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PUBLIC HEARING

before

SENATE INSTITUTIONS, HEALTH

AND WELFARE COMMITTEE

SCR-112

(Proposes amendment to the Constitution to permit the simultaneous transmission by picture of horse races to casinos and wagering on the results thereof)

June 11, 1990
Room 410
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

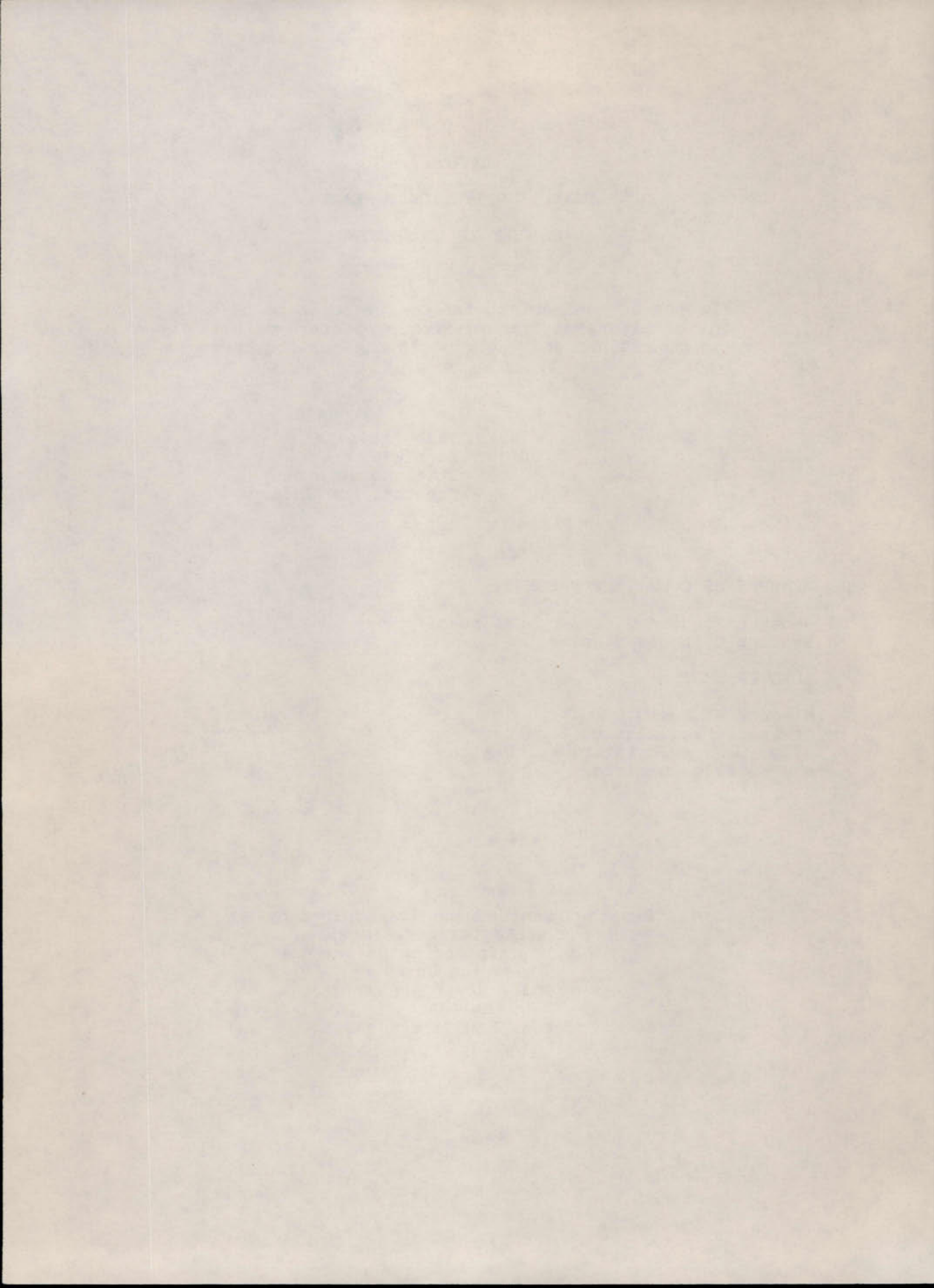
Senator Richard J. Codey, Chairman
Senator C. Louis Bassano

ALSO PRESENT:

Eleanor H. Seel
Office of Legislative Services
Aide, Senate Institutions, Health
and Welfare Committee

