

HB

356

"An Act creating the Alaska Horse Racing Commission and authorizing pari-mutuel wagering at sanctioned events."

COMMITTEE REPORT

HOUSE

4/21/75

Mr. Speaker:

Date 5/7/75

The Committee on JUDICIARY has had HB 356

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR HB 356 AND THAT

CS FOR HB 356 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends:
<u>[Signature]</u>	recommends: <u>No rec</u>
_____	recommends:
_____	recommends:
_____	recommends:

[Signature] Chairman

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 356 wagering at sanctioned events.
 Title: An Act creating the Alaska Horce Racing Commission and authorizing peri-mutuel
 Requested by: House Judiciary Committee Date: _____
 Return Date Requested: ASAP
 Agency: _____ Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	1,000	5,000	9,000	12,000	22,000	31,800
200 TRAVEL	300	1,000	2,500	2,500	3,250	5,600
300 CONTRACTUAL	500	1,000	1,500	2,000	2,500	2,800
400 COMMODITIES	75	300	1,000	1,200	1,450	2,500
500 EQUIPMENT	800	200	800	3,600	4,500	3,000
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			14,800			
TOTAL	2,675	7,500	29,600	21,300	33,700	45,700

B. FUNDING: (Thousands of dollars)

GENERAL FUND	2,675					
FEDERAL FUNDS						
OTHER	0	10,500	36,500	70,000	105,000	140,000

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Preparation of fiscal impact of HB 365 prepared by the Alaska State Fair, Inc., Palmer, Alaska (Mr. John Hale, Mgr.) in conjunction with the local Horseman's Assoc. See 3 page narrative for clear explanation for need of general funds (only for FY-75). Anticipated receipts after the start of peri-mutual should carry expences as projections are stated in attachment.

IV. ATTACHMENTS

Analyses (3 pages)

V. DATE: May 7, 1975

PREPARED BY: F.S. Honsinger

F.S. Honsinger
Acting Director, Division of Agric.

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

III ANALYSIS

A recent consultation with the State of Montana regarding funding required for the establishment of a Pari-Mutuel Department in the State Racing Commission revealed that in the initial stages of development a great deal of the personal services travel, contractual, commodities and equipment expenses were done on a volunteer or semi-volunteer basis.

The fiscal detail as listed in the attached fiscal note were read to the the Director of Racing in the State of Montana and he felt that the expenses were excessive. However, in order to paint the darkest picture, we have let the expenditures stand as originally developed.

During fiscal 1975 there is no opportunity for the Racing Commission to derive any revenues. However, starting in 1976 revenues will be available from the Pari-Mutuel handle and licensing fees.

The key person in the establishing of the Racing Commission will be the State Steward. He must be knowledgeable in the field of horse breeding and horse racing. He must serve as his own secretary-clerk until funds become available through Pari-Mutuel revenues

In 1975 his main task is to prepare the Racing Commission Rules and Regulations, which the Racing Commission should review and approve.

The Racing Commission itself should not have a great deal of actual work to perform. Its role is that of an advisory board to guide the State Steward who is the professional employee of the State.

Therefore, in fiscal 1975 we have assumed that the State Steward will function for a period of one month, that the Racing Commission will meet for a two day period and that an Electric Typewriter will be purchased to put the "office" in operation.

In 1976 we assume that the State Steward will be working for a period of five months. The Commissioners will meet for a total of 4 days and a Thousand Dollars (\$1,000.00) is placed in the travel budget to cover Commission travel and permit the State Steward one trip to the Outside.

In fiscal 1977, as the racing program grows in the State, we have projected a 9 month employment period for the State Steward. We have allowed for 6 days of Commission meetings and increased the travel budget to allow the Steward to make two outside trips and provide for travel expenses for experts from the lower 48 to visit Alaska.

In 1978, we have placed a State Steward in a full time job, kept the same travel budget as 1977 increased Commission expenses in the 300 category to allow for extensive evaluation of the Pari-Mutuel Program and provided \$3,600.00 for office equipment which we feel will be required at this time.

In fiscal 1979, the State Steward has a salary increase which would cost the State \$14,500.00 a year and he has assigned to him a part

III Cont'd

time clerk, budgeted at \$7,500.00. Travel has been increased to \$3,250.00, Commission increased to \$2,500.00 and equipment expenses to \$4,500.00 to allow for aquisition of electronic office equipment and filing system.

In fiscal 1980, the State Steward is budgeted at \$17,800.00 with an Assistant at \$14,000.00. Travel has been increased to \$5,600.00 as it is felt at this stage in Alaskas Pari-Mutuel program more complex and exotic machinery and tecniques must be examined and studied by the Commission. Equipment expenses have been lowered as the Race Tracks themselves by this time will have developed much of the machinery for the operation of the accounting of the State Pari-Mutuel Program.

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B FUNDING

Regarding the funding of the Pari-Mutuel System, it has been pointed out that there is no income from the State racing Program in 1975, since the Program does not start until fiscal 1976. This would indicate that \$2,675.00 might be required from State Funds to get the Racing Commission started. If there is any objection to this, the Alaska State Fair, Inc. located at mile 40 on the Glenn Highway, has indicated that it would underwrite the initial expenses of the Commission with the understanding that advance monies would be credited to them on future licensing fees.

In fiscal, 1976, if Pari-Mutuel wagering is authorized and a Racing Commission is established before June 30th, it is estimated that 5 days of racing can be held at the Alaska State FAir Track located at Mile 40 on the Glenn Highway. An extremely modest projection of 500 customers per day would give a total attendance of 2,500 people. Based on the formula generally accepted by experts in the Pari-Mutuel field it can be expected that these 2,500 people will create a total handle of \$150,000.00. Based on the 5% that is payable to the State, it is apparent that \$7,500.00 will go into State funds. An additional \$3,000.00 can be anticipated from license fees and other minor sources of Commission revenue.

In fiscal 1977, the second year of racing, it is practical to assume that a 14 day program can be provided at the Alaska State FAir, Inc. racetrack located at mile 40 on the Glenn Highway. It could be further be assumed that another racetrack in the State could provide a three (3) day week-end program. However, in order to paint the worst picture the revenues have not been counted. During a 14 day program, it can be assumed that the average attendance a day will be 750 persons for a total of 10,500 bettors. Again assuming the formula of \$60.00 per person it is apparent that the Pari-Mutuel handle will be \$630,000.00. The State share of 5% will total \$31,500.00 and miscellaneous license fees of \$5000.00 will make the total revenue derived from the 1977 season be equal to \$36,500.00.

FUNDING cont'd

In fiscal 1978, again assuming that only one track will be in operation in the state, it is anticipated that a 20 day program will be in operation at Alaska State Fair, Inc. Racetrack at Mile 40 on the Glenn Highway. Due to population increase in the metropolitan Anchorage area and the increased need for recreational outlets at this time, it is felt that the average daily attendance with a 20 day race meet can be logically set at 1000 people. Total attendance for the season would be 20,000 and the total handle would be \$1,200,000.00. The 5% payable to the State would be \$60,000.00 and miscellaneous license fees should increase this by \$10,000.00 for a grand total of \$70,000.00.

In fiscal 1979, it is assumed that at least one other racetrack will be in operation in the State of Alaska, probably in the Southeast. If this is so the annual attendance at these racetracks can easily be assumed to be 30,000 people. The pari-mutuel handle would be \$1,800,000.00 and the States share of these revenues would be \$90,000.00. Miscellaneous license fees and other sources of revenue would increase this by \$15,000.00 making the total revenues to the State \$105,000.00.

In fiscal 1980, it is anticipated that a full 30 day program will be instituted at the Alaska State Fair, Inc. racetrack at Mile 40 on the Glenn Highway and that 10 additional days of racing will be available elsewhere in the state. The total attendance at these events is estimated at 40,000 people for a pari-mutuel handle of \$2,400,000.00. The revenues available to the State would be \$120,000.00 with additional revenues of \$20,000.00 for a total of \$140,000.00.

Again referring to the situation in Montana, the creation of a Racing Commission requires the participation and dedication of men and women committed to the improvement and development of the breed. Without this type of person there will never be a successful Racing program in the State of Alaska. In the particular case of our State we are most fortunate in having a race track equipped with modern electric starting gates and electronic photo-finish equipment. The horse people in the State of Alaska have indicated their willingness to donate time and money in the development of a first class horse racing program for the State of Alaska. If there is any reluctance of the State of Alaska to provide initial seed money to establish a Racing Program in the State of Alaska it is almost certain that the various Horse groups in the State would supply private funding in the initial stages.

Without a racing program in the State of Alaska, there will never be a serious Horse Breeding industry.

House Judiciary Committee
April 23, 1975
page 2

SB 59 Juvenile names

Pat Wellington stated that the Department of Public Safety can support the bill but would like it to go further. He stated that the courts and probation felt that the bill would hinder treatment.

Mr. Brown moved CS SB 59 out of committee. There being no objection, it was so ordered.

HB 356 Pari mutuel betting

Mr. Specking stated that he wanted the penalty section tightened.

The committee discussed the possibility of whether "Alaska bred" definition on page 5 was too restrictive. The suggestion was made to leave out "conceived in Alaska." Mr. Parr stated that he was not opposed to legalizing betting but did not think that the bill's main purpose was to promote horse breeding. Mr. Cotton said that he favored the bill because it would promote agriculture.

Mr. Gardiner moved on page 4, line 24: to delete (8) and renumber (9) to (8) and in (6) to change 1% to 2%.
The amendment passed.

page 3, line 5: (7) the committee considered whether or not they wanted a commission with police powers. If the commission is weak, who will police the industry? Mr. Specking requested an AG and Public Safety opinion on how strong they felt the commission should be. Other considerations: stronger penalties, intent section (expect commission to promote?), composition of board. These would be researched and the bill would be considered again.

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House Judiciary Committee
April 28, 1975

page 2

HB 356 Pari-mutuel betting

In response to a request from Mr. Specking for stiffer penalties, Mr. Walker stated that the penalty should fit the crime and relate to those penalties for other crimes. Mr. Specking responded by stating that Mr. Solerno had suggested a strong approach to any illegal activities outside the area of those to be legalized. Mr. Gardiner suggested that the Commission should be strong rather than setting penalties at the felony level.

Rob Johnson of the Attorney General's Office stated that the language in the proposed CS was overly broad. Mr. Specking stated that he felt that this was a protection against organized crime and since it was current law in the State of Virginia, there probably was a good reason for the broad scope. Mr. Johnson stated that page 3, lines 1 and 2 were inconsistent with page 7, lines 12 and 13.

The committee discussed the possibility of legal off track betting. It would require a communications network and might keep people from attending the fair.

Mr. Brown suggested that standards for the committee be defined in statute.

Mr. Bradley requested that the AG study the bill and comment and that he would like the opinion of the Department of Public Safety on the bill.

The committee discussed the possibility of adding to the proposed purpose clause (encourage agriculture) language to the effect that it legalized gambling. They also considered a statement of intent that the operation would be self supporting. They questioned the formula of allocation, and requested a fiscal note. They also requested that the Department of Revenue consider the possibility of taxation. Mr. Brown suggested that Mr. Walker consider stronger penalties for second and subsequent violations.

House Judiciary Committee
May 2, 1975

The meeting was called to order by Chairman Gardiner at 1:30 p.m.
Mr. Parr, Eliason, and Brown were absent.

HJR 10 Inherent Rights

Clark Gruening, sponsor of the bill, testified that he favored the House State Affairs CS since the intent of the bill was not changed. He stated that 14 other states have added similar language to their constitutions. The language "consistent with the public interest" allows for economic development as does the language "to the maximum degree possible." The committee asked if "maximum degree possible" could be used as a judicial standard. Mr. Gruening replied that it was less than "humanly possible."

Mr. Cotton moved the State Affairs CS for HJR 10 out of committee. There being no objection, it was so ordered.

HB 356 Pari mutuel betting

The following changes were explained in the proposed Judiciary CS:

Commissioners shall only be residents and registered voters. Commission shall be made up of representatives of the fair, breeders, and the public

page 3, line 9 and 10: delete (10) and renumber)

page 3, line 19 and 20: delete all

page 3, line 25: change state treasurer to Commissioner of Revenue

page 5, line 1: change to sec. 140 add (a)

page 5, line 5: add: the breach of which does not affect or could not reasonably be expected to affect the outcome of the race.

page 5, line 12: add (b) non compliance with any regulation which does affect the outcome of the contest is a felony and punishable by a fine of not more than \$5,000 or by imprisonment for not more than five years, or both.

page 5, line 14 change to sec. 150

page 5, line 17: delete "after being conceived in Alaska"

page 6, line 5: change to Sec 160

add section including commission under conflict of interest.

Mr. Bradley moved Judiciary CS for HB 356 out of committee.

W O R K D R A F T

Original sponsor: Ose, Buchholdt,
Cotten, et al

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 356

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Horse Racing Commission and
7 authorizing pari-mutuel wagering at sanctioned events."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 05 is amended by adding a new chapter to read:

10 CHAPTER 40. HORSE RACING.

11 ARTICLE 1. ALASKA HORSE RACING COMMISSION.

12 Sec. 05.40.010. ALASKA HORSE RACING COMMISSION. The Alaska Horse
13 Racing Commission is created. The commission shall be composed of five
14 members appointed by the governor. Each commissioner shall at the time
15 of his appointment have resided in the state for the preceeding five
16 years and be a registered voter. Initially, one member shall be a
17 member of the board of directors of a state agricultural or industrial
18 fair, two shall be breeders or owners of race horses, and two shall be
19 representatives of the public. The successor to the initial member who
20 was a member of the board of directors of a state fair shall be a member
21 of the board of directors of a state agricultural or industrial fair
22 with a pari-mutuel system. The commission shall elect a chairman from
23 its membership.

24 Sec. 05.40.020. TERM OF OFFICE. The governor shall make the
25 initial appointments to the commission within 30 days after the effec-
26 tive date of this Act; two for a term to expire on January 1, 1976, two
27 to expire on January 1, 1977, and one for a term to expire January 1,
28 1978. Thereafter appointments shall be for a term of three years.

29 Vacancies shall be filled by appointments for the unexpired term. Com-

1 missioners shall hold their offices until their successors are appointed
2 and qualified.

3 Sec. 05.40.030. REMOVAL FROM OFFICE. The governor may remove a
4 board member for cause, after first giving him notice of the charges
5 against him and an opportunity to be heard.

6 Sec. 05.40.040. COMPENSATION AND PER DIEM. Members of the commis-
7 sion receive no salary for their service on the commission but are
8 entitled to per diem and travel expenses authorized by law for boards
9 and commissions.

10 Sec. 05.40.050. QUORUM. Three members of the commission consti-
11 tute a quorum for the transaction of business.

12 Sec. 05.40.060. JURISDICTION. Jurisdiction of the commiss_on
13 extends to any person conducting, or participating in the conduct of, a
14 meeting where horse racing is permitted for any stake, purse, or reward.

15 Sec. 05.40.070. POWERS OF THE COMMISSION. The commission is em-
16 powered to:

- 17 (1) grant, refuse and revoke licenses;
- 18 (2) make regulations for the holding, conducting and operating
19 of all race meets and races held in the state and to fix and set racing
20 dates;
- 21 (3) make an annual report to the governor of its administra-
22 tion of the racing laws;
- 23 (4) require of each applicant for a license, the full name
24 of the person, association or corporation applying, and if the applicant
25 is a corporation or an association, the name of the state in which incor-
26 porated, the nationality, and residence of the members of the association
27 and the names of the stockholders and directors of the corporation;
- 28 (5) require on each application a statement under oath that
29 the information contained in the application is true;

1 (6) personally, or by agents and representatives, supervise
2 and check the making of pari-mutuel pools and the distribution from them;

3 (7) cause the various places where race meets are held to be
4 visited and inspected at reasonable intervals;

5 (8) regulate rates charged by the licensee for admission to
6 races, or for the performance of any service, or for the sale of any
7 article on the premises of the licensee;

8 (9) approve all proposed extensions, additions or improvements
9 to the buildings, stables or tracks upon property owned or leased by a
10 licensee and require the removal of an employee or official employed by
11 the licensee;

12 (10) completely supervise and control the pari-mutuel machines
13 and equipment at all races held or operated by the state or a state
14 agency or commission;

15 (11) approve all contracts and agreements for the payment of
16 money and all salaries, fees and compensations by any licensee;

17 (12) regulate the size of the purse, stake or reward to be
18 offered for the conducting of a race;

19 (13) exclude, or compel the exclusion, from any and all race
20 courses, any person whom the commission considers detrimental to the
21 best interests of racing or a person who wilfully violates the racing
22 laws or a regulation or order of the commission or a law of the United
23 States or of this state;

24 (14) compel the production of all documents showing the
25 receipts and disbursements of a licensee and to determine the manner in
26 which these financial records shall be kept;

27 (15) investigate the operations of any licensee and to place
28 attendants and other persons that may be necessary in the offices, on
29 the tracks or in places of business of a licensee; and

1 (16) summon witnesses, books, papers, documents or tangible
2 things and to administer oaths for the effectual discharge of the com-
3 mission's duties.

4 (17) appoint a hearing officer to conduct any hearing
5 required by this chapter or a regulation promulgated under this chapter.

6 Sec. 05.40.080. REGULATIONS OF THE COMMISSION. (a) The regula-
7 tions adopted by the commission have the force of law. The attorney
8 general shall enforce the regulations.

9 (b) The commission shall make reasonable regulations for the
10 control, supervision, identification, and direction of applicants and
11 licensees, including regulations providing for the supervising, dis-
12 ciplining, suspending, fining, and barring from racing of all persons
13 required to be licensed by this chapter and for the holding, conducting,
14 and operating of all races, race meets, and race tracks conducted under
15 this chapter. It shall announce the place, time, number of races per
16 day, and duration of race meets, for which license fees shall be exacted.

17 (c) Every person holding a license under this chapter and every
18 owner or trainer of any horse or other animal licensed to enter any
19 racing contest under this chapter shall comply with all regulations and
20 all orders issued by the commission. No person may work on the premises
21 of a racetrack without first obtaining from the commission a license for
22 the activity. This licensing requirement does not apply to the members
23 of the commission or its employees or to persons whose only participation
24 is individually as spectator or bettor. The fees for the license shall
25 be fixed by the commission. No person may hold any race meet with pari-
26 mutuel wagering without obtaining a license.

27 (d) The commission may deny, suspend, or revoke any license issued
28 under this chapter after a hearing. The commission may delegate author-
29 ity for these hearings, with right of appeal to the commission and may

1 appoint a hearing officer to conduct hearings. The commission shall
2 have the authority to summarily suspend a license for fourteen days
3 pending a hearing if the continuation of the license may be detrimental
4 to the best interests of racing. Grounds for the denial, suspension, or
5 revocation shall include, but not be limited to, moral turpitude, any
6 violation of this chapter or regulations promulgated under this chapter,
7 false or fraudulent statement in application for such license, or conduct
8 detrimental to racing. The laws of this state and the regulations
9 promulgated under this chapter shall be enforced by all licensees
10 conducting race meets, their officials, and their employees in accordance
11 with this chapter and shall also be enforced by the commission, its
12 officials, and its employees.

13 (e) In carrying out the provisions of this chapter, the commission,
14 or hearing officer may subpoena witnesses and compel their attendance
15 and may also require the production of books, papers, memoranda, or
16 other things relevant to the subject matter of the hearing in any case
17 involving the revocation or suspension of license or involving disci-
18 plinary action. Any member of the commission, or the hearing officer
19 may administer oaths or affirmations to witnesses appearing before the
20 commission, board of stewards or judges, or hearing officer.

21 (f) If any person refuses to obey a subpoena issued under (e) of
22 this section or refuses to testify or produce books, papers, or documents
23 the commission may apply to the superior court, setting forth the facts,
24 and the court shall, in a proper case, issue its subpoena to the person,
25 requiring his attendance before the court to testify or to produce
26 books, papers, or documents as may be considered pertinent or necessary
27 by the commission. Any person failing or refusing to obey the subpoena
28 or order of the court may be proceeded against in the same manner as for
29 refusal to obey any other order or subpoena of the court.

1 Sec. 05.40.090. RECORDS OF THE COMMISSION. The commission shall
2 keep detailed records of all meetings and of the business transacted and
3 of all collections and disbursements, reports of which shall be embodied
4 in an annual report which the commission shall prepare and submit to the
5 state treasurer before January 1. All records of the commission shall
6 be public records and as such subject to the public inspection.

7 ARTICLE 2. LICENSING.

8 Sec. 05.40.100. ELIGIBILITY FOR A LICENSE. The commission shall
9 license only nonprofit race meets held on commission sanctioned race
10 courses, located on recognized state fair grounds. No meet may be
11 licensed unless the applicants qualify for state funding under AS 03.20.-
12 020. No person shall be qualified to be licensed under this section if
13 he:

14 (1) has been convicted in any jurisdiction of an offense which
15 would be a felony under the laws of this state, unless sufficient evi-
16 dence of rehabilitation has been presented to the racing commission;

17 (2) has been guilty of or attempted any fraud or misrepresen-
18 tation in connection with racing, breeding or otherwise, unless sufficient
19 proof of rehabilitation has been presented to the racing commission;

20 (3) has violated or attempted to violate any law or regulation
21 with respect to racing in any jurisdiction, unless sufficient proof of
22 rehabilitation has been presented to the racing commission;

23 (4) has consorted or associated with bookmakers, touts or
24 persons of similar pursuits, unless sufficient proof of rehabilitation
25 has been presented to the racing commission;

26 (5) is consorting or associating with bookmakers, touts or
27 persons of similar pursuits;

28 (6) is financially irresponsible; or

29 (7) is a past or present member of or participant in organized

1 crime as such membership or participation may be found or determined by
2 the racing commission.

3 Sec. 05.40.120. DISTRIBUTION OF GROSS RECEIPTS. The mutuel pool
4 shall be distributed as follows:

5 (1) five per cent shall be retained by the licensee;

6 (2) breakage shall be retained by the licensee;

7 (3) in the event a governmental agency imposes a special
8 tax on a licensee by levying on the money deposited in the pari-mutuel
9 system the licensee may withhold the amount of the tax;

10 (4) five per cent shall be allocated as purse money;

11 (A) the formula for distribution of purse money shall be
12 determined by agreement between an organization representing the
13 horsemen and the licensee;

14 (B) the agreement shall be subject to the approval of
15 the commission;

16 (5) one per cent shall be paid to the incorporated city
17 nearest the meet;

18 (6) two per cent shall be paid to the owners of Alaska bred
19 horses finishing first, second, third and fourth in accordance with a
20 formula promulgated by the commission before commencement of each meet;

21 (7) five per cent shall be paid to the commission;

22 (8) the remainder shall be paid to the holders of tickets on
23 the winning horses.

24 ARTICLE 4. PROHIBITED ACTS AND PENALTIES.

25 Sec. 05.40.130. PROHIBITED ACTS AND PENALTIES. It is a misde-
26 meanor punishable by a fine of not more than \$1,000, or by imprisonment
27 for not more than one year, or by both to

28 (1) breach or fail to comply with a regulation of the com-
29 mission or term of this chapter;

1 (2) record, report or register a wager on a horse in a horse
2 race unless under the terms of this chapter;

3 (3) place a bet upon the results of a horse race except by a
4 pari-mutuel method of wagering conducted by a person licensed under this
5 chapter, and upon the grounds or inclosure of the licensee;

6 (4) permit a person under the age of 18 to use the pari-
7 mutuel system.

8 ARTICLE 5. ADMINISTRATIVE PROCEDURE ACT.

9 Sec. 05.40.140. APPLICABILITY OF THE ADMINISTRATIVE PROCEDURE ACT.
10 The commission shall comply with the Administrative Procedure Act
11 (AS 44.62).

12 ARTICLE 6. DEFINITIONS.

13 Sec. 05.40.150. DEFINITIONS. In this chapter, unless the context
14 otherwise requires,

15 (1) "Alaska-bred horse" means a foal dropped by a mare in
16 Alaska after being conceived in Alaska and remaining in Alaska until the
17 foal is weaned;

18 (2) "breakage" means the odd cents by which the amount payable
19 on each dollar wagered exceeds a multiple of 10 cents; breakage may not
20 exceed 20 per cent of the total amount deposited in the pool;

21 (3) "commission" means the Alaska Horse Racing Commission;

22 (4) "meeting" means an exhibition of thoroughbred, quarter
23 horse, appaloosa, arabian, standardbred, purebred, or registered horse
24 racing where the pari-mutuel system is used;

25 (5) "pari-mutuel" means a form of wagering on the outcome of
26 horse races in which those who wager purchase tickets of various denom-
27 inations on a horse and all wagers for each race are pooled and held by
28 the commission for distribution; when the outcome of the race has been
29 decided, the commission distributes the percentage of the total wagers

1 determined by sec. 120 of this chapter to holders of tickets on the
2 winning horses.
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TELEGRAM

NCA ALASKA COMMUNICATIONS, INC.

