

HOUSE BUSINESS AND INDUSTRY COMMITTEE

January 26, 1981

SUMMARY OF BILLS TO BE HEARD TODAY _

HOUSE BILL 235 -

Introduced by Rep. Burnett and others, provides bonuses for owners of Montana-bred horses by requiring that each racetrack grossing \$50,000 per day or more pay to the Department of Professional and Occupational Licensing one percent of the day's gross receipts of parimutuel betting in addition to the one percent payment already required. This one percent bonus fund will be divided proportionately among the horse owners according to the amount won by each Montana-bred horse.

HOUSE BILL 281 -

Introduced by Rep. Burnett and others, provides that unclaimed winnings from a parimutuel pool of horse racing meet will go to the Board of Regents to assist Montana residents enrolled in a post-secondary institution who have demonstrated financial need.

HOUSE BILL 262 -

Introduced by Rep. Smith amends the Territorial Integrity Act of 1971 to assure that an electric supplier will furnish electric service to any "premises" (rather than "property" as the present act reads) owned by the supplier and used for normal and customary business of an electric supplier. The territorial Integrity Act establishes rights to provide electric services to areas outside cities in excess of 3,500.

HOUSE BUSINESS AND INDUSTRY COMMITTEE

Rep. W. Jay Fabrega called the meeting to order at 8:00 a.m, in Room 129, Capitol Building, Helena, January 26, 1981. All members were present except Reps. Bob Ellerd, Orval Ellison, Gerald Kessler, Darryl Meyer who were excused. Bills to be heard were HBs 235, and HB 281.

HOUSE BILL 235 -

REP. JIM BURNETT, House District #71, Carbon County, chief sponsor, said HB 235 was requested by the horse breeders association. Dave Branger, who has raised horses in many states, said every one of these states has a stronger bill than Montana does. Originally the current bill was written to stimulate the horse breeding industry and to an extent it has done that. A Montana bred horse winning at various tracks out of the state, would bring his owner a bonus paid out of a fund derived from 1% of the gross receipts of a track grossing \$50,000 or more a day which is to be paid to the department in addition to the 1% already paid to the department as a license.

If the owner's horse runs first in Kentucky, then he will get 30% more; 56% more at Datona, plus horses bred out of the state. California incentive program is one of the liberalist. He will earn approximately 20% more for his owner than out-of-state competition.

Breeders are producing better and better horses. An incentive program is the single best reason for breeding better horses because the owners would rather be racing at the tracks here than an out-of-state horse. The potential runs into a great deal of money. The funds come from the breakage. See EXHIBIT A supporting HB 235.

Breakage is when you buy a \$2 ticket and your horse comes in and pays \$3.40. The computer computed that to \$3.48, but when you pay it you pay it off to the nearest whole dime. Breakage comes from just under 1%. The mutual handle is the money that goes through the machines.

There are two types of tracks: privately operated tracks and county operated tracks. Under privately operated tracks 79% of the mutual handle is returned to the public, 2% is paid to the county for the use of the facilities, 1% goes to the State Board of Horse Racing to cover their costs, 8 1/2% goes to the racetrack management to cover their mutual system, parking attendants, ticket sellers and ushers, etc., 8 1/2% goes to the horse owners as purses. The breakage is about 1% - that comes to approximately 99%. Breakage is split with 3/4 going to the track and 1/4 of the breakage going to the horse owner in the form of purses. If HB 235 passes, the 79% will still go the public, 2% to the county, 1% to the state racing board, 8 1/2% to the race track management, 7 1/2% to purses for horse owners, 1% to owners of Montana bred horses as a bonus. This will cut the purses a little less than 8%. That cut will go to the Montana bred horses into the Montana horse industry. The breakage will stay the same, the race tracks will still get their 3/4 of the breakage and the horse owners 1/4.

At the county operated race tracks approximately 79% will go back to the public, 1% to the state racing board, 9 1/2% to track management, 8 1/2% to horse owners for purses, 1% to owners of Montana breds as a bonus, and 3/4 of breakage would go to the county and 1/4 to owners for purses.

