their families if there's a divorce? Some studies show when one person becomes an addict, there are like 21 other people directly affected, and of course every one of us are affected indirectly by any problem in any kind of family. But some other surveys in Iowa showed that those locations where there were casinos, there's a much greater just circles around it in terms of bankruptcies, crime. Their economic growth is virtually nil or negative compared to those areas that do not have casino gambling. Now we're not talking about casino gambling here today, I realize, but every opening, every opportunity for gambling helps produce more addicts and so, for that reason, I'm very much opposed to it, terms of

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what's going on. I've also been involved for the past 35 years in jails, ministering in jails, and there's a lot of hurting people there and a good share of them come from the kind of backgrounds of various addictions, including gambling. So that's my story and speaking out against. I hope that this committee will vote no on any form of gambling that has an opportunity to addict more of our people. [LB825 LR277CA]

SENATOR ROBERT: Thank you. Any questions from the committee? Seeing none, thanks for coming down. [LB825 LR277CA]

LYLE JAPP: Thank you. [LB825 LR277CA]

SENATOR ROBERT: Any further opponents? [LB825 LR277CA]

RUTH LIENEMANN: (Exhibit 7) Mr. Chairman and members of the committee, I'm Ruth Lienemann, spelled L-i-e-n-e-m-a-n-n. I live at 209 Shillelagh. Shall I spell that? [LB825 LR277CA]

SENATOR ROBERT: No thanks. [LB825 LR277CA]

RUTH LIENEMANN: Shillelagh Boulevard, Papillion, Nebraska, and I'm...you can see that I've been around for awhile. I used to teach rural schools and I remember as if it were yesterday when they were closed by a legislative law, I don't know whether it was amendment or what it is, but in the fifties that happened and so there was a business that went out of existence. And I have kind of a bad feeling against legislative amendments because if you had to get out and collect signatures for weeks and months the way we people do on our initiatives, I don't believe this amendment would be around. In 1988, a legislative amendment by Senator Tim Hall actually, in the final analysis after the Supreme Court took it in 1944...1994, it doubled the number of signatures. So since then, we've hardly ever circulate petitions and all over the country it's the legislatures who are putting amendments on the ballot. And you have lawmaking powers right here so why do you need us to help you pass laws on the amendment level? Okay, so much for that. Let's see, okay, where my notes are, right here. I don't believe that the amendment and the bill are going to do much for the general welfare. Only a few people win and the losers have to suffer, and right now the economy is bad enough that I don't think we need more ways for people to get poorer. Look at the health industry. It needs money galore and they may not get it. So why do we need to help the horse industry, of all things, or the gambling industry? They have a right to fail also. I'm reading a wonderful book now which kind of inspired me to come down here today. It's called A Miracle that Changed the World, The 5000 Year Leap. Why the 5,000 years? What's the significance? It says: There are 28 principles of freedom our founding fathers said must be understood and perpetuated by every people who desire peace, prosperity, and freedom. Learn how adherence to these beliefs during the past 200 years has brought about more progress than was made in the previous 5,000 years.

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And I believe if every legislator in the county read this they would know what their work is in the halls of legislation. Okay, so much for that. And I have a page out of this book which I'll circulate. I made only six copies. You'll have to make some more. But let's see, on this...this page that you'll receive has in here ten...I mean the four laws of economic freedom. Prosperity depends on the climate of wholesale (sic) stimulation protected by law. There are four laws of economic freedom which a nation must maintain if its people are to prosper at the maximum level. That means the people. That doesn't mean a certain industry. The four freedoms are the freedom to try, the freedom to buy, the freedom to sell, the freedom to fail. That's a freedom. We have the freedom to fail. It's happened over and over and the world goes on. Let's see, what else do I have here? Then it has in here the role of government in economics, what is your role in economics. Are you to manage in the marketplace? The founding fathers agreed with Adam Smith, which any economy student will learn about, who he is, that the greatest threat to economic prosperity is the arbitrary intervention of the government into the economic affairs of private business and the buying public. Historically, this has usually involved fixing prices, fixing wages, controlling production, controlling distribution, granting monopolies, or subsidizing certain products. I believe this sort of happened back in the thirties and I won't tell you who the President was but maybe most of you know. But it says, nevertheless, there are four areas of legitimate responsibility which properly belong to government. These involve the policing responsibilities of government to prevent, one, two, three, here's number four. This is the one I want you to listen to. The government should police and prevent debauchery of the cultural standards and moral fiber of society by commercial exploitation of vice: pornography, obscenity, drugs, liquor, prostitution or, last but not least, commercial gambling. So it looks to me like these bills and amendments that you're introducing today are doing the exact opposite of what you're supposed to do. You're enabling and encouraging a vice that you're supposed to police and prevent. I think we better get back to what the constitution tells us to do. And this is a silly comment but I get kind of silly when I go through all this serious stuff. We have another bill that the Legislature passed a number of years ago, the learning community bill, and just a few days ago the World-Herald had an article that said 40 percent, they've raised the number, 40 percent of students in Douglas and Sarpy County are now classified as being in the poverty classification and, therefore, they will have to be bused or put into other schools for diversity sake so that the rich people can sit with the poor, etcetera, etcetera. I don't know how that's going to improve education but they seem to think it will. And so if these horses are out of work for months of the year, maybe they should be employed to go to these houses and pick up the kids and give them a horseback ride to school. Would that work? It's just a silly thought, but I think the kids would love it. I'll bet you they'd rather ride a horse than ride the yellow bus. They wouldn't get teased and it would be jolly fun. So I hope you oppose these bills. [LB825 LR277CA]