PHONE: 585-6440

JUNEAU ALASKA 99801

1975 APR 28 PM 12 15

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02011 NL TDA PALMER ALASKA 113 04-28 930A ADT

PMS REP TERRY GARDENER

JUN 28 1975

WE URGE YOUR SUPPORT ON HB356 TO ESTABLISH AN ALASKA
HORSERACING COMMISSION.

PREMUS, ED AND THERESA PREMUS, PHIL PHINGSTAD, BOB AND GLADYS
SWIFT, JIM AND LORRAINE MCPHERSON, HAROLD AND BONITA STRONG,
MARVIN SLOUGHTER, BOB AND BARBARA ROSS, BOB AND PAM SWIFT,
MILES AND DONNA FRANCE, PALMER CHAMBER OF COMMERCE--PALMER
-- JOHN HALE, RAY AND ROSALIE WHITE,--WILLOW-- RICK AND LOLA
ELLIS, JIM AND DANA RICHMAN,--CHUGIAK-- DENNIS AND EVELYN
CLARK--TALKEETNA-- JINX AND MARILYN COSTER, ROCKY KEENE,
JIM SOUBY, AL AND TINA MAINEY, BONNIE FRANCE --ANCHORAGE--
CLIFF AND WANDA MARCUS, CURT AND CAROLYN ANDERSON, LEN AND
MARSHA MELTON, LEO AND JYD KAMMERMAYER, BOB AND LOIS MUMFORD,
VERN AND KAREN FRANCE, JIM AND MARYANN HERMON, CECIL AND MARION

Gambling: A New Plan

By TOM SEPPY
AP Sports Writer

BOSTON (AP)—Legalized sports wagering never could compete with its illicit counterpart unless income tax laws are changed to exempt winnings, the National Gambling Commission has been told.

Charles Rogovin, a private consultant on the problems of organized crime and former head of the federal government's Law Enforcement Assistance Administration, told the commission Thursday he favored legalization of all gambling, including betting on sports such as baseball, basketball and football.

Rogovin said, however, "The government cannot compete with illegal gambling on the tax issue alone."

He told the commission, which ends three days of hearings in Boston today, that state governments would have to delay gaining new revenues until its illegal competitors are knocked out of business, which could only happen if they offered equal services.

"Today, wagers can be made upon any sporting contest so long as the illegal operators have definitive odds available," he said. "The government would have to offer the same range of services."

"While government operations would not be inexpensive, I do not doubt that it can compete with illegal enterprise in terms of offering equal or higher rates or returns to betters; especially since that portion of illegal operators' overhead which currently must be expended for the corruption of law enforcement would not be a necessary cost to government."

Commission chairman Charles Morin and Rogovin disagreed at one point when Morin said he believed that Americans would prefer to bet with a legal bookmaker over an illegal one, without the tax break.

"I think it could be we're selling the American people short," said Morin, a Washington attorney who has raised the issue previously in the hearings.

Rogovin said the bettor might prefer to bet legally if the parlor was next door to his home, but he most likely would place a bet with the illegal bookie if he believed that the federal government would not learn that he had won and force him to pay tax on the winnings.

The Commission on the Review of National Policy Toward Gambling, the panel's formal name, heard testimony Thursday from police representatives urging legalization of all forms of gambling, Massachusetts state officials who said legalize all but sports gambling.

Boston police commissioner Robert J. diGrazia and the International Brotherhood of Police Officers urged legalization of gambling because, they said, current laws are unenforceable.

Citing the hypocrisy of law enforcement efforts, diGrazia said gambling was made criminal because some people wanted to impose their standards of morality on everybody else.

Sports Gambling Cited In Boston

By TOM SEPPY

BOSTON (AP)—Illegal sports wagering, particularly on sports events, provides a major source of income for organized crime in the Northeastern part of the country, federal officials have told the National Gambling Commission.

James Newpher, head of the FBI's Boston office, estimated that at least \$2 billion is generated annually by illegal betting on sports events, horses and numbers in Massachusetts alone. He said organized crime makes a minimum of \$166.5 million in profit each year from its Massachusetts operation, with the largest dollar volume coming from sports gambling.

Witnesses before the Gambling Commission Wednesday generally opposed the legalization of sports betting but one, Massachusetts Treasurer Robert Q. Crane, advocated it vigorously because, he said, it could provide new, needed revenues for the state.

Crane called on the federal government to take every action in its power, including a thorough review of federal taxes now imposed on legal gambling, to facilitate the operation of gambling by those states which wish to do so.

Gallery

Softball

Softball Association is meeting Monday in room 111. Managers and those who are not on a team are invited.

Local teams in the league. A bylaw has been set for new teams.

Tourney

Golden Gloves and Junior Golden Gloves will be held Saturday at the City Center gym, 6th and "G" streets, 7 p.m. and over 20 bouts will be held.

Registration for boxers age 16 to 35 is open.

Massachusetts Attorney General Francis X. Bellotti said he could support legislation for off-track betting in the state to gain increased revenues but not wagering on sports events such as baseball, basketball, hockey and football.

"Some people have argued that people gamble illegally anyway, so why not legalize sports betting, regulate the betting," said Bellotti.

"It could be regulated and tax revenue would be increased."

"I would feel very frustrated if we had to legalize any form of gambling because we had given up on the attempt to enforce the laws," said Bellotti.

HORSE RACING IN THE UNITED STATES

1973



Prepared by

THE NATIONAL ASSOCIATION OF STATE RACING COMMISSIONERS

P.O. Box 4216

Lexington, Kentucky 40504

Price Per Copy \$5.00

RACING REVENUE TO STATES BY YEARS (for the U.S.)

1973 533,500,015	1963 316,570,791	1953 167,426,465	1943 38,194,727
1972 505,904,550	1962 287,930,030	1952 142,489,696	1942 22,005,278
1971 508,338,417	1961 264,853,077	1951 117,250,564	1941 21,128,173
1970 486,403,097	1960 258,039,385	1950 98,366,167	1940 16,145,182
1969 461,498,886	1959 243,388,655	1949 95,327,053	1939 10,369,807
1968 426,856,448	1958 222,049,651	1948 95,803,364	1938 9,576,335
1967 394,381,913	1957 216,747,621	1947 97,926,984	1937 8,434,792
1966 388,452,125	1956 207,456,272	1946 94,035,859	1936 8,611,538
1965 369,892,036	1955 186,989,588	1945 65,265,405	1935 8,386,255
1964 350,095,928	1954 178,015,828	1944 55,971,233	1934 6,024,193

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TOTAL RACING DAYS AND TOTAL RACES

State	RACING DAYS					NUMBER OF RACES				
	Total	Thoroughbred	Harness	Qtr. Horse	Mixed	Total	Thoroughbred	Harness	Qtr. Horse	Mixed
Arizona	200	✓		✓	200	2,002	843		225	934
Arkansas	50	50				454	454			
California	885	380	212	190	103	8,257	4,319	1,916	2,022	
Colorado	145	62		83		1,445	607		838	
Delaware	367	119	248			3,518	1,079	2,439		
Florida	606	326	205	75		5,995	3,189	2,050	756	
Idaho	107	✓		✓	107	1,118	582		507	29
Illinois	836	372	452	12		8,451	3,306	5,030	115	
Kentucky	550	246	304			5,159	2,185	2,974		
Louisiana	337	207			130	3,796	2,430		287	1,079
Maryland	368	241	127			3,327	2,161	1,166		
Massachusetts	399	229	170			3,844	2,118	1,726		
Michigan	604	239	365			5,834	2,184	3,650		
Montana	82	✓		✓	82	738	✓		✓	738
Nebraska	177	177				1,527	1,527			
Nevada	10	✓		✓	10	102	70		32	
New Hampshire	371	80	291			3,650	741	2,909		
New Jersey	380	180	200			3,804	1,620	2,184		
New Mexico	283	✓		✓	283	3,323	2,208		1,115	
New York	1,643	427	1,216			15,596	3,845	11,751		
Ohio	975	349	612	14		9,421	3,395	5,897	129	
Oregon	117	✓		✓	117	1,155	922		233	
Pennsylvania	937	504	433			8,869	4,631	4,238		
Rhode Island	237	237				2,158	2,158			
South Dakota	50(E)	✓		✓	50	500(E)	✓		✓	500
Vermont	189	119	70			1,813	1,099	714		
Washington	223	150		24	49	2,217	1,845		372	
West Virginia	643	578	65			5,444	4,851	593		
Wyoming	8	✓		✓	8	80	67		13	
Total	11,779	5,272	4,970	398	1,139	113,597	54,436	49,237	6,644	3,280

E-Estimated

ATTENDANCE AND DAILY AVERAGE ATTENDANCE

States	ATTENDANCE					DAILY AVERAGE ATTENDANCE				
	Total	Thoroughbred	Harness	Qrt. Horse	Mixed	Total	Thoroughbred	Harness	Qrt. Horse	Mixed
Arizona	526,100	✓		✓	526,100	2,631	✓		✓	2,631
Arkansas	686,565	686,565				13,731	13,731			
California	10,097,931	6,582,296	1,580,663	1,164,079	770,893 †	11,410	17,321	7,455	6,126	7,484
Colorado	454,981	324,596		130,385		3,138	5,236		1,571	
Delaware	1,938,935	663,378	1,275,557			5,283	5,575	5,143		
Florida	3,636,959	2,892,964	564,235	179,760		6,002	8,875	2,753	2,397	
Idaho	224,382	✓		✓	224,382	2,097	✓		✓	2,097
Illinois	6,402,515	2,088,439	3,387,744	26,332		7,659	8,033	7,495	2,194	
Kentucky	2,494,255	1,787,167	707,088			4,535	7,265	2,326		
Louisiana	1,926,972	1,448,419			478,553 ‡	5,718	6,997			3,681
Maryland	2,809,525	2,268,368	541,157			7,635	9,412	4,261		
Massachusetts	2,771,486	1,804,753	966,733			6,946	7,881	5,687		
Michigan	3,663,574	1,819,843	1,843,731			6,066	7,614	5,051		
Montana	No Record									
Nebraska	1,273,374	1,273,374				7,194	7,194			
Nevada	15,400	✓		✓	15,400	1,540	✓		✓	1,540
New Hampshire	1,798,529	671,681	1,126,848			4,848	8,396	3,872		
New Jersey	3,651,272	2,574,473	1,076,819			9,609	14,303	5,384		
New Mexico	1,007,167	✓		✓	1,007,167	3,559	✓		✓	3,559
New York	14,890,041	6,116,567	8,773,474			9,036	14,325	7,215		
Ohio	3,528,369	1,583,700	1,919,499	25,170		3,619	4,538	3,137	1,798	
Oregon	432,126	✓		✓	432,126	3,694	✓		✓	3,694
Pennsylvania	5,175,578	2,804,617	2,370,961			5,524	5,565	5,476		
Rhode Island	1,091,958	1,091,958				4,607	4,607			
South Dakota	80,000(E)	✓		✓	80,000	1,600	✓		✓	1,600
Vermont	615,971	455,074	160,897			3,259	3,824	2,299		
Washington	1,080,552	938,855		12,645	129,052	4,846	6,259		703	2,346
West Virginia	2,402,248	2,274,522	127,726			3,736	3,935	1,965		
Wyoming	5,931	✓		✓	5,931	741	✓		✓	741
Total	74,682,716	43,051,609	26,423,132	1,538,371	3,669,604	6,340	8,166	5,317	5,068	2,802

E - Estimated

† Fairs - Thoroughbred and quarter horse

‡ Quarter horse and Thoroughbred

PARI-MUTUEL AND DAILY AVERAGE TURNOVER

(To Closest Dollar)

PARI-MUTUEL TURNOVER

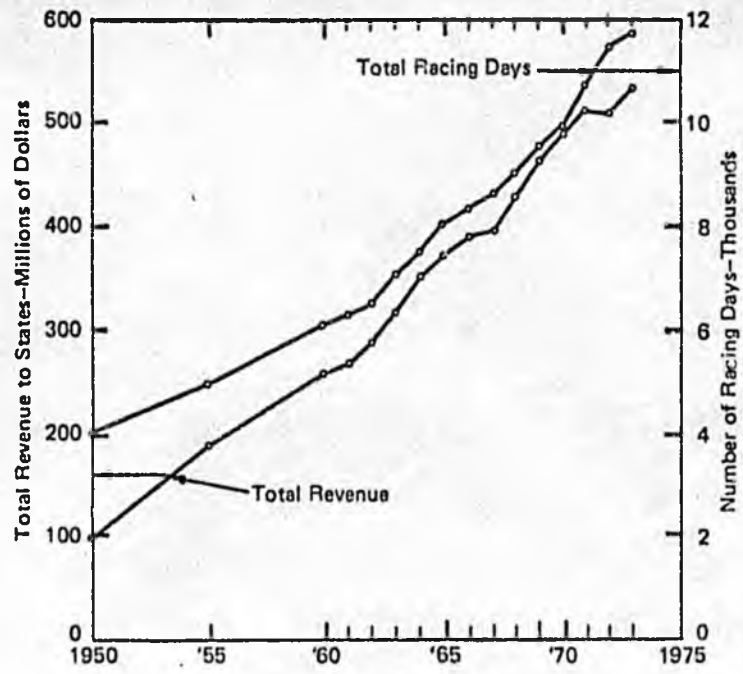
DAILY AVERAGE TURNOVER

States	PARI-MUTUEL TURNOVER					DAILY AVERAGE TURNOVER				
	Total	Thoroughbred	Harness	Qtr. Horse	Mixed	Total	Thoroughbred	Harness	Qtr. Horse	Mixed
Arizona	32,799,254	✓		✓	32,799,254	163,996	✓		✓	163,996
Arkansas	68,504,109	68,504,109				1,370,082	1,370,082			
California	1,033,475,892	789,141,840	139,844,079	104,489,973		1,167,769	1,923,310	659,642	513,721	632,593 †
Colorado	27,175,824	20,935,824		6,240,000		187,420	337,675		75,181	
Delaware	160,243,692	68,279,797	91,963,895			436,632	573,780	370,823		
Florida	327,189,130	290,565,836	28,320,674	8,302,620		539,916	891,307	138,150	110,702	
Idaho	5,875,279	4,092,928		1,617,234	165,117	54,909	✓		✓	54,909
Illinois	649,834,741	305,322,755	343,481,998	1,029,988		777,314	820,760	759,916	858,323	
Kentucky	184,761,467	146,509,717	38,251,750			335,930	595,568	125,828		
Louisiana	136,957,219	126,399,284		10,557,935		406,401	513,440			235,963 ‡
Maryland	279,025,178	243,035,777	35,989,401			758,221	1,008,447	283,381		
Massachusetts	206,425,366	146,106,115	60,319,251			517,357	638,019	354,820		
Michigan	347,284,654	186,401,868	160,882,786			574,975	779,924	440,775		
Montana	3,295,673	✓		✓	3,295,673	40,191	✓		✓	40,191
Nebraska	83,988,554	83,988,554				474,512	474,512			
Nevada	330,274	8,277		14,250	307,747	33,027	✓		✓	33,027
New Hampshire	127,527,416	56,465,848	71,061,568			343,740	705,823	244,198		
New Jersey	397,029,980	288,080,171	108,949,809			1,044,816	1,600,445	544,749		
New Mexico	64,514,326	44,583,132		19,931,194		227,966	✓		✓	227,966
New York	1,654,110,434	774,577,663	879,532,771			1,006,762	1,813,999	723,300		
Ohio	258,376,567	147,894,034	108,857,115	1,625,418		265,002	423,766	177,872	116,102	
Oregon	32,172,391	27,552,926		4,619,465		274,978	✓		✓	274,978
Pennsylvania	466,105,459	272,619,498	193,485,961			497,444	540,912	446,850		
Rhode Island	113,614,298	113,614,298				479,385	479,385			
South Dakota	3,500,000(E)	✓		✓	3,500,000	70,000	✓		✓	70,000
Vermont	43,612,016	31,263,593	12,348,423			230,751	262,719	176,406		
Washington	77,849,569	75,696,813		2,071,360	81,396	349,101	466,861		25,719	147,002
West Virginia	204,998,211	196,648,477	8,349,734			318,815	340,222	128,457		
Wyoming	255,041	✓		✓	255,041	31,880	✓		✓	31,880
Total	6,990,832,014	4,508,289,134	2,281,639,215	160,499,437	40,404,228	593,500	855,138	459,082	403,265	35,473

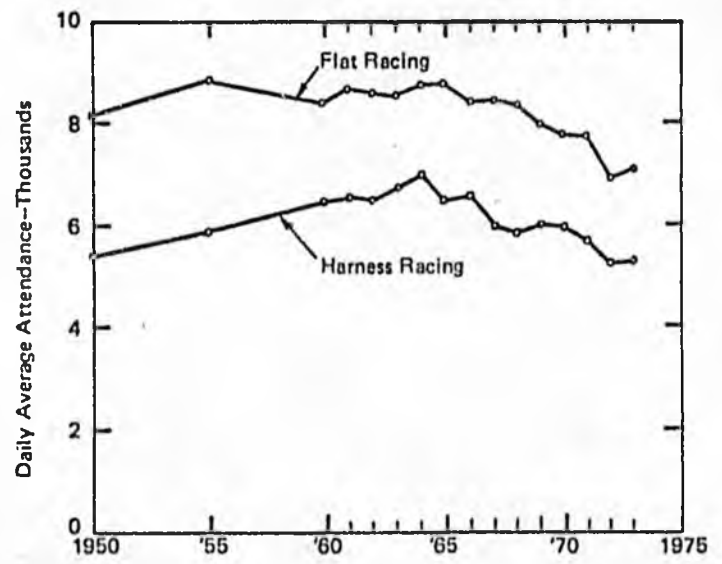
E-Estimated

† Fairs -- Thoroughbred and quarter horse

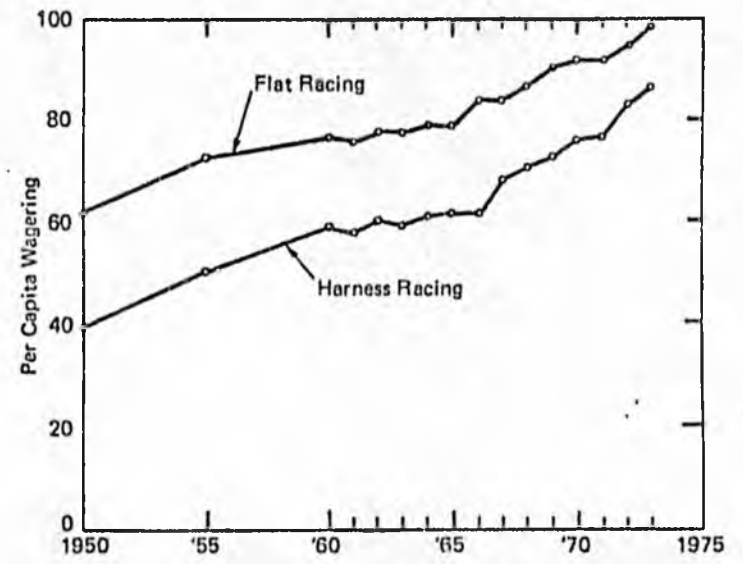
‡ Thoroughbred and quarter horse



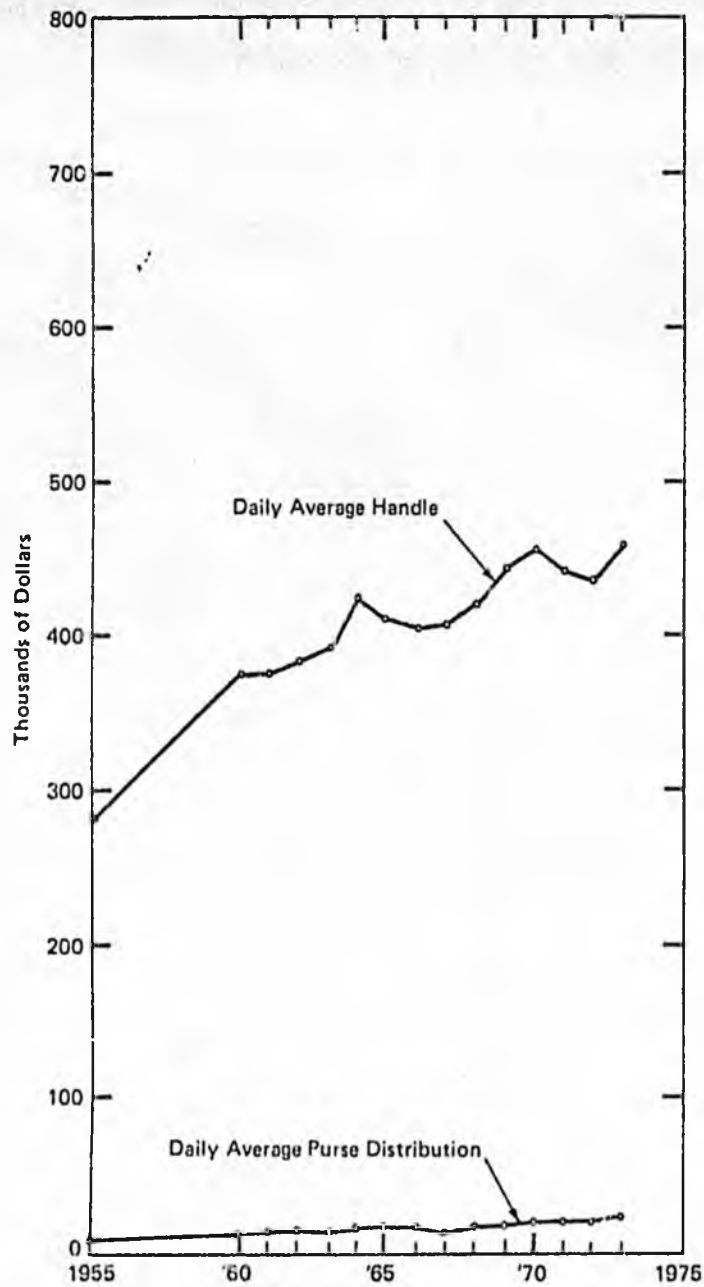
Total Revenue to the States and Total Number of Racing Days



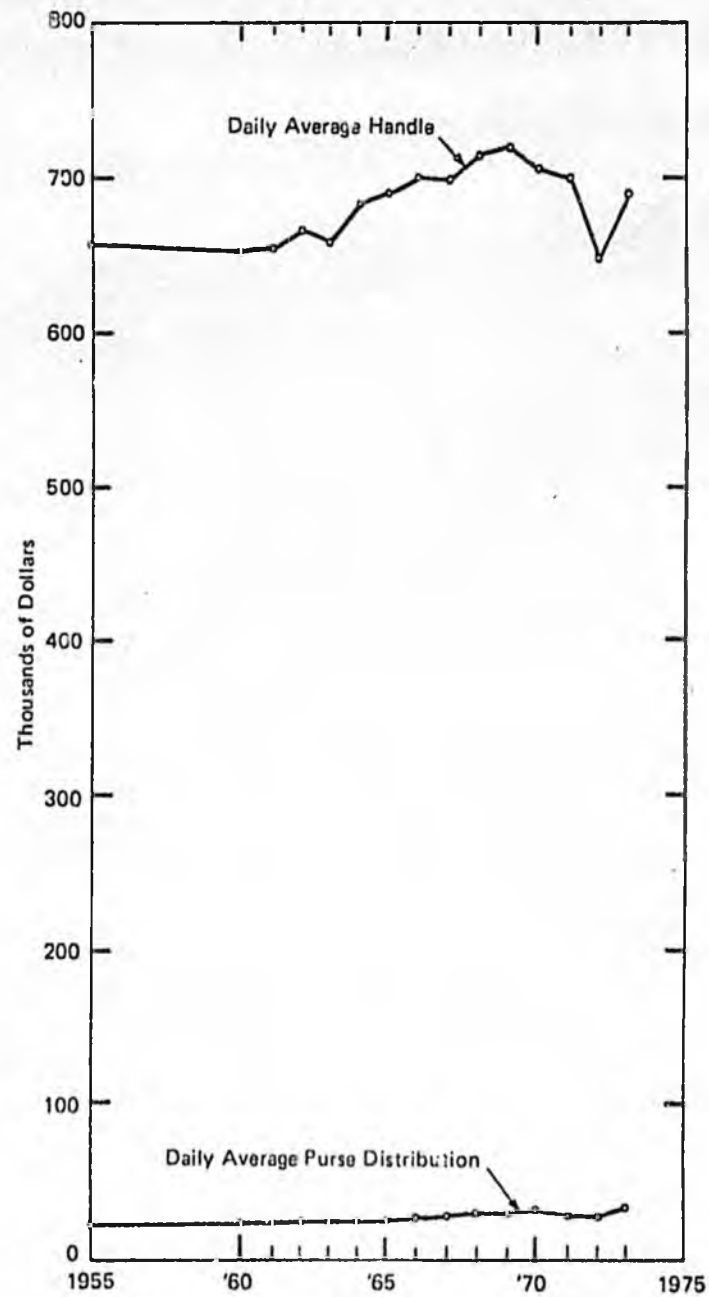
Daily Average Attendance--Harness Racing and Flat Racing