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There would be no change. He merely wants to restructure the money going to the horsemen. A bonus of 1% will go to the Montana horse breeders. He thinks this would be very close to Washington. See EXHIBIT B.

This would be approximately 1/3 - if a horse wins \$300, he would get a bonus of \$100. At the state fair at Great Falls and the Billings Yellowstone Exhibition where they pay \$100 now as a bonus to the owner of a Montana bred horse, this would be substantially more. This comes from purse money set aside for this program. The Yellowstone Exhibition gave out \$8900 in bonuses last year. Under this legislation that \$8900 would be inflated to about \$49,000 for the entire program excluding race tracks that handle less than \$50,000 per day (the split would not be worth figuring out for those less than \$50,000 per day).

There is a great deal of money tied up in horses, racing equipment. There is no shortage of horses in the state. \$800,000 is paid in purse money, but they are losing \$2 million per year on this business. \$500 stud fee, 60% foal crop, boarding of the mares - expensive business. There is some concern in Great Falls and Billings over the \$100 bonus. The licensee shall pay it. He wants it paid from their part of the horse distribution, and has agreed to absolve them from the \$100 bonus - no trouble from the contracts with the tracks. He wants to take it away from out-of-state horses.

BECKY HELDING, Arlee, MT, has raised horses for 60 years. The owner is to get 1%. There is a difference between being a breeder and an owner. You can be an owner and a breeder at the same time, but to enhance the sale of your horses it makes a difference when selling horses. 1% of the mutual handle is broken down into the first four places in a race. You won't always have a Montana bred horse winning. It is graduated down to what the Montana horse wins. One-third of \$85, your 1% bonus would be \$25-30, the percentage that the current owner gets. The breeder's award goes on and on. The breeder gets the bonus award, not the owner if different from the breeder.

There are two recognized tracks - Great Falls and Billings. Some goes to the jockey club racing manual. As far as a racing form goes, you have to have figures. The total handle in the state of Montana was \$4 million and it has just doubled in 1980. They are doubling the days of racing, too. It is big business. At the select sale in Seattle, the highest yearling sold was for \$94,000. There were only 90 yearlings sold. This is big business in Washington, and this can be big business here, too.

OPPONENTS -

BOB GLASGOW, Yellowstone Exhibition, Billings, said there are 30 days of horse racing in Billings in August and September. See EXHIBIT C for an explanation of the racing situation in Billings. He opposes HB 235.

BILL CHIESA, State Fair, Great Falls, is concerned about the clarity of "in addition to" on line 22 of page 1, saying they currently have a contract with the horsemen. At the next track race 80% goes to the public, 2% goes to the state fair, and 1% goes to you, and horsemen have negotiated half of the rest goes to the horsemen. Billings and Great Falls simply do not have the money. They will ask the county commissioners to assist them at the fair grounds. If legislated, they would not be able to afford this.

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RICHARD BOWER, Cascade, MT, is a breeder and has a little bit to do with the management at Big Sky racing. Have needed a bill, but this bill has too many inequities. Need a comprehensive bill to get the monies and divide it so that we can attract good horses to the state and get a good bonus, too. This is what we need.

DR. JOE MURPHY, Big Sky Horse Racing Association, Great Falls, agrees with the intents of the bill, but it is inequitable as it is written. Money is the main problem with horse owners. This bill is only levying against six tracks. If this is going to be done, everyone should pay equitably. The state still shouldn't have to administer it. The Board of Horse Racing needs some work done, but they don't have the money to meet it. He understood they were going to deduct another 1% out of the 8 1/2% allowed the horse owners to operate today, and you take 1% away and it is difficult to make a profit. They couldn't operate that way. One-half of one percent is threatening the Great Falls race track to fold. They are only asking one-half of 1% between the fair board and Helena, and this means the difference in whether there will be races at the tracks this year.

Washington will handle \$200-250 million per year. Last year, 1980, \$8.9 million was handled in Montana; this was \$4 million in 1979. There were 103 race days in 1980. Doubled the amount of money in purses paid and handled. There should be some sort of a breeder bonus. This bill is not the particular one to handle this. You can't legislate individuals.