SENATOR ROBERT: Thank you, Ms. Lienemann. Any questions from the committee?
[LB825 LR277CA]

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RUTH LIENEMANN: Let's follow the Governor. This...pardon, and here are the...did I give you the sheet? Oh, she took them. Okay. God bless. [LB825 LR277CA]

SENATOR ROBERT: Thanks for coming down. Thank you. Any further opponents? Is there anybody here to testify in a neutral capacity? Hello. [LB825 LR277CA]

JOANNE KISSEL: Hello. My name is JoAnne Kissel. I live at 3310 South 29 Street here in Lincoln. That's spelled J-o-A-n-n-e and Kissel is K-i-s-s-e-l, same as the guy in the back of the room who I got that name from 37 years ago. I am here, as Walt said, to testify in the neutral capacity and just give you an update on the Nebraska Horse Park. I am the project manager for the Nebraska Horse Park. I work at the Clark Enersen Partners, which is the firm located just down Lincoln Mall a few blocks, and we are...we did present to the Ag Committee I think a little over a year ago, and some of you may be familiar with the Horse Park, but briefly let me describe it and then I'll give you an update where we are in the process. The Horse Park is scheduled to be built or is planned to be built near 84th and Havelock and it's a partnership between the HBPA, the horsemen, the University of Nebraska, Lancaster Event Center, and Sunrise EquiTherapy. Since we unveiled the idea a year ago, we've been quietly working on it and raising...the partners have been raising money to proceed to a deeper level of design and planning and in the last few months we have got...we have expanded our master planning team. So in addition to the Clark Enersen Partners and Olsson Associations, who are engineers working on traffic studies and environmental studies and flood plain studies, we have expanded the team to also include EwingCole, which is a firm out of Philadelphia that specializes in large assembly spaces, including horse racing facilities and horse parks. We were particularly excited about their expertise because what we're trying to do here is bringing several horse-related things together in one location and they have had experience with exactly that. Most recently, they've worked at the Kentucky horse park; a new horse park that's going to be built in Calgary, Alberta; one in Albuquerque, so they're quite knowledgeable in all these different facets that we have planned for the horse park. In addition, we are...we've just received proposals last week and in the next couple of weeks we're going to be negotiating with an economic analyst to bring to the team because over the next few months, between now and May, which is our target for completing the master plan, we're going to be developing alternative concepts that look at different ways to organize and site the master plan. We're going to look at the size of facilities, how many stalls do we need, things like that, and the economic analyst will test that against her market research. In other words, we want to make certain that we plan a facility that matches the market that we think will exist. In addition to her market demand analysis, we'll be doing benchmarking that is looking at other facilities and business models, governance models, operational models for...and look at how those might apply to the Nebraska Horse Park. We will be doing fiscal analysis and economic impact analysis. We're going to be looking at the ancillary commercial development because we all...another piece of

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this puzzle is commercial development that can support and be supported by the horse park, so in other words, how many rooms should we build in terms of hotels, what kind of restaurants might be attracted there, what kind of retail, and also what sort of additional entertainment or recreation facilities might be needed. Because the kind of market that we see happening coming to the Nebraska Horse Park, right now at the event center it's very much local or small regional events, but with a mile track and a fixed-seat arena and outdoor equestrian facilities we're going to be able, we think, to draw more larger regional events and national events. In fact, the racetrack that we've talked about, the number of racing days is fairly limited, that is live racing days, but that track is going to allow us to do other things. In the infield, for instance, we plan to have equestrian events. There are three-day cross-country events that can happen there. There's steeplechase, there's carriage racing. So there's...the whole idea of the Nebraska Horse Park is it's going to allow these individual partners, who would perhaps not be able to do everything they want to do individually, by coming together and sharing facilities, sharing horse stalls, sharing infrastructure, we can create not only synergy of market but we can maximize the utilization of facilities. [LB825 LR277CA]

