

# EXHIBIT B

# INTERSTATE HORSERACING ACT

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FEB 15 1979 HEARING

BEFORE THE

SUBCOMMITTEE ON  
TRANSPORTATION AND COMMERCE

OF THE

COMMITTEE ON  
INTERSTATE AND FOREIGN COMMERCE  
HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

**H.R. 14089**

A BILL TO REGULATE INTERSTATE COMMERCE WITH RE-  
SPECT TO PARIMUTUEL WAGERING ON HORSERACING, TO  
MAINTAIN THE STABILITY OF THE HORSERACING INDUSTRY,  
AND FOR OTHER PURPOSES

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SEPTEMBER 19, 1978

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**Serial No. 95-174**

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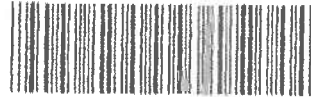
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1978

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## CONTENTS

	Page
Text of H.R. 14089-----	2
Statement of-----	
Combs, Brownell, II, second vice president, National Association of State Racing Commissioners, general manager, Spendthrift Farm, and vice chairman, Kentucky State Racing Commission-----	26
Eaton, Lee, director, Thoroughbred Breeders of Kentucky, and owner of Eaton Farms, Inc-----	27
Kirkpatrick, Arnold H., executive secretary, advisory committee on racing, American Horse Council, Inc-----	14
Herman, Sharon L., associate counsel, National Association of Off- Track Betting-----	18
Ritchie, James E., special counsel, National Association of Off-Track Betting-----	18
Symington, Hon. James W., on behalf of the American Horse Council, Inc-----	14

## H. R. 14089

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 1978

Mr. ROONEY (for himself, Mr. PERKINS, Mr. CHAPPELL, Mr. LENT, Mr. CARTER, Mr. KEMP, and Mr. MURPHY of New York) introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce

# A BILL

To regulate interstate commerce with respect to parimutuel wagering on horseracing, to maintain the stability of the horseracing industry, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 This Act may be cited as the "Interstate Horseracing Act of  
4 1978."

## FINDINGS AND POLICY

6 SEC. 2. (a) The Congress finds that—

I-E



1 Puerto Rico, and any territory or possession of the  
2 United States;

3 (3) "interstate off-track wager" means a legal  
4 wager placed or accepted in one State with respect to  
5 the outcome of a horserace taking place in another  
6 State;

7 (4) "on-track wager" means a wager with respect  
8 to the outcome of a horserace which is placed at the  
9 racetrack at which such horserace takes place;

10 (5) "host State" means the State in which the  
11 horserace subject to the interstate wager takes place;

12 (6) "off-track State" means the State in which an  
13 interstate off-track wager is accepted;

14 (7) "off-track betting system" means any group  
15 which is in the business of accepting wagers on horse-  
16 races at locations other than the place where the  
17 horserace is run, which business is conducted by the  
18 State or licensed or otherwise permitted by State law;

19 (8) "off-track betting office" means any location  
20 within an off-track State at which off-track wagers are  
21 accepted;

22 (9) "host racing association" means any person  
23 who, pursuant to a license or other permission granted  
24 by the host State, conducts the horserace subject to  
25 the interstate wager;

1           (10) "host racing commission" means that person  
2           designated by State statute or, in the absence of stat-  
3           ute, by regulation, with jurisdiction to regulate the  
4           conduct of racing within the host State;

5           (11) "off-track racing commission" means that  
6           person designated by State statute or, in the absence  
7           of statute, by regulation, with jurisdiction to regulate  
8           off-track betting in that State;

9           (12) "horsemen's group" means, with reference to  
10          the applicable host racing association, the group which  
11          represents the majority of owners and trainers racing  
12          there, for the races subject to the interstate off-track  
13          wager on any racing day;

14          (13) "parimutuel" means any system whereby  
15          wagers with respect to the outcome of a horserace are  
16          placed with, or in, a wagering pool conducted by a  
17          person licensed or otherwise permitted to do so under  
18          State law, and in which the participants are wagering  
19          with each other and not against the operator;