REP. LES NILSON, House District 37, Cascade, said people in general feel that something that is going to hurt the industry might shut down a sport for them. It is an industry because it is before the Business and Industry Committee, so it is a business. If the money came from the 80% going back to the people, it might be a reasonable solution for the problem. Montana bred horses should get a little break, it might promote the business if better horses were raised in Montana. As written, this bill is bad.

A. O. ASKIN, President of the Horseman's Benevolent and Protective Association, Livingston, MT, opposes HB 235. See EXHIBIT D.

STEVE CHRISTIAN, Marias Fair, Shelby, opposes HB 235.

QUESTIONS -

Rep. Andreason - How are we to know that the 1% of the gross receipts of each days parimutuel betting is going to be as you have stated on this paper? Mr. Branger - Horsemen have a contract with the tracks stating they will get 9 1/2%, and that the horsemen will get 9 1/2%. The contract does not say how horsemen will get that money. Some is being diverted already. 23-304 states that 1% of the parimutuel handle will go to the Board, and this is part of the law. Rep. Andreason - How can you be assured that the contract won't be renegotiated and you will be back where you were? Mr. Branger - Can't be renegotiated for three years.

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Rep. O'Hara - What percent of decrease in out-of-state horse participants would there be? Mr. Glasgow - Considerable. They can truck somewhere else and get a better purse. A lot of Montana owners have horses that come from every state and Canada. Some of those Montana owners would get less money for a worse horse. People sitting here, if they can get more, will go to Playfair or some other place.

Rep. Schultz - What is the handle? Mr. Glasgow - Don't have a quarter horse track which runs straight away. Mr. Branger - The handle on the Appaloosa race is a little less, but not much.

Rep. O'Hara - Thinks the public should get their 80% back.

Rep. Jensen - If a Montana bred horse wins a race would the person who owns the horse at that time get the bonus? Mr. Holding - If I sold you a horse and this 1% were applicable, it would go to the breeder of the horse even if he no longer owned the horse. This 1% is the incentive for upgrading horses in Montana. There is nothing here to entice them to stay in Montana. Rep. Jensen - Do you have many horses come into the state other than from Utah or Idaho? Mr. Glasgow - There were 15 different states represented last year and two or three Canadian provinces. Rep. Jensen - Does Idaho or Utah have any bonuses like this? Mr. Glasgow - Idaho probably is closest to Montana's. Utah does not have a parimutuel bill, you cannot bet on horses in Utah.

Rep. Fabrega - By allowing Montana bred horses to command a higher percentage of the bonus you will have a better opportunity to sell your horses? Mr. Holding - Yes. The person who owns the horse when it is foaled files the papers and each time that horse changes hands it is registered. And as long as it stays in the state of Montana, it gets the bonus? Rep. Fabrega - Montana horses in Montana don't get the bonus in Montana? They do.

Rep. Andreason - Who would enforce the provisions of this bill? Rep. Burnett - It would be under the state racing board. They would check to see that the accounting procedure would be enforced.

Rep. Manning - What would it cost to handle this bill through the Board of Horse Racing annually? Mr. Murphy - No idea. The department has the allocation of a budget and you have a percentage of time for the secretary and rent, etc. It is substantial to take care of every track. HB 235 would take a lot of bookkeeping - no idea of what it would cost, but it would be four times what it is now.

Rep. Fabrega - This would apply to a track with \$50,000 take per day. What are the mechanisms? Mr. Glasgow - They have to put the money into the state within 5 days. They send one blank check to the racing commission, and they distribute the money. They have to send in all the records of what every horse did. You don't have any idea of whether you are going to run over \$50,000. Rep. Fabrega - Under 23-3-304 1% of gross receipts on \$50,000 are to be collected. HB 235 is paid in addition to that 1%.

Rep. Burnett closed saying the parimutuel was a horse breeders bill when enacted, and it has developed more away from the horse breeder, and this is an effort to bring it back to the breeder.