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State House Annex
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Trenton, New Jersey 08625





New Jersey State Legislature

SENATE INSTITUTIONS, HEALTH

AND WELFARE COMMITTEE

STATE HOUSE ANNEX, CN-068

TRENTON, NEW JERSEY 08625-0068

(609) 292-1646

RICHARD J. CODEY
Chairman

GABRIEL M. AMBROSIO
Vice-Chairman

FRANCIS J. McMANIMON
C. LOUIS BASSANO
JOHN H. DORSEY

NOTICE OF PUBLIC HEARING

The Senate Institutions, Health and Welfare Committee will hold a public hearing on the following legislation:

SCR-112 Proposes amendment to the Constitution
Codey to permit the simultaneous transmission
by picture of horse races to casinos and
wagering on the results thereof.

The hearing will be held on **Monday, June 11, 1990 at 11:30 a.m. in Room 410, State House Annex, Trenton.**

The public may address comments and questions to Eleanor H. Seel, Committee Aide, and persons wishing to testify should contact Sophie Love, secretary, at (609)292-1646. Those persons presenting written testimony should provide 10 copies to the committee on the day of the hearing.

Issued 6/1/90

SENATE CONCURRENT RESOLUTION No. 112

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1990

By Senator CODY

1 A **CONCURRENT RESOLUTION** proposing an amendment to
2 Article IV, Section VII, paragraph 2 of the Constitution.

3
4 **BE IT RESOLVED** by the Senate of the State of New Jersey
5 (the General Assembly concurring):

6 1. The following proposed amendment to the Constitution of
7 the State of New Jersey is agreed to:

8
9

PROPOSED AMENDMENT

10 Amend Article IV, Section VII, paragraph 2 to read as follows:

11 2. No gambling of any kind shall be authorized by the
12 Legislature unless the specific kind, restrictions and control
13 thereof have been heretofore submitted to, and authorized by a
14 majority of the votes cast by, the people at a special election or
15 shall hereafter be submitted to, and authorized by a majority of
16 the votes cast thereon by, the legally qualified voters of the
17 State voting at a general election, except that, without any such
18 submission or authorization:

19 A. It shall be lawful for bona fide veterans, charitable,
20 educational, religious or fraternal organizations, civic and service
21 clubs, senior citizen associations or clubs, volunteer fire
22 companies and first-aid or rescue squads to conduct, under such
23 restrictions and control as shall from time to time be prescribed
24 by the Legislature by law, games of chance of, and restricted to,
25 the selling of rights to participate, the awarding of prizes, in the
26 specific kind of game of chance sometimes known as bingo or
27 lotto, played with cards bearing numbers or other designations, 5
28 or more in one line, the holder covering numbers as objects,
29 similarly numbered, are drawn from a receptacle and the game
30 being won by the person who first covers a previously designated
31 arrangement of numbers on such a card, when the entire net
32 proceeds of such games of chance are to be devoted to
33 educational, charitable, patriotic, religious or public-spirited
34 uses, and in the case of senior citizen associations or clubs to the
35 support of such organizations, in any municipality, in which a
36 majority of the qualified voters, voting thereon, at a general or
37 special election as the submission thereof shall be prescribed by
38 the Legislature by law, shall authorize the conduct of such games
39 of chance therein;

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 B. It shall be lawful for the Legislature to authorize, by law,
2 bona fide veterans, charitable, educational, religious or fraternal
3 organizations, civic and service clubs, senior citizen associations
4 or clubs, volunteer fire companies and first-aid or rescue squads
5 to conduct games of chance of, and restricted to, the selling of
6 rights to participate, and the awarding of prizes, in the specific
7 kinds of games of chance sometimes known as raffles, conducted
8 by the drawing for prizes or by the allotment of prizes by chance,
9 when the entire net proceeds of such games of chance are to be
10 devoted to educational, charitable, patriotic, religious or
11 public-spirited uses, and in the case of senior citizen associations
12 or clubs to the support of such organizations, in any municipality,
13 in which such law shall be adopted by a majority of the qualified
14 voters, voting thereon, at a general or special election as the
15 submission thereof shall be prescribed by law and for the
16 Legislature, from time to time, to restrict and control, by law,
17 the conduct of such games of chance;

18 C. It shall be lawful for the Legislature to authorize the
19 conduct of State lotteries restricted to the selling of rights to
20 participate therein and the awarding of prizes by drawings when
21 the entire net proceeds of any such lottery shall be for State
22 institutions, State aid for education ; and

