

MINUTES OF THE MEETING
STATE ADMINISTRATION SUBCOMMITTEE
MONTANA STATE SENATE

February 7, 1985

The subcommittee meeting of State Administration was called to order by the selected chairman, Senator J. D. Lynch, at 2:00 p.m., Wednesday, February 6, 1985 in room 331 of the State Capitol.

ROLL CALL: All of the members were present that were assigned to this subcommittee. They were Senator J. D. Lynch, Senator John Anderson, Senator Dick Manning and Senator Larry Tveit.

This meeting was called to consider S.B. 221, which is "An act revising the law relating to the regulation of horseracing; increasing board compensation for parity with other boards; clarifying that racing officials may not wager at Montana meets; allowing nonparimutuel race days; and allowing the Board of Horseracing to recover regulatory costs;...

The first set of amendments were addressed, which is shown as amendment 4 of Exhibit 1.

The subject of the Board appointing the executive secretary rather than having the Department of Commerce do it was discussed.

Senator Manning said that the Board is put together by appointment and they do not necessarily know that much about horseracing but if they are going to appoint an executive secretary they should be knowledgeable.

Senator Lynch stated this could apply to the head of the Department of Commerce, but it was the consensus that the Department of Commerce does have many things under this department and it would be impossible to be totally knowledgeable.

Robert J. Holland, Montana Quarter Horse Association, and former member of the Board of Horseracing, testified that when he was on the Board, Mr. Carney ran the hiring of the Board of Horseracing and he finally created a Executive Secretary in the Department of Commerce and said he does not know how knowledgeable they were in horseracing and they were the ones that were going to actually regulate horseracing. The board will work regularly with horse people.

Steve Pilcher, Chairman of the Board of Horseracing spoke to this and indicated that who ever does it should be knowledgeable. The board members serve three years each and they are staggered terms.

Senator Manning moved to accept amendment 4 of the attached Exhibit 1.

Page 2, line 5.

Strike: "department"

Insert: "board"

The motion passed unanimously.

The next area of the bill that was looked at was in regards to the retention of purses and whether the Board itself could now retain the purses where they like, be it with the Board, or with the track. Mr. Holland has stated it is retained with a delay of 2 or 3 years because of the law.

Senator Manning said that they will have to change the law because they are not able to invest for the purpose of collecting interest.

Steve Meloy, Executive Secretary, referring to the broad scope the committee was taking with the bill, said, that in his knowledge of legislation, and according to article 5, section 11, that once a bill has been introduced it cannot be changed from its original purpose. He said that the original intent of this bill was to merely address the financial problems of the board.

Senator Lynch said that you must conform to the scope of the title of the bill and this title is as broad a title as you can get, which is an act revising the law relating to the regulating of horseracing.

Steve Meloy argued that the Board asked Senator Manning to carry this bill and these amendments are not within the pramater of their intent.

Steve Meloy confirmed that the board cannot receive any interest from any accounts that they set aside in a separate fund account and the argument is that really is the tracks money.

Al Carruthers, Montana Quarter Horse Association, said that the purses they are talking about are large and most are futurities and derbies. They pay into these purses over 3-6 month period and from anywhere between \$350 to \$700 and it is the owner of the horse that pays this money. The track only puts up a small percent of this. It is there for the horse that places in final. If the money is there and the track goes down the drain, the money goes with it.

Harold Gerke with the Montana Board of Horse Racing said that if they want to change the law they should change the law so the racing commission could be the depository for those funds.

It was noted that it seems if the Board chose, under the present they can retain the purses pending final disposition of complaints, protests or appeals of stewards rulings. They thus have the option if they want, but the interest still cannot be collected.

H. S. (Sonny) Hanson, vice-president of the Yellowstone Fair Board, said they will go through the administrative procedure so they can get more input.

Linda King, Montana Board of Horse Racing, said that the Board does have the rule making authority to decide whether the purse stays with the track or with the board. A rule change has never been brought to the board before.

The next item discussed was in regards to the District Court situation and if judges could be disqualified. Mr. Meloy's contention is that the staff would have to travel to the various places of contingent which would cause him some additional money. Mr. Holland contends that those that have to come to Helena have an equal inconvenience.

Senator Manning asked how many cases are tried right in the locality where they are.

The first trial is with the stewards and the second trial is before the board or hearings examiner. The court in Helena is the only exclusive jurisdiction of any horse racing concern.

Mr. Meloy said that between 10 and 16 cases are appealed to the stewards and about 3 or 4 of those go to court. No jockey can go to the judge in the district where they got the stewards ruling.

The changing of the language so that "exclusive jurisdiction is in the first Judicial District is changed to 'each Judicial District will be given to the committee as a whole to decide on."

The debate of large tracks carrying the smaller ones was a major item discussed in this bill.

Senator Lynch proposed, rather than just hitting the track, per se, in looking for \$50,000 to break even, the legislature could find a way to satisfy the cost and at the same time preserve the small tracks with 1/2% from the take.

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It was agreeable by the total subcommittee to give the board 1/2 of one percent.

Senator Manning moved an additional 1/2 of one percent of the total handle for the purpose of preparing for the total cost.

Page 6, line 19.

Strike: lines 19 through 22 in their entirety.

Renumber: subsequent subsections.

MOTION PASSED UNANIMOUSLY.

The amendments will be drawu up by Valencia and Steve and entered into the record as Exhibit 1.

The meeting closed at 3:00 p.m.



SUBCOMMITTEE CHAIRMAN, Senator J. D. Lynch

Leona Williams, Secretary

Proposed amendments to SB 221 (introduced copy)

1. Title, line 7.

Following: "BOARDS;"

Insert: "ALLOWING THE BOARD TO APPOINT AN EXECUTIVE SECRETARY;"

2. Title, lines 9 and 10.

Following: "RACE DAYS;" on line 9

Strike: remainder of line 9 through "COSTS" on line 10

Insert: "INCREASING THE BOARD'S PERCENTAGE OF GROSS RECEIPTS"

3. Title, line 11.

Following: "23-4-202,"

Insert: "23-4-302,"

4. Page 2, line 5.

Strike: "department"

Insert: "board"

5. Page 5, line 20.

Strike: "20%"

Insert: "20.5%"

6. Page 6, line 4.

Following: line 3

Insert: "Section 4. Section 23-4-302, MCA, is amended to read:

"23-4-302. Distribution of deposits -- breakage. Each licensee conducting the parimutuel system shall distribute all sums deposited in any pool to the winner thereof, less an amount which, in the case of exotic wagering on races, shall not exceed ~~22%~~ 22.5%, and in all other races, shall not exceed ~~20%~~ 20.5% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10, known as "breakage"."

Renumber: subsequent sections.

7. Page 6, line 7.

Strike: "1%"

Insert: "1.5%"

8. Page 6, line 19.

Strike: lines 19 through 22 in their entirety

Renumber: subsequent subsections

DATE 2-7-85 2:00 p.m.

COMMITTEE ON

SB. 221

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)