

**S. 22, INTERSTATE GREYHOUND RACING ACT
OF 1991: HEARING BEFORE THE COMMITTEE
ON COMMERCE, SCIENCE,
AND TRANSPORTATION, UNITED STATES
SENATE, ONE HUNDRED SECOND
CONGRESS, FIRST SESSION, AUGUST 1, 1991**

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S. 22, INTERSTATE GREYHOUND RACING ACT OF 1991

THURSDAY, AUGUST 1, 1991

**U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.**

The committee met, pursuant to notice, at 10:10 a.m. in room SR-253, Russell Senate Office Building, the Hon. John B. Breaux presiding.

Staff members assigned to this hearing: Moses Boyd, senior counsel; and Sherman Joyce, minority staff counsel.

OPENING STATEMENT OF SENATOR BREAUX

Senator BREAUX. The Senate Commerce Committee will hear testimony on S. 22, the Interstate Greyhound Racing Act of 1991. I would like to thank the witnesses for being with us today and sharing their knowledge of what is a very fast-growing spectator sport in America. The information that they bring will be helpful to us in arriving at a consensus on legislation which will prove beneficial to all participants in the industry.

There are 48 greyhound tracks in only 14 States in addition to 3 in Mexico, yet greyhound racing is the sixth largest spectator sport in our country. The 1988 attendance at greyhound races was over 26.6 million—more than \$3.2 billion was wagered. Those tracks generated \$228.8 million or more for State and county governments. No doubt that explains why more greyhound racing tracks are under construction—10 tracks are planned or are being built in Texas, Kansas, and Wisconsin.

My bill S. 22 is modeled after the Interstate Horse Racing Act, which passed this committee and the Congress in 1978. Similarly, the intent of S. 22 is bring stability to the greyhound racing industry. Instability and destructive friction is bred when any important industry participants are not sharing equitably in the proceeds of the racing events. Our legislation relates specifically to the interstate commerce situations involving interstate simulcasting or transmission via satellite of the greyhound races from a track in one State to an offtrack facility in another State. The bill addresses the situation where greyhound races are transmitted across lines without the permission and in many cases, the knowledge of the owners of the greyhounds involved. And like owners of racehorses, a greyhound owner is not included in the negotiations of interstate simulcasting contracts. Our legislation remedies this situation.

S. 22 requires that the track running the race have a written agreement with the greyhound owners and representative as to the

terms and conditions of the interstate simulcast before the track negotiates an interstate simulcasting contract with an out-of-state offtrack betting facility. The bill does not cost the Federal Government anything. It does not create any new Federal agencies or offices. It does not interfere with the States' rights to determine gambling policies.

All the legislation does is extend to the greyhound owner the same rights that this committee and the Congress extended to the racehorse owners some 13 years ago when it approved the Interstate Horse Racing Act of 1978. These are rights that any owner or producer of commercially valuable property should reasonably expect have in a just and fair society, whether the property is greyhounds, movies, books, or the working papers of attorneys.

I would like to welcome our first panel. We will have two panels, the first one consisting of Mr. Gary Guccione, Secretary-Treasurer of the National Greyhound Association; Mrs. Janet Allen, of the Greyhound Breeder Kennel Operators; and Mr. David Brosnan, who is Chairman of the Simulcasting Committee of the National Greyhound Association, and I understand will be accompanied by Mr. Herb Koerner, who is President of the National Greyhound Association.

Gentlemen and lady, we are delighted to have you and look forward to statement. Welcome to the committee. Mr. Guccione, we have you down first, if you would like to proceed.

**STATEMENT OF GARY GUCCIONE, SECRETARY-TREASURER,
NATIONAL GREYHOUND ASSOCIATION**

Mr. GUCCIONE. Mr. Chairman and members of the committee, thank you for the opportunity to testify before you today. My name is Gary Guccione. I am the secretary-treasurer of the National Greyhound Association. I would like quickly again to introduce my colleagues that are at the table. At the far end to my right, Mr. E.J. Alderson, a greyhound owner and breeder from St. Petersburg, FL; Mr. Ross Lingle, a breeder from Altus, OK, who is vice president of the National Greyhound Association; Ms. Janet Allen, a greyhound breeder and owner from Phoenix, AZ. To my left, Dave Brosnan, a greyhound owner and breeder from Gloucester, MA, and who is chairman of our simulcasting committee; and at the far end, Mr. Herb Koerner, who is from Hays, KS, owner and breeder, and also president of the National Greyhound Association.

We are here today as owners and breeders to testify in favor of S. 22, the 1991 Interstate Greyhound Racing Act. Simulcasting has clearly become the No. 1 issue in this great industry of ours in the last few years. There is tremendous potential in the simulcasting programs. However, there is a dark side that can damage the sport of racing. In order to be beneficial, it must equitably benefit all, and it must not be the instrument that destroys live racing.

Last year we heard from some of the track operators and through AGTOA, the American Greyhound Track Operators, specifically, that simulcasting is only being done on a small scale, yet at last count, 41 of the now 57 racetracks in the United States have at least experimented or are presently conducting some form of simulcast wagering. Those that are not are for the most part prohibited by their State laws to conduct simulcasting. But those laws are

quickly vanishing, and we look for further growth in this particular area.

It is made especially easy in the greyhound industry because of common ownership of many of the tracks. Conglomerates such as Delaware North, United Tote, the Rooney family, and others, that owned multiple tracks that allow this practice to be very easily accomplished.

