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

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

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

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

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

Pari-mutuel racing came to Iowa during the throws of one of the worst agricultural recessions in memory. The industry was seen as a catalyst to develop breeding industries and to create demand for agricultural products and services. Creation of jobs was another goal, for some communities experienced at that time the highest unemployment rates in the nation. The law required all licensees to be not-profit corporations. This insured that any profits would be reinvested in the facility or distributed as grants throughout the surrounding communities to qualified recipients under Internal Revenue Code Section 501C. The tracks were initially successful. They began to succumb to competitive pressures as the decade closed. Simulcasting was introduced as an additional form of entertainment and revenue source and remains very popular with patrons today, but it could not stem the downward spiral of the taxes and revenues. After much public discussion, polls showed public support for allowing
slot machines at racetracks. In April of 1994, the Iowa General Assembly passed a bill allowing certain electronic games at currently licensed racetracks. The Legislature chose to only allow slot machines in the traditional form, recognizing some reports that video gambling machines were one of the most addictive sources of gambling, and so our racetracks do not allow video poker, video blackjack.

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

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

Fourth, a portion of the tax revenue was dedicated
for the treatment of problem gamblers. This program generates
over $2 million annually for awareness literature, media
exposure, and counseling for problem gamblers. Our Commission,
as well, works closely with the Director of the Iowa Gamblers
Treatment Program by one, giving him a forum in our public
meetings to describe new programs being introduced; two,
requiring licensees to post materials in conspicuous locations of
their facilities, and to send employees to classes which help the
identify problem gamblers; and three, insuring that licensees
cooperate with the director in his efforts by having him report
to our commission at the annual license renewal hearings for our
licensees. The economic results for the racetracks in
Iowa have exceeded expectations. I've included a report from the
Director of the Breeders Registry showing the increase in
activity as a result of the increased purses. Our two greyhound
tracks now have purse structures ranking in the top 12 in the
nation. Our horse track is on a five-year plan steadily
increasing purses toward a similar ranking. I've included a
study by two Iowa State economics professors on the economic
contribution of the horse track to Central Iowa.

Due to the unexpected economic success of the
racetracks, the nonprofit corporation licensees have made
unprecedented contributions to qualified recipients in
surrounding communities. Since the introduction of slot machines
at the greyhound facilities in Iowa, the nonprofit licensees have
given over $20 in grants for schools, computers, scholarships, emergency rescue equipment, a new library, recreational facilities, vehicles to transport the children and the elderly, just to name a few. Another $70 million has been endowed in a foundation which will benefit Iowans for years to come. $25 to $30 million has gone to Central Iowa through contributions to Polk County from the Prairie Meadows Racetrack.

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

Thank you very much, Madam Chair.

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