

1 CHAIRPERSON JAMES: Mr. Chamblin.

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

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

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

24 According to a 1996 study the United State horse
25 racing industry has a \$34 billion economic impact. It involves
26 725,000 horses, supports nearly 500,000 full-time jobs, and there
27 are approximately 100,000 owners of race horses in this country
28 alone. Horse farms are a major part of the industry and

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1 contribute environmentally to the economy. Kentucky, my state,
2 has 1400 horse farms. The members of the ARCI also regulate
3 greyhound racing which according to a 1998 study has a national
4 economic impact of \$2.3 billion. In 1997 states received over
5 \$600 million in direct pari-mutuel taxes from the sports of horse
6 and greyhound racing and from jai-alai, and this does not include
7 taxes on such items as admissions, income or property.

8 In recent years states have shown a growing
9 understanding of racing's economic contribution, and in general
10 have substantially reduced pari-mutuel tax rates on racing. New
11 Jersey, for example, has eliminated its pari-mutuel tax.
12 Nationally states have trimmed tax rates by 47 percent during the
13 1990's. However, tracks remain as substantial tax generators for
14 many state treasuries. Today, of course, you will have the
15 opportunity to visit a wonderful race track, Del Mar, which
16 provides entertainment to hundreds of thousands each summer.
17 Unfortunately not every track is as successful as Del Mar. Yes,
18 we have economic problems in racing, and yes, some tracks have
19 gone out of business in recent years. But those tracks that have
20 been put in a position where they can compete on equitable terms
21 with other leisure activities are thriving. The same qualities
22 that made racing the nation's number one spectator sport during
23 the 1940's through the 1970's are still in place.

24 In the case of Thoroughbred racing the sport features
25 beautiful and graceful thousand pound athletes ridden in heavy
26 traffic by 110-pound jockeys at speeds approaching 35 to 40 miles
27 an hour. Legalized gambling on racing makes it possible for
28 patrons to enjoy the sport and the social and intellectual

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1 experience of proving that they are better handicappers than
2 their friends or fellow spectators. Unlike lotteries or some
3 casino games, the handicapping of races is a process that
4 requires thought rather than random chance.

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

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

25 You've asked me to respond to a number of questions
26 which I've done so in my prepared testimony, and in the interest
27 of time I will not go into those here, but certainly I'm prepared

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1 to answer any other questions that you might have on that
2 subject.

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

23 Security is very intense. State rules and
24 regulations also govern the care and condition of racing animals.
25 The welfare of the animal is of utmost importance. State's
26 impose a variety of requirements in an effort to ensure that
27 animals are properly trained and physically sound when entered to

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1 race. Animals are subject to post-race drug tests for prohibited
2 and restricted substances.

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

14 Thank you.

15 CHAIRPERSON JAMES: Thank you, Mr. Chamblin.

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