Per Capita Wagering--Harness Racing and Flat Racing



Daily Average Handle and Daily Average Purse Distribution for Harness Racing



Daily Average Handle and Daily Average Purse Distribution for Flat Racing

TOTAL REVENUE TO STATE

States	TOTAL REVENUE TO STATE					PERCENT INCREASE OR DECREASE				
	Total	Thoroughbred	Harness	Qrt. Horse	Mixed	Total	Thoroughbred	Harness	Qrt. Horse	Mixed
Arizona	1,721,839	✓		✓	1,721,839	+13%	✓		✓	+13%
Arkansas	4,469,437	4,469,437				+14%	+14%			
California	75,270,723	59,487,168	9,164,264	6,521,306	97,985	+ 8%	+ 6%	+ 2%	+47%	+ 5%
Colorado	1,237,591	975,331		260,506	1,754	+ 9%	+ 9%		+ 7%	
Delaware	9,414,360	3,823,318	5,591,042			+ 9%	+ 9%	+ 8%		
Florida	23,205,133	20,831,546	2,061,651	311,464	472	+18%	+17%	+27%	+1.03%	
Idaho	156,747	✓		✓	156,757	+25%	✓		✓	+25%
Illinois	53,100,575	26,118,059	26,622,329	70,002	290,185	+10%	+ 8%	+12%		
Kentucky	8,776,688	7,157,963	1,618,725			+10%	+ 9%	+25%		
Louisiana	7,146,325	5,729,515			1,416,810	+12%	✓		✓	
Maryland	17,344,550	14,911,211	2,433,339			+ 3%	+ 2%	+12%		
Massachusetts	17,593,943	13,544,843	4,049,100			+19%	✓	✓		
Michigan	26,639,623	16,848,227	9,791,396			+ 9%	+ 8%	+ 9%		
Montana	No tax paid to state									
Nebraska	4,176,200	4,176,200				+25%	+25%			
Nevada	8,304	83	143	8,078		No record from 1972				
New Hampshire	9,228,280	4,833,566	4,394,714			- 9%	- 9%	-10%		
New Jersey	34,529,604	27,426,478	7,103,126			- 4%	- 4%	- 7%		
New Mexico	1,723,734	✓		✓	1,723,734	+12%				+12%
New York	162,730,734	75,491,604	87,239,130			+ 2%	+ 2%	+ 3%		
Ohio	18,407,968	11,582,866	6,709,489	11,613		+ 9%	+ 5%	+17%	+ 4%	
Oregon	1,545,663	✓		✓	1,545,663	7%	✓	✓		+ 7%
Pennsylvania	27,795,185	15,561,807	12,233,376			+26%	+18%	+36%		
Rhode Island	8,021,938	8,021,938				-23%	-23%			
South Dakota	150,000(E)				150,000					
Vermont	2,588,139	2,030,092	558,047			- 5%	-12%	+39%		
Washington	4,443,136	4,342,087		87,620	13,429	+35%	✓		✓	
West Virginia	12,062,922	11,756,594	306,328			+13%	+13%	+ 5%		
Wyoming	10,674	✓		✓	10,674	No record from 1972				
Total	533,500,015	339,119,933	179,876,058	7,366,654	7,137,370	+ 5%	+ 5%	+ 5%		

E-Estimated

REVENUE TO STATE

TRACK LICENSES						OCCUPATIONAL LICENSES				
State	Total	Thoroughbred	Harness	Qtr. Horse	Mixed	Total	Thoroughbred	Harness	Qtr. Horse	Mixed
Arizona						22,315	✓		✓	22,315
Arkansas	25,000	25,000				18,812	19,812			
California						309,765	179,440	54,880	50,300	25,145 †
Colorado						24,455	9,557		13,144	1,754
Delaware	8,000	5,750	2,250							
Florida						147,647	103,695	28,427	15,053	472
Idaho	625				625	18,165	✓		✓	18,165
Illinois	103,200	43,500	57,500	2,200		110,595	✓	50,165	✓	60,430 †
Kentucky	338,500	338,500				40,691	✓	40,691	✓	
Louisiana						48,837				48,837 †
Maryland	217,075	216,000	1,075			96,035	81,146	14,889		
Massachusetts	155,250	121,250	34,000			43,209	24,039	19,170		
Michigan	27,020	1,000	26,020			60,511	21,528	38,983		
Montana										
Nebraska						30,243	30,243			
Nevada	No Record					5,032	✓		✓	5,032 †
New Hampshire						33,423	13,096	20,327		
New Jersey	100,000	100,000				110,312	83,272	27,040		
New Mexico	80,840	✓		✓	80,840	46,173	✓		✓	46,173
New York	138,600	16,900	121,700			118,340	56,458	61,882		
Ohio	9,872	5,020	4,842	10		89,549	36,176	50,384	2,989	
Oregon						4,160	✓		✓	4,160
Pennsylvania	4,000	4,000				126,393	91,369	35,024		
Rhode Island						16,262	16,262			
South Dakota	No Record					No Record				
Vermont	820	540	280			17,388	7,539	9,849		
Washington	11,510	6,000		1,260	4,250	11,495	✓		✓	11,495 †
West Virginia	154,250	144,500	9,750			91,566	77,144	14,422		
Wyoming										
Total	1,374,562	1,027,960	257,417	3,470	85,715	1,641,373	849,776	466,133	81,486	243,978

† Fairs - Thoroughbred and quarter horses

* Total includes all flat racing

REVENUE TO STATE (continued)

(To Closest Dollar)

States	PARI-MUTUEL TAXES					BREAKAGE †				
	Total	Thoroughbred	Harness	Qtr. Horse	Mixed	Total	Thoroughbred	Harness	Qtr. Horse	Mixed
Arizona	1,689,329	✓		✓	1,689,329					
Arkansas	4,110,247	4,110,247				252,186	252,186			
California	69,065,655	53,944,084	8,762,546	6,359,025		5,117,736	4,829, 33	248,624	39,819	
Colorado	1,209,996	963,979		246,017						
Delaware	8,484,806	3,413,990	5,070,816			610,678	242,390	368,288		
Florida	19,853,831	17,951,672	1,706,159	196,000		1,984,586	1,721,551	199,933	62,702	
Idaho	133,068	✓		✓	133,068					
Illinois	47,075,803	23,640,721	23,378,433	56,649		3,136,464	1,399,279	1,730,722	6,463	
Kentucky	8,008,139	6,478,071	1,530,067							
Louisiana	6,782,274	5,719,592		132,281	930,401					
Maryland	14,974,470	12,998,478	1,975,992			1,438,760	1,108,435	330,325		
Massachusetts	16,371,863	12,645,615	3,726,248			914,085	673,523	240,562		
Michigan	24,692,777	15,844,214	8,848,563			1,561,380	818,392	742,988		
Montana										
Nebraska	3,949,418	3,949,418								
Nevada	3,271	83		143	3,046					
New Hampshire	8,590,335	4,517,268	3,983,067			576,067	246,545	329,522		
New Jersey	33,185,822	26,359,335	6,826,487			559,593	436,560	123,033		
New Mexico	1,400,939	✓		✓	1,400,939					
New York	150,046,484	68,472,894	81,573,590			9,105,657	5,287,010	3,818,647		
Ohio	17,620,808	11,174,918	6,337,540	108,350		621,482	344,021	273,391	4,070	
Oregon	1,485,858	1,285,151		200,707						
Pennsylvania	24,913,849	13,630,975	11,272,874			1,859,743	1,062,193	797,550		
Rhode Island	7,256,999	7,256,999				492,760	492,760			
South Dakota	150,000(E)				150,000	No Record				
Vermont	2,331,153	1,847,907	483,246			192,042	134,235	57,807		
Washington	4,418,633	4,331,857		85,962	814					
West Virginia	11,579,090	11,307,287	271,802							
Wyoming	10,202	✓		✓	10,202					
Total	489,305,118	311,844,755	165,757,430	7,385,134	4,317,799	28,423,219	19,048,773	9,261,392	113,054	

E-Estimated

† All breakage to \$0.10 except in Delaware and Washington, see Summary of Tax Methods.

4-13-70

Rettig Files Minority Report On Monetary Committee's Package

Anchorage banker Ron Rettig submitted the following minority report after the House Special Monetary Committee, of which he is a member, produced a package of fiscal legislation late last week. The report has been edited.

This committee was formed Feb. 2, 1970, with the following House members: Gene Guess, D-Anchorage, chairman; Bill Ray, D-Juneau; Tom Fink, R-Anchorage; Dick Borer, R-Cordova; Gene Miller, D-Fairbanks; Wendell Kay, D-Anchorage; Ron Rettig, R-Anchorage.

The committee met about four times each week, and all members attended regularly except Mr. Ray, who declined to attend after the first three or four sessions. It is not clear whether he withdrew from membership on the committee or just became frustrated and gave up.

It was not until the eighth or ninth week that we got down to the consideration of actual legislation. Until the meetings were merely mini-seminars on philosophy. Under pressure originating in Republican caucuses, the committee finally under-

took a course of action

on measures. The 28-bill package introduced in the House this afternoon is largely the product of two or three cram sessions. The General Obligation bond package involving in excess of \$140 million received only brief mention in committee.

During the 10 weeks of more than 40 meetings, testimony was heard from only about a dozen persons; no public hearings were held on any subject.

The committee has held no meetings since the 28 bills were drafted. None of the bills have been available for examination by committee members.

With the exception of the housing mortgage investment bill, HB 821, and the feeble, halting approach to fisheries improvement program, (HB 828 and HB 829), the committee did little more than suggest some me-too additions to the governor's program, with even deeper incursions into the \$800 million.

Except as to interest rates, the mortgage investment measure is similar to the Little Fannie Mae program I suggested last fall and which was reported in detail in the Anchorage

(Continued on page 8)

...Rettig Report

(Continued from Page 4)

Times at that time.

The measure introduced by the committee provides for the purchase of residential mortgage loans bearing rates not exceeding 6½ per cent . . .

With current prevailing mortgage rates of 9½ per cent it appears that a rate of 7½ per cent would be far more appropriate for state funds.

Further, I believe such a program should be limited to loans on owner-occupied one to four-family dwellings. As written, the rates are so low and the permitted loan classifications so broad (commercial loans, etc.) that funds would soon be exhausted.

The committee rejected my suggestion for a broadly based permanent fund for fisheries research, rehabilitation and development.

HB 777 and HB 778 which I prepared and had introduced through the House Resources Committee would ensure, through the establishment of a \$100 million permanent fund, the continuing expansion of this job-oriented industry.

ernor's permanent fund measure (SB 404).

The committee departed sharply from its consistent position of rejection of permanent funds when it adopted a permanent or single purpose fund to assume bonded debt of school districts.

These measure would provide a fund of \$72,121,157 to pay interest and principal installments on previously issued school district bonds. If these should become law an immediate windfall of at least \$15 million would accrue to bond holders.

We are advised by bond authorities this could do nothing to improve future bond ratings of the districts and would hurt the state's bond rating.

I am afraid it would make the state appear rather silly in the eyes of bond investors. A far better approach would be to appropriate annually for the debt service.

Thankfully, all bills now go to the House Finance Committee for in-depth study and correlation with the state's overall budget and financial considerations.

It is well within the capability of the state through these two bills to make certain that, by the time oil is gone, fishing and the fishing industry can mean more for the well being of Alaskans than even the great oil industry.

The committee gave no attention whatever to the inflationary influences of the vast spending programs recommended, nor did the committee bother to consider the consequences that may result if the pipeline should not be built.

I deeply regret the committee's rejection of the establishment of permanent funds for the conservation of the state's capital funds such as the gov-

Monetary Committee Of House Winding Up Its Deliberations

JUNEAU (AP)—Rep. Tom Fink said today the House Special Monetary Committee has "substantially finished its deliberations," and will introduce about 20 bills, including one which would have the state invest up to \$300 million in mortgages on property within Alaska.

Fink, an Anchorage Republican who serves on the committee, said the group made "two or three basic decisions."

First, he said, it determined that the \$900 million from last year's oil lease sale "should be used to meet the needs of the state." And he said the committee decided that the money should not be locked up in a permanent fund, as proposed by Republican Gov. Keith Miller.

He said the committee "determined that we should get maximum use out of the fund" and said it also decided that "any monies the state had available for investment should be invested in Alaska."

Fink issued a lengthy news release, and the items he listed totaled about \$470 million.

Rep. Gene Guess, the Anchorage Democrat who chairs the committee, called Fink's statement "a bit premature." But he said it was a "pretty good summary of what the committee did."

Guess said, "The bills are being costed out and related to projected revenues and cash flow."

He said he hoped to get a committee report of his own ready by tomorrow.

Fink said that "probably the most important bill" was the one to allow the state to invest in mortgages, with a 6.5 per cent limit on the interest on home loans and a 7.5 per cent ceiling on non-home loans.

He said that within a year the state could be expected to invest \$100 million in mortgages.

Fink said the committee approved the governor's proposals for a new cabinet-level Department of Treasury and the formation of a Planning and Budget Division.

The lawmaker said the group

recommended an appropriation of some \$33 million to build projects previously approved for the Alaska State Housing Authority to construct. Fink said a direct appropriation "will result in a considerably lower cost for state office space."

However he said the group also passed out "with mixed recommendations" the governor's \$147 million bond package. Fink said he was against such, "since we have a large amount of money and could directly appropriate for whatever capital improvements are necessary at this time."

Fink said the committee recommended the removal of any requirements of collateral for state deposits in Alaska banks.

He said the group "substantially increased" the revenue sharing program started last year, and endorsed proposals for the state to pick up a large chunk of school construction

costs. This would include the assumption by the state of local districts' bonded debt.

Fink said the committee approved the "general concept" of the state paying 90 per cent of the cost of basic education.

He said a \$20 million hospital loan fund was approved, and also a \$5 million revolving fund for ASHA, to be used while the agency awaits federal approval for projects.

Other legislation which he said was approved included increases in the maximums on veterans' loans, the administration's \$10 million water and sewer assistance proposal and a \$54 million housing package.

Although he disagreed with the decision, Fink said, the committee approved a one-year extension of the existing interest law, which now places a 10 per cent ceiling on mortgages and business loans. Fink said the limit should not be that high.

The House Special Monetary Committee is expected to bring out its package of bills this week after long, arduous work.

The Senate Monetary Committee has sent its bills on to the Senate Finance Committee as they were ready, and it has operated within a more limited scope than its House counterpart.

Introduction of the House monetary package into the legislative mill turns loose a group of measures that still require consideration by both houses and their respective finance committees.

1970 - 1980 Estimated Hospital Bed Need

No attempt was made to project the communities in which hospital construction would take place due to lack of adequate statistics.

The population figure was adjusted to exclude the native and military populations. The Hill-Burton minimum factor of 4.5 beds per 1,000 population was used to estimate the number of beds needed each year. Using current figures plus known construction 713 beds were determined to be available in 1969. A median figure of \$50,000.00, per bed was used to compute the costs.

Under current Hill-Burton guidelines and assuming that the Hill-Burton Act will still be in existence in the years 1970 to 1980 without change the total cost of \$58,290,000.00 would be broken down as follows:

Federal	1 million per year	11,000,000.00
State matching ratio at 30 %		17,487,000.00
Project Sponsors Share		29,803,000.00
Total Bed Cost		58,290,000.00

<u>YEAR</u>	<u>POPULATION</u>	<u>BED NEED-ADDITIONAL</u>	<u>BED COST</u>
1970	262,700*	471	23,550,000
1971	275,300	54	2,700,000
1972	288,400	58	2,900,000
1973	302,000	63	3,150,000
1974	316,200	63	3,150,000
1975	331,000	78	3,940,000
1976	350,000	85	4,250,000
1977	362,400	54	2,700,000
1978	378,100	72	3,600,000
1979	400,400	99	4,950,000
1980	414,500	68	3,400,000

* Population projections from Stanford Research Institute.

In accordance with Federal Law the State has been divided into (7) Catchment Areas for the purpose of determining need and priorities for Construction of Community Mental Health Centers and Construction of Facilities for the Mentally Retarded. These areas are:

- Area 1 - Ketchikan Catchment Area -
Election Districts 1 and 2
- Area 2 - Juneau Catchment Area -
Election Districts 3, 4 and 5
- Area 3 - Anchorage Catchment Area -
Election Districts 6, 7, 8, 9, 10 and 13
- Area 4 - Kodiak Catchment Area -
Election Districts 11 and 12
- Area 5 - Bethel Catchment Area -
Election Districts 14 and 19
- Area 6 - Fairbanks Catchment Area -
Election Districts 15 and 16
- Area 7 - Nome Catchment Area -
Election Districts 17 and 18

Under P.L. 88-164, Title I, Alaska receives \$100,000 per year for Construction of Facilities for the Mentally Retarded and \$100,000 per year for Construction of Community Mental Health Centers. The matching ratio is (40%) Federal and (60%) Sponsor.

Estimated cost of a center is \$500,000 in northern part of the State and about \$300,000 in southeast. In general these are non-income producing centers.

5 Centers at \$500,000	\$2,500,000
2 Centers at \$300,000	600,000
Cost of 7 Centers	<u>\$3,100,000</u>

Federal Share at 40%	1,240,000
Community Share at 60%	1,860,000

We recommend that consideration be given to the proposal that a sufficient and reasonable fund be set aside and made available to local communities at a reasonable rate of interest for use in construction of capital improvements, including hospital and health facilities.

Respectfully submitted,

/S/ Joseph M. Ribar, MD

Joseph M. Ribar, MD, Acting Chairman

Recommendation of the Health and Welfare Facilities Committee of the State Comprehensive Health Advisory Council accepted by the council as a whole at its meeting January 23, 1970.

Please write the names

of each guest for me & also yours

Robert Ogden - Exec Secty, Alachua Medical Assoc.

Lowell Swartz - Health specialist

Larry Sullivan - Coordinator County Health
Planner

Jack Hollard - Admin. Director Hosp.
Vice Pres. A. H. A.

Merton Charney - J. Borough Chair

SUGGESTED HEALTH FACILITIES LOAN FUND

Supported By:
Alaska Hospital Association
Alaska Medical Association

"An Act relating to providing loan funds to public and non-profit agencies at low interest for the purpose of assisting in the Construction, Acquisition, Modernization, Equipping and other Capital Improvements of Hospitals, Health Centers, Mental Health Centers, Nursing Homes and other Health related facilities."

Requirements for construction, modernization, equipping and other Capital Improvements shall comply with regulations as they are now established or will be established by the State of Alaska, Department of Health and Welfare and/or appropriate federally sponsored construction programs such as, Hill-Burton, Mental Health Centers and Facilities for Mentally Retarded.

In view of anticipated needs of the State according to current studies of the Department of Health and Welfare, projected to 1980 and in consideration of other anticipated health needs, it is suggested that a 20 million dollar revolving loan fund be established and that this fund be increased or decreased annually by the Legislature on a need basis.

It is requested that this bill, if submitted include retroactive provisions to provide relief for communities with hospitals now under construction.

REVENUE TO STATE (continued)

States	ADMISSION TAX					MISCELLANEOUS				
	Total	Thoroughbred	Harness	Qrt. Horse	Mixed	Total	Thoroughbred	Harness	Qrt. Horse	Mixed
Arizona	9,660	✓		✓	9,660	535	✓		✓	535
Arkansas	38,525	38,525				24,668	24,668			
California						777,566	534,350	98,214	72,162	72,840 †
Colorado						3,140	1,795		1,345	
Delaware	169,002	96,348	72,654			141,876	64,841	77,035		
Florida	647,547	548,879	77,447	21,221		571,522	505,349	49,685	16,488	
Idaho	3,004	✓		✓	3,004	1,885	✓		✓	1,885
Illinois	2,232,530	1,029,690	1,198,150	4,690		441,984	4,869	207,360		229,755
Kentucky	251,708	228,741	22,967			137,652	112,652	25,000		
Louisiana	180,108	146,452		✓	33,656	135,106	5,450		✓	129,656
Maryland	387,711	314,173	73,538			230,498	192,978	37,520		
Massachusetts						109,535	80,415	29,120		
Michigan						297,935	163,093	134,842		
Montana										
Nebraska	162,794	162,794				33,745	33,745			
Nevada										
New Hampshire						118,454	56,656	61,798		
New Jersey	226,113	197,527	28,586			347,764	249,784	97,980		
New Mexico	71,933	✓		✓	71,933	123,850	✓		✓	123,850
New York	1,966,484	888,308	1,078,176			1,355,169	770,034	585,135		
Ohio						66,256	22,730	43,332	194	
Oregon						55,644	✓		✓	55,644
Pennsylvania	602,154	492,194	109,960			289,046	281,076	7,970		
Rhode Island	183,308	183,308				72,610	72,610			
South Dakota	No Record					No Record				
Vermont						46,735	39,870	6,865		
Washington	398			241	157	1,100	✓		✓	1,100
West Virginia	24,243	21,962	2,281			213,774	205,702	8,072		
Wyoming	197	✓		✓	197	275	✓		✓	275
Total	7,157,419	4,348,901	2,663,759	26,152	118,607	5,598,324	3,422,667	1,469,928	90,189	615,540

† Fairs -- Thoroughbred and quarter horse

STAKES AND PURSE DISTRIBUTION

States	TOTAL MONEY DISTRUBUTED					CONTRIBUTION BY HORSEMEN				
	Total	Thoroughbred	Harness	Qtr. Horse	Mixed	Total	Thoroughbred	Harness	Qtr. Horse	Mixed
Arizona	2,447,969	✓		✓	2,447,969	120,485	✓		✓	120,485
Arkansas	3,452,049	3,452,049				60,600	60,600			
California	45,566,896	33,690,343	6,520,152	5,356,401		1,774,743	1,043,152	156,788	574,803	
Colorado	2,088,291	1,384,437		703,854		462,115	147,380		314,735	
Delaware	9,719,589	4,219,020	5,500,569			193,720	95,120	98,600		
Florida	18,013,698	15,345,169	1,907,830	760,699		738,491	431,945	35,297	271,249	
Idaho	412,241	218,761		168,807	24,673	67,114	6,458		53,516	7,140
Illinois	28,704,419	13,823,739	14,802,680	78,000		544,542	424,932	119,610		
Kentucky	11,487,371	8,678,638	2,808,733			795,968	344,760	451,208		
Louisiana	9,403,841	8,150,290		1,253,551		729,392	236,000		493,392	
Maryland	15,535,068	13,730,758	1,804,310			383,520	292,365	91,155		
Massachusetts	7,975,120	5,898,320	2,076,800			76,125	37,675	38,450		
Michigan	16,186,600	7,742,090	8,444,510			73,840	51,390	22,450		
Montana	No Record									
Nebraska	4,677,020	4,677,020				126,800	126,800			
Nevada	No Record									
New Hampshire	6,376,453	2,701,712	3,674,741			13,125	9,750	3,375		
New Jersey	17,315,839	11,966,185	5,349,654			264,986	264,986			
New Mexico	9,049,899	4,117,699		4,932,200		3,784,931	650,972		3,133,959	
New York	66,358,726	29,600,377	36,758,349			3,675,710	829,025	2,846,685		
Ohio	16,156,507	8,559,485	7,468,201	128,821		424,894	163,900	207,573	53,421	
Oregon	1,663,714	1,414,287		249,427		13,395			13,395	
Pennsylvania	25,030,883	15,240,929	9,789,954			701,667	243,725	457,942		
Rhode Island	5,769,231	5,769,231								
South Dakota	300,000(E)	✓		300,000		No Record				
Vermont	2,468,705	1,758,700	710,005							
Washington	4,593,608	4,257,910		323,463	12,235	315,701	111,683		202,123	1,895
West Virginia	10,797,982	10,339,532	458,450			17,430	17,430			
Wyoming	51,742	4,100		47,642		23,228			23,228	
Total	341,603,461	216,740,781	108,074,938	14,002,865	2,784,877	15,382,522	5,590,048	4,529,133	5,133,821	129,520

