



IDAHO HORSE CULTURE PRESERVATION ACT OF 2016

OVERVIEW

This legislative solution to preserving Idaho's race horse heritage is being proposed by the **Idaho Horsemen's Coalition**.

It is about maintaining and growing a **valuable segment of the Idaho agriculture industry and economy** – the Idaho horse industry. This industry includes not only live racing, but a growing industry of Idaho-based race-horse training and breeding facilities.

The proposal establishes a new **regulatory arm to oversee all electronic gaming** in Idaho – the Idaho Gaming Commission.

It limits historical horse racing terminals to **on-site** locations **ONLY** where live horse racing occurs **more than 10 days in a season**.

It **restricts simulcast pari-mutuel wagering** to live horse race site locations only.

It provides a mechanism to **generate and distribute funds to horse-related youth education programs** through the **Idaho Future Farmers of America, Idaho 4-H**, and the Idaho Horse Council.

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SYNOPSIS of the Proposal:

This proposal establishes the Idaho Gaming Commission to oversee and regulate all electronic gaming in the state, and allows limited pari-mutuel historical horse racing terminals to operate in Idaho.

Establishes the Idaho Gaming Commission:

- Responsible for oversight of Idaho Lottery terminals/electronic machines; tribal electronic gaming machines; historical horseracing terminals
- To review, determine legality, and certify electronic gaming terminals/machines
- Conduct independent inspections to ensure compliance of all types of electronic gaming machines
- Evaluate current regulations and regulatory bodies to ensure they adequately protect the public interest according to the Constitution and Idaho Code
- Serves as an appeals board in the case of dispute about decisions by Lottery Commission or Racing Commission
- Commission is comprised of five (5) members appointed by Governor and confirmed by Senate

SYNOPSIS of the Proposal (continued)

Allows for legal operation of historical horse racing terminals:

- Terminals are limited to **on-site locations** where live horseracing occurs for a minimum of **ten days** in a season.
(Emphasis: NO off-site locations are allowed. This provision effectively limits the opportunity for terminals to three sites in the state – Les Bois in Garden City, Sandy Downs in Idaho Falls, and Greyhound Park and Event Center in Post Falls)
- Terminals must be certified as legal pari-mutuel wagering by Idaho Gaming Commission according to Idaho Constitution and Code, and in accordance with national and international standards.
- Legislation also limits simulcast pari-mutuel wagering to on-site locations where live horse racing meets occur. No off-site simulcast locations are permitted.

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The Idaho horsemen's perspective:

- The Idaho Horsemen's Benevolent and Protective Association, Idaho Thoroughbred Association and Idaho Quarter Horse Association enthusiastically support this proposal. These groups constitute the Idaho Horsemen's Coalition.
- Idaho's horse owners are mainly interested in having opportunities to run their Idaho horses in live races at Idaho racetracks; historical horse racing pari-mutuel terminals provide a means for live racing in Idaho.
- Race horse breeding and training, and Idaho training facilities is an important element of the Idaho agriculture industry.
- The live horseracing industry relies on purses generated through pari-mutuel wagering as generated by historical horse racing terminals.
- If there is no live racing in Idaho, some owners and trainers will take their horses to states where live racing occurs such as Wyoming, Washington, and California; others simply don't have the means or ability to do so, thus they cannot run their horses if there is no live racing in the state.
- Historical horseracing terminals are instrumental to continuing live racing in Idaho, and as such, the horsemen support finding a way to make them legally work under the Idaho Constitution.

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The track operator's perspective:

- The live horse racing industry in Idaho and the nation has experienced a serious decline in pari-mutuel wagering over the past decade due to technology advances and other market factors
- The live horseracing industry relies on purses generated through pari-mutuel wagering to keep operations sustainable and provide purses that attract live racing participants. Historical horseracing terminals have evolved as an industry standard to support live racing.
- Simply put: If pari-mutuel historical horserace wagering is not permitted in Idaho, the state's live horseracing industry is not sustainable and tracks will remain closed.

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Economic Impact of Live Horse Racing in Idaho:

Live racing attracts participants from both the Idaho horse racing community and from outside the state.

Idaho's main horse race venues have indicated that without historical horse race pari-mutuel terminals, they will not be able to operate in 2016.

The operation of these tracks and spending of participants, primarily non-local horse owners, trainers, and jockeys have an impact on the Idaho economy, supporting jobs and bringing new money into the state.

The direct and indirect economic impact of Idaho's horse tracks is significant. Estimates indicate Idaho horse track operations support*:

- Over 700 direct and indirect full-time and part-time positions
- Over \$11.5 million in direct and indirect employee compensation
- Over \$40 million in sales of goods and services

*Extrapolated from a 2015 economic impact study by Don Holley of the Boise State University Department of Economics

Economic Impact of Live Horse Racing in Idaho: (continued)

Employment Multiplier: 1.9

Every 10 positions at the track supports an additional 9 positions throughout the community.