Some track operators would tell you that in the beginning, yes, there was some unfairness in simulcasting, but not any more, that it is now being fairly conducted, that there are negotiations, there is fair purse being paid. We would submit to you that that just is not true. I would like to share with you an experience just last week to illustrate that point.

A couple of months ago, simulcasting of races began from the Portland, OR, track into Tucson, AZ. I believe it was one race. And it replaced a live race, interstate simulcasting. And on the phone last week I was talking to a greyhound owner and kennel operator from Portland and asked him what he felt about the simulcasting of his greyhounds in Portland into the track in Tucson. His response was, "what simulcasting?" He was not even aware that the simulcasting was going on. Obviously no permission, no equitable purse, no negotiations, not even notification.

Our cousins in the horse industry saw this threat long ago and sought and obtained the 1978 Interstate Horse Racing Act which is a beautiful piece of legislation that Ms. Allen will discuss in her testimony. The bill before you is patterned exactly after that 1978 act.

The way that simulcasting is being conducted today in greyhound racing is unfair and it is an insult to the greyhound owners and breeders. It is not with their permission, and it is not with equitable compensation. The problem is especially bad in greyhound racing because of a unique situation we have in greyhound racing known as the booking system.

This is a system whereby the tracks obtain the services of the racing greyhounds by the kennel operator. This is not necessarily the owner of the greyhound, but a kennel operator, a person who has access to 30, 40, 50 greyhounds, applying for a contract with the track. He submits a roster of the greyhounds he has access to, many of them leased, perhaps all of them leased. Sometimes there are as many as 100 or more kennel operators applying at some tracks for those contracts or bookings, yet only a handful, 16 or 20 at most tracks, receive a standard contract to race at that track. The system is void of any negotiations, the contracts are offered on a take-it-or-leave-it basis, so when the track operators talk about the present beauty of the current negotiating system, they are talking about no negotiating system at all.

The track operator has virtually total control of the terms of racing. And despite all the furor that the owners and breeders have raised in the last few years, despite the introduction of legislation that is before you, despite the track operator's efforts to portray the negotiations as legitimate, the unfairness prevails. Witness the ignorance of my friend in Portland over the simulcasting of his greyhounds to Tucson.

Witness also the efforts by at least two tracks in recent days to get the contract kennels racing at their tracks to say that they are opposed to this very legislation that would give owners the right to negotiate. That puts the kennel operators in a very precarious position and they fear their future status with the racetrack and their contracts. Yet, those that we talk to are holding firm in their support of S. 22. They ask no names be mentioned because again, the fear of reprisals or of jeopardizing their future contracts with the tracks.

This Senators, is what the track operators refer to as negotiating. And that is why you will hear some track operators say that yes, we will be happy to negotiate as long as it is with our kennel operators. And that is why the poor kennel operator who is in no position to deal at arm's length with the track could never be the group that represents the owners and breeders in negotiations. Well, S. 22 corrects that practice by requiring all segments with a proprietary interest, that is the owners, not the kennel operators, to have a legitimate chair at a legitimate negotiating table. That is what the Horse Racing Act did, and we ask that the standard of fairness be applied to the greyhound owners through passage of S. 22

Thank you. If there are any questions, I would be happy to answer them at the appropriate time, Senator.

[The prepared statement of Mr. Guccione follows.]

PREPARED STATEMENT OF GARY GUCCIONE

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to share our thoughts with regard to S. 22, the 1991 Interstate Greyhound Racing Act. After considering this testimony, along with the other statements to be provided by my colleagues, we hope you'll agree that this bill is vital for the future of our industry.

Greyhound racing, now conducted in 18 states, has enjoyed a tremendous boon in this country during the last two decades. It's a sports-industry that last year provided entertainment to more than 29 million fans, jobs and small-business opportunities for tens of thousands of people at various levels—from the racetrack to the greyhound farms—and tax dollars to state and local governments that last year exceeded \$225 million.

Simulcasting—the simultaneous broadcast of races, as they are contested, to patrons wagering at sites other than the track where the races are conducted—has the capability of further accelerating the sport's growth and strengthening the industry as a whole. However, if left unchecked or unregulated, it also has the potential of dealing a severe blow to thousands of people whose livelihoods depend on the sport, as well as to the governments that rely on the tax dollars generated.

These possible scenarios involving simulcast wagering for our sport are by no means merely speculation. Our cousins in the horse-racing industry, traditionally confronted with the same problems we face (only they faced them a generation earlier), have already dealt with the issue of simulcasting. To protect their industry from the potential menaces of a simulcast system out of control, the horse industry sought—and received—federal legislation known as the 1978 Interstate Horse Racing Act. After 13 years of trial and testing, the legislation has proven to be a big benefit for the horse industry. At the same time, it has not cost the federal government any money, nor has it caused the creation or expansion of any federal agency to regulate it.

Therefore, when confronted with the same simulcast wagering issue, greyhound owners felt that the 1978 Horse Racing Act was the logical starting point. The result is the legislation before you today, S. 22, known as the 1991 Interstate Greyhound Racing Act. Except for the change in references from horse racing to greyhound racing, the two acts are virtually the same.

This report is intended to show why S. 22 is clearly important legislation for our industry. Discussion in this report will center on these two points:

- (1) Basic background information on greyhound racing
- (2) The benefits and problems of simulcasting