23 D. It shall be lawful for the Legislature to authorize by law
24 the establishment and operation, under regulation and control by
25 the State, of gambling houses or casinos within the boundaries, as
26 heretofore established, of the city of Atlantic City, county of
27 Atlantic, and to license and tax such operations and equipment
28 used in connection therewith. Any law authorizing the
29 establishment and operation of such gambling establishments
30 shall provide for the State revenues derived therefrom to be
31 applied solely for the purpose of providing funding for reductions
32 in property taxes, rental, telephone, gas, electric, and municipal
33 utilities charges of, eligible senior citizens and disabled residents
34 of the State, and for additional or expanded health services or
35 benefits or transportation services or benefits to eligible senior
36 citizens and disabled residents, in accordance with such formulae
37 as the Legislature shall by law provide. The type and number of
38 such casinos or gambling houses and of the gambling games which
39 may be conducted in any such establishment shall be determined
40 by or pursuant to the terms of the law authorizing the
41 establishment and operation thereof.

42 E. It shall be lawful for the Legislature to authorize, by law,
43 (1) the simultaneous transmission by picture of running and
44 harness horse races conducted at racetracks located within or
45 outside of this State, or both, to gambling houses or casinos in the
46 city of Atlantic City and (2) wagering at those gambling
47 establishments on the results of those races. The State's share
48 of revenues derived therefrom shall be applied for services to
49 benefit eligible senior citizens as shall be provided by law.

1 (cf: Article IV, Section VII, paragraph 2 amended effective
2 December 6, 1984)

3 2. When this proposed amendment to the Constitution is finally
4 agreed to pursuant to Article IX, paragraph 1 of the Constitution,
5 it shall be submitted to the people at the next general election
6 occurring more than three months after the final agreement and
7 shall be published at least once in at least one newspaper of each
8 county designated by the President of the Senate, the Speaker of
9 the General Assembly and the Secretary of State, not less than
10 three months prior to the general election.

11 3. This proposed amendment to the Constitution shall be
12 submitted to the people at that election in the following manner
13 and form:

14 There shall be printed on each official ballot to be used at the
15 general election, the following:

16 a. In every municipality in which voting machines are not used,
17 a legend which shall immediately precede the question, as follows:

18 If you favor the proposition printed below make a cross (X),
19 plus (+) or check (✓) in the square opposite the word "Yes." If you
20 are opposed thereto make a cross (X), plus (+) or check (✓) in the
21 square opposite the word "No."

22 b. In every municipality the following question:

1
2
3 PERMITS WAGERING AT CASINOS ON THE
4 RESULTS OF SIMULTANEOUSLY
5 TRANSMITTED HORSE RACES
6

7 YES. Shall the Constitution be amended, as agreed to
8 by the Legislature, to permit the Legislature to
9 enact laws allowing the simultaneous
10 transmission by picture of running and harness
11 horse races conducted at racetracks located
12 within or outside of this State, or both, to
13 gambling houses or casinos in the city of Atlantic
14 City and wagering at those gambling
15 establishments on the results of those races, with
16 the State's share of revenues derived therefrom
17 to be applied for services to benefit eligible
18 senior citizens as shall be provided by law?
19
20

21 INTERPRETIVE STATEMENT
22

23 NO. This amendment would permit the Legislature
24 to enact laws which would allow: (1) horse races
25 which are being conducted at New Jersey
26 racetracks as well as approved out-of-State
27 racetracks to be televised to the casino hotels in
28 Atlantic City, and (2) patrons at the casino hotels
29 to wager on the results of those races. The
30 additional share of State revenues derived from
31 "simulcasting to casinos" will be applied for
32 services to benefit eligible senior citizens as
33 provided by law. This measure will help the
34 Meadowlands Sports Complex and other New
35 Jersey racetracks to overcome the current
36 competitive advantages enjoyed by New York,
37 Pennsylvania, and Delaware racetracks, provide
38 additional jobs, and assist in preserving New
39 Jersey's horse-breeding farms.
40
41
42
43
44

45 STATEMENT
46

47 This concurrent resolution would amend the State Constitution
48 to permit the Legislature to enact laws which would allow: (1)
49 horse races which are being conducted at New Jersey racetracks
50 as well as approved out-of-State racetracks to be televised to
51 the casino hotels in Atlantic City, and (2) patrons at the casino
52 hotels to wager on the results of those races. The additional
53 share of State revenues derived from "simulcasting to casinos"
54 will be applied for services to benefit eligible senior citizens as
55 provided by law. This measure will help the Meadowlands Sports
56 Complex and other New Jersey racetracks to overcome the
57 current competitive advantages enjoyed by New York,
58 Pennsylvania, and Delaware racetracks, provide additional jobs,

1 and assist in preserving New Jersey's horsebreeding farms.
2

3

4

GAMBLING

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8

9

Proposes amendment to the Constitution to permit the
Legislature to enact laws allowing the simultaneous transmission
by picture of horse races to casinos and wagering on the results
thereof.