Over 700 direct and indirect full-time and part-time positions are generated through horse track operations.*

This includes:

Veterinary services	Farriers
Transportation services	Local suppliers
Hay growers	Grain growers
Feed suppliers	Tack suppliers
Jobs supported through local lodging services	
Jobs supported through local food establishments	

Total Employee Compensation Multiplier: 2.1

For every \$1,000 paid to an employee directly associated with the tracks an additional \$1,100 is paid to other employees throughout the community.

In 2015 over \$10 million (including fringe benefits) was paid to employees directly and indirectly associated with track operations.*

Local Goods and Services Sales Multiplier: 1.73

For every \$1000 in sales directly associated with track operations, an additional \$730 is generated elsewhere in the community.

In 2015 horse track operations impacted the state by supporting over \$40 million in sales of goods and services.*

Economic Impact of Live Horse Racing in Idaho: (continued)

It is further estimated that during the 2015 live racing season:*

- Over \$500,000 was spent on horse feed
- Approximately \$1.5 million was spent for trainers
- Nearly \$1.0 million spent on local veterinary services
- \$200,000 spent on locally provided transportation services
- Nearly \$200,000 spent on local farrier services
- \$350,000 on lodging by non-local owners, trainers, jockeys
 - They spent nearly \$1.0 million on food
 - And nearly \$150,000 on miscellaneous retail purchases

*Extrapolated from a 2015 economic impact study by Don Holley of the Boise State University Department of Economics

The Multiplier effect:

Imagine the economic impact of 1) not having live racing and racing venues operational during the season, coupled with 2) Idaho's horse owners taking their Idaho horses and their trainers to another state for months at a time. Those are months during which wages are not being earned and spent in Idaho, months during which no Idaho hay and grain is being purchased to feed those horses, months during which Idaho veterinary services, Idaho farrier services, Idaho tack and clothing sales are being purchased elsewhere.

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The Proposal (in greater detail)

ESTABLISHES THE IDAHO GAMING COMMISSION

Authority of Idaho Gaming Commission:

To oversee and independently certify electronic gaming of all types is in compliance with Idaho Constitution and Idaho code for:

- Idaho Lottery terminals
- Tribal electronic gaming machines
- Bingo-Raffle operations
- Historical horse racing and forms of pari-mutuel wagering

General Regulatory Authority:

- Authority to adopt, amend, or repeal regulations to ensure compliance with Idaho's Constitutional restrictions governing gaming.
- Authority to evaluate whether current regulations and regulatory bodies are adequate to protect the public interest.
- Authority to identify, review and propose changes to ensure independence, integrity, and accountability to regulation of gaming.
- Authority to employ investigators or professionals to conduct on-site and off-site reviews of gaming devices.

Authority of Idaho Gaming Commission (continued):

Idaho Lottery and Idaho Racing Commission:

- Authority to conduct compliance review of all devices currently in operation with Idaho Lottery and Idaho Racing Commissions, and to license any new devices.

Historical Horse Racing Terminals:

- Authority to confirm historical horse racing terminals conform to national standards for pari-mutuel wagering.

Tribal Gaming Machines:

- Authority to review and confirm compliance of tribal video gaming machines.

Idaho Gaming Commission Appellate Authority:

- Authority to hear and decide appeals of decisions by Idaho Lottery Commission, Idaho Racing Commission, and Idaho Bingo-raffle Advisory Board.

Commission make-up:

- The Idaho Gaming Commission consists of five (5) members, appointed by the Governor and subject to Senate confirmation.

The Proposal in greater detail (continued):

INSTITUTES THE LEGAL, LIMITED USE OF PARI-MUTUEL HISTORICAL HORSE RACING TERMINALS

Places restrictive parameters on the implementation of historical horseracing terminals:

- Terminals would be restricted to only on-site locations where live horseracing occurs (no off-site locations would be allowed)
- Terminals would be restricted to locations where live horseracing occurs AND a minimum of 10 days of racing occur.
- Terminal design and operation approval will be based on standards of Association of Racing Commissioners International, in compliance with recognized national and international rules of auditing and testing.
- Terminals would be certified by the Idaho Gaming Commission to ensure compliance with Idaho Constitution and Idaho code.
- A portion of the revenues generated from the terminals will be directed to support:
 - Maintenance and capital improvements at county fairgrounds.
 - Youth agriculture leadership and education programs, and youth equine programs through the Idaho FFA Foundation and Idaho 4-H programs.