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HOUSE BILL 281 -

REP. JIM BURNETT, House District #71, Carbon County, chief sponsor, said HB 281 is an act requiring the payment of all unclaimed winning ticket money from parimutuel betting to the Board of Regents to provide financial aid to certain students.

Mr. Branger said two years ago at this time, the state Racing Board had \$240,000 in extra money. As a gesture to the state of Montana, it was not going to hurt anybody to give it back to the state. Since then about the first of December, he talked to Harold Gerke who told him that he assumed that due to the growth in revenues in 1980, the state Board took in \$146,243, that there should be close to \$200,000 in that fund. According to Mr. Dick Hurd, who is on the Board and is against this bill, the state Board is practically broke.

This Board went over their revenues by \$100,000. If they go over \$50,000 again next year and everything stays the same, they will be in a deficit position. They have a proposed budget to hire three vets which will cost \$76,000 which is what we are talking about in HB 281. It's got to be the public or the horsemen who pay it, and neither the public nor the horsemen have it. Rep. Fabrega asked Mr. Branger to direct his testimony to the bill. Mr. Branger - If the Board is broke, there isn't any money to put into this bill.

Rep. Fabrega - What is the reason to take money from this earmarked revenue account and give it to the regents? Mr. Branger - The money is from uncashed tickets, and by law it is converted to the State Board of Horse Racing. His assumption was that the Board was running a big surplus but if they aren't, then possibly the money should stay in racing.

WILLIAM LANNAN, Commissioner of Higher Education Board of Regents, said if this money could be used to finance students, they are very much in favor of that. The bill is designed to provide financial assistance to those who are attending Montana institutions. This would be some additional funds to help them to complete their formal education. It would be a fine gesture.

OPPONENTS -

BOB GLASGOW, Yellowstone Exhibition, Billings, opposes HB 281. The Board of Horse Racing was a big addition to their industry when it was enacted. They don't get any more money than they need. Two years ago, the Racing Commission needed more money, and the Racing Commission supported the bill that the Board would get the money from uncashed racing tickets.

DR. JOE MURPHY, Big Sky Horse Racing Association, Great Falls, is chairman of the Board of Horse Racing. Over \$22,000 was collected last year from uncashed tickets. The Board of Horse Racing is not broke, they have money in their fund. They are asking for additional money for veterinaries. They still have earmarked revenue funds in the area of \$180,000. If they were to lose this \$22,000 per year, and have to fund programs right now and the bonus of HB 235, an alternative would have to come up for a license fee for all horsemen. The Board of Horse Racing seriously needs this \$22,000 per year to fund their operations. See EXHIBIT E.

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BILL CHIESA, State Fair, Great Falls, thinks the money being talked about is incidental for education and in contrast is necessary to horse racing.

BECKY HELDING, Arlee, feels the same as Mr. Chiesa that this is a drop in the bucket for schools. It doesn't make sense to ask for 1% in one bill and give it away in another. Out of 120 members, some of which were not contacted, 45 members proposed this bill.

QUESTIONS -

Rep. Manning - What will your annual or biannual budget run for the next two years? Mr. Murphy - With 1% handle license fees, unclaimed tickets, and penalties and fines, it will be about \$140,000. This was before asking for the vets. Rep. Manning - What are the duties and procedure that this money covers; and this additional money for the vets, is that a one-year cost? Mr. Murphy - Approximately \$200 per day. They are supporting the vets mainly because a lot of federal intervention one of which is a requirement for closer supervision of drugs in pre-race testing. Montana has never had a state Board vet. Rep. Manning - There could be a conflict of interest here. A track vet treating horses of his own area, and he is called upon to be the track vet and he is being asked if this horse is well enough to run. Mr. Murphy - This would give closer control. The office of Administration provides a state steward for the security chief and a state auditor at every race track at \$90-110 per day plus their travel and most of the budget expense is incurred when the Board of Racing meets once a month and travels to where the race is being held.