SENATOR ROBERT: Okay. Thanks, Joanne. Are there any questions from the committee? Seeing none, thanks for coming in. [LB825 LR277CA]

JOANNE KISSEL: Okay. Thank you. [LB825 LR277CA]

SENATOR ROBERT: Anyone else wishing to testify in a neutral capacity? [LB825 LR277CA]

DENNIS LEE: Good afternoon, Senators. My name is Dennis Lee, L-e-e. I am chairman of the Nebraska State Racing Commission and I come before you today to address your consideration of LR277 and LB825. Prior to appearing today, I've had an opportunity to review both of these proposals and I can advise you that the commission has the ability to regulate the satellite wagering facilities if ultimately adopted as an amendment to the constitution, and then as it relates to LB825, to also be able to license and regulate those facilities. A couple of the highlights of LB825 that I think are very helpful, not only to the industry but also to the state, is a requirement that any satellite wagering facility that might be considered for operation by any of our licensed racetrack associations has to submit to the commission a feasibility study. Of course, there is also a requirement in the bill that whether the county, the city, or the local governing body also has to adopt a resolution or an ordinance to approve the location of that satellite wagering facility within their jurisdiction. And finally, the commission does have the obligation under LB825 to conduct a public hearing as it relates to the licensing of that satellite wagering facility. Now, that brings us up through the application and licensing process. The other practical consideration from the Racing Commission's perspective is the fact that the commission would be required under this bill to regulate the satellite wagering facilities that may end up being licensed through the combination of these two proposals. The

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commission does have the ability to license that. We feel that obviously we would have to change some of our internal procedures and we haven't gone down the satellite wagering facility road in the past, we did with telephone wagering some years ago, but from a practical standpoint I wanted to come before you this afternoon and advise you two things, that I have reviewed both of these pieces of legislation, I'm aware of their contents. As I've said in the past, in my previous appearances before this committee, our job on the commission level is easy. We do whatever you tell us to do. And if the Legislature were to...if this constitutional amendment were to be adopted and if the Legislature were to adopt in favor, we consider LB825, the Governor signs it, then we will comply with each and every aspect of LB825. With regards to the satellite wagering facilities, and I've mentioned this in my previous appearances before this committee, things have changed over the last 30 to 35 years. Many of the folks in this room now can reflect back on the heyday of times at Ak-Sar-Ben, and Greg Hosch mentioned having to leave an hour early or a little bit early, before the last race, just to be able to get out in time with the traffic, and I remember those days. I worked my way through high school, college, and law school in various capacities in maintenance and ushers and things of that nature at Ak-Sar-Ben in the seventies. And I think sadly, that's an era that is not coming back. But that doesn't mean that this industry as we know it today and as this industry has continued to meet the challenges as best it can of the industry and the economics and different things that affect horse racing and the economics in general, this industry has survived and the people that put on the show, the trainers, the breeders, the owners, the jockeys, the racetrack managers, they are the ones that do the work and get little credit and little glory for it. One thing I will tell you, though, that I don't think is really prevalent in terms of information or background is that with the...35 years ago we didn't have the Internet, we didn't have Web sites, we didn't have Internet gambling. About four or five years ago there was some information that came to the Racing Commission that there were several residents of Nebraska that had opened up accounts on a wagering...horse race wagering Web site that was outside of Nebraska and they were able to wager on races. Let's take Fonner Park, for example. They were able to sit at their office computer or sit at home on their computer, establish an account with this organization and watch the races from Fonner Park and be able to wager on them from home. The problem with that is a sheer economic perspective from the state's standpoint and from our standpoint with the Racing Commission, is that, as this committee is well aware, every dollar that is wagered through the windows is subject to the pari-mutuel tax. Folks that are wagering through the Internet and by the click of their mouse or pushing the enter button don't go through our pari-mutuel system. There is no regulation. There's no regulatory authority. There's no investigation by the Racing Commission of any improprieties of any wagering issues that may develop in that situation. Through that investigation that our staff did, we contacted that company and they agreed and we got...we had several meetings with the Attorney General's Office and the essence of it was resolved in a fashion that the company that was accepting these wagers agreed not to accept any more accounts from residents of the state of Nebraska. Since that time, I think not too terribly recently during this calendar year but I