20          (14) "currently operating tracks" means racing  
21          associations conducting parimutuel horseracing at the  
22          same time of day (afternoon against afternoon; night-  
23          time against nighttime) as the racing association con-  
24          ducting the horseracing which is the subject of the  
25          interstate off-track wager;

1           (15) "race meeting" means those scheduled days  
2           during the year a racing association is granted permis-  
3           sion by the appropriate State racing commission to  
4           conduct horseracing;

5           (16) "racing day" means a full program of races  
6           at a specified racing association on a specified day;

7           (17) "special event" means the specific individual  
8           horserace which is deemed by the off-track betting  
9           system to be of sufficient national significance and in-  
10          terest to warrant interstate off-track wagering on that  
11          event or events;

12          (18) "dark days" means those days when racing  
13          of the same type does not occur in an off-track State  
14          within sixty miles of an off-track betting office during a  
15          race meeting, including, but not limited to, a dark  
16          weekday when such racing association or associations  
17          run on Sunday, and days when a racing program is  
18          scheduled but does not take place, or cannot be com-  
19          pleted due to weather, strikes and other factors not  
20          within the control of the off-track betting system;

21          (19) "year" means calendar year;

22          (20) "takeout" means that portion of a wager  
23          which is deducted from or not included in the parimu-  
24          tuel pool, and which is distributed to persons other  
25          than those placing wagers;



1           (21) "regular contractual process" means those  
2       negotiations by which the applicable horsemen's group  
3       and host racing association reach agreements on issues  
4       regarding the conduct of horseracing by the horsemen's  
5       group at that racing association;

6           (22) "terms and conditions" includes, but is not  
7       limited to, the percentage which is paid by the off-  
8       track betting system to the host racing association, the  
9       percentage which is paid by the host racing association  
10      to the horsemen's group, as well as any arrangements  
11      as to the exclusivity between the host racing associ-  
12      ation and the off-track betting system.

13                               PROHIBITION

14       SEC. 4. No person may accept an interstate off-track  
15      wager except as provided in this Act.

16                               REGULATION

17       SEC. 5. (a) An interstate off-track wager may be accept-  
18      ed by an off-track betting system only if consent is obtained  
19      from—

20           (1) the host racing association, except that—

21                   (A) as a condition precedent to such consent,  
22       said racing association (except a not-for-profit  
23       racing association in a State where the distribu-  
24       tion of off-track betting revenues in that State is  
25       set forth by law) must have a written agreement

1 with the horsemen's group, under which said  
2 racing association may give such consent, setting  
3 forth the terms and conditions relating thereto;  
4 provided,

5 (B) that where the host racing association  
6 has a contract with a horsemen's group at the  
7 time of enactment of this Act which contains no  
8 provisions referring to interstate off-track betting,  
9 the terms and conditions of said then-existing con-  
10 tract shall be deemed to apply to the interstate  
11 off-track wagers and no additional written agree-  
12 ment need be entered into unless the parties to  
13 such then-existing contract agree otherwise.  
14 Where such provisions exist in such existing con-  
15 tract, such contract shall govern. Where written  
16 consents exist at the time of enactment of this  
17 Act between an off-track betting system and the  
18 host racing association providing for interstate off-  
19 track wagers, or such written consents are ex-  
20 ecuted by these parties prior to the expiration of  
21 such then-existing contract, upon the expiration of  
22 such then-existing contract the written agreement  
23 of such horsemen's group shall thereafter be re-  
24 quired as such condition precedent and as a part  
25 of the regular contractual process, and may not be

1           withdrawn or varied except in the regular con-  
2           tractual process. Where no such written consents  
3           exist, and where such written agreement occurs  
4           at a racing association which has a regular con-  
5           tractual process with such horsemen's group, said  
6           agreement by the horsemen's group may not be  
7           withdrawn or varied except in the regular con-  
8           tractual process;

9           (2) the host racing commission;

10          (3) the off-track racing commission.

11          (b)(1) In addition to the requirement of subsection (a),  
12 any off-track betting office shall obtain the approval of—

13           (A) all currently operating tracks within sixty  
14           miles of such off-track betting office; and

15           (B) if there are no currently operating tracks  
16           within sixty miles then the closest currently operating  
17           track in an adjoining State.