E - Estimated

STAKES AND PURSE DISTRIBUTION (continued)

States	CONTRIBUTION BY ASSOCIATIONS					CONTRIBUTION FROM SPECIAL FUNDS				
	Total	Thoroughbred	Harness	Qtr. Horse	Mixed	Total	Thoroughbred	Harness	Qtr. Horse	Mixed
Arizona	2,072,256	✓		✓	2,072,256	255,228	✓		✓	255,228
Arkansas	3,322,449	3,322,449				69,000	69,000			
California	43,792,153	32,654,847	6,363,364	4,773,942						
Colorado	1,470,043	1,103,057		366,986		156,133	134,000		22,133	
Delaware	9,136,250	4,123,900	5,012,350			389,619		389,619		
Florida	16,971,103	14,827,744	1,653,909	489,450		304,103	85,480	218,623		
Idaho	345,127	212,303		115,291	17,533					
Illinois	26,598,553	12,640,783	13,879,770	78,000		1,561,325	758,025	803,300		
Kentucky	10,691,494	8,333,878	2,357,526							
Louisiana	1,801,470	7,206,960		594,450		873,039	707,330		165,709	
Maryland	15,013,120	13,362,959	1,650,161			138,428	75,433	62,995		
Massachusetts	7,888,195	5,860,645	2,027,550			10,800		10,800		
Michigan	15,503,566	7,264,500	8,239,060			609,200	426,200	183,000		
Montana	No Record									
Nebraska	4,550,220	4,550,220								
Nevada	No Record									
New Hampshire	6,363,328	2,691,962	3,671,366							
New Jersey	15,217,600	10,786,379	4,431,221			1,833,253	914,820	918,433		
New Mexico	5,264,968	3,466,727		1,798,241						
New York	61,094,446	28,512,517	32,581,929			1,588,570	258,835	1,329,735		
Ohio	14,595,528	7,259,500	7,260,628	75,400		1,136,085	1,136,085			
Oregon	1,625,515	1,391,584		233,931		24,803	22,702		2,101	
Pennsylvania	23,293,923	14,997,204	8,296,719			1,035,293		1,035,293		
Rhode Island	5,769,231	5,769,231								
South Dakota	300,000	✓		✓	300,000	No Record				
Vermont	2,468,705	1,758,700	710,005							
Washington	3,602,495	3,470,815		121,340	10,340	675,412	675,412			
West Virginia	8,814,067	8,355,617	458,450			1,966,485	1,966,485			
Wyoming	28,514	4,100		24,414						
Total	313,594,163	203,928,581	98,594,008	8,671,445	2,400,129	12,626,776	7,229,807	4,951,798	189,943	255,228

E - Estimated

BRIEF SUMMARY OF TAX METHODS BY STATES

Arizona	Total take-out 18%. State receives 4% of first \$100,000 and 7% all over \$100,000; under \$100,000 state 2%, track 15% and 1% to supplement General Purse Structure. Breakage 10 cents, 50% to track, 25% General Purse Structure, 25% Arizona Bred Purse Structure. FAIRS: County in which fair is located receives pari-mutuel tax revenue, instead of state.
Arkansas	Total take-out 16%. Pari-mutuel tax to state 6%, \$500 daily license, 10 cents tax on admissions. Breakage 10 cents, divided 33 1/3% to city where track is located, 33 1/3% to association, 33 1/3% to state.
California	Total take-out 15.75%. Only two rates applied to total handle, a base rate on handle up to \$20 million, and the appropriate rate for the estimated handle in excess of \$20 million. THOROUGHBRED: With a handle of \$0-\$20 million, state 6.10%, track 5.29%, purses 4.16%; \$20-\$40 million, state 5.70%, track 5.52%, purses 4.33%; \$40-\$75 million, state 6.55%, track 5.04%, purses 3.96%; \$75-\$120 million, state 6.85%, track 4.87%, purses 3.83%; \$120-\$180 million, state 7.15%, track 4.70%, purses 3.70%; \$180 million and above, state 7.45%, track 4.54%, purses 3.56%. Breeder and Stallion Awards, .2%. HARNESS AND QUARTER HORSE: With a handle of \$0-\$20 million, state 6.10%, track 5.74%, purses 3.91%; \$20-\$40 million, state 5.70%, track 5.98%, purses 4.07%; \$40-\$75 million, state 6.55%, track 5.48%, purses 3.72%; \$75-\$120 million, state 6.85%, track 5.30%, purses 3.60%; \$120-\$180 million, state 7.15%, track 5.12%, purses 3.48%; \$180 million and above, state 7.45%, track 4.94%, purses 3.36%. Breeders Awards paid by track out of amount deducted from handle. When any racing association handles less than \$20 million, state receives 5.50% of total handle, 10.25% deducted from pari-mutuel pools to be distributed to tracks and purses.
Colorado	Total take-out 16%. Of daily pari-mutuel wagering receipts state receives 4% of first \$200,000; 5% of excess over \$200,000 which does not exceed \$300,000; 6% of all in excess of \$300,000. Breakage 10 cents, all to association. At Colorado State Fair, state receives 2% of take-out.
Delaware	THOROUGHBRED: Delaware Park take-out 17%. State receives 5%. Per season license \$5,000. Admissions 20 cents. Breakage 10 cents, 5 cents on minus pools, divided equally between state and association. Dover Downs take-out 17 1/2%. State receives 5%. Per season license \$750. Admissions 10 cents. Breakage 5 cents, all to association. HARNESS: Total take-out 17 1/2%. State receives 5 1/2%. Admissions 10 cents. Breakage 10 cents, 5 cents on minus pools, divided equally between state and association. THOROUGHBRED and HARNESS: Uncashed pari-mutuel tickets revert to state after one year.
Florida	THOROUGHBRED: Total take-out 17%. South Florida Winter—state receives 7 1/2%. Breakage 10 cents, 5 cents on minus pools. One hundred per cent to state. South Florida Summer—state 5% on first \$400,000 daily average, 3% on excess of \$400,000. Breakage 50% to state, 50% to track. Florida Downs—state receives daily fee ranging from \$4,000 to \$21,000, based on preceding season's daily pari-mutuel average. Breakage 100% to track for purses and breeders awards. HARNESS: Seminole—Harness 19%, Quarter Horse 17%, Thoroughbred 17%. State receives daily fee ranging from \$1,000 to \$4,000 based on daily pari-mutuel handle. Harness and Quarter Horse, state receives 50% of breakage; Thoroughbred, state receives 100%. Bayard—Total take-out 17%. When daily average more than \$25,000 state receives 7% less \$170 per race "Initial expense of operation." Less than \$25,000 state receives daily fee ranging from \$150 to \$400 based on daily pari-mutuel handle. Pompano—Total take-out 19%. State receives 7%. Breakage 50% to state, 50% to track for purses and breeders awards. Admissions all tracks 15%.
Idaho	Total take-out 15%. Commission receives 1% of take-out and occupational license fees for operational expenses. The remainder of take-out based on a sliding scale percentage as follows: Of gross receipts to \$20,000, track 14%; \$20,000 to \$30,000, track 13%, public school endowment fund, 1%; \$30,000 to \$40,000, track 12%, public school fund 2%; \$40,000 to \$50,000, track 11%, public school fund 3%; \$50,000 and over, track 10%, public school fund 4%. Breakage 10 cents, all to association. Track daily license \$25; fairs exempt. Association accrues all monies in unclaimed tickets at termination of time allowed by rule of the commission.
Illinois	Total take-out 16%. THOROUGHBRED—state receives: At race tracks within county of 500,000 or more or within county of less than 500,000 but within 100 miles corporate limits any city in state of 1 million or more tax rates, except charity: First \$5,000,000 of annual handle—5 3/4%; \$5,000,001 to \$10,000,000—6 3/4%; \$10,000,001 to \$30,000,000—7 3/4%; \$30,000,001 to \$40,000,000—8 1/4%; \$40,000,001 to \$60,000,000—8 3/4%; over \$60,000,000—9 1/4%. At race tracks within county of less than 500,000 and more than 100 miles of any city in state of 1 million or more tax rate, except charity: First \$10,000,000 of annual handle—5 3/4%; \$10,000,001 to \$20,000,000—6 3/4%; \$20,000,001 to \$30,000,000—7 3/4%; \$30,000,001 to \$40,000,000—8 1/4%; \$40,000,001 to \$60,000,000—8 3/4%; over \$60,000,000—9 1/4%. Breakage 10 cents, half to state. Charity meets, tax 8% plus half of breaks. HARNESS: Total take-out 16%. State receives: First \$30,000,000 of annual handle—5 1/4%; \$30,000,001 to \$35,000,000—7 1/4%; \$35,000,001 to \$40,000,000—8 1/4%; \$40,000,001 to \$60,000,000—8 3/4%; over \$60,000,000—9 1/4%. Breakage 10 cents, half to state. Charity meets tax 8%. Breakage, both Thoroughbred and Harness, 5 cents instead of 10 cents in case of minus pools.

BRIEF SUMMARY OF TAX METHODS BY STATES (continued)

Kentucky	<p>THOROUGHBRED: Total take-out 15%. State receives 4 3/4%. Daily license \$500 if average daily handle at track during year does not exceed \$450,000; \$1,000 at tracks with average daily handle \$450,000 to \$600,000; \$2,500 at tracks where sum exceeds \$600,000. HARNESS: Total take-out 17%. State receives 4%. Daily license \$125 if average daily handle during previous year does not exceed \$75,000, \$175 thereafter. QUARTER HORSE: Total take-out 18%. State receives 4%. At all tracks breakage 10 cents, all to association; 15 cents on admissions. At all tracks in state unclaimed tickets revert to state after 2 years. Minus pools: Breakage 5 cents instead of 10 cents.</p>
Louisiana	<p>Total take-out 16%. In a parish with population of 450,000 and over state receives: On total daily pools from 1 cent to \$201,000—5%; \$201,000 to \$401,000, \$10,050 plus 6% of that amount exceeding \$201,000 up to \$401,000; \$401,000 and over, \$22,050 plus 7% of any amount exceeding \$401,000. Minimum daily license fee \$1,000. In a parish with population less than 450,000 state receives: On total daily pools up to \$200,000—5% of that portion exceeding \$30,000; \$201,000 to \$300,000, \$8,500 plus 6% of that portion exceeding \$200,000; over \$300,000, \$14,500 plus 7% of pool exceeding \$300,000. (Subject to minimum \$1,000 daily.) Admissions 10 cents. Breakage 10 cents, 2/3 to association and 1/3 to Louisiana Breeders Fund to supplement purses.</p>
Maryland	<p>THOROUGHBRED (MILE TRACKS): Total take-out 15%. State receives 5.34%, association 3.66% of which .25 of 1% is allocated for pension fund for race track employees; 5% of money wagered allocated to purses; .50% of wagers to Maryland Bred Fund races; .50% to Racing Fund for plant improvements. Daily license fee \$1,000. Breakage 10 cents, 1/2 to state, 1/2 to association. COUNTY FAIRS (Thoroughbred): Total take-out 16%. Of money wagered 5.50% to state; 5% to association, 5% allocated to purses, .50% to Maryland Bred Fund races. Breakage 10 cents, 1/2 to state and 1/2 to association. Daily license fee \$50. HARNESS: Total take-out 17%-18%—3 1/2% to state of all money wagered not in excess of \$125,000 daily, 7% to state in excess of \$125,000 daily. Daily license fee \$25. Breakage 10 cents. Association retains all breakage if daily average is below \$166,666.67; all above this figure state receives all breakage. Ocean Downs take-out 18%. One-half of 1% allocated for breeders fund. STEEPCHASE AND QUARTER HORSE: Total take-out 14%. Of money wagered 5% to state, 9% to association. Breakage 10 cents, all to association.</p>
Massachusetts	<p>THOROUGHBRED (MAJOR TRACKS ONLY): Total take-out 19%. On weekdays and Saturdays State receives 9 1/2%, Association receives 9 1/2%. Sundays the State receives 8 1/2%, Association receives 10 1/2%. License fee \$600, per day for major tracks. THOROUGHBRED RACING AT FAIRS: Total take-out 18%. State receives 9 1/2%. Association receives 8 1/2%. License fee \$50, per day. HARNESS: (MAJOR TRACKS AND FAIRS): Total take-out 18%. From daily handle, the state receives 6 1/2% to \$400,000; 7 3/4% \$400,000 to \$450,000; 8 1/4% \$450,000 to \$500,000; 8 3/4% \$500,000 to \$550,000; 9 1/4% \$550,000 to \$600,000; 9 3/4% \$600,000 to \$650,000; 10 1/4% \$650,000 and over. Daily license fee at major tracks \$200; at Fairs \$50. At all tracks breakage 10 cents, divided equally between state and association.</p>
Michigan	<p>THOROUGHBRED: Total take-out 16 1/2%, State receives 8 1/2%, association 8%. HARNESS: Total take-out 16 1/2%. State receives 5 1/2%, association 11%. Per season licenses in city area 100,000 or more \$500, any other \$100. At all tracks breakage 10 cents, divided equally between state and association.</p>
Montana	<p>Total take-out 20% plus breakage. The licensee shall pay to the Board of Horse Racing 1% of all gross receipts on each days pari-mutuel betting at each race meet, which sum shall be paid to Board within five days after the end of race meet. If underpayments exceed overpayments at the end of each race meet, the balance shall be paid to the Board. Breakage 10 cents, all to licensee. All unclaimed winning tickets 30 days after the end of a race meet are paid to the Board. (No tax paid to State of Montana.)</p>
Nebraska	<p>Total take-out 15%. No tax first million; thereafter, state receives 6%. Tax on admissions 15 cents which, along with monies received in license fees, is distributed among counties of state for county fair premiums. Breakage 10 cents, all to association.</p>
Nevada	<p>Total take-out 18% with 1% to state and 1% to racing commission for administrative work. Any amount over \$10,000 is to be distributed to agricultural districts conducting horse racing proportionately to the amount contributed by each district. Breakage 10 cents, all to association.</p>
New Hampshire	<p>THOROUGHBRED: Total take-out 18%. State receives 8%, association 10%. No license fee, but bond not exceeding \$50,000 required. Breakage 10 cents, divided equally between state and association. HARNESS: Total take-out 19%, divided as follows: Of total mutuel pool for any one day, state receives 5 1/2% up to \$400,000; 6 3/4%—\$400,001 to \$450,000; 7 1/2%—\$450,001 to \$500,000; 7 3/4%—\$500,001 to \$550,000; 8 1/4%—\$550,001 to \$600,000; 8 3/4%—\$600,001 to \$650,000; 9 1/2%—\$650,001 and over. One quarter of 1% of total pari-mutuel pools allocated to agricultural fairs of state; however, total amount allocated is limited to \$150,000 in any one year. Track licenses paid to township where track is located. Breakage 10 cents, divided equally between state and association.</p>
New Jersey	<p>THOROUGHBRED: Total take-out 17%. State receives 9.15%, association 7.85%. Breakage 10 cents, all to state. HARNESS: Total take-out 17%. Of first \$40 million of handle, state receives 6%, thereafter 7%. All breakage to purses for Jersey bred races and breeder and owner awards.</p>
New Mexico	<p>Total take-out 18%. State receives 2% to \$250,000; 3 1/2% over \$250,000 to \$350,000; 4 1/2% over \$350,000 to \$400,000; 7% over \$400,000; except State Fair which pays a maximum 2% on total handle. Tax on admissions, 10 cents. Daily license fee \$300, half to state and half to county in which track is located, except State Fair charge \$10 per race day. Breakage 10 cents, all to association.</p>

BRIEF SUMMARY OF TAX METHODS BY STATES (continued)

New York	<p>THOROUGHBRED: Total take-out 17% (Except 25% on Trifecta of which state receives 14%). State receives from Saratoga 9%, from Aqueduct and Belmont 10% of total mutual handle. From Finger Lakes, the state receives 5% of first \$400,000, 11% of more than \$400,000. Breakage 10 cents, with state receiving 70% from Aqueduct and Belmont, 65% from Saratoga and Finger Lakes, and with 10% to Breeders Fund. Franchise fee \$1,000 per racing day paid by non-profit association. Finger Lakes track license \$100 per day. HARNESS: Total take-out 17%. Of total daily pool, state receives 5% first \$250,000; 7 1/2%, \$250,001-\$300,000; 8 1/2%, \$300,001-\$400,000; 10 1/2%, \$400,001-\$500,000; 11 1/4%, \$500,001-\$600,000; 11 1/2%, \$600,001-\$700,000; 11 3/4%, \$700,001-\$800,000; 12%, \$800,001-\$900,000; 12 1/4%, \$900,001-\$1,000,000; 12 1/2%, \$1,000,001 and over. Breakage 10 cents, with state receiving 50%, Horse Breeders Fund 25%, association 25%.</p>
Ohio	<p>THOROUGHBRED and QUARTER HORSE: Total take-out 17 1/2%. State receives 4 1/4% first \$10,000 wagered; 5 1/4% next \$40,000; 6 1/4% next \$50,000; 7 1/4% next \$300,000; 8 1/4% all over \$400,000. HARNESS and FAIRS: Total take-out 17 1/2%. State receives 3% first \$10,000; 4% next \$40,000; 5% next \$50,000; 6% next \$300,000; 7% all over \$400,000. Breakage 10 cents. Breakage taxed at 25% after first \$2,000, 40% of breaks retained by track for increase in next purse distribution. Thirty-five per cent track share. Ohio Fair Fund—1/2 of 1% of total wagered at Thoroughbred, Harness, Quarter Horse, and Fair meetings is appropriated for Ohio Fair Fund Tax (tax collected from take-out). Thoroughbred Fund—1/2 of 1% of total wagered at Thoroughbred, Harness and Quarter Horse meetings (not collected from Fairs) is appropriated for Ohio Thoroughbred Race Fund. General Revenue tax collected from Fairs refunded to agricultural societies.</p>
Oregon	<p>Total take-out 15%, state receives 5.2% from commercial race meets and 1 1/2% from fair and non-profit race meets. Daily license fee \$250 with Fairs and non-profit meets \$1.00 per race meet. State receives unclaimed winning mutual tickets. Breakage 10 cents, track retaining 1/2 added to purses for Oregon-bred races, 4.8% of handle paid for purses and .2% for backstretch improvements.</p>
Pennsylvania	<p>THOROUGHBRED: Total take-out 17%. State receives 5%, association 10%. Breakage 10 cents, 5 cents on minus pools, divided equally between state and association. For track license \$3,000 deposit. HARNESS: Total take-out 17%. State receives 5%, association 10%. Breakage 10 cents, 5 cents on minus pools, divided equally between state and association. Monies from breakage deposited in Sire Stakes Fund. (THOROUGHBRED AND HARNESS: In addition to state's 5% there is a 2% tax at tracks located in cities of first class, paid directly to school district. In all other areas 2% tax paid to Department of Commerce for projects in accordance with law.)</p>
Rhode Island	<p>Total take-out 18%. State receives 6% on daily wagers to \$425,000, 7% to \$500,000, 8% to \$600,000, and 9% over \$600,000. Breakage 10 cents, divided equally between state and association.</p>
South Dakota	<p>Total take-out 16%. State 4%, association 11%, 1% for local school district. Law also provides that 5% of winning purse will go to South Dakota breeder of winning horse. Breakage 10 cents, all to association.</p>
Vermont	<p>THOROUGHBRED: Total take-out 18% (Sunday 19%). State receives 5 1/2% (Sunday 6 1/2%). Breakage 10 cents, divided equally between state and association. HARNESS: Total take-out 18%, with state receiving on first \$150,000 plus 3%; \$150,000 to \$200,000 plus 4%; \$200,000 to \$250,000 plus 5%; \$250,000 to \$300,000 plus 6%; \$300,000 to \$350,000 plus 7%; \$350,000 and over 8%. Sunday 19%, with state receiving on first \$150,000 plus 4%; \$150,000 to \$200,000, plus 5%; \$200,000 to \$250,000 plus 6%; \$250,000 to \$300,000 plus 7%; \$300,000 and over 8%. Breakage 10 cents, divided equally between state and association.</p>
Washington	<p>MAJOR TRACKS: Total take-out 16%. State receives 5%, association 10%. One per cent held by commission until end of each race meet, then distributed to owners of Washington-bred horses placing first, second, third and fourth. FAIR TRACKS—NON-PROFIT: Total take-out 15%, with 1% to state, 14% to association. Daily license fee at major tracks \$100; at Fairs \$10. Breakage 5 cents, all to association.</p>
West Virginia	<p>THOROUGHBRED: Total take-out 16%. State receives 5 3/4%, association 9 1/4%. One percent of take-out allocated for purses. Daily license tax \$250. Unredeemed pari-mutuel ticket money deposited to special account to support Breeders' Awards. Breakage 10 cents, all to association. HARNESS: Total take-out 17%. Of the daily pari-mutuel pool, 3% first \$100,000; 4% next \$150,000; 5 3/4% all over. Breakage 10 cents, all to association. Daily license tax \$150.</p>
Wyoming	<p>Total take-out 20%, with 2% to Pari-mutuel Board for operating expenses (none to state), 2% to city where track is located, 16% to racing association. Breakage 10 cents, all to association.</p>

31 states have parimutuel betting
bet against each other

20% removed for track

Win, place, show - difference?