TABLE OF CONTENTS

	<u>Page</u>
Robert E. Mulcahy III President New Jersey Sports and Exhibition Authority	1
James Murphy President Atlantic City Racing Association	3
Leon J. Zimmerman Standardbred Breeders and Owners Association	4
David M. Satz, Esq. Legal Counsel Atlantic City Race Track	9
APPENDIX:	
Statement submitted by Leon J. Zimmerman	1x

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SENATOR RICHARD J. CODEY (Chairman): I'd like to start our hearing today. The hearing today is on Senate Resolution No. 112, an amendment to the Constitution to allow for the simulcasting of horse racing to casinos in Atlantic City. Roll call, please.

MS. SEEL (Committee Aide): Senator Codey?

SENATOR CODEY: Here.

MS. SEEL: Senator Ambrosio? (no response) Senator McManimon? (no response) Senator Bassano?

SENATOR BASSANO: Here.

MS. SEEL: Senator Dorsey? (no response)

SENATOR CODEY: Okay. Our first witness, although I don't see him, Mr. Zimmerman? Is Leon here? (no response) Does anyone else wish to testify?

SENATOR BASSANO: I'll say a good word for you, that's a good bill.

SENATOR CODEY: Mr. Mulcahy?

SENATOR BASSANO: That's the first time you called him by his surname. Good morning, Bob.

R O B E R T E. M U L C A H Y III: Thank you, Mr. Chairman. As you know, I testified on both the Sunday racing and the casino simulcasting bill, and I have another copy of that testimony. I would only make a few remarks this morning.

For purposes of the record, I appear here in four capacities: One is in my role at the Sports Authority; secondly, on behalf of the Council of Racing in New Jersey, representing the tracks; third as Chairman of the Board of Harness Tracks of America, and fourth as the Director of the Thoroughbred Racing Association.

SENATOR CODEY: Only one of those are paid?

MR. MULCAHY: That's true, that's true, Dick. I come to you to support an initiative that is absolutely vital to the stability of the entire racing industry in the State. Racing, as you know, not only provides the necessary revenue to operate

the Meadowlands Sports Complex, it also provides thousands of jobs at New Jersey racetracks and protects the State's precious green acres through the presence of horse breeding farms across the State.

Racing today is at an unfair, and potentially crushing, competitive disadvantage with our neighboring states. The full Senate this afternoon has before it a measure I have testified on previously, Sunday racing, which will help start redressing that competitive disadvantage for New Jersey's five racetracks. Changing patterns of leisure time activity by two-income families have made Sunday a most attractive day for people to look for diversion. In short, New York and Pennsylvania get our customers on those days.

Today we are addressing a financial imbalance. Casino gaming has had an enormous impact on the racing industry in the State. We are not here to carp about that, but instead, to support the first cooperative effort to jointly provide entertainment opportunities to Atlantic City visitors by the racing and gaming industries, which will benefit the entire State.

In terms of maintaining the quality of racing in New Jersey, which in turn assures the public's support of the sport, no single factor is more important than providing purses that are competitive with other states.

Currently, we are fighting a losing battle to maintain the quality of racing as other states and even Canada enact innovative ways to draw the best horses and trainers away from us. No single measure could do more for the purse structure, some \$6 million to \$7 million a year, than casino simulcasting.

Currently, we live with the strange dichotomy that we can provide New Jersey racing to Las Vegas but not to Atlantic City. We submit today that we can take this golden opportunity to help rescue a billion dollar State industry.

In short, we have up until now asked a billion dollar statewide industry to compete in the marketplace of the 1990s with the marketing tools of the 1950s. The consequences of continuing along this road are stark and clear; track closures and breeding farms being turned over for development.