18          (2) Notwithstanding the provisions of paragraph (1) of  
19 this subsection, any off-track betting office in a State with at  
20 least two hundred fifty days of on-track parimutuel horserac-  
21 ing a year, may accept interstate off-track wagers for a total  
22 of sixty racing days and twenty-five special events a year  
23 without the approval required by paragraph (1), if with re-  
24 spect to such sixty racing days, there is no racing of the same  
25 type at the same time of day being conducted within the off-

1 track betting State within sixty miles of the off-track betting  
2 office accepting the wager, or such racing program cannot be  
3 completed. Excluded from such sixty days and from the con-  
4 sent required by subsection (b)(1) may be dark days which  
5 occur during a regularly scheduled race meeting in said off-  
6 track betting State. In order to accept any interstate off-  
7 track wager under the terms of the preceding sentence the  
8 off-track betting office shall make identical offers to any  
9 racing association described in subparagraph (A) of subsec-  
10 tion (b)(1). Nothing in this subparagraph shall be construed to  
11 reduce or eliminate the necessity of obtaining all the ap-  
12 provals required by subsection (a).

13 (c) No parimutuel off-track betting system may employ  
14 a takeout for an interstate wager which is greater than the  
15 takeout for corresponding wagering pools of off-track wagers  
16 on races run within the off-track State except where such  
17 greater takeout is authorized by State law in the off-track  
18 State.

#### 19 LIABILITY AND DAMAGES

20 SEC. 6. Any person accepting any interstate off-track  
21 wager in violation of this Act shall be civilly liable for dam-  
22 ages to the host State, the host racing association, and the  
23 horsemen's group. Damages for each violation shall be based  
24 on the total of off-track wagers as follows:

8           (2) If such interstate off-track wager was of a  
9       type not accepted at the host racing association, the  
0       amount of damages shall be determined at the rate of  
1       takeout prevailing at the off-track betting system for  
2       that type of wager and shall be distributed according to  
3       the same formulas as in paragraph (1) above.

15        SEC. 7. (a) The host State, the host racing association,  
16        or the horsemen's group may commence a civil action against  
17        any person alleged to be in violation of this Act, for injunc-  
18        tive relief to restrain violations and for damages in accord-  
19        ance with section 6.

(c) A civil action may not be commenced pursuant to this section more than three years after the discovery of the alleged violation upon which such civil action is based.

1 (d) Nothing in this Act shall be construed to permit a  
2 State to be sued under this section other than in accordance  
3 with its applicable laws.

4 JURISDICTION AND VENUE

5 SEC. 8. (a) Notwithstanding any other provision of law,  
6 the district courts of the United States shall have jurisdiction  
7 over any civil action under this Act, without regard to the  
8 citizenship of the parties or the amount in controversy.

9 (b) A civil action under this Act may be brought in any  
10 district court of the United States for a district located in the  
11 host State or the off-track State, and all process in any such  
12 civil action may be served in any judicial district of the  
13 United States.

14 (c) The jurisdiction of the district courts of the United  
15 States pursuant to this section shall be concurrent with that  
16 of any State court of competent jurisdiction located in the  
17 host State or the off-track State.

18 EFFECTIVE DATE; APPLICABILITY

19 SEC. 9. (a) The provisions of this Act shall take effect  
20 on the date of enactment of this Act, and, except as provided  
21 in subsection (b) of this section, shall apply to any interstate  
22 off-track wager accepted on or after such date of enactment.

23 (b)(1) The provisions of this Act shall not apply to any  
24 interstate off-track wager which is accepted pursuant to a  
25 contract existing on May 1, 1978.

1       (2) The provisions of this Act shall not apply to any  
2 form of legal nonparimutuel off-track betting existing in a  
3 State on May 1, 1978.

4       (3) The provisions of subsection (b) of section 5 of this  
5 Act shall not apply to any parimutuel off-track betting  
6 system existing on May 1, 1978, in a State which does not  
7 conduct parimutuel horseracing on the date of enactment of  
8 this Act.