People will board horses out in Palmer
Finance Fair ground instead of coming to legs.
help establish Horse breeding industry

Want to encourage local breeding of horses

Average betting per day is \$60 per man

Commission should have power to revoke
licenses of trainers; jockies etc

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

Altec

SRB 360 PALMER, ALASKA 99645
745-3072



* * C O N T E N T S * *

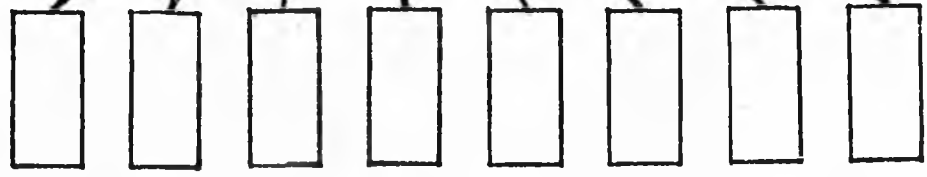
1. System Overview
2. Central Configuration
3. Track/Cashier Configuration
4. Keyboard Display
5. Sample Display
6. Control and Security
7. 3600 System Costs
8. OTB Computer Applications

IBM
370
HOST
COMPUTER

3600

CRT

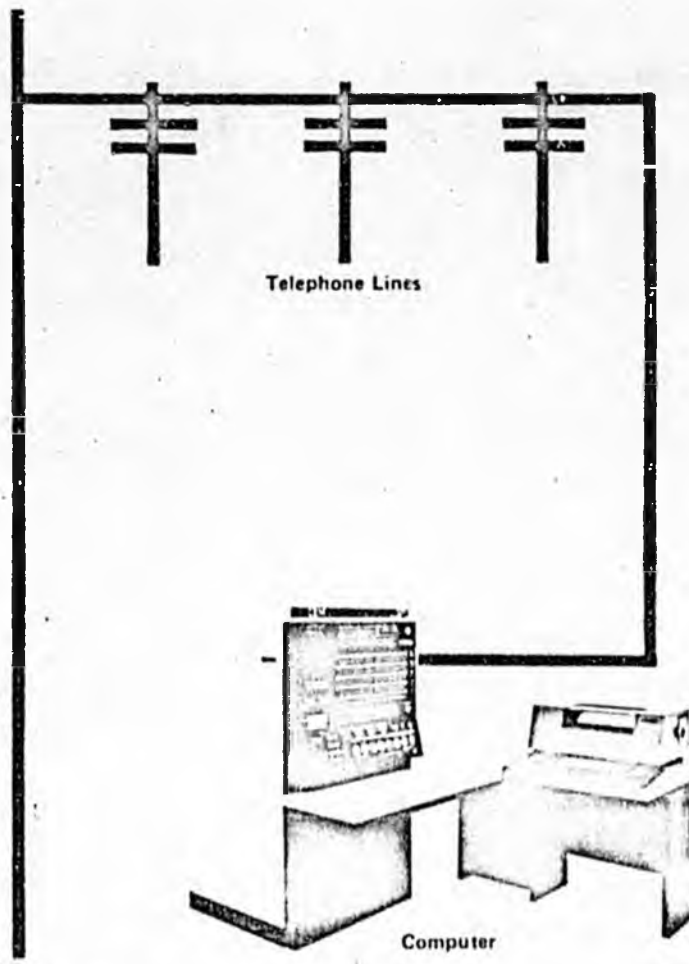
TOTE BOARD



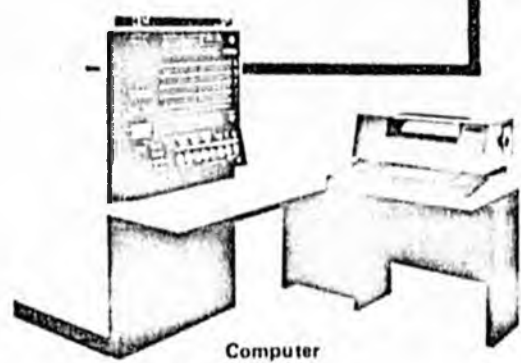
BETTING WINDOWS



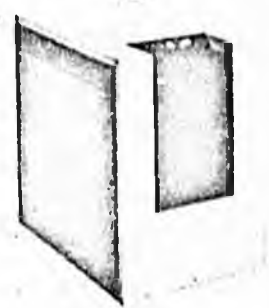
GENERAL PUBLIC



Telephone Lines

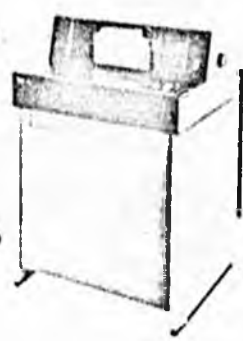


Computer

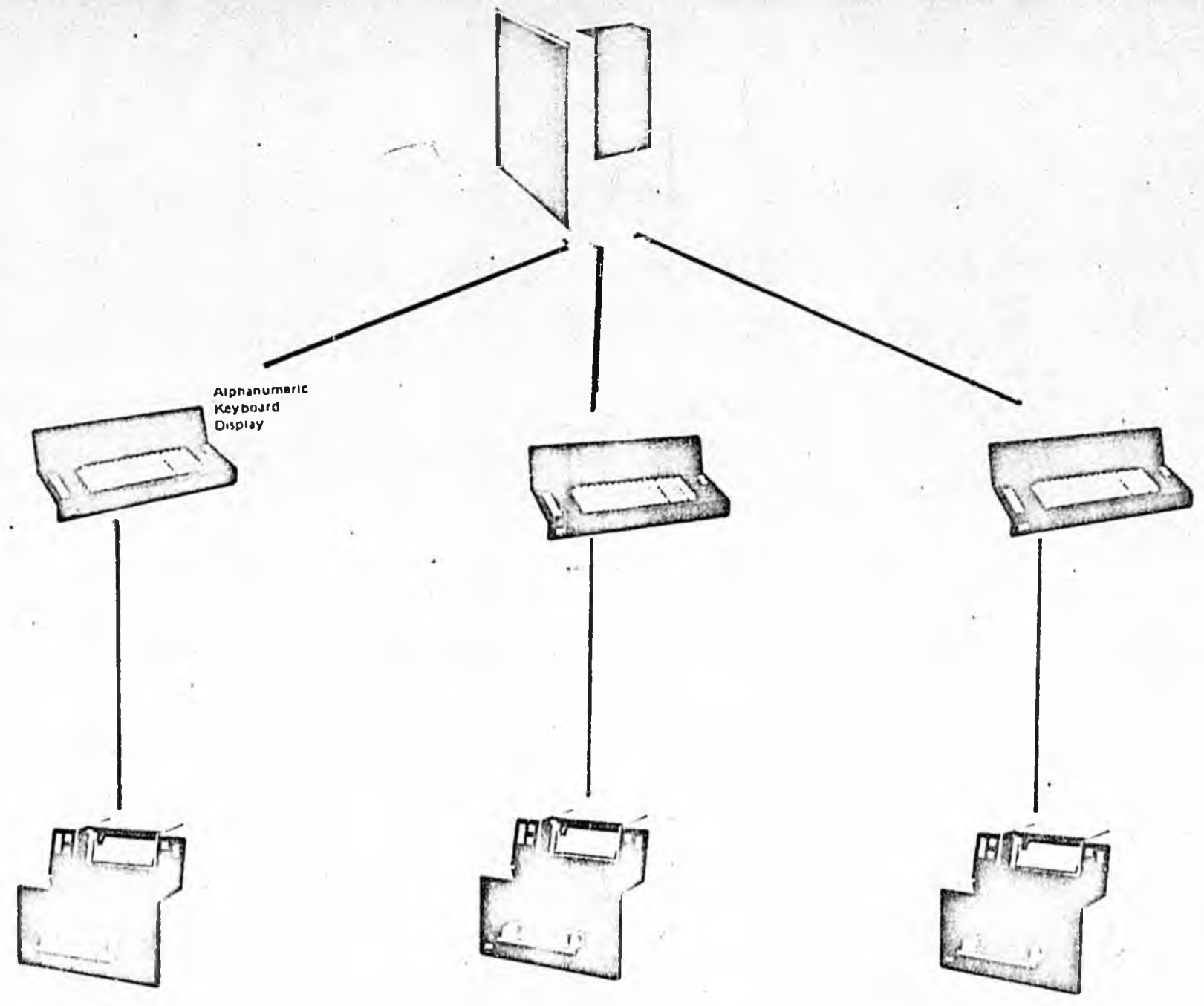


Controller

What Is The 3600 Finance Communication System? 11



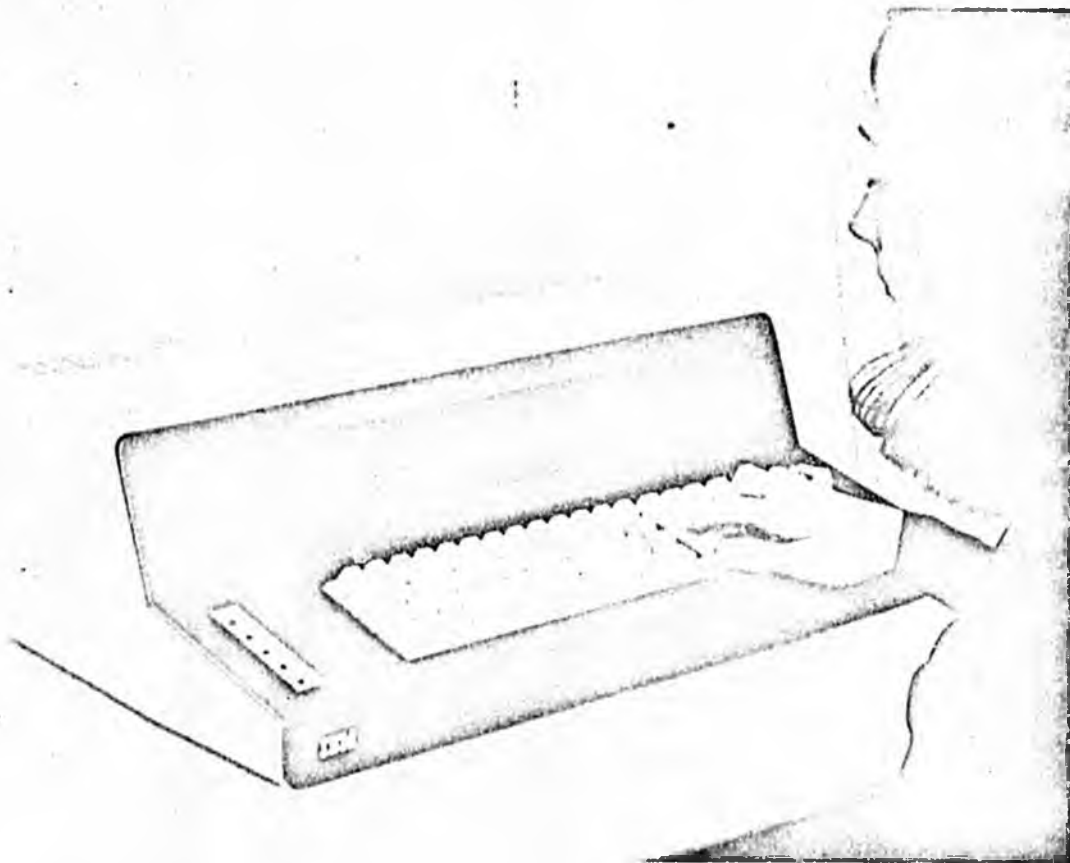
Administrative Line Printer



**IBM 3604
Keyboard Display**

The Keyboard Display (Figures 3 and 4) is an interactive terminal for use by tellers, loan officers, auditors, and others. It contains a viewing area for up to 240 characters of information. The displayed information may be customer data or operator instructions, presented under control of the IBM 3601, or it may be the information entered from the keyboard.

Several keyboard options are offered with the IBM 3604. Keyboards with special "function keys" are available as well as the standard numeric or alphanumeric keyboards. The use and nomenclature of function keys are specified as desired by the individual financial institution.



IBM 3604 Keyboard Display with Alphanumeric Keyboard Feature

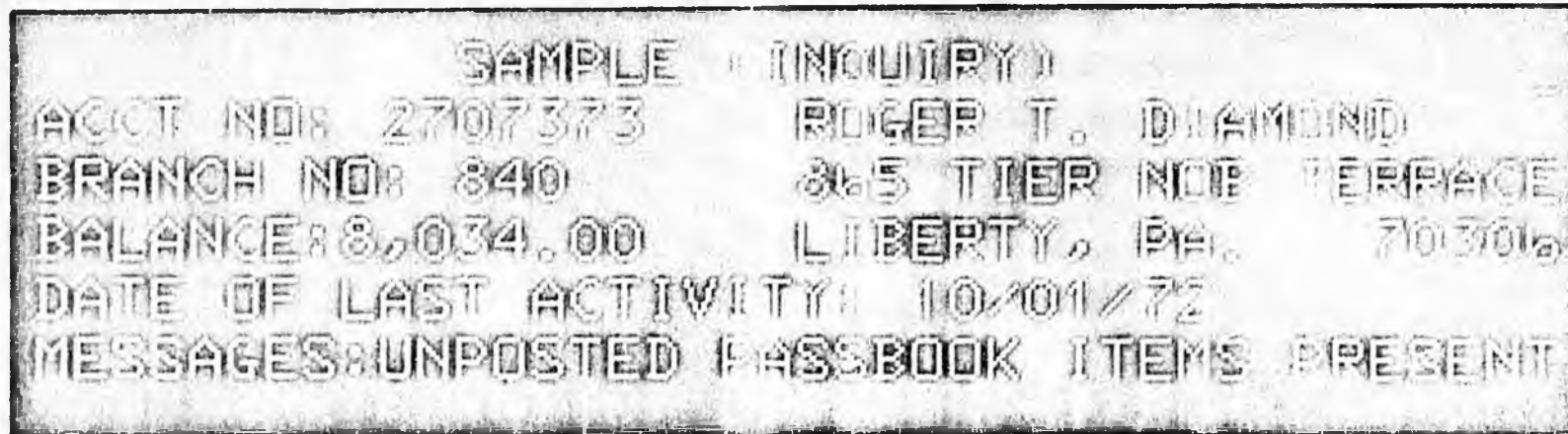
Display

The display shows 240 characters (6 lines of 40 characters) sharply and steadily. It may be used to do two important things for you:

1. Display the information that you enter at your keyboard. You can thus check your message for errors before you send it to the computer or before you have it printed. If there are any errors, you can change the message and see the change on the display.
2. Display information or guidance messages for you from the computer. Examples are: (1) an answer to your inquiry (the present

balance, let's say), (2) the result of a transaction (for example, the new balance after a deposit), (3) a message to help you through an unusual situation or a less frequently used transaction. Note that even though you may have only a numeric keyboard, alphanumeric messages from the controller to you can be displayed.

A sample display is shown in Figure 7.



SAMPLE « INQUIRY »
ACCT NO# 2707373 ROGER T. DIAMOND
BRANCH NO# 840 865 TIER NO# TERRACE
BALANCE \$ 8,034.00 LIBERTY, PA. 703016
DATE OF LAST ACTIVITY: 10/01/72
MESSAGES: UNPOSTED PASSBOOK ITEMS PRESENT

Sample Display

Audit and Control

The use of an IBM 3600 in a branch office introduces a new way to process information. Terminals become key operational devices. Terminal actions are guided by terminal prompting, data is gathered by terminal keying, and system information is accessible by terminal action.

Controls and audit procedures are very important. The institution can incorporate a variety of security and control measures, audit trails, and error-detection schemes into its application programs. As an illustration, consider operator identification.

If desired, application programs can be written so that operators must identify themselves with a log-on code before they are permitted to use the system. The procedure might be simply to enter a confidential identification name or number. Each terminal user would be assigned a unique code, and code changes could be made periodically or as needed. The system could be programmed to permit only certain codes at certain terminals, and to allow no more than one log-on code at a time per terminal. A log-off procedure (such as keying the term "Off") would prevent subsequent use of the terminal until another valid log-on was entered.

When two operators use the same terminal unit or units, special keyboard keys can be used to identify the operator who is processing a transaction. In this way, the system can keep track of individual activity and maintain separate records and accountings.

As an additional security measure, the system could be programmed to provide an authorization mechanism which allows operators to perform certain specific transactions but not others. This technique is valuable for restricting access to information that only certain users need; supervisors or managers, for example. It can give extra protection to particularly sensitive information.

Problem Determination and Fault Isolation

The IBM 3600 system minimizes the effect of fault conditions. Checking circuits and controls are built in to identify problems and to isolate their cause so that quick corrective action can be taken.

For example, suppose a Keyboard Display has a failure in the circuitry that exchanges data with the IBM 3601 control unit. On the terminal a CONTROL READY light (usually lit) begins to flash, or is extinguished altogether. Turning the unit off (or throwing the DSBL UNIT switch) disables the terminal and permits the remainder of the system to function normally. Therefore, the problem can be corrected with minimum effect on the system.

If a failure occurs elsewhere in the system, it may be flagged by a CONTROL READY light indication, by a special message from the IBM 3601 control unit, or by other system means.

Furthermore, IBM-designed tests are incorporated into the IBM 3601 and may be activated at any time. They exercise and test the terminals, and provide assurance that each device is performing properly.

* * 3600 Hardware Costs * *

	<u>Monthly</u>	<u>Extended Monthly</u>	<u>Purchase</u>
Central Processor	\$523.00	\$445.00	\$20,140.00
Display Consoles (8)	496.00	424.00	2,120.00
Document Printers (4)	300.00	256.00	2,545.00
Central Site Prtr	<u>125.00</u>	<u>108.00</u>	<u>2,350.00</u>
	\$1,444.00	\$1,233.00	\$27,155.00

These hardware costs reflect only the mainframe and peripheral devices. Additional costs will be incurred in the event of a need to configure additional mainframe modules, e.g., multiplexor, also cable considerations, and site preparation are not included.

Large Scale Off-Track Betting Systems

Stephen L. Dunik
IBM Canada Limited

Introduction

While legal off-track betting in North America has only been active since April 1970 (in New York), it has been available to Australians since 1966, following the installation of telephone betting in the state of Victoria.

An off-track betting system is one that allows individuals not within the confines of a racetrack to place wagers either in person at a branch office facility, or via telephone if an account has been established. The law usually requires that all bets placed off-track be consolidated with the on-track pari-mutuel system of any race within a given state.

In 1971-72 the Australian public invested an average of \$147 (Australian) per person in racing bets. This represents

a total investment of some \$1.9 billion spread over off- and on-track. The average yearly growth rate over the past eight years has been 15 percent and the current rate of increase in off-track betting is about 20 percent. The largest, New South Wales Totalizer Agency Board (N.S.W. TAB), which installed its on-line system in 1971 with an expected life of 10 years, passed its 1980 forecast bet levels in 1973.

The TAB of N.S.W. is set up under a state government act to provide legalized off-track betting facilities on horse and dog races within the state. Similar legislation and operations exist within other states in Australia, Tasmania being the last to set up such an operation. The N.S.W. Board was set up in 1964 and went on-line in 1971. Turnover in N.S.W. off-track betting for the year ended



expected to exceed \$40 million.

Of the total monies invested in the TAB, 13 percent is deducted and the remaining 87 percent is paid in dividends. Of the amount deducted, 5.5 percent goes to the state government and 7.5 percent is used to cover TAB operating costs and a distribution to the race clubs. The TAB operating cost last year was 4.5 percent of turnover.

In the U.S., OTB legislation exists in three states and is being considered in 14 others.

Racetrack Betting Betting procedures at racetracks result in fast ticket selling over a short period of time for each race. The ticket windows open about one-half hour before post time and each window generally handles only one bet type for a single amount (for example, \$2 Win, \$5, Show, \$10 Place) and for the upcoming race only. Once at the desired window, the bettor need only give the teller the number of the horse, pay his money, and receive his ticket. The teller presses the appropriate button; the ticket is issued; and the wager recorded. To place a different type of bet, the bettor must go to another line. Under this procedure, tellers can sell tickets at a rate of about 20 per minute.

Off-Track Betting The nature of off-track betting dictates a totally different procedure from on-track betting. Betting opens for all operating tracks and races at the beginning of the working day. The variety of types of bets that may be placed at an off-track betting office precludes the use of specialized windows. One teller handles all bet types such as Win, Place, Show, Daily Double, Exacta, and Quinella, in all denominations, for up to 10 races, at each of several tracks. The bettor must specify his choice of track, race, horse, bet type, and amount for each bet he wishes to place. The teller must place the bet, validate the bet information, issue a ticket, and calculate and receive the total money due.

The ticket-issuing machine must be able to enter a bet, consisting of the above information and number of tickets, and in a short response time (approximately 3-6 seconds) issue a wallet-sized ticket, with the printed data describing the bet. This is a perfect duplication of the betting procedure a bettor would have had to perform at an on-track site, with one exception as mentioned the amount of data communicated at an off-track site is greater than that communicated on-track.

These steps can slow the off-track operation to about two bets per minute, thus creating long, slow-moving lines and discouraging the bettors. At this rate, the amount of money a teller can take in is limited, thus severely restricting the profit to the state as an off-track betting operator. Since a significant percentage of the gross must be spent on the teller operation, an increase in the number of tellers raises costs almost in proportion to the revenue generated.

This article describes the general requirements for an off-track betting system. A major system currently installed in New South Wales in Australia and a second system to be installed in Western Australia next year are also described.

Typically off-track betting is carried out in two forms. Remote branch office betting where the bettor must present himself to place bets or collect winnings and telephone betting where bets given over the telephone are placed by an operator against the bettor's account.

Central Control Function At the beginning of each day, the system is initialized from the central office using data forwarded from the previous day in addition to the track profile for the day. Branch offices are opened for business, after which branch supervisors and tellers may sign on to the system. As the system functions throughout the day, information is made available to authorized personnel concerning the status of individual tellers and branch offices as well as the system as a whole. Supervisors may also effect security changes within their area of responsibility, such as inserting, modifying, or deleting teller information. At the end of the day, the system is shut down in an orderly fashion. Terminals and branch offices are closed for business, and any data such as track profiles or winnings needed for the following day is recorded.

During system initialization, the day's racing information is gathered and entered in the track profile table. These records include (for each track) identification, races, race close times, horses, bet types, pool summaries, initial odds, allowances, and provisions for scratches, cancellations, and payout amounts. A directory of table entries is kept in main storage during betting.

When the supervisor is satisfied that the system has been correctly initialized, he may proceed to the established data verification and test procedures and, finally, to the opening of branch offices and the day's betting.

Whether a branch office opens automatically at system initialization time or by a specific command at a later time, the system must inform each branch that the off-track betting system is ready to accept transactions and initialize a cash-on-hand counter for each branch opened. The branch responds with a confirming message and terminals then may sign on when they are ready to accept transactions.

The central office also handles the information that is exchanged between the track and the off-track betting system. From the track to the off-track system comes information about scheduled races and horses, horses scratched, race cancellations, and race results; to the track from the off-track system comes the data from the bet pools—that is, the total amounts of money bet on each race and horse.

To scratch a horse, the system administrator enters the track, race, and horse identification. When the transaction is confirmed, the system flags the horse in the track profile table and the horse record in the track profile record as scratched. The system prevents further betting on the horse. The bets on the bet files remain unchanged until payout. At that time, the horse is treated as a winner, with the payout equaling the original bet. If a customer wishes to redeem a bet placed on a horse he knows is scratched, he should cancel his bet. Thus, if the horse is reinstated, previously uncanceled bets go as placed.

To shut down a track for conditions such as inclement weather, the off-track betting system administrator inputs the track name and date. Once the entry is validated, the system locates the track profile table and determines the

first race not yet run for the track. The race record is marked "canceled" and the payout routine procedure is performed, making the payouts equal to the original bets.

At a given time before the race, usually a half hour, the race close-transaction is issued and the system ceases to accept bets for that race. The race close-transaction can be issued either from the system timing function or from an off-track betting system administrator at the central system.

When the system receives a race close-transaction, the track profile race record is located and flagged to discontinue betting. The transaction then waits for a fixed period, allowing any bet transactions in process to complete their updating of the pool data. The accumulated pool data is then transmitted to the system administrator. For in-state tracks, he passes the information on to the track, where it is integrated with the on-track pools. For out-of-state races, the pool data is received until the results entry transaction is completed.

After a race has been run, the system administrator enters the results into the system, thus activating the payout of winning bets. He enters the track, date, race, finishes (up to five in the case of some perfectas) and, in the case of in-state races, the track-calculated payouts.

Payout tables are built in computer memory, either from the track-provided payouts for in-state tracks, or from parimutuel calculations based on the pool data records for out-of-state tracks.

The system displays the input data for verification of content and, once correct, locates and updates the necessary track profile information. A printed report is then available on demand to the branch office supervisor.

Betting Office Operations A teller signs on using a special entry procedure which normally includes his employee number and cash drawer balance on hand. When all input has been validated, the betting terminal may process transactions.

A teller signs off by a sign-off procedure using his employee number. The system typically responds with the closing cash drawer balance and the number of tickets sold, cashed, and canceled. Date and time of sign-off and hours worked are also recorded. No further transactions may be processed at that terminal position until a teller has signed on again.

The design of the betting and payout system incorporates fast response time with accuracy. The high volume of bets demands the ability to process bets and payouts quickly.

The primary input data consists of the track, day, race, bet type, horse(s), and amount.

The bet is placed using key operated or optical-mark-read terminals, and the data is transmitted to the computer. Typically, the length of a bet message is 13 digits plus terminal and branch identification. Using the track profile table for reference, the selection is edited for consistency, such as (1) the bettor must select two horses if the bet is a daily double, (2) betting for the selected race must be open, (3) a valid horse number must be selected, and (4) the horse must not have been scratched. For errors, the computer generates an explanatory message to be returned to the originating terminal, where the message is displayed or printed, and the transaction is terminated.

If all criteria for a valid bet are satisfied, the bet is recorded. The system logs the transaction, assigns a serial number to the bet, and creates a bet record containing the bet serial number, bet origin (teller, branch office), date and time, race date, track, race, horse, bet type, amount, payout amount, payout location, and cancellation and scratch information. Each bet entered also updates the cash-drawer balance maintained in the system for each teller terminal.

Along with the cash-on-hand maintenance for each teller are statistics such as his sign-on and sign-off times as well as value and number of tickets sold, paid out, and canceled. These are all recorded in the teller statistics file.

The betting ticket is given to the bettor. The ticket usually contains betting information, the serial number, and date. In the event of an error, the ticket may be printed with an error message.

After the race results have been processed, all the winning bets or scratching refunds (or in the case of canceled races, every bet on that race) have their payouts calculated and written onto the winning bets file.

Normally Win, Place, and Show bet processing is handled differently from other bet types. After the race is completed and before the results are official, a list of the probable winners is entered into the system. This is used to extract all of the probable winning bets from the bet file. When the final winners are known, the small work file is scanned first and the payouts calculated. This scan of the bet file is also used to prepare statistics on each branch and number of tickets sold. This makes use of the time between race completed and official results, which gives faster turnaround on payout.

On doubles, after the first race has been run and the results have been declared, the bet file is scanned for all bets corresponding to the first winner. These bets are placed in a file for processing after the second race of the double is completed. Usually all other bet types such as quinella and triella are handled by a single pass through the bet file once the results have become official.

Statistics prepared during these passes of the bet file include the total number of winners, the payout amounts, and the number of tickets and amounts for each pool. These statistics are normally broken down by branch.