Rep. Manning - The Board of Horse Racing will be the one who hires the vets? Mr. Murphy - Unclaimed earmarked revenue can be used only by appropriation. The state will hire and provide this person. The law hasn't been changed to the pre-testing. They are trying to avoid national intervention as they require 120 race stalls for current expansion. They are trying to eliminate the government breathing down their neck and break horse racing in Montana.

Rep. Andreason - Assumes the money from uncashed tickets to be used at your discretion. Has there been any limitations on use of this money? Mr. Murphy - Have to go to the appropriations committee to supplement security systems, so could hire these people at these tracks. This money was included in the budget.

Rep. Fabrega - Even though the money is earmarked, you cannot spend any of it unless it was included in your budget and has to be appropriated for specifically. Rep. Fabrega - At this time it is your understanding that the earmarked revenue account is about \$200,000? Mr. Murphy - Yes, at the last Board meeting, he thought it was about \$160,000. Rep. Fabrega - How long has it taken to accumulate that? Mr. Murphy - 15 years. The \$22,000 of unclaimed tickets per year is pretty steady. Now it has increased in the last four years by about 1/3. Rep. Fabrega - You are going to start a new vet program which will cost about this much? Mr. Murphy - Yes, the only thing that could possibly go to the regents would have to come out of the surplus, and he hoped the committee doesn't do that.

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Rep. Burnett closed saying he would assume that the procedures they are planning to do would be a transfer from the cost of the tracks and would be from the Racing Commission. We are the only industry that does not have a tax on it. Perhaps this bill should have gone to the taxation committee.

EXECUTIVE SESSION -

Rep. Manning moved HOUSE BILL 235 DO NOT PASS. He agrees that horse breeders in Montana need some help, the money isn't there. He would ask the betting public if they want to upgrade horses.

Rep. Jensen made a substitute motion that HOUSE BILL 235 DO PASS. After the following discussion, this motion failed. People from the tracks are the opposition - the horse racing people who were to benefit when horse racing board was established. This bill will promote and benefit the Montana breeders and they do have problems here. They started the program and this is an incentive to the program.

Rep. Andreason spoke against the substitute motion. Something like that would be helpful for the breeders. There are problems with the way this bill is set up. We are going to be legislating portions of what would normally be a private contract between individuals. That contract would have to be renegotiated.

Rep. Harper - How would the bonus money be split between the Montana horses? Rep. Manning - Guaranteed purse plus added money for, say a blanket.

Rep. Manning's motion of HOUSE BILL 235 DO NOT PASS carried by a vote of 13-2 with 4 members absent.

Rep. Manning moved HOUSE BILL 281 DO NOT PASS and this motion carried unanimously.

Rep. Kitselman - Montana Board of Racing needed additional security money. Rep. Fabrega - the general fund was not tapped. Even though there is a guaranteed source of income, the Legislature has to appropriate the money according to a budget. Rep. Vincent - That \$22,000 would allow for a \$23,000 federal match for education. However, he doesn't think it should be taken from this source. Rep. Schultz - Tightening up testing with the use of a vet.

REP. JENSEN WAS APPOINTED ACTING CHAIRMAN.

Rep. Fabrega moved HOUSE BILL 238 DO PASS, and this motion carried unanimously.

Only regulated lenders would qualify under this bill, or under a consumer loan act. Anyone coming into Montana and lending money would be subject. Banks make basically commercial and ag loans.

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Rep. Fabrega moved HOUSE BILL 239 DO PASS. He then moved an amendment providing an immediate effective date, and this latter motion was unanimously adopted.

Under the Federal Trade Act, the APR has to be shown and stated and it has to be signed by the purchaser, besides showing you the rate and what the interest will amount to so that you are aware of what you are going to have to pay. If the seller does not comply, the seller cannot collect either the principal or the interest. It is a contractual area.

Rep. Metcalf - Were you going to put an amendment in here on revolving charge accounts? Rep. Fabrega - No, another bill is coming.

Rep. Vincent - Will this bill take that limitation off? Rep. Fabrega - No limit, but they still have to show the maximum that they can charge you. Every year when they send you the renewal it states the maximum so they cannot change it on you without showing you the maximum amount.