We have done extensive market research and the two most significant steps the Legislature can take for the New Jersey racing industry are the ones you are proceeding with, and neither step requires State appropriation nor in any significant way expands wagering in the State.

We are not here as an industry asking for a handout, but asking you for the opportunity to present our case to the voters this fall.

Thank you.

SENATOR CODEY: Bob, what is bet on an average day in Las Vegas, handle wise, on races?

MR. MULCAHY: You mean totally?

SENATOR CODEY: Yeah.

MR. MULCAHY: I'm not sure I know the answer to that, Dick.

SENATOR CODEY: Does anybody here know? Mr. Murphy?

J A M E S M U R P H Y: (speaking from audience) Right now, \$150,000 a day is bet in Nevada on Meadowlands races, about \$130,000 on Atlantic City races, Garden State is about similar to us. In Nevada, about \$750,000 on California races--

SENATOR CODEY: Okay. Just do me a favor, so I don't have to do it. Add it all together.

MR. MURPHY: Close to \$2 million a day.

SENATOR CODEY: Two million a day. What would you--

MR. MURPHY: Seven-hundred-fifty is coming from California and 150 is from New Jersey, and the rest is from different places -- New York and places.

SENATOR CODEY: Okay. What would you project the handle in the New Jersey casinos, then?

MR. MULCAHY: They projected in the studies that we have done an average of, I guess, about \$80,000 a day per casino.

SENATOR CODEY: Eighty thousand per casino.

MR. MULCAHY: And that's the-- That's where we arrive at the numbers of \$6 million to \$7 million.

SENATOR CODEY: Now, well, as you know, there's enabling legislation that would have to come after this, if this were to pass.

MR. MULCAHY: Absolutely. Our hope, Senator, would be that we would have it introduced and even in place before the referendum. I think we'd be prepared within a month to bring it to the Committee so that--

SENATOR CODEY: Have you-- Have yourself and the other operators been in agreement yet with the casinos?

MR. MULCAHY: We are currently in intensive discussions with them. In fact, there's another session within the next couple of days.

SENATOR CODEY: Okay. Lou?

SENATOR BASSANO: No. I'm satisfied.

SENATOR CODEY: Okay.

MR. MULCAHY: Gentlemen, thank you very much for your courtesy, as always.

SENATOR CODEY: Thank you. Anyone else? Mr. Zimmerman?

L E O N J. Z I M M E R M A N: Thank you very much, Senator. My name is Leon Zimmerman, and I'm here to testify on behalf of the Standardbred Breeders and Owners Association of New Jersey, which has more than 35,000 members representing all aspects of the harness racing and breeding industry, and employing thousands and thousands of others.

We are very much interested in this legislation. I think you're familiar with these comments, so I won't read this full statement, but I will submit the written statement. But

you're familiar with the comments about the need for a financial shot in the arm and help for the racing industry.

It means a lot to New Jersey beyond racing. It means preservation of farmland. It means thousands of jobs, and it means help to a number of ancillary businesses that result in a \$90 million input to the State's economy.

The proposed constitutional amendment can be an important source of revenue to our purse structure, which is in need of vitalization. However, we do share concerns expressed by you and others that casino simulcasting of horse races be developed and administered in a manner that will not impact severely on the racing industry in New Jersey.

As you know, our harness racing is the best in the country. The Meadowlands is considered the premiere harness track in the country. The breeding industry in New Jersey is number one. The five fastest harness horses in history are all at stud, breeding in New Jersey, but this stature is in jeopardy if we don't do something to improve the financial picture. A financial shot in the arm is desperately needed, but it must be implemented with caution so that the remedy doesn't hurt the patient.

The Standardbred Association has its monthly meeting tomorrow night, and it's going to be discussing and reviewing the subject. Because the hearing was today, we wanted to submit these comments so that you know that we support the need for providing this additional revenue, provided that it is implemented with caution, as I said.

I agree with Mr. Mulcahy, who spoke previously about the need for enabling legislation to be developed.

SENATOR CODEY: Is Mr. Sterns still here?

MR. ZIMMERMAN: No. He had to go.

SENATOR CODEY: Maybe Mr. Mulcahy-- Bob, if you could come forward. I just wanted to-- The issue that Leon touched on very briefly about New Jersey races, and we've had this

discussion. As you know, vis-a-vis allowing other state's races to be simulcast into the casinos, and how would, in fact, that be legal, which would not be, and would it even be, even if we were to pass this. I don't see how it would, quite frankly.

MR. MULCAHY: You don't?

