

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

General Affairs Committee
May 25, 2011

[CONFIRMATION]

The Committee on General Affairs met at 1:00 p.m. on Wednesday, May 25, 2011, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on a gubernatorial appointment. Senators present: Russ Karpisek, Chairperson; Dave Bloomfield; Lydia Brasch; Colby Coash; and Paul Schumacher. Senators absent: Bob Krist, Vice Chairperson; Tyson Larson; and Amanda McGill.

SENATOR KARPISEK: (Recorder malfunction)...General Affairs Committee. For the record my name is Senator Russ Karpisek; I'm the Chair of the Committee. Quickly who we have with us, we have Senator Brasch. To my far right, Senator Bloomfield; Senator Coash; Senator Krist, the Vice Chair is gone, hopefully joining us, maybe not; Josh Eickmeier is our legal counsel; and then we may have Senator McGill joining us; Senator Schumacher is here; and Senator Larson is absent. We are going to do a Gubernatorial Appointment for Helen Abbott Feller for the State Racing Commission. Would you come forward please? Welcome.

HELEN ABBOTT FELLER: Welcome, Senator Karpisek. [CONFIRMATION]

SENATOR KARPISEK: There you go. Good job. [CONFIRMATION]

HELEN ABBOTT FELLER: And members of the General Affairs Committee. My name is Helen Abbott Feller and I live in Wisner, up by Norfolk. And I'm here to be reappointed to the Nebraska State Racing Commission. [CONFIRMATION]

SENATOR KARPISEK: Could you just tell us a little bit about what you've done on...whatever you want to tell us. [CONFIRMATION]

HELEN ABBOTT FELLER: (Exhibit 1) Well I spent most of my life in racing. I grew up in western Nebraska. My dad and I had a horse farm in Omaha that we stood studs and ran...and I did (inaudible) in...at Ak-Sar-Ben. Then he was killed in a car accident and I continued on for probably ten more years and ended up meeting my husband who is the reason that I moved up by Norfolk and Wisner. Was out of it for awhile and the Governor asked me to be on the Nebraska Racing Commission about four years ago and I'm here again to be reappointed. Last year we put in a bill and expanded that commission and it was pretty much my pushing to expand that commission and I appreciate your support. [CONFIRMATION]

SENATOR KARPISEK: So now we have five members, is that correct?
[CONFIRMATION]

HELEN ABBOTT FELLER: Now we have five members. And they are really...a little bigger voice, hopefully, to maybe come to the Legislature and educate the racing issues

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and the directions that we need to change. [CONFIRMATION]

SENATOR KARPISEK: And how often do you meet? [CONFIRMATION]

HELEN ABBOTT FELLER: We meet...it's not on a regular basis, but we meet probably four to five times a year, twice in Grand Island at Fonner Park and then up here in Lincoln. It's getting less. It used to be more with the racing days more and Ak-Sar-Ben and with them cutting back then I think that the reason to meet isn't as severe, setting racing dates and things like that. [CONFIRMATION]

SENATOR KARPISEK: Very good. Are there any questions? Senator Schumacher. [CONFIRMATION]

SENATOR SCHUMACHER: What do you see as the future of racing? And how important do you see the need for the tracks to be able to transfer some of their racing days? [CONFIRMATION]

HELEN ABBOTT FELLER: I don't see a real good future for Nebraska racing. I think that we have really handicapped Nebraska racing by just...archaic for the fact that we aren't able to compete against the gambling dollar. In my opinion it is the only good gambling, as I've told Senator Brasch many times, because it does create an industry. It has a lot of benefits to states, and so they all have gotten greedy and taken it all away from us. And in the meantime we've watched them take it away and not...and basically have had our hands tied with the laws that we can't seem to get passed. Racing needs their dollar back. And to get their dollar back we need to have a percentage of gambling across the board, I believe, because we are never going to be able to compete with that keno; I was just in Norfolk at Big Red Keno, you know, everybody at those tables were playing. It was just really sad to see the sport of kings and the lifestyle and the industry leave Nebraska for that. And so to gain it back, I believe, we need a percentage of all gambling, like most states have done, to support that industry in the state. Racing is expensive and it's not a \$2 thing. It's something that you put a lot of money in; it cost me a lot of money to keep a horse in training, to keep a horse at a farm and breed it and it's all come...it's all jobs and industry to the state, which we haven't quite figured out how important that is. We've watched it go. [CONFIRMATION]