Rep. Jacobsen - Suppose a retailer sells a deepfreeze and wants to write his own paper, is this affected? If a customer doesn't pay his account written at 12-12 1/2%, he has to take it over and has to pay the White firm's credit. It puts a ceiling on the amount of financing that a dealer can afford. There is the question of price fixing interstate.

Rep. Schultz - By changing the source of a credit card he could eliminate \$1 per month charge. How could some do that and some not? Rep. Wallin - Our firm accepts credit cards. Money collected by a firm who accepts credit cards varies 2-5% on cashing it. Competition plays a role in plastic cards.

Rep. Vincent - We are talking about people from all segments of the population using it. He is concerned about this type of credit.

Rep. Fabrega - There are two concepts here: contracts, and revolving charge accounts. Paul Verdon, researcher was to prepare an amendment reinserting revolving accounts into HB 239.

The motion by Rep. Fabrega that HB 239 do pass was withdrawn pending acceptance of an amendment.

Meeting adjourned at 11:15 a.m.

Rep. W. Jay Fabrega
REP. W. JAY FABREGA, CHAIRMAN *by J. Lahti*

Josephine Lahti
Josephine Lahti, Secretary

VISITORS' REGISTER

HOUSE COMMITTEE

LL HB 235

Date _____

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Exhibit A

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

STATE OF MONTANA

DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL LICENSING
BOARD OF HORSE RACING

BOARD MEMBERS

ROBERT L. HOLLAND
TID

JOSEPH MURPHY
BEAUFORT

JAMES E. EDWARDS
TIDINGS

RICHARD HEARD - P.O. Box 926
COLUMBUS, Montana 59019

ALE MAHLUM
SOUZA



LALONDE BUILDING
HELENA, MONTANA 59601
(406) 449-3737

THOMAS L. JUDGE, GOVERNOR

ED CARNEY, DIRECTOR

January 23, 1981

Business and Industry Committee at Large
Montana House of Representatives
State Capitol
Helena, Montana

Dear Committee Members,

As the horsemen's representative on the Montana Board of Horse Racing, I strongly support the concept set forth in House Bill 235 of establishing a bonus incentive program for the owners of Montana bred horses. This program would be patterned after the program adopted in 1969 by the State of Washington and that legislation in the State of Washington has been the impetus to the tremendous growth in breeding farms and high quality horses, both stallions and mares, in the State of Washington.

The Montana Board of Horse Racing does have personnel who can administer this fund. With an increase in the quality of horses which would naturally follow from this type of legislation would come an increase in the paramutuel betting at the Montana race tracks if the public would be betting on a higher quality animal and watching better races.

Without legislation of this type, the Montana horse breeder cannot afford to compete with the financially well-funded breeders in other states and therefore the quality of horses in Montana will lag behind that of the rest of the Pacific Northwest to the detriment of all persons having a financial investment in racing in Montana.

Since my schedule did not permit me to appear before the Committee on the assigned hearing date, I would be more than glad to address the matter either by telephone or through correspondence if any of the Committee Members have any questions concerning this Bill.

Sincerely yours,

By:

Richard W. Heard
Board Member

grl

THE BREAKDOWN OF MUTUAL HANDLE AT PROBABLY OPERATED TRACKS IN MONTANA

Those as applied to in this legislation are Big Sky at Great Falls and Last Chance at Helena.

Aprox. 79% of mutual handle returned to the public.