SENATOR CODEY: We're talking here the issue of-- Say this passes in November--

MR. MULCAHY: Yeah.

SENATOR CODEY: So it would be in the casinos' interests, but not necessarily New Jersey racetracks, to take every race that is going on in the United States that whole day. What does that do to the amount of money wagered there, at New Jersey racetracks? One, would it be legal, which I don't think it would be, and two--

SENATOR BASSANO: To bring them in, or keep them out, would it be legal?

SENATOR CODEY: To keep them out. In other words, the simulcasting statute that we have now -- or part of the Constitution -- allows for races of national importance, although that's been violated many times, but that's another issue. But certainly, taking a full card from an out-of-state racetrack, obviously would not be in conformation with the present statute. It's obviously an issue that we have to address in the enabling legislation.

MR. MULCAHY: Absolutely. And I would expect to address it. The problem is, the casinos won't make the investment unless they have -- can offer the full product. What we have to do is to make sure that we get enough of a cut out of it, so that we're protected.

The bottom line problem though, Senator, is 70% of our customers are going to the casino. They're going there anyway, and it's really an effort to try and recoup some of that.

SENATOR CODEY: Okay, but, you may argue that in the short term that it would help your bottom line. But in the long run, does it help your bottom line?

MR. MULCAHY: I think all of these innovations have a short shelf life. I mean, I'm not going to tell you that the shelf life of any innovation today is more than four or five years. And you don't know what it will be four or five years down the road, but frankly, you're not going to be four or five years down the road with these racetracks unless you do something.

SENATOR BASSANO: Dick? Bob, through the Chairman, who would be controlling the simulcasting? Would it be the Racetrack Commission, or would it be the Casino Control Commission?

MR. MULCAHY: Well, obviously, this has to be worked out, but I would assume that the Racing Commission would have primary control and jurisdiction.

SENATOR BASSANO: My thinking is if, in the enabling legislation, if you were to put a provision in there to give whatever body is going--

MR. MULCAHY: It's got to be worked out. Without question.

SENATOR BASSANO: Yeah. Whatever body is going to control it, the authority, if they want to bring in out-of-state races from certain areas of the country and then leave that jurisdiction up to them. I think it may hold the constitutional challenge.

SENATOR CODEY: Yeah, but what they're thinking of -- and Bob can correct me if I'm wrong -- is where they would, in effect, lease the space from the casino and the employees, mutuel clerks would be the racetracks' employees, so the casinos, in effect, would really have relatively nothing to do with it, other than creating the space and taking a cut.

MR. MULCAHY: That's under discussion right now.

SENATOR BASSANO: I was talking about the constitutionality, more concerned about that--

SENATOR CODEY: I think that's the way you get around the Casino Act.

SENATOR BASSANO: Yeah. Well, also, about bringing in races from out-of-state.

SENATOR CODEY: Well, that's another issue.

SENATOR BASSANO: If you gave that authority to whatever body is going to control this type of gaming and allowed them to bring in any races they want from out-of-state, particularly if it's your industry that's going to have control, I'm sure you're not going to-- With the exception of three or four times a year, you know, the Preakness, the Belmont Stakes, and a few races like that, you won't be bringing races from out-of-state.

MR. MULCAHY: No, Senator. They'll have to do it more than that or they won't make the investment, because you don't have that much of a product in New Jersey to keep it going.

SENATOR CODEY: Would you agree they couldn't do it now?

MR. MULCAHY: What's that?

SENATOR CODEY: If this were to pass, they wouldn't be allowed to do that?

MR. MULCAHY: I don't understand.

SENATOR CODEY: Okay. What I'm saying, Bob, is that let's assume that this passes, okay?

MR. MULCAHY: Yes.

SENATOR CODEY: This just allows an extension of the simulcasting to be done at casinos. It does not change the wording, "of national importance." That's my point.

MR. MULCAHY: I disagree.

SENATOR CODEY: Do you follow that?

MR. MULCAHY: No. I disagree with that.

SENATOR CODEY: How?

MR. MULCAHY: I don't think-- Dave, is that-- I don't think that's what it says, is it?

SENATOR CODEY: Do you understand my point, Dave? My point being that you are not changing what you allow in from other states.

DAVID M. SATZ, ESQ.: (speaking from audience) Yeah, but the law, that law--

SENATOR CODEY: What?

MR. SATZ: The law-- If that act was approved, it doesn't mean that the act can't be amended. The basic concept of gambling is what the people approved in the referendum on simulcasting.

