

1 CHAIRPERSON JAMES: Mr. Foreman

2 MR. FOREMAN: Good morning, Madam Chair, members of
3 the Commission. My name is Alan Foreman. I am Chairman and
4 Chief Executive Officer of Thoroughbred Horsemen's Associations,
5 Incorporated, which is located in Columbia, Maryland, and I
6 welcome any questions about Maryland politics, having listened to
7 the previous panel.

8 Madam Chair, I'm going to take you up on your
9 admonishment to depart from our prepared testimony. One of the,
10 I guess, advantages or disadvantages of being a fifth or sixth
11 speaker is that the previous speakers may say what you were going
12 to say. They may touch on issues you were going to touch on. I
13 was extremely impressed with the briefing that you received. I
14 thought that it was a tremendous and fair examination of the
15 pari-mutuel industry, and I compliment Mr. Seay for that
16 presentation. And the speakers seemed to all be hitting a
17 recurrent theme about racing, and I don't want to be repetitive.
18 So I would like to, if I could, with my remarks place from an
19 economic impact standpoint what we're all really talking about
20 here this morning.

21 The key issue for the racing industry, and in
22 particular the people that I represent is "handle". Handle is
23 the dollars that are bet at the racetrack by the public. Because
24 it's the handle that gets divided between state government,
25 between the racetracks, among a number of other parties, but
26 primarily that money goes to fund purses. And purses are the
27 dollars that are paid to the horse owners who own the horses.
28 And those dollars that are bet at the racetrack, and that portion

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com

1 that goes to purses, funds a vast network of people who support
2 the animal and who, quite frankly, support this industry. They
3 are the economic engine of this business. You will take a tour
4 this afternoon of Del Mar, and you will see what's called the
5 front side of the racetrack. It's the stadium facility itself.
6 What you probably will not see is the area called the back
7 stretch. The back stretch is where the people who own the horses
8 keep their horses; where the trainer trains the horses; where the
9 hot-walkers and the grooms care and prepare the horses to race;
10 where the veterinarian provides medical care for the horse; where
11 the farrier works on the shoes of the horse; where the feed
12 companies bring the feed into the racetrack; where the van
13 companies van people -- horses back and forth; where the tax
14 supplier operate. There are tens of thousands of people at
15 racetracks throughout this country who work on the back stretch
16 and the farms preparing these animals to race at racetracks
17 throughout the country everyday. And 365 days a year from well
18 before dawn and till after dusk this network of people work in
19 this industry to prepare these horses to race. They don't know
20 what a day off is. They love this business. They work hard, and
21 they are an economic engine that helps to make this industry
22 work.

23 Racing is also a community. Racing, unlike any other
24 industry, takes care of its own people. It provides jobs for
25 many people who would not be employable elsewhere. Horsemen
26 cover the social and economic strata of this country at every
27 level. The racing industry through purses provide medical,
28 health, welfare programs, championcy programs, drug and alcohol

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com

1 abuse programs, scholarships, educational programs. You name it,
2 we do it. We spend tens of millions of dollars a year to care
3 for the people who work in this industry, which is why it is so
4 important. There is not a community in this country, I don't
5 believe, that doesn't have someone who lives in that community
6 who works in the racing industry. There are whole communities in
7 this country, from rural areas to regions that support the racing
8 industry. And what makes it work, as I said, is the dollar
9 that's bet across the street at the racetrack, because it's that
10 portion of the dollar that goes into purses that provides the
11 money for the owner to pay the trainer, to pay the back stretch
12 people, to make this whole economic engine work.

13 And when you talk about the number of the -- the
14 various issues that were talked about at the previous panel and
15 that you're concerned about, whether it's simulcasting, whether
16 it's account wagering, whether it's off-track wagering, or
17 whether it's alternative gaming, they all come back to the same
18 place, and that's handle and purses. We went through a period in
19 this industry in the 1970's -- you know, prior to the 1970's
20 racing had a monopoly on other forms of wagering in this country,
21 other than, of course, gaming in Atlantic City and then in Las
22 Vegas. And when our partner state governments decided to go into
23 the gaming business through lotteries and other forms of gaming,
24 it became our competitor, and the dollar that's taken away from
25 racing is a dollar that's taken away from this vast network of
26 people that I've described. So with the advent of lotteries and
27 other forms of gaming and competition, those were dollars that

NEAL R. GROSSCOURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 were taken away from racing. And racing was, quite frankly, slow
2 to respond to those changes.

3 We also were buffeted by the explosion of
4 professional sports in this country. Other forms of gaming, and
5 a generational change where the younger generation wanted to
6 embrace faster forms of entertainment. Racing did respond to
7 that, for example, with simulcasting which has enabled us to
8 provide racing programs where the public has more activity. They
9 certainly can wager more dollars. It has been good for racing
10 from the standpoint that it has provided more money for handle,
11 and more money for purses. Off-track Betting facilities have
12 also had a positive impact on racing. They are tastefully done
13 facilities. They are located in communities that want them.
14 They have allowed us to take our business out into the
15 marketplace, and they have allowed us to complete. It has
16 provided, again, additional dollars to supplement purses and
17 provide money for that vast network of people.

18 With respect to alternative forms of gaming. There
19 is no consensus in the racing industry, quite frankly, with
20 respect to whether or not alternative forms of gaming are good or
21 bad. It is something that competitive forces dictate. Those
22 tracks in states that have embraced alternative forms of gaming
23 have done so in order, quite frankly, to save an industry that
24 was extremely distressed. Tracks in those states that have been
25 permitted to add slot machines or video terminals have generated
26 revenues in order to remain in business. Permitting gaming at
27 those facilities has made sense provided they were located solely
28 at the racetracks. Racetracks are strictly regulated. They are

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com

1 also controlled businesses with a proven record of responsible
2 operations in a gaming environment. Alternative forms of gaming
3 work for racing if those revenues are to be devoted primarily
4 towards racing, and that is towards purses.

5 In closing, Madam Chair, I would again like to
6 emphasize the importance of handle and purses to the racing
7 industry and the critical nature that it has with respect to the
8 horsemen and the people who are the economic engine of this
9 industry.

10 Thank you.

11 CHAIRPERSON JAMES: Thank you, Mr. Foreman.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com