2% to County

1% to State Racing Board

8 3/4% to Racetrack management

8 3/4% to horse owners (purses)

Breakage (from 3/4 to 1%) 3/4 to track and 1/4 to horse owners

Under HB 235

Aprox. 79% of mutual handle returned to the public

2% to County

1% to State Racing Board

8 3/4% to Race track management

7 3/4% to horse owners (purses)

1% to owners of Montana Breds as a bonus

Breakage (from 3/4 to 1%) 3/4 to Track and 1/4 to horse owners

THE BREAKDOWN OF MUTUAL HANDLE AT COUNTY OPERATED TRACKS

Aprox. 79% of mutual handle returned to the public

1% to State Racing Board

9 1/2% to track management (county)

9 3/4% to horse owners (purses) Same as private tracks

Breakage (from 3/4 to 1%) split 3/4 to county and 1/4 to horse owners (purses)

Under HB 235

Aprox. 79% of mutual handle returned to public

1% to State Board of Horseracing

9 3/4% to Track management

8 3/4% to horse owners (purses)

1% to owners of Montana Breds (as a Bonus)

Breakage (from 3/4 to 1%) split 3/4 to county and 1/4 to owners (purses)

HOUSE BILL #235

House Bill #235 is an extremely poorly written bill. It is entirely untenable for the entire RAcIng Industry which includes the Horse Owners, themselves, the Betting Public, the State Racing Commission, and the Race Tracks.

To begin with, present State Law, provides adequate incentives for the breeding of horses in Montana. Present law provides for the Breeders to receive 10% of their winnings as a bonus. That is paid to them out of the Track's Share of the Pari-Mutuel handle. As an example, in Montana, 60% of the race purse is paid to the winner of the race; using an \$800.00 purse as an example, 60% of \$800.00 gives the winner \$480.00. A ten percent (10%) bonus (Montana Breeder's Awards as per present State Law) adds \$48.00 more, for a total to the owners and breeders of \$528.00.

In Montana all race tracks recognize an organization call the "Montana Horsemans Benevolent Proctective Associaton". This Association has negotiated the agreement with the Race Tracks on certain rights and benefits that innure to the benefit of all horsemen. Specifically, in the current Contract, a \$100.00 bonus is paid to all Montana Owned horses. When adding this \$100.00 to the amount won as previously shown, the Montana Owners and Breeders would win \$628.00. In essence, when a Montana Bred horse wins a race, the owner and breeder collects, through these incentive programs, 78.5% of the purse.

All of the administrative costs for calculating and paying these awards are borne, by the Race Track and reported to the Montana Board of Horse Racing.

The costs of administering House Bill #235 would be prohibitive. The State would be required to calculate Montana winners on every race that is run in Montana. According to this Bill, the bonus money would be divided proportionately among the horse owners according to the amount won by each Montana bred horse during each race.

The current contract with the Horseman's Benevolent Protective Association provides for payment of five places on each purse: 60% to the Winner, 18% to 2nd place, 11% to 3rd place, 7% to 4th place, and 4% to 5th place. On an \$800.00 race, Fifth place would receive \$32.00. That would be the basis for caculating the bonus.

Montana Law, also, requires that the Race Tracks conduct at least one Montana Bred Race per day. In other words, all of the horses that run in this race must be Montana Bred horses. The Horse Breeders are then assured of winning at least one race per day. In Billings, we have had substantial difficulty in filling these races. In other words, there are not enough Montana Bred Horses registered at the Race Meet to enable us to conduct a Montana Bred Race every day. This is one reason we feel that present legislation compensates the Montana Bred Horses for their participation in the racing program.

During 1980, the Yellowstone Exhibition had 664 horsemen, representing 15 different States and 2 Candadian Provinces, registered for our Race Meet. 483 horses were registered for our RACE Meet. We ran 318 races during the race period of August 6th through September 28th. During the 1980 Race Meet at the Yellowstone Exhibition, the toal purses paid to all horse owners was \$372,195.00. The winners share came to \$223,317.00. Montana Bred horses won \$62,420.00 of the \$223,317.00, or 28% of the total winner's share. Here again, \$6,242.00, Breeder's Awards, were paid to the Montana Bred Winners; as well as, \$8,900.00, Montana Owner's Awards. This is an additional \$15,142.00, which raises the percentage received to 35%.

It is our feeling that additional legislation is not necessary to compensate Montana Breeders, as they are adequately provided for by present Law.

We, at the Yellowstone Exhibition, know that 25% of the horses registered at our Race Meet during 1980, were Montana Bred horses. It is apparant that the Track's survival is dependent upon our attracting more Out-of-State horsemen. A 1% of the gross handle would reduce the amount of money paid to all horseman, and particularly, would penalize the people that make racing possible in Montana.