SENATOR CODEY: The referendum on simulcasting said, "out-of-state races of national importance." This does not touch those words.

MR. SATZ: That would not-- An amendment of that would not-- No it doesn't. The answer to that question, that does not touch it.

SENATOR CODEY: So, what I'm saying is too, if, in fact, we want to do that, is an issue.

MR. SATZ: This may touch it though, because in just looking at the text, because it does authorize-- It doesn't just authorize what's there now, but would expand it somewhat. To allow simulcasting of races-- It doesn't say New Jersey races; any races.

SENATOR CODEY: No. So you'd fall unto the existing law.

MR. SATZ: There a Federal law applies-- There are different things. It's not easily answered in here, but you could address that.

SENATOR CODEY: Mr. Murphy?

MR. MURPHY: Senator, there's another issue I think appropriate to bring up right now.

SENATOR CODEY: The transcriber is having a problem with me asking questions of the audience. You can stay right there, gentlemen. It's all right.

MS. SEEL: Just talk to your microphone.

SENATOR CODEY: I'm sorry. I forgot about it.

MR. MURPHY: Jim Murphy. I'm President of the Atlantic City Racing Association. I think, Senator Codey, it's very appropriate to bring up the issue of the out-of-state simulcasting. I think it's very important to tie it together, and we are probably more interested in the racing and the enhancement of purses as anyone, because we are really right there and need it, and it's very close to us.

Effectively, our races have been going into Nevada for five or six years, and it's been very successful in Nevada because-- It's been more successful in Nevada when they added more tracks, because it's drawn people to Nevada race books for the horse racing. I think the casino industry is interested in not just New Jersey races, but races from New York, Maryland, California, whatever, to draw more people there, because if we don't draw more people to the casinos for the racing, all we're doing is diluting the existing simulcasting of the other locations; maybe enhancing it somewhat, but we're not going to have the big draw.

SENATOR CODEY: Okay. But the point is, does that in the long term hurt New Jersey racing, or help? That's the issue that you have to come to grips with.

MR. MURPHY: Well, I understand, I think. We thought very carefully about that because if we draw more people there, and we'd be able to enhance our purse structure and have better racing-- Because without the out-of-state racing, I don't think there's any way that we can divide this pie up where it really will enhance our purse structure dramatically without drawing the out-of-state races.

In discussing how the enabling legislation be written, there will be a supplement to our purses out of every dollar bet on out-of-state races. So, in effect, I think this has the chance, properly constructed, to enhance not only Atlantic City's race meeting which would be most affected by the casinos, more than anyone, but enhance the race meetings of everyone in the State because we'll be able to take simulcasting which would be maybe \$400,000 a day in the casinos, into a level where maybe it would be \$1.5 million a day in the casinos. Because there really isn't a dramatic draw for race books with just one racetrack operating. It really will not be a draw for the people, and it won't be very successful.

If it's not successful, we shouldn't be going through the process of doing it. But we have to make it a successful program so enough money is wagered, so enough money -- to enable money to be supplementing the purses, enabling money to supplement the racetracks so that some slippage we may have from the casinos taking the action there. And there probably will be some slippage, but if it's compensated -- more than compensated -- the greater goods better is what we're really looking at.

But, I mean, there's another issue I think is just as important. I think it was discussed, and I think, Senator, you might have been somewhat involved in this, or you will be eventually, is the casino race books and the casino-- There's a new movement in the racing industry where it's common pooling. This will require legislation in New Jersey to complement other states, where a dollar bet on -- in the casinos, or anywhere -- say on a race at Belmont, will be in the common pool, into the Belmont pool so there will not be bookmaking operations in our casinos, because right now, all simulcasting in New Jersey is all pari-mutuel.

SENATOR CODEY: Right. My understanding was that you would be tied into the -- you, meaning the casinos -- would be tied into the pool at those racetracks.

MR. MURPHY: Not only the out-of-state simulcasting; into the out-of-state pools, also.

SENATOR CODEY: Well, out-of-state would be a different ball game. It would be, obviously, much harder to do.

MR. MURPHY: They've just initiated that in-- Santa Anita has initiated that in Minnesota. They're talking about doing that-- That's the movement. Five years from now, any out-of-state simulcasting will all go in the common pools.

SENATOR CODEY: Well, I'm sure the technology will be there in a couple of years to do that.

