

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By Chairman J.D. Lynch, on January 16, 1991, at 10:00 a.m.

ROLL CALL

Members Present:

J.D. Lynch, Chairman (D)
John Jr. Kennedy, Vice Chairman (D)
Betty Bruski (D)
Eve Franklin (D)
Delwyn Gage (R)
Thomas Hager (R)
Jerry Noble (R)
Gene Thayer (R)
Bob Williams (D)

Members Excused: None

Staff Present: Bart Campbell (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON SENATE BILL 21

Presentation and Opening Statement by Sponsor:

Senator Del Gage, sponsor of the bill, stated that this is a bill that is changing the makeup of horse racing. Currently there is five members on the board none of which can be involved in racing in any form or shape. This is not a good way to run a ship. These boards are in most incidences are politically oriented appointments. It is a complex industry and particularly an industry where there is a lot of capitol investments and risks.

Proponents' Testimony:

Al Bell, a resident of Great Falls and a person that raises through breed horses, stated that they race at different tracks in the United States and in Billings and Great Falls. He represents a very substantial number and geographically diverse group of horse owners. These owners are located in Billings, Great Falls, Helena, Columbus, Missoula, and other places in Montana. These owners have investments of two hundred thousand on the low side, and nine hundred thousand on the high side of the horse industry. The horse industry is a major industry in Montana. It has suffered some serious losses to the lottery and electronic gambling machines. This industry has been subjected to decisions of a board that has no vested interest and very little knowledge of the industry and very rarely attends the races. Without having knowledgeable people with the vested interest in the horse business on the board of horse racing the ability for the owners to make a profit is non existent. The current make up of this commission is not working.

Opponents' Testimony:

Geoffrey Brazier, a lobbyist for the united horse racing interest of Montana, opposes the bill. This group consists of the major interests of horse racing in Montana. He concurs with Al Bell that the horse racing industry in Montana has serious problems. This bill does not offer a solution to the problems. It is the position of the united horse racing interests that the bill would create more problems than it would solve. There is already an industry board. The legislature abolished that industry board in 1983 and created a board and an executive secretary to handle the day to day affairs of horse racing and provide input to the board upon which it can make its decisions. The industry has always been represented on boards by former owners, former track management, bankers, former track vets. The bill does not guarantee that leadership will emerge on any new board or any new decisions will be made because the input is going to be the same. The integrity of board decisions will be compromised. This bill does not have the support of the majority of the industry.

Bill Chiesa, General Manager of MetraPark, opposed the bill by fax (See Exhibit 1).

Questions From Committee Members:

Senator Thayer asked what was the reference to Bill Chiesa and how he plays in this.

Geoffrey Brazier replied that Bill Chiesa is the general manager of one of the major tracks in Montana. MetraPark in Billings.

Senator Williams asked how the 1983 boards were set up previous to this one.

Geoffrey Brazier replied that there was an industry board. There were several horse owners.

Senator Williams asked what's the makeup of the board now. What is there occupation.

Geoffrey Brazier replied that he hadn't been on the board for six months, but the chairman is the former member of the fair

board in Shelby, there is a former member of track management in Billings, there is a former track veterinarian from Great Falls, former banker from Miles City.

Senator Williams asked if Brazier thought they were knowledgeable of the industry.

Brazier replied yes.

Senator Lynch asked Mr. Bell how many people that he was representing.

Al Bell replied about a dozen.

Senator Lynch asked what problems are going on right now with the present board.

Al Bell replied that one example is the board of horse racing issues racing dates to Helena that Helena did not even ask for. A group came from Great Falls, went through the hearing process, dates were granted, went back to Great Falls and the racing commission decided that they would make null and void all of that hearing and those dates and open the whole process back up for hearing.

Senator Thayer asked why Mr. Brazier's industry has a problem with having knowledgeable owners on the board. The board that represents that industry would be better served having these kind of people on it.

Brazier replied that the old system didn't work. Anytime somebody didn't like something they would sue and they would win. The only reason they had to sue was that the industry members were playing favorites among each other. The great majority of the interests is nervous about change, they don't think it's the answer, they don't think there is a problem there. Senator Thayer asked the same people certainly would have the opportunity to sue this board if there was things going on, changing the dates. Just the make up of the board in itself is going to keep it from being sued.

Brazier replied that's when they win the law suit. The board held many hearings to try to get the boards to negotiate and rehearings to try to get them to resolve. Finally the court said that the board is not bound by the applications, they have to award dates that they think are in the best interest of the entire horse racing industry.

Senator Lynch asked when someone does not request dates, doesn't even ask for them, why would the board give them to them.

Brazier replied that there has to be an original application. But if you have a conflict with someone else, the board is trying to get the parties to resolve their differences with suggested dates.

Al Bell replied that there was no rationale for giving dates that were not requested.

Senator Lynch commented that nothing that would guarantee that we would go through the same date problem regardless who was on the board. Whether we get 3 out of 5, what would guarantee that wouldn't happen.

Bell replied that there wouldn't be any guarantee, there would be some discussion and then some competition for dates. He doesn't believe that people that are not knowledgeable with the business should be on the board.

SENATE BUSINESS & INDUSTRY COMMITTEE

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Senator Lynch asked does anything prohibit the governor from appointing these people to the board.