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believe last calendar year, just a test, we did try and open an account. We did use a Nebraska zip code. We were unable to open the account. That solves that problem but it also creates, as sometimes it does, other problems and that is there are hundreds of gambling Web sites that are offshore, not regulated, not taxed, not subject to investigation or subpoena powers by any state regulatory authority, including the Racing Commission. While we don't know for sure, I think it's reasonable to assume that some of those folks that may have been using that Internet site before have found their way to that site as well. That continues to be a concern for the Racing Commission. Obviously, it's a concern for the racing industry in Nebraska. We continue in our efforts to regulate that and try and investigate that as best as we can, but with regards to these bills I draw that comparison. Because with regards to this constitutional amendment, LR277CA, and LB825, that essentially puts the bite of the ability of the commission and this body to be able to regulate, to be able to investigate, to be able to license, and to be able to monitor. Otherwise, in situations such as those offshore Internet sites, we can't. We're helpless. So that's really my comments today. I appreciate, again, the opportunity to appear before you. And if you have any questions, I'd be glad to answer them. [LB825 LR277CA]

SENATOR ROBERT: Thank you, Mr. Lee. Any questions from the committee? Thanks for coming in. [LB825 LR277CA]

DENNIS LEE: Thank you. [LB825 LR277CA]

SENATOR ROBERT: Any further neutral testimony? Senator Karpisek, you have the floor. [LB825 LR277CA]

SENATOR KARPISEK: Thank you, Senator Rogert, members of the committee. I'd like to thank all the people who came in favor and those opposed to the bill, because I know that this can be a tough subject. I appreciate everyone's thoughts on it and I understand where everyone is coming from. I would like to touch on a few things though, that this is not a move to Class III gaming. In my opinion or by definition, this is not expanded gambling. As much as the opponents will say that it is, it is not. Again, I brought this bill because I thought it toned down. It's not the crack cocaine of gambling--the slot machines that we heard about last week--but I heard a lot of the same testimony. We ended up at casinos, prostitution, all those things again. I don't think that that can even come close to this bill. I think the testifiers talked about why this bill is good for horse racing. We heard that they didn't talk about why it's good for Nebraska. I don't think I need to explain to anyone why any industry is good for Nebraska, legal. I think there's way more people involved in this industry than anyone realizes. I don't think that this is the time to let them fail. Heard about how many times this has been voted down, other gambling things. I've said it last year. I just refiled for this office about a month ago. That was only four years ago. Why do I have to do that? Only four years ago I got voted into this office. Gosh, I'm sure that it will be a cakewalk this time. I don't think so. Also heard

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that things aren't any different from the last time this vote was taken. I disagree. The economy is different. Things are very different. I think maybe last year's bill might have had more chance this year. Everyone is looking for a way to make money. We also just heard about how terrible gambling is. Maybe we should shut down bingo, raffles, cakewalks, everything else that keep many nonprofits going. Hypocrisy is a great thing. We also heard why do the people have to vote on this? Because it's a constitutional amendment. That's why we have to do that and that's why we want to do that. We can make bills here but we can't change the constitution on our own, and I think that's fine. I don't know that any of us have a problem with that. I just wanted to make sure on that. We heard about a book that tells us how we should govern. I'm sure we could find a book with different sets of rules. If not, I'm sure I could write one, and I don't think that that is the Bible on how to govern. Again, I think that this is not a bailout of the horse racing industry. You know, if government really should stay out of this then there should be nothing to say that it is illegal. If government was really out of this, government is who put in statute and the constitution to say that it's illegal to have satellite gambling right now. I think there's a lot of things that government does do for better or for worse, but I do not believe that this is a bailout. There is no money going to them from the state from the people. It's a way to help them expand where they get their money. There is so much, we heard about offshore gambling, there's so much illegal gambling. I'm sure with the Super Bowl coming I'm sure that all of us could find real quickly a place to put some money down on the coin flip. Again, I brought this because I thought it was a little more palatable, in my opinion a lot more palatable. We have to vote on it. The floor has to vote on it. The people of the state have to vote on it. And then the communities have to vote on it. And you know what? If it doesn't go, it doesn't go. Once they get it to their community, if it doesn't work it doesn't work, so then we let them fail. I think we're really letting them fail right now by not giving them the tools or letting them have the tools they want. With that, I appreciate your patience. And if there's any other questions, I would try to answer them. [LB825 LR277CA]

SENATOR ROBERT: Thank you, Senator Karpisek. That closes the hearing and the hearings for the day. Thank you all for coming. [LB825 LR277CA]