To pay out a winning bet, the cashier either keys in the ticket serial number or passes the ticket through a special reader. In any event, the serial number is transmitted to the computer for verification. The system retrieves the bet record and verifies that it is, in fact, a winning (or scratched) ticket that has not been previously paid or canceled. Winning bets that have been paid off by a branch are marked on the winning bets file so that any subsequent attempts to pay off this bet will be flagged. The payout amount is then transmitted to the terminal for printing or displaying. The teller's cash-drawer total is decremented by the amount of the payout.

If the ticket is not a winner, a descriptive message is returned to the terminal and the worthless ticket is returned to the bettor for his review. In the case of a scratched horse or canceled race, the bettor is refunded an amount equal to the original wager.

To cancel a bet, the serial number of the bet encoded on the betting ticket must be entered. Upon receiving the serial number of the bet to be canceled, the system locates the

bet record, marks the bet as collected, debits the amount from the pool(s), and updates the cash-drawer balance (for a branch office bet).

The betting authority determines how long a bet record remains payable on-line. After this period, bets are carried only off-line and winning tickets can be redeemed only by mail or at a central location.

Telephone Betting Operations The telephone accounting subsystem performs the administrative functions required for telephone betting. It is similar to a "banking operation" in that accounts are opened or closed on written authority only.

Telephone account-opening processing includes checking the completeness and reasonableness of data, providing a unique account number, establishing a password, building and adding a new account record to the telephone record file, and flagging the record to permit betting once the deposit is firm. The telephone betting account file contains all the details of the accounts that are needed during on-line operations (that is to say, the account code and number, the date and time of last transaction, and the current balance), and it contains links to the day's transactions and dividends. This file contains one record for each of the accounts, so it can be accessed either sequentially by scanning the whole file or directly by using a simple algorithm to convert the account number into a disk address. This file is updated continuously during the day's operations with all transactions—bets, dividends, deposits, and withdrawals—which can affect the balance or status of the account at any time.

Telephone account deposit requires retrieval of the telephone account record based on the account number and password. The deposit amount is added to the current balance in the record and the updated record returned to the data file.

For telephone account withdrawal, the telephone account record is retrieved on the basis of the account number and password. The current balance is checked to see if the withdrawal request can be met. The current balance must remain above the withdrawal. Once the withdrawal is approved, the current balance is reduced by the withdrawal amount and the updated record is returned to the data file.

Statements are prepared as requested by the bettors. They show opening balance, transactions occurring in the period, and closing balance.

Telephone account closing requires positively identifying the record as defined by the user, logging all details of the closing, deleting the account from the files, and preparing a closing statement and a check for the amount remaining in the account.

To place a telephone bet, the operator at the telephone betting station enters the customer account number into the system via the keyboard and, for a valid account number, the system displays a password, account status, date and time of last transaction, and account balance.

Once enabled, the account is blocked to all other accesses. The operator then requests the password from the customer. When the password is accepted, the operator requests betting information from the bettor and enters the

bet as a transaction to the customer account. The system validates it as for a branch office transaction with an additional check to ensure that the bets do not exceed the customer account balance. If the updated account balance is negative, the last transaction is rejected.

Once the bet is accepted, the bet entry is basically the same as for branch office bets but with three additional considerations:

- The account balance is debited with each bet amount instead of updating the teller cash-drawer balance.
- The bet record created is keyed to the account number to enable later crediting of winnings.
- No ticket is generated, however, data is retained to generate an account statement, if required.

As each bet is entered, the telephone betting file logs the details of each bet. It also contains details of deposits, withdrawals, and account changes originated either from a branch or from a Telephone Betting Terminal, or by the system by race result processing. All the transactions for any one account are linked together to allow easy retrieval of any transaction.

After the last bet is entered, the system displays the new account balance, the total value of the bets, and the time. At this time, the processors update their telephone betting status table in memory is now updated to reflect the removal of active accounts.

Telephone bet payout differs from branch office bet payout mainly in its manner of initiation. When race results become known, the entire telephone betting bet file is scanned for any winning bets on the results just obtained. As they are found, the bet details are used to calculate the payout, and they are placed on the telephone betting payout file. This file contains details of all the winning telephone bets. After the race result processing is complete, this file is scanned, and the payout value is extracted and credited to the appropriate account. While this is being done, the file is linked in the same fashion as the bet file so that all the dividends for any one account can be easily found.

To assist with telephone betting inquiries, a display format file is used which contains the various formats displayed on the screen in response to format number entry. The functions that are normally entered include race result, scratching, inquiries as to race status, or system status.

Remote Off-Line Betting Operation A third form of bet entry is made from very remote branches using dial-up, teletypewriter-like terminals. The difference is that the bets are collated manually at the remote branch and only the collated data is transmitted. The incoming data is accepted and checked in the same way as normal bets. These bets are logged on the bet file with special identifying codes.

System Shutdown In advance of anticipated system shutdown, each branch supervisor is notified of the scheduled shutdown so that he may terminate his own operation in an orderly fashion. At shutdown time, any terminals and/or branches still open are closed automatically at the finish of the bettor transaction in process.

When a branch closes, effect by specific commands of system shutdown, the system sends summary accounting data to the branch office supervisor's terminal and prevents further processing from that branch.

When the network activity ceases, housekeeping activities begin:

1. Bet and pool information to be forwarded to the next day is recorded.
2. Bet records for the day's races are reorganized to include only those requiring payout.
3. Payout records that have passed the system retention date (typically one month) are purged to the unpaid archives file.
4. A message is written to the master system terminal indicating the completion of system shutdown.

During the day's operation, a transmission file is used which contains output messages for the teletypewriter located at the branches. These messages may either be specific messages dealing with a branch's operation, statistics, or liabilities, or may be general broadcast messages such as race results, changes, scratches, closed tracks, and system shutdown schedule.

Additional report information is made available as required and on demand at shutdown. Examples are as follows:

- tickets sold by type/amount, by teller/branch/system;
- cash on hand by teller/branch/system;
- branch liability, when race results are known;
- selected pool data;
- telephone account status.

At the end of the operating day before system shutdown, information items are selected, grouped, and sorted into a new sequence for reports of varying detail, such as:

- system liability report;
- accounting reports by location;
- average bet amount;
- race activity;
- telephone account statement;
- average number and frequency of bets per bettor (telephone);
- bets by track;
- bets by type and location;
- bet cancellation by location;
- payouts by locations;
- purged pay tickets;
- branch office activity comparisons;
- hourly branch office activity.

Fallback, Error Recovery, and Restart The system attempts to preserve data integrity and minimize inconvenience caused by some failures. High priority is given to recovering pool data since the off-track operation is liable, for practical purposes, for the track payout amounts on races where pools are combined. In addition, current bets, track profiles, and statistics must be recovered.

The central system is usually duplexed, allowing considerable equipment failure before any general effect is noted. As more and more units in the central processing

system fail, less important functions are successively dropped until the system is just collecting bets, logging them, and pooling them.

One CPU, designated the master, outputs messages to the terminals. The communication controllers attached to the system detect system failures by ensuring that they are polled on a regular basis by both CPUs. Should the master fail, the subordinate immediately becomes the master, while if the subordinate fails, the master merely takes note of the fact and commences to update the subordinate disk files as well as its own.

To minimize the effect of a disk drive failure, each set of disk drives (one per CPU) has two copies of the control program and application programs. Also, if any disk drive fails on the master CPU, it begins to use the corresponding drive on the subordinate. In the event of total failure of both sets of disks, the system is reduced to the input and pooling of bets and logging them on magnetic tape. This tape can be used at the end of the day for the reconstruction of the disk files that should have been created during the day. There are a number of tape drives on each CPU, and if one should fail, the CPU automatically uses another.

If the line printer being used for the output of collations should fail, the computer operator can manually switch the other printer onto the master in place of the defective one.

In the extreme case where both sets of disk drives have failed, or if the same disk drive has failed on both systems, the off-line recovery procedures are executed at day end. The magnetic tape containing a time-sequenced log of the day's betting input is read into the CPU, and the bet messages are written to the various disk files. Once these bet files have been regenerated, it is possible to perform the race result processing. Thus it is possible, via off-line recovery, to achieve the same day-end processing completion as would have been achieved without the equipment failure.

Terminal failures at a branch are recovered through plug-for-plug replacement of a defective terminal with a known good terminal from a central pool.

Current New South Wales System

The system currently installed in New South Wales (N.S.W.) uses specialized hardware to handle the high transaction rates. The system is handling 8000 transactions per minute now and the 1978 projection is 15,000 bets per minute.

The N.S.W. ticket terminal was designed and built by Amalgamated Wire of Australia (AWA). The terminal is key-driven on a numeric keyboard from paper betting slips filled out by the bettor before he reaches the window. A gas discharge display of up to 12 digits displays the bet to the operator during keying. Bets are transmitted bet-at-a-time at 150 bps DC signalling to a remote multiplexer. The printer used is an adapted adding machine print unit. Bet information printed on the ticket is taken directly from keyed data. Throughput is directly dependent on the skill of the operator in getting the data correctly from the customer and keying it correctly.

... consists of improved 2306 (1957) 360-64 CPUs driving IBM 3970 Data Set Adapter Units through four IBM 3967 Communications Controllers (with a fifth as standby) on the AWA, Teletype,* and Telex† terminals (Figure 1).

Telephone betting is handled by 96 terminals also supplied by AWA which are a modification of the cash betting terminal.

Each of the four IBM 3967's performs identical functions and handles a maximum of 400 communications lines. Their main functions are as follows:

- Line control procedures for the various terminal types.

- Message buffering between the terminals and the CPU's.

- Code conversion. All CPU outputs to the 3967 are in EBCDIC while the IBM 3967 inputs to the CPU are either EBCDIC or unsigned packed decimal.

All incoming messages are blocked in each IBM 3967, and at frequent intervals the CPU's ask for any completed blocks. On receipt of a block of messages, both central processors first validate each bet, then add it to the appropriate pools, and then generate the bet ticket number, which is sent back to the communications controller for transmission to the terminal. Thus, while the branch is printing the bet ticket, the bet details are being placed into a disk buffer area in the CPU for logging on the appropriate bet file.

Although fully hardware duplexed, on "quiet" race days the system is run in simplex while the second system is used for program development. In case of failure, the second system can be made ready within seconds.

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*Trademark of the Teletype Corporation.

†Trademark.

All terminals are ONE PER LINE basis

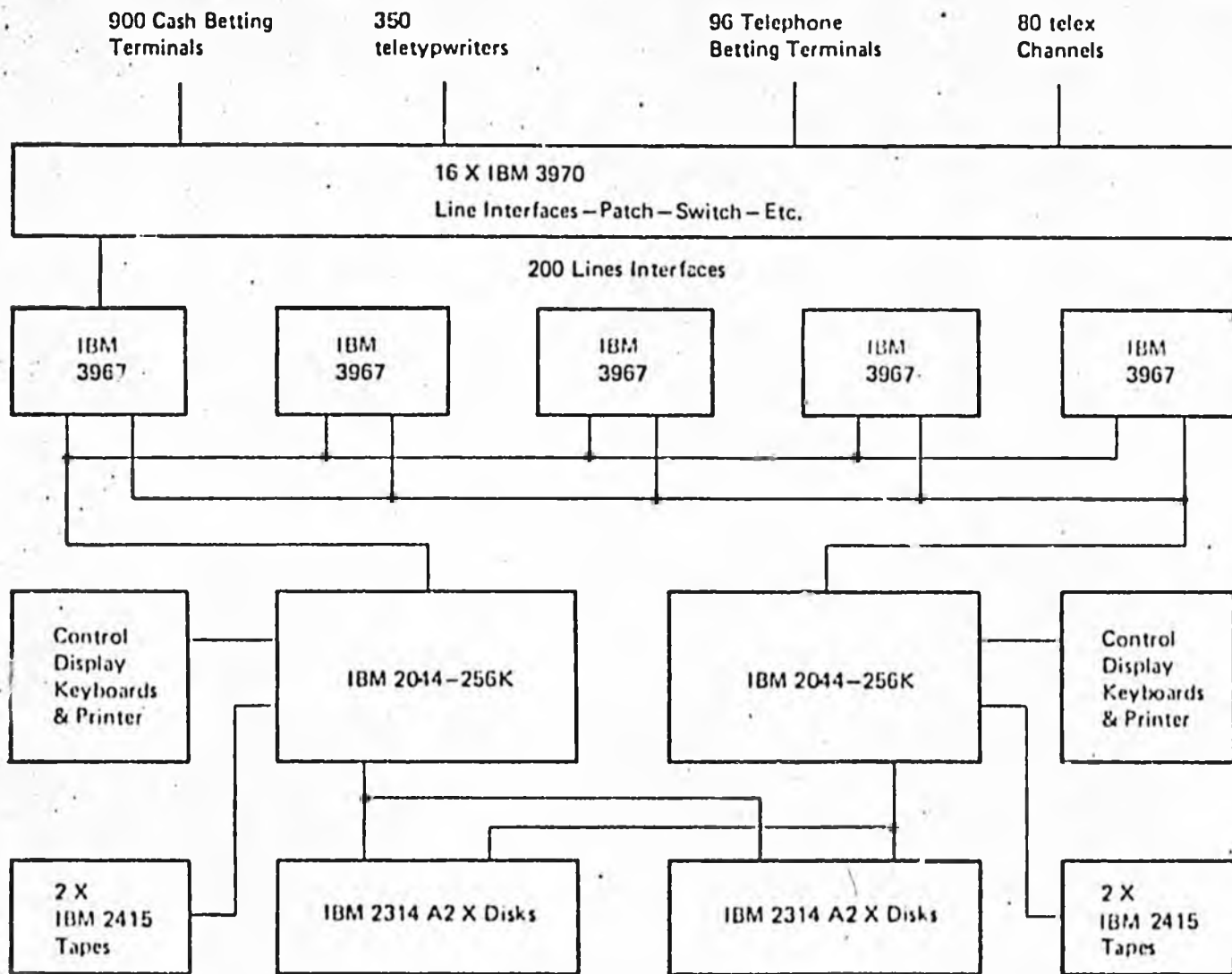


Figure 1. New South Wales TAB System

five drives giving a total capacity of 145 million bytes. Of this, 200 cylinders are allocated for bet files, 20 cylinders for telephone betting, and 140 cylinders for winning bets and paid tickets. In addition, parts of two disk drives are used for control program systems residence, applications program residence, and work files.

There are two 30 kb tape drives on each CPU. Their primary purpose is the dumping of disk files at day-end for historical purposes and the reconstruction of a day's betting activities as may be required for audit purposes. During periods of on-line operation, one tape drive on each CPU is used for the logging of all system inputs, to guard against the loss of data in the unlikely event of failure of both disk control units.

The line printer is used to list horse total investments at the same time as they are transmitted to the control center. The card reader is used only for the input of meeting and race initialization data at the commencement of each day.

Future Western Australia System

The Western Australia (W.A.) system is scheduled for installation in late 1975. To increase flexibility and throughput, they are taking a different tack entirely—

himself by using optical mark reading and standard system hardware (Figure 2).

The bettors place bets by marking their selections on IBM System/3-size paper cards (Figure 4, or longer card stock for complex bets) and inserting them directly into the terminal. The terminal, an IBM 5934-102 Ticket Terminal (Figure 3), reads the pencil marks and transmits them at 1200 bps to a remote multiplexer. After verification and editing, print information is returned over the teleprocessing line to the terminal to print the bettor's selections on the same card (Figure 5). Besides the entry method, a second major difference is that the system also prints a unique machine-readable bar code on the betting ticket, which identifies this particular bet. Invalid bet tickets are returned with an error message across the top, describing the error. Reasons for rejecting tickets include incomplete information (such as only one horse marked for a daily double, scratched horses, invalid bet amounts and types, race already closed).

After the race has been run, the bettor inserts his bet card back into the same terminal (or any terminal in the system), and this time the previously printed bar code is read in conjunction with the marked information. This bar coded serial number is used to look up the bet in the win

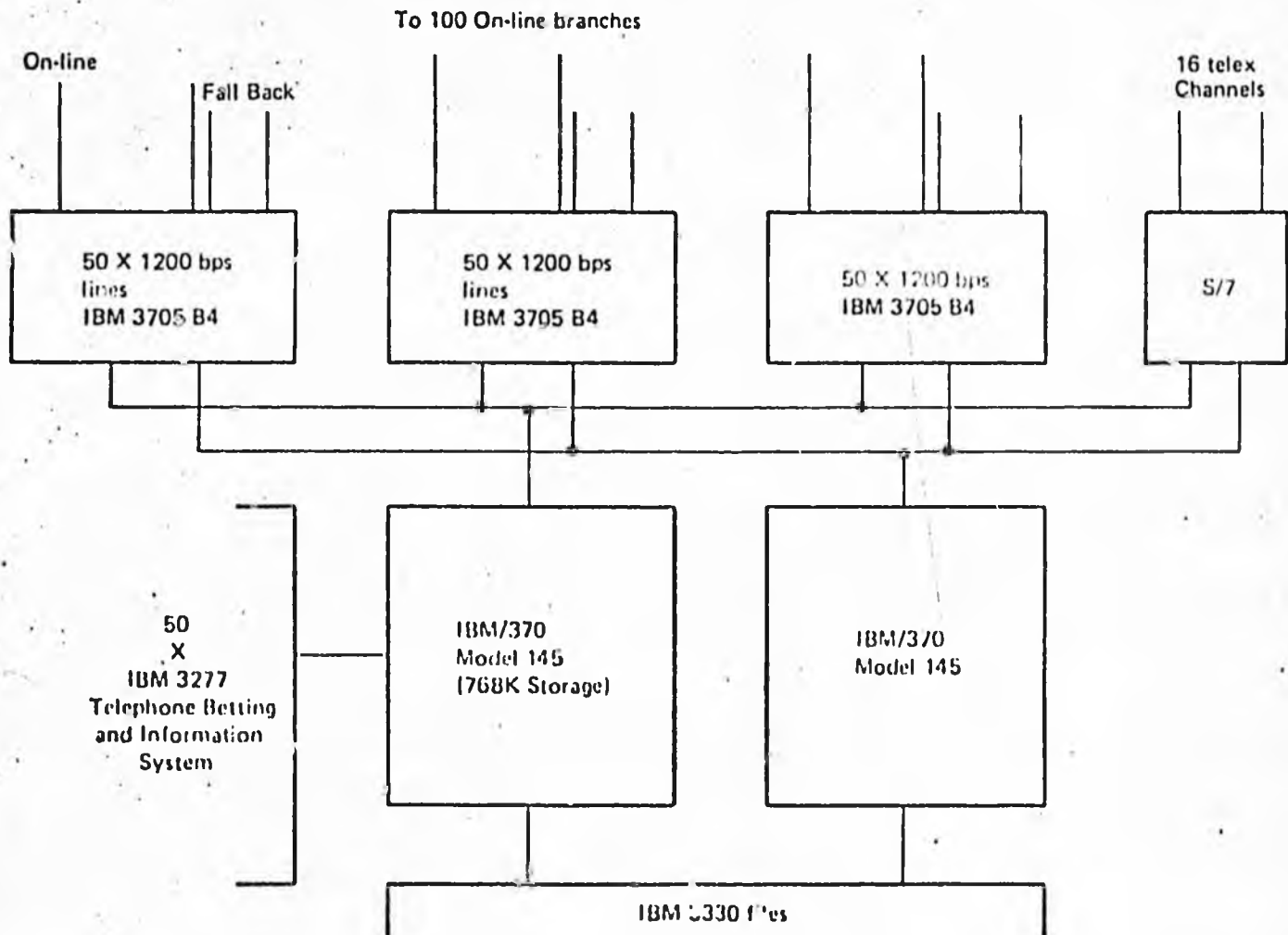


Figure 2. Western Australia TAB System

file. The returned information printed on the card indicates "not a winner," or the amount the bettor won, or (in the case of fraud) it prints "already paid" (Figure 6).

The bettor can place a number of bets on one card (for example, bet horses 4, 5, and 9 each to win for \$2), and he can place a number of bet cards together into the 5934 hopper. In fact, he can mix previous winning bet cards from previous races with bets on future races and the self-totalizing ability of the system will tell the operator the net amount to pay out or collect.

At the branch office end, the only change for new bet types is new card stock; no modification is required to installed hardware. In addition, the key-driven terminal requires one operator per terminal, whereas two 5934's can be driven by one operator making change at one machine while the other machine is processing a different bettor's cards.

Besides these obvious features, the Optical Mark Read (OMR) approach offers a reduction in operator errors, increases customer confidentiality, reduces the total number of betting tickets through the use of multiple bets, provides the operator with totals, and provides horse names on betting tickets as an aid for bettors.

One hundred metropolitan branches equipped with IBM 5934 Terminals will connect to three IBM 3705 Communications Controllers. In standard operation, each 3705 will support one-third of the on-line agencies. However, in case of a 3705 failure, each of the other two provides fall-back for half the load of the failing unit.

A System/7 provides an interface to 16 Telex lines. Remote betting offices will transmit their collated holdings via Telex to the control center at event close time.

IBM 3277 Display Stations are used to service telephone betting customers and for the control function.

The system will eventually be required to process 6000 bets per minute. This represents 100 transactions per second.

In the IBM System 370/145 CPUs, a high-priority partition is required to process transactions from the terminals in the agencies. This partition processes bets, updates collation tables, controls the logging and retrieval of bets, and communicates to the Management Information System (MIS) partition.

As many as four IBM 3340 Direct Access Storage Facility disk drives will hold the ticket file to minimize contention during critical payout periods. Other files may be resident on the drives provided low access requirements are specified for them. Transactions are logged on the IBM 3420 Magnetic Tape Units for audit and reconstruction purposes.

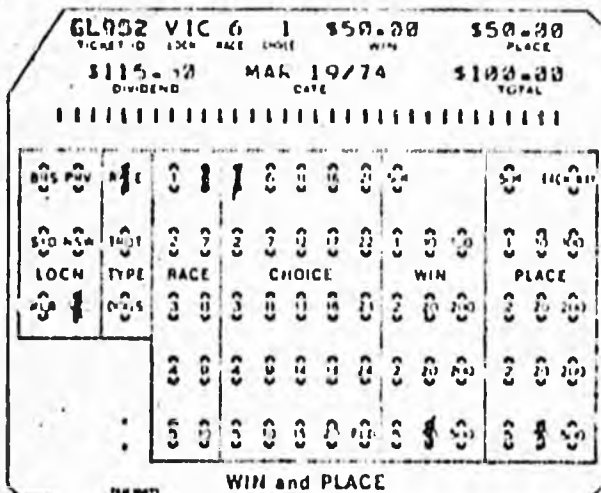
The IBM 3705 Communications Controllers are attached to the System/370 processor channels and provide the teleprocessing line control and processing function. Each controller can control 50 1200-bps leased lines. Should one unit become unserviceable, then lines from this unit can be switched to other serviceable units.

The controller executes a network control program, which provides a wide range of functions and relieves the processing unit of the teleprocessing workload. The network control program also provides such standard functions as control character recognition, line-timeout control, error checking, code translation, and dynamic buffering.

Conclusion

To handle the widely fluctuating high volume of bets from the general public, an OTB system must have the three characteristics provided by the Australian systems described in this paper:

- Unique application-oriented devices to eliminate expanded teller requirements (and human errors).
- A data processing and telecommunications capability to handle peak loads.
- A completely reliable backup and recovery system to protect both bettors and OTB management. ■



Card 3 shows the marking and included in the printing is the dividend paid for this bet. The bar code has been voided.