Bell replied that yes the language was specific, saying that no persons holding a financial interest in a race track or horse meet, member of the county fair board, or owner/breeder of a race horse is eligible for membership on the board.

Senator Lynch asked if Bell wanted to go from that point to three members on the board.

Bell replied that he's suggesting that we have two industry people and three at large people.

Gary Koepplin, former executive secretary for the board of horse racing and now the manager of the Ravalli county fairgrounds, wanted to explain a little bit about the question asked about the race dates. It is common for the race tracks to send in the application for the race dates more than what they wanted. They would apply for forty days and want thirty days, or apply for twenty days and only want ten. The job of the board was to line this all out in a fashion so it would be a benefit to all parties for the entire industry.

Senator Lynch asked Mr. Brazier if he could tell him how many people his association represents.

Brazier replied that he does not have an exact amount, but according to the statistics on licensees there must be three hundred members that are horse breeders and trainers.

Senator Lynch asked in terms of volume is the Great Falls race facility the highest.

Bell replied that the Great Falls is the racing capital of Montana. Bell also commented that Mr. Brazier does not represent him and two or three hundred strong.

Senator Thayer asked if the hearings mentioned before conducted by the current board.

Bell replied that it was about a year ago, and there has been about two members replaced since then.

Senator Williams asked about the lotto and poker machines cutting into the racing industry profit.

Bell replied that in his opinion it has been devastating to the horse racing industry. Knowing what the current per capita income of Montana is, there is only so many available dollars out there, whether it be wagering or entertainment. Lotto America takes out about three hundred thousand out of Montana that never comes back, and the eleven thousand existing gambling machines that are doing two hundred and fifty million a year in business are taking a big percent out of Montana. Billings and Great Falls experienced about a 20% loss last year.

Senator Williams asked if there is a limit of how much a person can win.

Bell replied that they have what is call a twin trifecta. A twin trifecta can build up, and the pool builds and if nobody wins it carries over until someone wins it.

Senator Lynch asked if Senator Gage's amendment that he suggested, did he say two per district.

Senator Gage answered no, it would be two owners, breeders, or owner/breeder statewide and three at large, one from each district with the provision that only no more than two board

members could be from the same district.

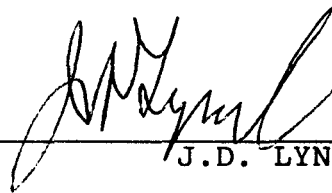
Closing from the sponsor:

Senator Gage closed by saying that when you're operating a business, you don't fill that business with people who are not involved in that area.

Senator Lynch stated that there would be executive action on SB 21 on Friday, January 18, 1991.

ADJOURNMENT

Adjournment At: 10:40 a.m.



J.D. LYNCH, Chairman



DARA ANDERSON, Secretary

JL/da

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 16 day of Jan, 1991.

Name: Alc Beck

Address: RR 5048
Great Falls, mt.

Telephone Number: 761-7222 - 727-3055

Representing whom?

Self

Appearing on which proposal?

S.B. 21

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

1/16/91

BUSINESS & INDUSTRY

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

METRAPARK

MONTANA FAIR · ARENA · HORSE RACING

January 15, 1991

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1DATE 1/16/91BILL NO. SB21

Dear Senator Kennedy (D) Kalispell

The purpose of this letter is to encourage your opposition to SB 21, which will be heard in your committee Wednesday, January 16th.

As manager of State Fair in Great Falls from 1970 through 1985, and general manager of MetraPark since 1986, I've personally experienced the makeup of the Board of Horse Racing, the way that it is currently structured and the way that proponents of the Bill want it to be changed to.

The Board used to be made up of representatives of horsemen, independent race tracks, and county-owned race facilities. By that very nature, an adversarial relationship occurred, neither one, or their constituents, really trusting the others' point of view. After years of in-fighting, debate, and "legislative laundering over dates," the makeup of the commission was changed to its current five, non-interested members coming from a specific district in the state.

This restructure came as a result of a state-wide meeting of all interested parties, including tracks, horsemen, allied industries, and others, to support that legislation. It's been that way the past ten years, and I submit, has worked extremely well.

If the proponents of the Bill want more qualified people, they simply must find them and submit their names to the governor for appointment. Let them work through the system, rather than change the system back to something that was much more inefficient with built-in problems. I know, I've experienced both.

In summary, I encouraged you to oppose SB 21.

Sincerely,



Bill Chiesa, CFE
General Manager
MetraPark

BC/nc

ROLL CALL

BUSINESS & INDUSTRY

COMMITTEE

52nd. LEGISLATIVE SESSION -- 1991

Date 1/16/91

NAME	PRESENT	ABSENT	EXCUSED
1 Senator Bruski	X		
2 Senator Franklin	X		
3 Senator Gage	X		
4 Senator Hager	X		
8 Senator Kennedy	X		
9 Senator Lynch	X		
5 Senator Noble	X		
6 Senator Thayer	X		
7 Senator Williams	X		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT


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January 18, 1991

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration House Bill No. 19 (third reading copy -- blue), respectfully report that House Bill No. 19 be concurred in.

Signed: _____


John "J.D." Lynch, Chairman

 1-18-91
Amd. Coord.

SB 1-18-91 1:55
Sec. of Senate

111054SC.SJI