

1 CHAIRPERSON JAMES: I'd like to turn now to Mr.
2 Ketterer, and thank you so very much for being here today and
3 participating on this panel.

4 MR. KETTERER: Thank you, Madam Chair and members of
5 the committee for the opportunity to speak to you today.

6 I'm going to briefly tell you about my duties and
7 responsibilities as Administrator of the Racing and Gaming
8 Commission in Iowa, and although we have pari-mutuel greyhound
9 and horse racing as well as river boat gambling under our
10 jurisdiction, on behalf of the Greyhound Track Operators
11 Association, I'm going to comment on some facts about the
12 greyhound industry. The horse racing industry, I think, appears
13 to be well represented today. I will next try to give you the
14 benefit of our experience in Iowa with the pari-mutuel industry,
15 and in the time remaining I'll try to attempt to relate the
16 economic and social impact in Iowa.

17 Our Commission has jurisdiction and supervision over
18 all licensed race meetings and gambling operations, presently
19 numbering two greyhound tracks and one horse track, all with
20 limited casino operations, and ten river boat casinos. We
21 thoroughly investigate applicants for licenses through the Iowa
22 Division of Criminal Investigation to determine their
23 suitability. Both the Commission and the DCI have a full-time
24 presence at each facility to enforce compliance with statutes and
25 rules. Without belaboring the point, the Commission has very
26 broad powers to enter and search facilities, gain access to
27 documents, conduct drug testing on humans and racing animals,

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1 investigate violations, and impose penalties, including
2 suspension or revocation of licenses.

3 Although greyhound racing did not come to Iowa until
4 1985, the pari-mutuel history of the sport dates back to 1919.
5 Today the pari-mutuel racing, breeding, and maintenance of
6 greyhounds in the United States are a \$2.3 billion industry. The
7 industry accounts for up to 33,000 jobs which are directly
8 related to racetrack and agricultural operations. There are
9 currently 49 greyhound tracks operating in 15 states. Many
10 tracks have been fixtures as an entertainment attraction in their
11 respective communities for decades, and have reputations as model
12 corporate citizens in those communities.

13 Pari-mutuel racing came to Iowa during the throws of
14 one of the worst agricultural recessions in memory. The industry
15 was seen as a catalyst to develop breeding industries and to
16 create demand for agricultural products and services. Creation
17 of jobs was another goal, for some communities experienced at
18 that time the highest unemployment rates in the nation. The law
19 required all licensees to be not-profit corporations. This
20 insured that any profits would be reinvested in the facility or
21 distributed as grants throughout the surrounding communities to
22 qualified recipients under Internal Revenue Code Section 501C.
23 The tracks were initially successful. They began to succumb to
24 competitive pressures as the decade closed. Simulcasting was
25 introduced as an additional form of entertainment and revenue
26 source and remains very popular with patrons today, but it could
27 not stem the downward spiral of the taxes and revenues. After
28 much public discussion, polls showed public support for allowing

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1 slot machines at racetracks. In April of 1994, the Iowa General
2 Assembly passed a bill allowing certain electronic games at
3 currently licensed racetracks. The Legislature chose to only
4 allow slot machines in the traditional form, recognizing some
5 reports that video gambling machines were one of the most
6 addictive sources of gambling, and so our racetracks do not allow
7 video poker, video blackjack.

8 The Legislature included public policy provisions in
9 the bill, which I believe are worth emulating and considering by
10 any other state choosing to introduce gaming at racetracks.
11 First, a local county referendum was required. The slot machines
12 were not forced to find a local community. One track, Waterloo
13 Greyhound Park, failed to pass a referendum in two attempts and
14 is now closed.

15 Second, by limiting gaming licenses to only current
16 licensees holding a license at that time, lawmakers effectively
17 capped the number of racing facilities where slot machines could
18 be introduced. There would be no fairground-type facilities that
19 would open for a two-day race meet and have slot machines the
20 remainder of the year. People were already accustomed to
21 gambling being conducted at those sites. This was not invasive
22 of people's daily environment. The same Des Moines Register poll
23 showed people overwhelmingly opposed to slot machines in taverns,
24 bowling alleys, fraternal lodges, et cetera. Third,
25 revenues were first to be applied to retiring outstanding debt on
26 the racetrack facilities, but the clear emphasis later in the
27 bill once that goal was established, was to use revenues to
28 supplement purses for the owners of winning greyhounds and

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1 horses. The direction was and is to preserve the industry that
2 was the focus of the original bill.

3 Fourth, a portion of the tax revenue was dedicated
4 for the treatment of problem gamblers. This program generates
5 over \$2 million annually for awareness literature, media
6 exposure, and counseling for problem gamblers. Our Commission,
7 as well, works closely with the Director of the Iowa Gamblers
8 Treatment Program by one, giving him a forum in our public
9 meetings to describe new programs being introduced; two,
10 requiring licensees to post materials in conspicuous locations of
11 their facilities, and to send employees to classes which help the
12 identify problem gamblers; and three, insuring that licensees
13 cooperate with the director in his efforts by having him report
14 to our commission at the annual license renewal hearings for our
15 licensees.

The economic results for the racetracks in
16 Iowa have exceeded expectations. I've included a report from the
17 Director of the Breeders Registry showing the increase in
18 activity as a result of the increased purses. Our two greyhound
19 tracks now have purse structures ranking in the top 12 in the
20 nation. Our horse track is on a five-year plan steadily
21 increasing purses toward a similar ranking. I've included a
22 study by two Iowa State economics professors on the economic
23 contribution of the horse track to Central Iowa.

24 Due to the unexpected economic success of the
25 racetracks, the nonprofit corporation licensees have made
26 unprecedented contributions to qualified recipients in
27 surrounding communities. Since the introduction of slot machines
28 at the greyhound facilities in Iowa, the nonprofit licensees have

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1 given over \$20 in grants for schools, computers, scholarships,
2 emergency rescue equipment, a new library, recreational
3 facilities, vehicles to transport the children and the elderly,
4 just to name a few. Another \$70 million has been endowed in a
5 foundation which will benefit Iowans for years to come. \$25 to
6 \$30 million has gone to Central Iowa through contributions to
7 Polk County from the Prairie Meadows Racetrack.

8 In conclusion, the greyhound industry has been
9 providing jobs, entertainment, economic development, state and
10 local government revenue, and financial support as a corporate
11 citizen in the communities in which tracks are located for 80
12 years. The industry is convinced and it has seen graphic
13 evidence that its survival depends on its ability to meet the
14 competition. Iowa is an example of how the industry can be
15 preserved and nurtured in a very controlled, strictly regulated
16 manner. Iowa may not have the exact blueprint, but we would at
17 least give guidance, I believe, to other states that are
18 considering this as an alternative form of gaming at racetracks.
19 Using safeguards such as those contained in the Iowa laws of
20 blueprint, a \$2.3 billion industry can remain thriving into the
21 next century.

22 Thank you very much, Madam Chair.

23 CHAIRPERSON JAMES: Thank you, and thank you, Mr.
24 Ketterer for being here to represent the greyhound industry and
25 being understanding about the logistics as we work through
26 putting together this meeting.

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