

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Wednesday, March 11, 2015

TIME: 8:00 A.M.

PLACE: Room WW 02

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

**ABSENT/
EXCUSED:** Representative(s) Holtzclaw

GUESTS: The sign-in sheets will be retained with the minutes in the committee secretary's office until the end of session. Following the end of session, the sign-in sheets will be filed with the minutes in the Legislative Library.

Chairman Loertscher called the meeting to order at 8:03 a.m.

MOTION: **Rep. Sims** made a motion to approve the minutes of the March 2, 3, 4, 2015 meetings. **Motion carried by voice vote.**

S 1011: **Helo Hancock**, representing Coeur d' Alene tribe, presented **S 1011**, legislation that repeals Section 54-2512A, Idaho Code, enabling legislation adopted in 2013 authorizing the Idaho Racing Commission to promulgate rules to implement wagering on historical horse races at various facilities throughout the state. He stated there has been an increase in gambling in Idaho. He said Historic Horse Racing was misrepresented when presented to the Legislature in 2013. He stated the machines are like slot machines and no skill is needed. He stated it is not pari-mutuel wagering under Idaho Code.

In response to committee questions, **Mr. Hancock** stated there are many differences between tribal games and pari-mutuel wagering. He stated the tribes follow federal law and have a compact with the State of Idaho. He stated the investigation in Post Falls is ongoing and the detective on the case said it will take some time to complete. He stated law enforcement shouldn't need to fix the problem, the Legislature has the authority to repeal the laws they approved. He stated the difference with the tribal games and the pari-mutuel wagering machines is the process in which they were presented. He stated the tribes were forthcoming in their intentions and presented the machines they would be using. He stated there is mechanism in the compact with the State of Idaho that can address any issues with tribal gaming. He stated the tribes have a track record of 23 years of complying with the compact. He stated the opinion of the Attorney General was that once the Legislature approves of a law it is assumed to be legal.

Doug Okuniewilz, General Manager, Coeur d' Alene Racing, spoke **in opposition** to **S 1011** and stated the historic horse racing games are very similar to the tribal games. He stated the bingo games that the tribes offer have outcomes that are determined by the system, not the wagerer. He stated the spinning wheels effect on the historic horse racing machines are only for entertainment purposes.

In response to committee questions, **Mr. Okuniewilz** stated his company has invested \$600,000-700,000 in purchasing 35 machines and hiring additional staff. He stated the pari-mutuel wagering games are not like slot machines, they are just like the machines the tribe use. He stated the patron can choose to look at the race information by manually selecting a box at the bottom of the screen. He stated the outcome of the races are predetermined. He stated Coeur d' Alene Racing is allowed to have simulcasting even though they do not have live races because the Legislature banned live dog racing and the trade-off was to allow simulcasting.

Rep. Jordan invoked Rule 38 stating a possible conflict of interest but that she would be voting on the legislation.

Louis Cella, Race Tech, LLC, spoke **in opposition** to **S 1011** and stated Race Tech is the manufacturer of the Historical Horse Racing Pari-Mutuel Wagering System. He stated the terminals do not work without the central system connected. He stated the simulcasting machines used for historical horse racing wagering are under the regulation of the Association of Racing Commissioners International (ARCI) rules, Gaming International Industries (GLI) testing, the Thoroughbred Racing and Protective Bureau (TRPB) testing, and several state racing commission's own analyses.

In response to committee questions, **Mr. Cella** stated his family manufactured the first pari-mutuel wagering for historic horse racing and owns the Oaklawn Park in Arkansas. He stated the patrons always have a choice to use their skill in choosing winners for races or letting the system select them randomly. He stated it is the patron's choice to watch the complete historical race or the last seconds of the race.

Fred Snook, Member of Idaho Racing Commission, spoke **in opposition** to **S 1011** and stated it was not the intent of the Commission to misrepresent anything to the Legislature. He stated that live horse racing cannot exist without outside sources. He stated live horse racing has shut down in Montana because of new anti-gambling laws. He stated Les Bois Park is where most of the money is raised from simulcasting for live horse racing. He stated the best year in Idaho for horse racing was 2014. He said more horses are racing and the purses are higher. He stated if historical horse racing is eliminated there will be a major fiscal impact on the horse industry in Idaho.

In response to committee questions, **Mr. Snook** stated the purse money increase is the main issue. The more horses that come to Idaho to race, the higher the purses get and all the tracks flourish.

ADJOURN: Due to time constraints, **S 1011** will be carried over to the meeting of March 11, 2015 at 4:00 p.m. The meeting was adjourned at 10:52 a.m.

Representative Loertscher
Chair

Kasey Winder
Secretary