Figure 6. Voided Card

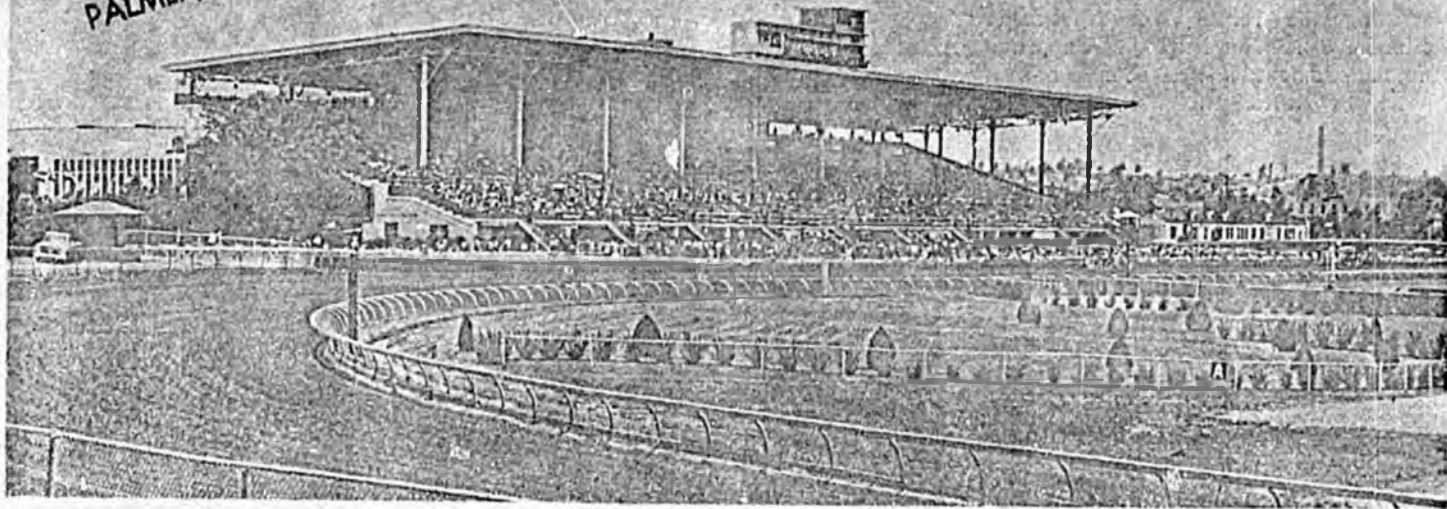


Stephen L. Dunk is Manager of Custom Products and an Advisory Engineer at the IBM Canada Ltd. Laboratory in Toronto, where he is responsible primarily for planning and developing unique product solutions for the gaming industry. Since joining IBM he has held various key positions in the manufacturing and Laboratory functions. His major contributions include development of a corporate Process Control and Automated Test Language and a family of standardized controllers used in computerized test applications. He has been with IBM since his graduation from the University of British Columbia in 1963. Currently he is completing an advanced degree in the Computer Science faculty at the University of Toronto.

Dunk is a member of IEEE and the IEEE Computer Society. He has received an IBM Outstanding Contribution Award and has been responsible for a number of invention disclosures published in the IBM Technical Disclosure Bulletin. His current interests include artificial intelligence, particularly with respect to automatic program proving and voice recognition.

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Charity and business in Nebraska

AK-SAR-BEN

Omaha's non-profit track is able to disperse more than \$100,000 in support of education, hospitals, youth groups, and agriculture, and still treat the racegoer and horseman well.

By Edward L. Bowen

NEBRASKA, in the main, was settled by distinct little groups of Europeans. Germans, Bohemians, Irish, and Swiss, many imported to work the railroads, established separate settlements; although by 1972, five years after the state's centennial, the presence of various dialects is as strong as the presence of divergent topography.

The Platte River Valley, broad and level, runs through the state, hence its image of miles upon miles of golden wheat. In the north country, the sand hills nourish a major cattle industry, and along the Nebraska bank of the Missouri River the land alternates between plateau and rolling hillside.

Nebraska's is a farm life, although Omaha, its largest city, is modern and industrialized and the creep of industry also is evident in other cities. Situated along the Missouri, Omaha has a metropolitan-area population of about 500,000, small compared to an eastern megalopolis, but the race meeting at Ak-Sar-Ben draws larger crowds than do those in many larger cities. Last year, Ak-Sar-Ben averaged 14,144 customers a day for its 48 programs, an average larger than that at summer meetings in Philadelphia, Detroit, or Toronto. The handle was nearly a million dollars a day—\$932,457—and by the end of the year, while many tracks' executives winced to see their annual reports, Ak-Sar-Ben had dispersed \$425,972 in charities. It appeared something out there was being done right, something worth checking.

AK-SAR-BEN had its beginnings in response to depression and to a sense of competition and civic pride. The depression was an economic one, which gripped the nation in the 1890s, the competition was between Omaha and a nearby city, Lincoln. The State Fair Board, which moved the fair every five years, threatened to cut short Omaha's tenure as host after the 1894 event was poorly organized.

"Provide entertainment other than saloons, gambling houses and honky-tonks for the 1895 fair or lose it to a competitively alert Lincoln," the board told Omaha. A group of Omaha businesses set about organizing a spectacular, partially in response to the threat and partially in the hope of helping turn around the economic trend. Money was raised, parade floats were secured from New Orleans, and the organization became a permanent one, the Knights of Ak-Sar-Ben.

In the early years, the Knights of Ak-Sar-Ben primarily was concerned with fairs, festivals, and parades, as well as their organizational rituals. Regular harness racing was introduced at the Ak-Sar-Ben grounds' track in 1919, the race track previously having had only scattered activity since its construction in 1889.

Thoroughbred racing followed the next year, and the spring race meeting quickly became the biggest revenue producer among the Ak-Sar-Ben activities.

Pari-mutuel gambling was proclaimed unconstitutional in the state in 1929, and although a rodeo was added to the organization's schedule, the loss of racing proved a financial disaster. George Brandeis, president of the Knights in 1934, helped organize efforts to have the state constitution changed, and racing was popular enough that 66,759 signatures were obtained on a petition to revive it. The amendment was ratified later that year, and racing returned to Ak-Sar-Ben in 1935.

The shutdown of racing in a sense became one of the strongest elements of the foundation on which Omaha racing has prospered. Sensitive to the moral issue, the Knights of Ak-Sar-Ben conceived of a return of racing on a non-profit basis and promoted a charitable aspect. Racing revenue would be used by Ak-Sar-Ben to expand its activities in promoting livestock breeding and 4-H projects. The Nebraska farmer, struggling through the depression of the 1930s, was receptive to that line of thought.

Thus, Ak-Sar-Ben neatly and honestly side-stepped the threat of accusations of greed among wealthy, exclusive cliques in pushing for the return of pari-mutuel gambling. Racing in Omaha was tied into an organization already a city institution, one which had—and promised to continue—promoted the taproots of the state's economy.

Another major asset to Nebraska's racing is that the state takes only four per cent of the mutuel handle in taxes. The total takeout is 14 per cent, leaving 10 per cent for the track (of which 47½ per cent goes to horsemen in purse money). The low takeout is by no means assured for all time, it taking some effort on the part of racing representatives to maintain the level each time Nebraska's unicameral legislature considers the matter. Nevertheless, the legislators and county agents—important men in an agricultural state—apparently have been able to grasp that taking more from the track in taxes would reduce the amount available for the track to disperse in charities.

ALL of Nebraska's 93 counties have county fairs, and Ak-Sar-Ben distributes \$500 annually to each fair. Also, the state racing commission collects an admissions tax of 15 cents on the dollar, applies monies from fees and fines, deducts operating expenses, and turns over the remainder to the state, which distributes that revenue among fairs. Last year, the subsidy thus provided amounted to some \$2,000 to each fair, in addition to Ak-Sar-Ben's grant.

Ak-Sar-Ben in 1971 distributed a total

of \$139,252 to projects under the heading of agriculture. A total of \$143,297 was turned over to community charitable projects, hospital programs, schools, and fire and safety programs, and \$143,423 was contributed to education, mostly in the form of college scholarships. The total of \$425,972 distributed was slightly more than the \$408,286 that the track earmarked for plant improvements.

"It would not be quite fair to say that other tracks could, or should, operate the way we do," said the general manager, Dick Becker, a former sports editor in Lincoln who joined Ak-Sar-Ben 10 years ago. "We are a non-profit organization, so we are not concerned with having to satisfy stockholders or having to distribute dividends. We are able to keep our prices down: The admission is only \$1, parking is free except for a small preferred lot at \$1, and our concessions are reasonable. The only way we have of increasing revenue available to charity is to increase business, because while our share of the takeout, 10 per cent, has been constant since 1935, the percentage of that which goes for purses has continually increased.

"Actually, the racing season is not our busiest time in some respects. We have shows scheduled as soon as the meeting ends."

The Ak-Sar-Ben organization has 58,000 member couples, at \$12 annual dues per couple, and many of the shows put on at Ak-Sar-Ben Field are for members only. The tickets for entertainment are sent automatically, free, to members, and members also can apply for a reduction in admission to the races. Emphasis is on only family entertainment, and there are some shows for which tickets are sold to the general public. Singing, dancing, ice skating, and ice hockey are part of the Ak-Sar-Ben program. In addition to the annual ball and coronation, one of the major events scheduled for this year is a performance by Debbie Reynolds.

Agricultural events at Ak-Sar-Ben include the world's largest 4-H livestock show, other 4-H and Future Farmers of America shows, and rodeos.

Ak-Sar-Ben Field occupies 280 acres west of the center of Omaha. Facilities include stabling for 1,500 horses, many in white wooden barns spotted through a tree-lined backstretch. Each of the barns has an indoor sprinkler system for fire safety. A large brick barn, which also is used for livestock shows during the non-racing months, is on the front side of the track and is adjacent to a row of automatic hot-walking machines which have proven popular.

The race track grandstand has no clubhouse division, although there are rows of reserved seats (\$1 on weekdays, \$1.50 on Saturdays) and private boxes. The stand seats 8,100 and is connected to the Ak-

(Continued on next page)



Aerial view of Ak-Sar-Ben. The track is located in Omaha, and the Triple Crown winner of that name is buried there.

NEBRASKA

(Continued from page 2285)

Sar-Ben Coliseum, which seats some 7,000. With the temperatures often in the 90s during the May-to-July race meetings, many take advantage of the air-conditioned coliseum, where the races are shown live on a screen 30 feet wide.

Ak-Sar-Ben's is a casual crowd, a shirt-sleeve crowd, and card games and fried chicken compete with unfolded *Racing Forms* on the card tables set up on the floor of the Coliseum.

Connecting the Coliseum to the grandstand is a light, clean, high-ceiling area called Ak-Sar-Ben Hall. Inside, the western flavor of Nebraska and its people is reflected in the Nebraska Racing Hall of Fame and the Western Hall of Fame displays which decorate opposite walls. The racing wall honors lifetime Nebraskans, such as Marion H. Van Berg and Michael Ford, as well as natives that have become prominent out of state, such as John Nerud, Steve Brooks, Bob Wheeler, and Dave Erb.

The Ak-Sar-Ben Western Hall of Fame plaques honor pioneers and Indian scouts, Nebraska authors, business giants, rodeo cowboys, western singers, and John G. Neihardt, the state's first poet laureate.

Ak-Sar-Ben has heavy community support, coming in part from the prestige of being an officer. Well established as a part of the Midwest, the organization attracts the leading businessmen in Omaha. At the top of the organization is the Board of Governors, which numbers 16. Corresponding to each Governor is a member of His Majesty's Council (a King is crowned each year at the coronation ball, a holdover from the earlier days of Ak-Sar-Ben), which by and large is made up of younger members of the business community. For each of the major divisions of activity, a committee is appointed; for

instance, the racing committee currently is comprised of four men, with Charles W. Durham the chairman.

The Governors and Council members are unpaid. The paid, full-time executive staff is headed by Tom Brock, who also is current president of the Thoroughbred Racing Associations. Brock, the executive director, in recent months has been recuperating from surgery for a brain tumor. Brock left Columbus, Neb., after high school to play football for Notre Dame, and later coached the University of Omaha football team to an unbeaten season. He joined Ak-Sar-Ben in 1958.

Although there is no pessimism evident in the Ak-Sar-Ben offices, Brock expects the averages to be down this year from last year.

"When the track at Madison was closed, the racing commission gave us more days than we usually have, more than we asked for. With nine more days, the comparison of certain days to last year's dates is thrown off. Of course, with more days the gross handle will be up, but I expect the averages to be down. I think people tend to wait a little longer about coming out when they realize the season is longer. Also, we used to close on the Fourth of July holiday, while this year we go on to the middle of the month (after several climactic races)."

Stan Bowker, information director, said that traffic surveys indicate that only about 50 per cent of the track's patrons come from Douglas County, where the track is located.

"Kansas City, Des Moines, Iowa, and South Sioux City, Neb., are within a 200-mile radius, and we get a number of customers from those cities," he said.

Twilight racing was tried at Ak-Sar-Ben for the first time in 1945, with the first post at 3 p.m. After daylight racing was

instituted for summer months, Ak-Sar-Ben moved its twilight programs to 4 p.m. For many years, there was only one twilight program a week. In 1969, there were two, and last year the track began staging three twilight programs a week.

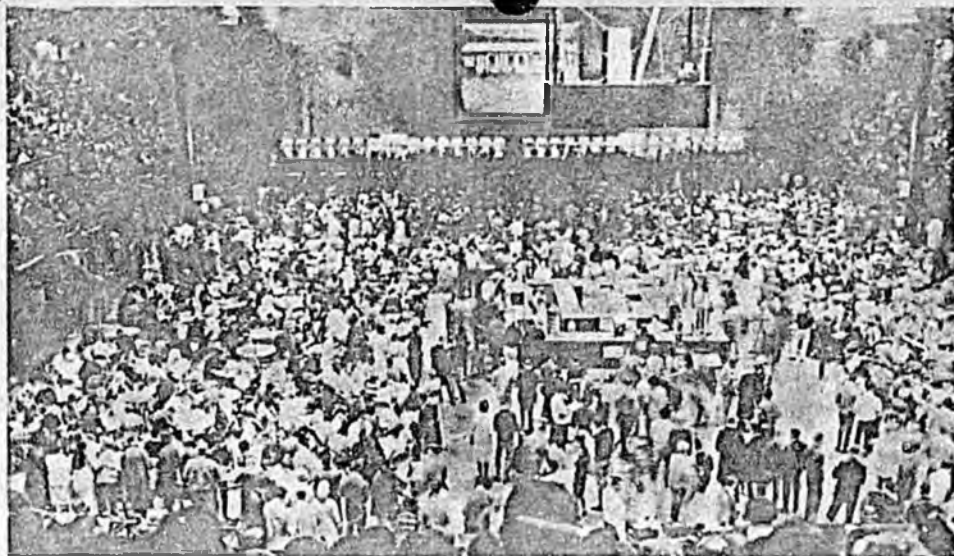
"I would not be surprised if next year we have the four o'clock first post for all days except weekends (2 p.m. on Saturday)," said general manager Becker. "Starting the races at four gives a lot of people a chance to come to the races after they get off from work."

Bowker said that a preliminary attendance count is taken after the second race, and often the attendance has increased by 2,500 customers by the end of the day. From the press box, a steady stream of cars entering the infield is noticeable at least through the first half of the nine-race programs. Ak-Sar-Ben has facilities for parking 10,000 cars, about 3,500 of which can be accommodated in the infield.

LOW prices, late starting time, easy accessibility from the city, community awareness of its activity, charitable and agricultural: All apparently are reasons for a track in a medium-sized city having higher attendance than some cities many times as large. There are more reasons. Ak-Sar-Ben is a pleasant track. It is clean, surprisingly clean in comparison to many tracks. Not even the betting ring tucked deepest into the entrails of the stands is a somber, smoke-filled cavern littered with discarded cups and past performances, as is the case in many tracks. There is no winter racing, so no need for a choking, glass enclosure to punish the nostrils and blur the vision of the stretch turn.

A local concessionaire mans the various dining rooms, lounges, and snack bars, and prices are moderate, the food attractive. Only in one dining room is it necessary to pay more than \$2 for a meal,

In the Coliseum, races are televised on a 30-foot screen.



and outside its door a notice is posted of a \$3 minimum during the week and a \$4 minimum on Saturdays.

There is something else that attracts the crowd, something having to do with the nature of the environment. It is agricultural country, and people—average people—still have contact with animals. They know about horses. Their children, or their children's friends, show their jumpers or cutting horses, or try for a ribbon in the halter class with a family pet.

Too, there is no overwhelming competition. Thoroughbred racing does not have to buck harness tracks, or dog racing, or jai alai emporiums, and even with a late post time the overlap with local minor league baseball is no more than an hour's worth.

"The biggest competition we have," said Stan Bowker, "is the television set. So many sports are televised now, especially on Saturday, that a lot of people stay at home and watch instead of going out."

IF a sense of belonging to the homeland is in part the explanation of racegoers, it is no less important in the psyche of the Nebraska horseman. Men with cowboy hats and boots, men with creased brown faces and open smiles, raise horses on their own farms, and train them to the races. There appear to be few strictly market breeders, and the leader of those, Leo Cooksley, sells privately. There is no established marketplace for the Nebraska Thoroughbred, for many breeders also are owners.

Felix Beda of Omaha is president of the Nebraska Thoroughbred Breeders' Association, an organization of some 200. He is in sympathy with the little breeder, but hopeful of what the larger breeder can do for the state. A cattleman himself, he is not resentful, but glad, to see the increas-

ing number of local doctors and other businessmen buying race horses and breeding stock.

By state law, when a Nebraska-bred wins any race in Nebraska, three per cent of the winning purse is withheld and awarded to the breeder. In addition, the track adds an amount equal to seven per cent, so the breeder is assured of receiving an amount equal to 10 per cent of the purse. Further, if the winner was conceived in Nebraska, as well as foaled there, an additional amount equal to 10 per cent goes to the breeder. Thus, it is possible for the breeder to receive an amount matching 20 per cent of the purse. Also, there are a number of races restricted to Nebraska-breds.

Race tracks and horsemen traditionally have different views, and while Ak-Sar-Ben and the local breeders and owners get on together rather well, they are not in complete accord. The breeders tend to want more Nebraska-bred races; the track is not overly anxious to card more, claiming that at times the Nebraska-bred races are difficult to fill (Also, wagering on Nebraska-bred races in 1971 averaged \$5,937, as compared with the open-race average of \$6,616 in the state.)

There are seven Nebraska-bred stakes carded at Ak-Sar-Ben, with total added money of \$110,000, and Beda said he is well satisfied with that program: "A \$20,000 race is enough for the quality of 2-year-olds we now are raising."

Beda said he is confident an additional edge for Nebraskans will go into effect next year, that the track will agree officially to give state-breds a three-pound allowance in open races.

"I am concerned with the medium breeder, and I consider myself in that category," he said. "The rich man always will be in good shape. Money can buy most anything. What I want to do is help

the smaller breeder get some of this money into his pocket. At our breeders' meetings, I get onto the members that if they aren't going to keep upgrading stock, they might as well get out of the business."

Beda had just won a race with a Groton colt from one of the mares he sent to Kentucky. The colt defeated a Nebraska-bred Swaps colt, which was bred by one of the state's largest breeders, Barton Ford.

"I have a lot of speed in my stable," Beda said. "What I am doing now is trying to get more distance, breeding to some foreign blood."

He said local breeders are serious about improving, that they do utilize the state-bred benefits to upgrade their stock, and that they respond well when someone brings in a stallion from outside if he has worthwhile credentials.

Perhaps because yearling auctions are not a major part of the Nebraska scene—negating the importance of fashion as opposed to proven ability—and perhaps because many are farmers to whom soundness in a horse is a way of life, there seems, at cursory glance, less tendency to import well-bred but broken-down horses than is observable in some other locales. A good Nebraska stakes campaigner that goes to stud will get his chance, even if he is not much in the way of a fashionable pedigree. Sonny Fleet, a Son of Alpen colt which earned \$135,385 for Marion H. Van Berg, is stood in Nebraska by the latter's son, perennial national training champion Jack Van Berg. In addition to Sonny Fleet's outside patronage, the Van Berg stable bred Estacion, one of its best mares, to him and got British Fleet, winner of the \$50,000-added Omaha Gold Cup on July 1.

Nevertheless, there are no syndicated stallions in the state, and many breeders send at least a few of their mares out of state to be bred. ♦

(To be continued)

Crime expert urges tough conspiracy law

From Our Juneau Bureau
JUNEAU — Alaska is ripe for an invasion by organized crime and police are handcuffed in dealing with it without conspiracy and immunity statutes, Ralph Salerno, a former New York City detective, said last week.

Salerno, who served on three presidential crime commissions and has written a book on organized crime, told the House Judiciary Committee crime was certain to increase with pipeline construction.

AMONG THE PEOPLE coming to Alaska would be those who would "see how they can skin a great deal of money from the pipeline boom and leave shortly thereafter with pockets full," he said.

Salerno said the crime rate increase would be greater than the population rate increase and there would be "a more sophisticated type of criminal attracted.

The former New York policeman indicated Alaska laws were inadequate to cope with organized crime. He said many criminals were convicted on conspiracy statutes and that laws allowing immunity were successful in getting persons to testify.

A CONSPIRACY law, he said, allowed police to "move against crime at an earlier stage." He said almost all organized crime was conspiratorial in nature and that a

conspiracy law would allow police to prevent crime rather than move in after a crime was committed.

Salerno said an immunity statute would allow prosecutors to use testimony of persons relatively low on the crime ladder to convict persons higher up. He noted that evidence convicted former Vice President Agnew was supplied by three persons who were granted immunity for testifying they delivered money to him.

Salerno said the Fifth Amendment of the Constitution allowed persons not to testify when they might incriminate themselves. "But nobody has the privilege under the Constitution to protect his fellow co-conspirators," he said.

SALERNO SAID persons who were provided immunity and refused to testify could be held in contempt of court.

Salerno indicated he opposed legalization of prostitution and most forms of gambling but said he had no objections to pari-mutuel betting.

"You can bring a lot more crime into a jurisdiction by putting in a state highway than by putting in a race track," he said.

Salerno, who helped organize the off-track betting program in New York, said a similar system should be used in conjunction with other race tracks for persons who could not get out to the track.

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SCORECARD *continued*

unoccupied driver's seat. Joe's wife Vicki meanwhile had played her shot. She returned to the cart and sat down—on the lighted cigarette.

Somewhat startled, to say the least, she put on about five quick moves, one of which started the cart. It surged forward over Joe, breaking his arm. That hurt, but the real pain came when his brother John, who was playing in the same threesome, bent over him. "Joe," he said, "that will be a two-stroke penalty for delaying play."

TOP HAT

The seven-foot high jump is now so old hat that when Alphonso Irving of William and Mary cleared 7' 1" in the NCAA indoor championships, he didn't take his off.

STEADY AS SHE GOES

During the Great Depression sport suffered less, financially, than most businesses. Except for college basketball, which was off 5%—possibly because games were televised regularly on weekends for the first time—sport was not doing badly in 1974, either.

Horse racing, aided by 400 additional racing days, drew 1.5 million more fans and continued to lead all sports in attendance with 48,823,814 spectators. Directly behind and 1.5 million healthier, too, was auto racing, followed by college football and major league baseball, both off by a few thousands. The only real casualties were pro football which, beset by strikes, extensive televising and no-shows, was down by half a million, and baseball's 18 minor leagues, down 216,000. These were more than offset by the steady increase in the number of pro and college hockey fans, quantum leaps for boxing, wrestling, soccer and tennis and ("Here Comes Rusty!") greyhound racing, which attracted 16.3 million. That meant 1.2 million more people went to the dogs last year than in '73, 6.2 million more than a decade ago. Rusty, the mechanical rabbit, has developed quite a following.

YER OUT!

After several questionable calls in the second game of a doubleheader last week, Pan American baseball Coach Al Ogletree could stand the embarrassment no longer. The visiting University of Nebraska at Omaha team clearly had been victimized. Ogletree called time, walked

onto the field and fired one of two infield umpires on the spot. All right, let's hear it for Al Ogletree!

EXOTIC BETTORS

In the two decades she has served as the Florence Nightingale of the railbirds at Pimlico, Nurse Imogene Hicks has seen a little of everything. There was, for example, the patron with a heart condition who used to take up his station outside the first-aid room and down liberal doses of medicine between races. "I'd rather die here than at home," he told Miss Hicks, "because I'd die happy."

But her alltime favorite is a horseplayer who arrived on a stretcher showing no signs of life—no blood pressure, no pulse. The staff was about to pull a cover over his head when the results of the latest race began to come over the PA system. The cadaver sat bolt upright on the stretcher and asked, "Who won?" "We told him," says Nurse Hicks, "and he got up and walked straight out." They never knew where he went but they were fairly sure it wasn't to the Great Cashier's Window in the sky.

SURVIVAL COURSE

Jack Christiansen, the old pro who now coaches football at Stanford University and considers himself a harsh realist, had bad news last week for the minor college sports and even major ones like swimming, track and baseball. "Don't get me wrong," he said. "I'm not advocating the dropping of the minor sports. But when the time comes to start checking the spiraling costs of college athletics—and that time is really now—then you can look for the nonrevenue-producing sports to suffer most. . . . Those who can pay their way will survive. That's the way it has always been, hasn't it?"

Well, no. There are still a lot of schools in the country that consider athletics an integral part of the college experience and accept it as a fact of academic life that they will lose money. MIT, for one, fields boats and courts 32 different teams—not including football—with no hope of realizing a profit from any of them.