MR. MURPHY: Well, it's there today. It's a little more expensive today because you don't have enough tracks on-line, but eventually they will be going there, and that solves a lot of problems. Because the one thing we've had trouble with in Nevada on Atlantic City races is with the smaller pools, potentially someone making a big show wager to adjust -- or a big place wager -- to adjust the exacta pools or things like that, which we like to avoid those kind of problems ever coming up and anything happening in New Jersey. We haven't had that problem yet, but we'd like to avoid that in anything we do here. But it is important to us, I think.

SENATOR CODEY: Okay.

MR. MULCAHY: Senator, let me just read section 8: "It shall be lawful" -- and this is in the language -- "It shall be lawful for the Legislature to authorize by law, 1) the simultaneous transmission by picture of running and harness horse races conducted at racetracks located within or outside of this State, or both, to gambling houses or casinos in the city of Atlantic City."

Do you read that differently?

SENATOR CODEY: No. I think you'd be covered by it.

MR. SATZ: If that's designed to answer, when you asked me the question, Senator, about what effect it would have on the present one, I think that the language here would permit it, flatly. There might have to be some changes in--

SENATOR CODEY: So, now we're getting into the area of the Meadowlands at 1:00 featuring Belmont?

MR. SATZ: We're talking about simulcasting into casinos.

MR. MULCAHY: That says into Atlantic City, gambling--

SENATOR CODEY: Okay, you're saying that it would exclude it, based just on saying "the casinos."

MR. MULCAHY: That's right. It's only having them go in and out of the casinos.

MR. SATZ: That's why I didn't answer your question clearly because--

MR. MULCAHY: Let me read that again. It says, Dick: "Transmission at racetracks located within or outside of the State, or both, to gambling houses or casinos in the city of Atlantic City." That's all it says.

MR. MURPHY: Senator, I think you also brought a pretty good issue up right there, I think is the issue about the racetracks. I think the out-of-state simulcasting is much more important in the casinos than it is to the existing racetracks.

The existing racetracks-- We use that as a little bit of a marketing tool. It's not an economic -- major economic benefit to the racetracks. It's more of a marketing tool. We're utilizing that, but the issue of the casinos probably is one of economic viability of doing the whole program, to casinos, where I don't think it's economic viability in the racetracks.

SENATOR CODEY: Okay. Does anyone else wish to testify? (no response) Okay. We stand adjourned, and this bill will be eligible to be voted on June 28, which happens to be a Thursday.

SENATOR BASSANO: We'll be here.

SENATOR CODEY: Yes, I'm sure we will.

(HEARING CONCLUDED)

APPENDIX



June 11, 1990

To: Senate Institutions, Health and Welfare Committee

Re: SCR-112 (Horse Race Simulcasting to Casinos)

My name is Leon Zimmerman and I am testifying today on behalf of the Standardbred Breeders and Owners Association of New Jersey, which has more than 3,500 members and represents thousands of additional people involved in all aspects of harness racing in New Jersey.

The standardbred horse industry in New Jersey is significant because it extends far beyond harness racing. Any impact on harness racing will have a ripple effect on the horse breeding industry, which in turn will seriously impact horse farms and the preservation of more than 150,000 acres of valuable open spaces in New Jersey.

There is also the impact of numerous ancillary businesses that serve the horse industry, a \$90-million plus industry that provides tens of thousands of jobs and contributes hundreds of millions of dollars to the state's economy through such items as feed, supplies, equipment, farm machinery stabling, veterinary and insurance costs.

1x

As a result, the horse industry is very much in need of this effort to provide additional revenue. The proposed constitutional amendment, if approved, can become an important source of revenue that will improve the purse structure at our racetracks, and in turn continue to preserve open spaces with horse farms and vitalize a significant labor force.

However, we share the concerns expressed by Senator Codey, among others, that casino simulcasting of horse races be developed and administered in a manner that will not impact severely on the racing industry in New Jersey.

Harness racing in New Jersey is the best in the country and The Meadowlands is considered the nation's premier harness racetrack. New Jersey's standardbred breeding industry is also the envy of other states because when the best horses retire for breeding, they are brought to this state. New Jersey is currently home to the five fastest harness horses in history.

New Jersey's stature is in jeopardy because purse money has not kept pace with the continually increasing expense of owning and racing horses. In fact, purse money has remained stagnant in New Jersey.

A financial shot in the arm is desperately needed, but it must be implemented with extreme caution so that the remedy doesn't hurt the patient.

2x