

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Thursday, January 22, 2015

TIME: 9:00 A.M.

PLACE: Room EW40

MEMBERS: Chairman Loertscher, Vice Chairman Batt, Representatives Andrus, Luker, Crane, Palmer, Sims, Barbieri, Holtzclaw, McMillan, Bateman, Cheatham, Nielsen, Smith, Jordan, McCrostie, Wintrow

**ABSENT/
EXCUSED:** None

GUESTS: Julie Hart, Westerberg and Associates; Clayton Russell, self; Mike Scuddle, self; Tim Hanell; Lee Rolgard, self; Rod Walker, self; Paul T., self; Earl A. Lilly, self; Myrm Amsdan, Idaho Horse Council; Ed McNelis, Idaho Horse Council; Brad Hunt, Office of Administrative Rules; Drea O., CDA Racing; Bill Roden, Coeur d' Alene Tribe; Sarah Fuhriman, CDA Tribe' Helo Hancock, CDA Tribe; Lyn Darrington, Shoshone-Bannock Tribes.

Chairman Loertscher called the meeting to order at 9:03 a.m.

MOTION: **Rep. Sims** made a motion to approve the minutes of the January 15 and 19, 2015 meetings. **Motion carried by voice vote.**

MOTION: **Rep. Sims** made a motion to approve the minutes of the January 21, 2015 subcommittee meeting. **Motion carried by voice vote.**

DOCKET NO. 11-0402-1401: **Frank Lamb**, Executive Director, Idaho State Racing Commission, presented **Docket No. 11-0402-1401**. He stated the Pending Rules requires new licensee applicants who desire to conduct historic racing to have a current simulcast license and to have conducted simulcasting of live racing for at least one (1) year.

In response to committee questions, **Mr. Lamb** stated the screens for simulcasting wagering show the will pays on live races as well as the historic races. He also stated that a pie chart with the horses/jockeys information is provided but the information is not easily recognized. He stated the Commission has had no opposition on the Pending Rules at either their quarterly meetings or after public notice was published in each county. He stated that for a racetrack to use simulcasting, they must conduct simulcasting for at least one (1) year and the endeavour is expensive. He stated that horse racing is expensive and costs approximately \$10,000 a day for insurance.

He said an investigation regarding the legalities of simulcasting started in December 2014, and he has spoken to the investigator and has provided any requested information. He stated the issue of reconciling the implementation of simulcasting wagering according to Article 3, Section 20, subsection (2) of the Idaho Constitution which states "No activities permitted by subsection (1) shall employ any form of casino gambling including, but not limited to, blackjack, craps, roulette, poker, bacarrat, keno and slot machines, or employ any electronic or electromechanical imitation or simulation of any form of casino gambling" has not been an issue according to the Attorney General's opinion from last year and any new issues he would have to refer to them.

He stated there are no pending applications at this time and it takes at least two (2) years for a license to be acquired if there are no problems with the licensee. He also stated there are not many markets in Idaho for simulcasting because of the costs associated with start up and functioning. He said the intent of simulcasting was to help increase the purse sizes for the live races and that each component receive a percentage of the simulcast racing profits. He also stated he did not know if simulcasting wagering is in conflict with any agreements with the tribes in Idaho.

Bill Roden, representing the Coeur d' Alene Tribe, gave a short explanation of the history of slot machines in Idaho and paramutual horse racing in Boise. He stated the Coeur d' Alene Tribe did attend the Commission meetings and did not object to the Rules but sympathized with the Commission based on the original stated intent of simulcasting. He stated historical horse racing, also known as instant racing is being litigated in other states. He stated that \$40,000,000 had been wagered in Idaho in 2014 and the state gets a small percentage of those funds. He explained his experience at the Les Bois Racetrack and stated the simulcasting machines felt like a slot machine at a casino. He stated the wagerer has only 5 seconds to place their bet after inserting money.

In response to committee questions, **Mr. Roden** stated the Commission needs to start over with their Rules and keep paramutual wagering as it was originally intended.

In closing, **Mr. Lamb** stated out of the \$40,000,000, the wagerer gets the vast majority of that amount. He also stated that the facility in Idaho Falls with the simulcasting license is allowed according to the statute and it does not have to be a live horse racing facility.

MOTION: **Rep. Luker** made a motion to approve **Docket No. 11-0402-1401**. **In support** of the motion, **Rep. Luker** stated that the House State Affairs Committee originally voted on the Rules and by rejecting the Rules would not change the way things have worked out.

SUBSTITUTE MOTION: **Rep. Barbieri** made a motion to **HOLD Docket No. 11-0402-1401** in committee for further review. He stated the committee needs more information on the issue and especially on the ongoing investigation questioning the legalities of simulcasting.

AMENDED SUBSTITUTE MOTION: **Rep. Bateman** made a motion to **HOLD Docket No. 11-0402-1401** for time certain, January 29, 2015.

In support of the amended substitute motion to hold **Docket No. 11-0402-1401**, **Rep. Nielsen** stated the committee needs more information and that it might be a good idea to reject all of the Rules regarding simulcasting.

In support to the original motion to approve **Docket No. 11-0402-1401**, **Rep. Luker** stated the committee has two options- to reject the Pending Rules which would eliminate the speed bumps that the new time frame of one year waiting period before a licensee can obtain a simulcasting license, or to approve the Pending Rules which would give the committee more time to look at the Rules in detail.

**VOTE ON
AMENDED
SUBSTITUTE
MOTION:**

Chairman Loertscher called for a vote on the amended substitute motion to **HOLD Docket No. 11-0402-1401** for certain time, January 29, 2015. Division vote was requested. **By a show of hands, the motion passed by a vote of 9 AYE, 7 NAY.**

MOTION:

Rep. Batt made a motion to approve **Docket No. 11-0409-1401** and **Docket No. 11-0410-1401**. **Motion carried by voice vote.** **Rep. Jordan** requested to be recorded as voting **NAY** on both.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 10:34 a.m.

Representative Loertscher
Chair

Kasey Winder
Secretary