One Percent (1%) of the total handle at Yellowstone Exhibition would amount to \$40,000.00 additional money that would be taken away from horses that are not Montana Bred and would discourage any horses, except Montana horses, to run in Montana. House Bill #235, as written, would be unacceptable, because it is a selective bill, and additional money taken out of purse money for Montana Bred Horses, would discourage other horsemen from coming.

HOUSE BILL #235

In the small towns where the races are mostly Montana Bred races, the tracks simply have had to close, because they didn't have enough horses to run a race meet, and because the Pari-Mutuel Handle (amount of money bet on a race) was not adequate to support a racing program.

Under present law, 20% of the Pari-Mutuel Handle is deducted to operate---this is divided between the Race Track (9 1/2%), the Race Horsemen (9 1/2%), and the Montana Board of Horse Racing (1%). The Horsemen's purses are paid out of their 9 1/2%; however this does not include the Breeders Awards. The Breeder's Awards are paid from the Track's share of the Pari-Mutuel Handle.

According to the Horseman's Benevolent Protective Association Contract, purses cannot be reduced until a new Contract is negotiated in 1983.

All horse tracks in Montana, without exception, are County owned facilities, and present Law (7-21-3411 - RESTRICTION ON USE OF APPROPRIATION OF TAX MONEY. No portion of the appropriation or Tax Levy provided for in 7-21-3410 shall be expended for Horse Racing) prohibits Counties from using appropriated or tax monies for Horse Racing, which means that those counties that conduct horse racing must total support the racing on proceeds from the Pari-Mutuel handle. It is, therefore, economically impossible for a track to operate with a reduction of any of its gross revenue.

The Horse barns in Billings for example, some of which were built in 1916, are out of date and in desperate need of repair. Replacement and repair funds must come from the track's share of the Pari-Mutuel handle.

House Bill #235 is discriminatory and selective, in that it penalizes those tracks that are doing \$50,000.00 or more Pari-Mutuel betting per day. This Bill discourages owners from running any horses, other than those bred in Montana, at the tracks.

This bill would require the State of Montana to add additional personnel to keep track of the provisions of this law.

Exhibit D

HORSEMAN'S BENEVOLENT AND PROTECTIVE ASSOCIATION

Montana Division

P. O. Box 901

Livingston, Montana 59047

January 23, 1981

Gentlemen:

In reference to House Bill #235, (which provides for a bonus to the owners of Montana-bred race horses):

If the afore-mentioned proposal is passed by the current session of Montana legislature we will rescind any agreement that we now have with some track managers concerning bonuses for owners of Montana-bred horses.

Sincerely,



A.O. Askin

President

VISITORS' REGISTER

HOUSE

COMMITTEE

ALL HB 235, 281

Date _____

SPONSOR _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUSE BILL # 281

The Montana Racing Commission is charged with the responsibility of controlling Horse Racing in Montana.

For the past several years, this Commission has continuously worked to improve all facets of this sport by enforcing the rules, and adopting new rules to protect the public, horseman, and track operators.

For the past two or three years, the Commission has developed plans to implement programs to more adequately enforce these rules and have been unable to do so because of budget restrictions.

If money is taken from this Commission revenue, these programs would have to be scrapped or additional monies would have to be assessed to the tracks. If this is done, most tracks in the State would be forced to discontinue their horse Racing program as State Statutes prohibit using tax levys for Horse Racing (Re: 7-21-3411) Horse Racing is a very important part of many County Fairs, and to legislate this portion of their program out of existence would be a bad mistake.

We believe that the intent of House Bill #281 to help the educational program is laudable. The source of revenue would present a serious hardship on the Fairs, independent Racing Associations, Horsemen, and Racing Fans in Montana.

(7-21-3411 - RESTRICTION OF USE OF APPROPRIATION OR TAX MONEY. No portion of the appropriation or tax levy provided for in 7-21-3410 shall be expended for horse racing)