CHAIRPERSON JAMES: Mr. Chamblin.

MR. CHAMBLIN: Thank you, Madam Chair and Commissioners. Good morning.

I spent nearly 40 years in and around the racing industry, first as a journalist and later as Executive Director of a national organization representing Thoroughbred racing owners and trainers, then as a race track President and General Manager, and for the past 12 years as President of an International Regulatory Association. This experience has given me the unusual opportunity to view racing from different perspectives, and in recent years to witness the sport's attendance and on-track wagering declines which largely are due to competition from lotteries and casinos.

My career has also given me the opportunity to appear before various congressional committees, and even before the First National Gambling Commission back in 1975. So I come before you today not only as a representative of the Association of Racing Commissioners International but as someone who, like the others on this panel who are testifying today, has deep roots in the sport and cares deeply about its future. Racing is much more than just gambling or just sport. It supports the vast agri-business and tourism industries. It's an important employer, tax generator and contributor to the economy.

According to a 1996 study the United State horse racing industry has a $34 billion economic impact. It involves 725,000 horses, supports nearly 500,000 full-time jobs, and there are approximately 100,000 owners of race horses in this country alone. Horse farms are a major part of the industry and...
contribute environmentally to the economy. Kentucky, my state, has 1400 horse farms. The members of the ARCI also regulate greyhound racing which according to a 1998 study has a national economic impact of $2.3 billion. In 1997 states received over $600 million in direct pari-mutuel taxes from the sports of horse and greyhound racing and from jai-alai, and this does not include taxes on such items as admissions, income or property.

In recent years states have shown a growing understanding of racing's economic contribution, and in general have substantially reduced pari-mutuel tax rates on racing. New Jersey, for example, has eliminated its pari-mutuel tax. Nationally states have trimmed tax rates by 47 percent during the 1990's. However, tracks remain as substantial tax generators for many state treasuries. Today, of course, you will have the opportunity to visit a wonderful race track, Del Mar, which provides entertainment to hundreds of thousands each summer. Unfortunately not every track is as successful as Del Mar. Yes, we have economic problems in racing, and yes, some tracks have gone out of business in recent years. But those tracks that have been put in a position where they can compete on equitable terms with other leisure activities are thriving. The same qualities that made racing the nation's number one spectator sport during the 1940's through the 1970's are still in place.

In the case of Thoroughbred racing the sport features beautiful and graceful thousand pound athletes ridden in heavy traffic by 110-pound jockeys at speeds approaching 35 to 40 miles an hour. Legalized gambling on racing makes it possible for patrons to enjoy the sport and the social and intellectual
experience of proving that they are better handicappers than their friends or fellow spectators. Unlike lotteries or some casino games, the handicapping of races is a process that requires thought rather than random chance.

Because it offers legalized gambling racing is a very well regulated sport and industry; more so than virtually any other sport or gaming activity. These unique characteristics separate racing from other leisure activities, but these same characteristics eventually can serve to revitalize the sport. The key to racing, realizing its renaissance, will be whether or not it is allowed to compete fairly. The mission of the Association of Racing Commissioners International is to protect and uphold the integrity of the pari-mutuel sports of horse racing, dog racing and jai-alai through an informed membership, and by encouraging forceful and uniform regulation, and to promote the health and welfare of the industry through various programs and projects.

The organization develops model rules and standards, monitors the efficiency of drug testing laboratories, funds research on detection of new drugs, accredits stewards and judges, and maintains a database of rulings and license information containing a million and a half entries. Last year the RCI took the Winners Federation under its umbrella. The Federation deals with human substance abuse and problem gambling.

You've asked me to respond to a number of questions which I've done so in my prepared testimony, and in the interest of time I will not go into those here, but certainly I'm prepared...
to answer any other questions that you might have on that subject.

Pari-mutuel racing has been conducted in the United States under state authority and regulation for over 75 years. Over the years the states consistently have acted on the perceived need to closely regulate legal wagering and protect the public's interest in pari-mutuel sports. The actions of state legislatures and racing commissions have been predicated on the desire to: One, maintain the integrity of the events on which the public is allowed to wager; two, oversee the state's tax-related and economic interest in the wagering; three, ensure that license fees meet specific standards of qualification; and four, control any unlawful activities which may attempt to associate with the wagering aspects of the sport. These regulatory efforts have fostered the growth of racing as a sport. Licensing requirements in the racing industry are extensive. Virtually every person involved in the industry is licensed, and some -- many in fact -- are subject to background checks. Racing commissions, stewards, and judges issue about 20,000 rulings a year for violations, mostly minor ones. Jockeys and drivers and occasionally other participants are subject to random unannounced drug tests analyzed by independent laboratories.

Security is very intense. State rules and regulations also govern the care and condition of racing animals. The welfare of the animal is of utmost importance. State's impose a variety of requirements in an effort to ensure that animals are properly trained and physically sound when entered to
race. Animals are subject to post-race drug tests for prohibited and restricted substances.

States, through their racing commissions, have gone to extraordinary lengths to protect the integrity of the sport, both for fans and participants. There is extensive scrutiny of daily operations in racing by identifiers, state veterinarians, stewards, judges, state auditors, and commission staff. All wagers are tracked with a statistical analysis of patterns to detect the unusual. Because integrity is essential to the success of the pari-mutuel sports industry, it needs to be carefully but not over zealously regulated, and that has been performed well by individual racing commissions through a period of many years.

Thank you.

CHAIRPERSON JAMES: Thank you, Mr. Chamblin.