But this is a vast subject that the NCAA will come to grips with in a special meeting set for April 24-25. And the American Council on Education, which represents 1,565 colleges and universities, is trying to put together a blue-ribbon commission to investigate "the whole series of questions relating to intercolle-

continued

Penalty Provision

Alaska

Strength of Commission - does our form of state govt allow for a strong police type Commission

Intent & Section

Composition of Board

Policeman on Commission

Want Public Safety's comments on suspending bill
" Dept of Law "

operations to insure a fair, legal outlet for those who wish to participate. The law should insure that the bettor is afforded a true representation of his chances and that he is not unwarily enticed into a bet beyond his ability to pay. Regulation of gambling should be treated as with any legitimate business in which the remote possibility for exploitation or corruption exists. It should be legal, but only to the extent that it can be strictly and equitably regulated.

It is with this view that the committee believes horse racing to be a preferable legal outlet for gambling. With adequate safeguards, racing provides the maximum in entertainment and excitement with the least likelihood of over-indulgence, unfair odds or cheating. It is unquestionably more desirable than the prevalent, free-wheeling system of illegal bookie betting where credit is easy and convenience an irresistible enticement. Racing probably holds the least potential of all forms of legal gambling for causing negative consequences to the participant.

It is unfair to cast blame on the legitimate sport of horse racing for the plight of a relatively small number of individuals who cannot temper their impulses. Just as with the issue of organized crime, the committee feels that the social problem of gambling should be treated directly, not by a futile effort at removing all temptations. Such a prohibition carried to other businesses which pose a possible temptation to gullible persons would have a disastrous effect on our entire economic structure. The responsible public would be unfairly denied the use and enjoyment of many goods and services just as Texans are presently denied the right to legally wager on a horse race.

A Matter of Personal Liberty

Inevitably the question of the morality of gambling and, in particular, horse race betting is reduced to a matter of personal choice and the freedom to make that choice. Certainly, many people oppose any form of gambling as a violation of their own code of ethics, but they are not compelled to compromise this belief with or without its legalization.

A report of the Virginia Pari-mutuel Betting Study Commission published in 1972 perhaps best defines this attitude and places a clear perspective on the entire moral issue of legalized horse race betting:

"Pari-mutuel betting is not an activity in which all people will wish to participate, but the choice should be allowed to each individual in a free society. The State's role is to insure the integrity of the sport, once established, not to deny forever horse racing and wagering to the majority in accordance with the views of a minority. Such denial cannot rightfully be seen as being in the public interest; it violates the principles of liberty for all which are the cornerstone of the democratic system of government."

The Senate Interim Study Committee on Horse Racing embraces this position as reflecting its own view of the moral implications of pari-mutuel betting.

Senate Interim Study Horse Racing
Committee meeting.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

file
JAY S. HAMMOND, Governor

POUCH S—JUNEAU 99801

May 7, 1975

The Honorable Terry Gardiner
Chairman
House Judiciary Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99811

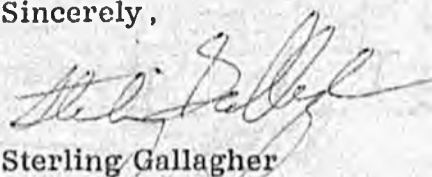
Dear Terry:

Enclosed is a memorandum from my research staff on the Pari-mutual Betting Bill.

We would like to see any Pari-mutual Betting Racing Bill that the profits would go to the State in the form of a business license tax.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,


Sterling Gallagher
Commissioner

SG: gd

Enclosure

TO: Sterling Gallagher
Commissioner
Department of Revenue

DATE : May 1, 1975

FROM: Charles Schroth *CFS*
Research Analyst
Department of Revenue

SUBJECT: Pari-mutual Betting

In response to your request concerning pari-mutual taxes and bill CSHB 356; I have made a brief study of these items.

Section 05.40.120 is vague in that it does not mention any special tax rates imposed by governmental agencies. This portion of the law should be rewritten to include specific state tax rates and license fees. Attached is a table of pari-mutual taxes and license fees imposed by other states.

Using 1973 statistics compiled by the National Association of State Racing Commissioners, I have calculated that the average per person per racing day contribution is \$94. However, in the study performed by Josiah Henson Associates for the Board of Directors for the Alaska State Fair, a statement was made that the average per person contribution was \$67. In the revenue estimates presented below I decided to use \$75.

The 1973 statistics also showed that the average state share of the total pari-mutual pool was approximately 7%, the average admission tax was 10¢ per person, and the average breakage per dollar in the pari-mutual pool was 0.4¢.

In the Josiah Henson Associates Study, reference was made to an Anchorage newspaper article which indicated that the attendance at the Palmer horse races was approximately 1000 persons. Using the above factors, I have assembled some revenue estimates net to the State per racing day.

Attendance	1000	
Average per person per day contribution	\$75	
Total pari-mutual pool	\$75,000	
State pari-mutual tax @ 7%	\$5,250	
Admission tax @ 10¢	100	
1/2 of breakage	150	
Daily license fee	200	
Total State share	\$5,700	per racing day

Using the percentages in the proposed legislation, along with the above assumptions for the State share, the distribution of gross receipts would be:

May 1, 1975

State share	\$ 5,700	7.6%
Licensee share	3,750	5%
License breakage (1/2)	150	0.2%
Purse money	3,750	5%
Nearest incorporated city	750	1%
Owners of bred horses	1,500	2%
Share to Commission	3,750	5%
Subtotal	\$19,350	25.8%
Ticket holders	55,650	74.2%
Total pari-mutual pool	\$75,000	100%

The total take-out is 25.8%. Referring to the attached table of state tax rates, the total take-out ranges between 15 to 20 percent.

Many states have a sliding-scale tax percentage depending upon the size of the pari-mutual pool. For the State of Alaska, a sliding-scale may look like:

<u>Tax Rate</u>	<u>Pari-Mutual Pool</u>
5%	0 - \$100,000
7.5%	\$100,001 - \$250,000
10%	excess of \$250,000

A few states have special tax rates on horse races held on fair grounds, but a majority of states do not have these special provisions.

In summary, pari-mutual horse racing in Alaska appears to be a marginal operation. Even with the somewhat higher rates suggested above, this operation provides only a minor revenue source. Twenty racing days would be required to yield the state an excess of \$100,000.

CS:rl

Attachment

BRIEF SUMMARY OF TAX METHODS BY STATES

Arizona	Total take-out 18%. State receives 4% of first \$100,000 and 7% all over \$100,000; under \$100,000 state 2%, track 15% and 1% to supplement General Purse Structure. Breakage 10 cents, 50% to track, 25% General Purse Structure, 25% Arizona Bred Purse Structure. FAIRS: County in which fair is located receives pari-mutuel tax revenue, instead of state.
Arkansas	Total take-out 16%. Pari-mutuel tax to state 6%, \$500 dally license, 10 cents tax on admissions. Breakage 10 cents, divided 33 1/3% to city where track is located, 33 1/3% to association, 33 1/3% to state.
California	Total take-out 15.75%. Only two rates applied to total handle, a base rate on handle up to \$20 million, and the appropriate rate for the estimated handle in excess of \$20 million. THOROUGHBRED: With a handle of \$0-\$20 million, state 6.10%, track 5.29%, purses 4.16%; \$20-\$40 million, state 5.70%, track 5.52%, purses 4.33%; \$40-\$75 million, state 6.55%, track 5.04%, purses 3.96%; \$75-\$120 million, state 6.85%, track 4.87%, purses 3.83%; \$120-\$180 million, state 7.15%, track 4.70%, purses 3.70%; \$180 million and above, state 7.45%, track 4.54%, purses 3.56%. Breeder and Stallion Awards, .2%. HARNESS AND QUARTER HORSE: With a handle of \$0-\$20 million, state 6.10%, track 5.74%, purses 3.91%; \$20-\$40 million, state 5.70%, track 5.98%, purses 4.07%; \$40-\$75 million, state 6.55%, track 5.48%, purses 3.72%; \$75-\$120 million, state 6.85%, track 5.30%, purses 3.60%; \$120-\$180 million, state 7.15%, track 5.12%, purses 3.48%; \$180 million and above, state 7.45%, track 4.94%, purses 3.36%. Breeders Awards paid by track out of amount deducted from handle. When any racing association handles less than \$20 million, state receives 5.50% of total handle, 10.25% deducted from pari-mutuel pools to be distributed to tracks and purses.
Colorado	Total take-out 16%. Of daily pari-mutuel wagering receipts state receives 4% of first \$200,000; 5% of excess over \$200,000 which does not exceed \$300,000; 6% of all in excess of \$300,000. Breakage 10 cents, all to association. At Colorado State Fair, state receives 2% of take-out.
Delaware	THOROUGHBRED: Delaware Park take-out 17%. State receives 6%. Per season license \$5,000. Admissions 20 cents. Breakage 10 cents, 5 cents on minus pools, divided equally between state and association. Dover Downs take-out 17 1/2%. State receives 5%. Per season license \$750. Admissions 10 cents. Breakage 5 cents, all to association. HARNESS: Total take-out 17 1/2%. State receives 5 1/2%. Admissions 10 cents. Breakage 10 cents, 5 cents on minus pools, divided equally between state and association. THOROUGHBRED and HARNESS: Uncashed pari-mutuel tickets revert to state after one year.
Florida	THOROUGHBRED: Total take-out 17%. South Florida Winter—state receives 7 1/2%. Breakage 10 cents, 5 cents on minus pools. One hundred per cent to state. South Florida Summer—state 5% on first \$400,000 daily average, 3% on excess of \$400,000. Breakage 50% to state, 50% to track. Florida Downs—state receives daily fee ranging from \$4,000 to \$21,000, based on preceding season's daily pari-mutuel average. Breakage 100% to track for purses and breeders awards. HARNESS: Seminole—Harness 19%, Quarter Horse 17%, Thoroughbred 17%. State receives daily fee ranging from \$1,000 to \$4,000 based on daily pari-mutuel handle. Harness and Quarter Horse, state receives 50% of breakage; Thoroughbred, state receives 100%. Bayard—Total take-out 17%. When daily average more than \$25,000 state receives 7% less \$170 per race "Initial expense of operation." Less than \$25,000 state receives daily fee ranging from \$150 to \$400 based on daily pari-mutuel handle. Pompano—Total take-out 19%. State receives 7%. Breakage 50% to state, 50% to track for purses and breeders awards. Admissions all tracks 15%.
Idaho	Total take-out 15%. Commission receives 1% of take-out and occupational license fees for operational expenses. The remainder of take-out based on a sliding scale percentage as follows: Of gross receipts to \$20,000, track 14%; \$20,000 to \$30,000, track 13%; public school endowment fund, 1%; \$30,000 to \$40,000, track 12%, public school fund 2%; \$40,000 to \$50,000, track 11%, public school fund 3%; \$50,000 and over, track 10%, public school fund 4%. Breakage 10 cents, all to association. Track daily license \$25; fairs exempt. Association accrues all monies in unclaimed tickets at termination of time allowed by rule of the commission.
Illinois	Total take-out 16%. THOROUGHBRED—state receives: At race tracks within county of 500,000 or more or within county of less than 500,000 but within 100 miles corporate limits any city in state of 1 million or more tax rates, except charity: First \$5,000,000 of annual handle—5 3/4%; \$5,000,001 to \$10,000,000—6 3/4%; \$10,000,001 to \$30,000,000—7 3/4%; \$30,000,001 to \$40,000,000—8 1/4%; \$40,000,001 to \$60,000,000—8 3/4%; over \$60,000,000—9 1/4%. At race tracks within county of less than 500,000 and more than 100 miles of any city in state of 1 million or more tax rate, except charity: First \$10,000,000 of annual handle—5 3/4%; \$10,000,001 to \$20,000,000—6 3/4%; \$20,000,001 to \$30,000,000—7 3/4%; \$30,000,001 to \$40,000,000—8 1/4%; \$40,000,001 to \$60,000,000—8 3/4%; over \$60,000,000—9 1/4%. Breakage 10 cents, half to state. Charity meets, tax 8% plus half of breaks. HARNESS: Total take-out 16%. State receives: First \$30,000,000 of annual handle—6 1/4%; \$30,000,001 to \$35,000,000—7 1/4%; \$35,000,001 to \$40,000,000—8 1/4%; \$40,000,001 to \$60,000,000—8 3/4%; over \$60,000,000—9 1/4%. Breakage 10 cents, half to state. Charity meets tax 8%. Breakage, both Thoroughbred and Harness, 5 cents instead of 10 cents in case of minus pools.

BRIEF SUMMARY OF TAX METHODS BY STATES (continued)

Kentucky	<p>THOROUGHBRED: Total take-out 15%. State receives 4 3/4%. Daily license \$500 if average daily handle at track during year does not exceed \$450,000; \$1,000 at tracks with average daily handle \$450,000 to \$600,000; \$2,500 at tracks where sum exceeds \$600,000. HARNESS: Total take-out 17%. State receives 4%. Daily license \$125 if average daily handle during previous year does not exceed \$75,000, \$175 thereafter. QUARTER HORSE: Total take-out 18%. State receives 4%. At all tracks breakage 10 cents, all to association; 15 cents on admissions. At all tracks in state unclaimed tickets revert to state after 2 years. Minus pools: Breakage 5 cents instead of 10 cents.</p>
Louisiana	<p>Total take-out 16%. In a parish with population of 450,000 and over state receives: On total daily pools from 1 cent to \$201,000—5%; \$201,000 to \$401,000, \$10,050 plus 6% of that amount exceeding \$201,000 up to \$401,000; \$401,000 and over, \$22,050 plus 7% of any amount exceeding \$401,000. Minimum daily license fee \$1,000. In a parish with population less than 450,000 state receives: On total daily pools up to \$200,000—5% of that portion exceeding \$30,000; \$201,000 to \$300,000, \$8,500 plus 6% of that portion exceeding \$200,000; over \$300,000, \$14,500 plus 7% of pool exceeding \$300,000. (Subject to minimum \$1,000 daily.) Admissions 10 cents. Breakage 10 cents, 2/3 to association and 1/3 to Louisiana Breeders Fund to supplement purses.</p>
Maryland	<p>THOROUGHBRED (MILE TRACKS): Total take-out 15%. State receives 5.34%, association 3.66% of which .25 of 1% is allocated for pension fund for race track employees; 5% of money wagered allocated to purses; .50% of wagers to Maryland Bred Fund races; .50% to Racing Fund for plant improvements. Daily license fee \$1,000. Breakage 10 cents, 1/2 to state, 1/2 to association. COUNTY FAIRS (Thoroughbred): Total take-out 16%. Of money wagered 5.50% to state; 5% to association, 5% allocated to purses, .50% to Maryland Bred Fund races. Breakage 10 cents, 1/2 to state and 1/2 to association. Daily license fee \$50. HARNESS: Total take-out 17%-18%—3 1/2% to state of all money wagered not in excess of \$125,000 daily, 7% to state, in excess of \$125,000 daily. Daily license fee \$25. Breakage 10 cents. Association retains all breakage if daily average is below \$166,666.67; all above this figure state receives all breakage. Ocean Downs take-out 18%. One-half of 1% allocated for breeders fund. STEEPLECHASE AND QUARTER HORSE: Total take-out 14%. Of money wagered 5% to state, 9% to association. Breakage 10 cents, all to association.</p>
Massachusetts	<p>THOROUGHBRED (MAJOR TRACKS ONLY): Total take-out 19%. On weekdays and Saturdays State receives 9 1/2%, Association receives 9 1/2%. Sundays the State receives 8 1/2%, Association receives 10 1/2%. License fee \$600, per day for major tracks. THOROUGHBRED RACING AT FAIRS: Total take-out 18%. State receives 9 1/2%. Association receives 8 1/2%. License fee \$50, per day. HARNESS: (MAJOR TRACKS AND FAIRS): Total take-out 18%. From daily handle, the state receives 6 1/2% to \$400,000; 7 3/4% \$400,000 to \$450,000; 8 1/4% \$450,000 to \$500,000; 8 3/4% \$500,000 to \$550,000; 9 1/4% \$550,000 to \$600,000; 9 3/4% \$600,000 to \$650,000; 10 1/4% \$650,000 and over. Daily license fee at major tracks \$200; at Fairs \$50. At all tracks breakage 10 cents, divided equally between state and association.</p>
Michigan	<p>THOROUGHBRED: Total take-out 16 1/2%, State receives 8 1/2%, association 8%. HARNESS: Total take-out 16 1/2%. State receives 5 1/2%, association 11%. Per season licenses in city area 100,000 or more \$500, any other \$100. At all tracks breakage 10 cents, divided equally between state and association.</p>
Montana	<p>Total take-out 20% plus breakage. The licensee shall pay to the Board of Horse Racing 1% of all gross receipts on each days pari-mutuel betting at each race meet, which sum shall be paid to Board within five days after the end of race meet. If underpayments exceed overpayments at the end of each race meet, the balance shall be paid to the Board. Breakage 10 cents, all to licensee. All unclaimed winning tickets 30 days after the end of a race meet are paid to the Board. (No tax paid to State of Montana.)</p>
Nebraska	<p>Total take-out 15%. No tax first million; thereafter, state receives 5%. Tax on admissions 15 cents which, along with monies received in license fees, is distributed among counties of state for county fair premiums. Breakage 10 cents, all to association.</p>
Nevada	<p>Total take-out 13% with 1% to state and 1% to racing commission for administrative work. Any amount over \$10,000 is to be distributed to agricultural districts conducting horse racing proportionately to the amount contributed by each district. Breakage 10 cents, all to association.</p>
New Hampshire	<p>THOROUGHBRED: Total take-out 18%. State receives 8%, association 10%, No license fee, but bond not exceeding \$50,000 required. Breakage 10 cents, divided equally between state and association. HARNESS: Total take-out 19%, divided as follows: Of total mutuel pool for any one day, state receives 5 1/2% up to \$400,000; 6 3/4%—\$400,001 to \$450,000; 7 1/2%—\$450,001 to \$500,000; 7 3/4%—\$500,001 to \$550,000; 8 1/4%—\$550,001 to \$600,000; 8 3/4%—\$600,001 to \$650,000; 9 1/2%—\$650,001 and over. One quarter of 1% of total pari-mutuel pools allocated to agricultural fairs of state. However, total amount allocated is limited to \$150,000 in any one year. Track licenses paid to township where track is located. Breakage 10 cents, divided equally between state and association.</p>
New Jersey	<p>THOROUGHBRED: Total take-out 17%. State receives 9.15%, association 7.85%. Breakage 10 cents, all to state. HARNESS: Total take-out 17%. Of first \$40 million of handle, state receives 6%, thereafter 7%. All breakage to purses for Jersey bred races and breeder and owner awards.</p>
New Mexico	<p>Total take-out 18%. State receives 2% to \$250,000; 3 1/2% over \$250,000 to \$350,000; 4 1/2% over \$350,000 to \$400,000; 7% over \$400,000; except State Fair which pays a maximum 2% on total handle. Tax on admissions, 10 cents. Daily license fee \$300, half to state and half to county in which track is located, except State Fair charge \$10 per race day. Breakage 10 cents, all to association.</p>

BRIEF SUMMARY OF TAX METHODS BY STATES (continued)

New York	<p>THOROUGHBRED: Total take-out 17% (Except 25% on Trifecta of which state receives 14%). State receives from Saratoga 9%, from Aqueduct and Belmont 10% of total mutuel handle. From Finger Lakes, the state receives 5% of first \$400,000, 11% of more than \$400,000. Breakage 10 cents, with state receiving 70% from Aqueduct and Belmont, 65% from Saratoga and Finger Lakes, and with 10% to Breeders Fund. Franchise fee \$1,000 per racing day paid by non-profit association. Finger Lakes track license \$100 per day. HARNESS: Total take-out 17%. Of total daily pool, state receives 5% first \$250,000; 7 1/2%, \$250,001-\$300,000; 8 1/2%, \$300,001-\$400,000; 10 1/2%, \$400,001-\$500,000; 11 1/4%, \$500,001-\$600,000; 11 1/2%, \$600,001-\$700,000; 11 3/4%, \$700,001-\$800,000; 12%, \$800,001-\$900,000; 12 1/4%, \$900,001-\$1,000,000; 12 1/2%, \$1,000,001 and over. Breakage 10 cents, with state receiving 50%, Horse Breeders Fund 25%, association 25%.</p>
Ohio	<p>THOROUGHBRED and QUARTER HORSE: Total take-out 17 1/2%. State receives 4 1/4% first \$10,000 wagered; 5 1/4% next \$40,000; 6 1/4% next \$50,000; 7 1/4% next \$300,000; 8 1/4% all over \$400,000. HARNESS and FAIRS: Total take-out 17 1/2%. State receives 3% first \$10,000; 4% next \$40,000; 5% next \$50,000; 6% next \$300,000; 7% all over \$400,000. Breakage 10 cents. Breakage taxed at 25% after first \$2,000, 40% of breaks retained by track for increase in next purse distribution. Thirty-five per cent track share, Ohio Fair Fund—1/2 of 1% of total wagered at Thoroughbred, Harness, Quarter Horse, and Fair meetings is appropriated for Ohio Fair Fund Tax (tax collected from take-out). Thoroughbred Fund—1/2 of 1% of total wagered at Thoroughbred, Harness and Quarter Horse meetings (not collected from Fairs) is appropriated for Ohio Thoroughbred Race Fund. General Revenue tax collected from Fairs refunded to agricultural societies.</p>
Oregon	<p>Total take-out 15%, state receives 5.2% from commercial race meets and 1 1/2% from fair and non-profit race meets. Daily license fee \$250 with Fairs and non-profit meets \$1.00 per race meet. State receives unclaimed winning mutuel tickets. Breakage 10 cents, track retaining 1/2 added to purses for Oregon-bred races, 4.8% of handle paid for purses and .2% for backstretch improvements.</p>
Pennsylvania	<p>THOROUGHBRED: Total take-out 17%. State receives 5%, association 10%. Breakage 10 cents, 5 cents on minus pools, divided equally between state and association. For track license \$3,000 deposit. HARNESS: Total take-out 17%. State receives 5%, association 10%. Breakage 10 cents, 5 cents on minus pools, divided equally between state and association. Monies from breakage deposited in Sire Stakes Fund. (THOROUGHBRED AND HARNESS: In addition to state's 5% there is a 2% tax at tracks located in cities of first class, paid directly to school district. In all other areas 2% tax paid to Department of Commerce for projects in accordance with law.)</p>
Rhode Island	<p>Total take-out 18%. State receives 6% on daily wagers to \$425,000, 7% to \$500,000, 8% to \$600,000, and 9% over \$600,000. Breakage 10 cents, divided equally between state and association</p>
South Dakota	<p>Total take-out 16%. State 4%, association 11%, 1% for local school district. Law also provides that 5% of winning purse will go to South Dakota breeder of winning horse. Breakage 10 cents, all to association.</p>
Vermont	<p>THOROUGHBRED: Total take-out 18% (Sunday 19%). State receives 5 1/2% (Sunday 6 1/2%). Breakage 10 cents, divided equally between state and association. HARNESS: Total take-out 18%, with state receiving on first \$150,000 plus 3%; \$150,000 to \$200,000 plus 4%; \$200,000 to \$250,000 plus 5%; \$250,000 to \$300,000 plus 6%; \$300,000 to \$350,000 plus 7%; \$350,000 and over 8%. Sunday 19%, with state receiving on first \$150,000 plus 4%; \$150,000 to \$200,000, plus 5%; \$200,000 to \$250,000 plus 6%; \$250,000 to \$300,000 plus 7%; \$300,000 and over 8%. Breakage 10 cents, divided equally between state and association.</p>
Washington	<p>MAJOR TRACKS: Total take-out 16%. State receives 5%, association 10%. One per cent held by commission until end of each race meet, then distributed to owners of Washington-bred horses placing first, second, third and fourth. FAIR TRACKS—NON-PROFIT: Total take-out 15%, with 1% to state, 14% to association. Daily license fee at major tracks \$100; at Fairs \$10. Breakage 5 cents, all to association.</p>
West Virginia	<p>THOROUGHBRED: Total take-out 16%. State receives 5 3/4%, association 9 1/4%. One percent of take-out allocated for purses. Daily license tax \$250. Unredeemed pari-mutuel ticket money deposited to special account to support Breeders' Awards. Breakage 10 cents, all to association. HARNESS: Total take-out 17%. Of the daily pari-mutuel pool, 3% first \$100,000; 4% next \$150,000; 5 3/4% all over. Breakage 10 cents, all to association. Daily license tax \$150.</p>
Wyoming	<p>Total take-out 20%, with 2% to Pari-mutuel Board for operating expenses (none to state), 2% to city where track is located, 16% to racing association. Breakage 10 cents, all to association.</p>