SENATOR SCHUMACHER: So basically without subsidies from some other source you see that as a way to do it. [CONFIRMATION]

HELEN ABBOTT FELLER: I have a hard time when you say subsidies. I think...I'm not a big...I don't gamble. I'm in the industry as an owner; but I don't go and bet on my horses because I probably have too much knowledge and I know. But I don't see...I mean, when you're at expanding gambling, if we put the slots or things in to compete with gambling in other states because they have them, I don't see taking a percentage

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across that as a subsidy to horse racing because racing is different than any other gambling because it has such deep infrastructure, none of them do. So, I guess...like I've told Senator Brasch, we just want our dollar back. But we cannot work in the 50s and the 30s and the 50s because we don't have the same environment. So I guess if you want to call it subsidizing that industry to create those jobs, I guess that might be a good... [CONFIRMATION]

SENATOR SCHUMACHER: So are you looking then...I mean, if you had your druthers, a few slot machines at the tracks? [CONFIRMATION]

HELEN ABBOTT FELLER: I think we have to have slots at the track. I think with Lincoln the way it is, you're going to have to get those days so that we can build up a big...to get another push for slots. And I hate to call it expanded gambling, but we do have to have a way to compete with the people that have...with the businesses that have taken our business away. I think that that's how a lot of tracks have survived; and that's how tracks have survived. I mean, there is so much gambling now that to expect racing for the...it is the sport of kings and it, to continue on at the level it needs to be to make it interesting it needs to be in the same arena and grab that same cut of dollar across the board to...I mean, the most important thing is we are creating jobs, we're creating an industry, that's what I want those dollars to come back to. [CONFIRMATION]

SENATOR SCHUMACHER: How important do you see, like the bill that we're going to look at this afternoon on allowing the tracks to move some of the days around, is that an important thing for you guys to have? [CONFIRMATION]

HELEN ABBOTT FELLER: Yeah, it is important. I think that we've not been able to keep our facilities running because of the overhead. Simulcast has just been our way to compete with those keno and lottery dollars. Racing is, in my opinion, in the coffin, the lid is on it, we're nailing it shut. I was in racing growing up when it was 15,000 people at the racetrack on a Wednesday, 30,000 people on a weekend. It was big, really big, so it's really hard for me to see such an industry, you know basically, leave the state because we just haven't been able to educate all the people on how important it is. Gambling is never going to go away, we're just giving it to someplace else. [CONFIRMATION]

SENATOR SCHUMACHER: Now you mentioned keno, pickle cards, bingo, those kinds of things, but they're only a small, small fraction of the money that goes either to South Dakota or across into casinos in Iowa. It's basically from when you say slot machines would be helpful to help racing, that would be the real market you try to get back, the money that's the \$400 million a year going over to Council Bluffs. [CONFIRMATION]

HELEN ABBOTT FELLER: Um-hum. [CONFIRMATION]

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SENATOR SCHUMACHER: Okay. [CONFIRMATION]

HELEN ABBOTT FELLER: I can see...ideally I would like to...we need a mile track to be able to compete with the good horses. We also need to have it probably between Omaha and Lincoln, closer to Omaha because I don't...we really want to pull...that's been the heart of support in Nebraska, there's a lot of Omaha people that have always supported racing. I would love to see a destination, water park, ballpark, racing. I grew up in a sandpit at Ak-Sar-Ben; we had a great time, we learned a lot, maybe it's a bad place for kids, but it's not really. There's a lot of passion, there's a lot of...I mean, I don't know if you've seen Secretariat, and the emotion and the attachments that you get from racing. So, but I do think it needs to be a destination spot. I would like to see Nebraska be able to compete with Worlds of Fun, Altoona Adventureland, and have racing come to a facility like that to help pay or it. When they sold the Lincoln track, my idea is perhaps that Lincoln and Omaha...or the university could support a racing facility somewhere else, we could help pay for Innovation Park. Of course it had the "G" word with it, and so it's not very well-received, but it is a huge revenue for states and they have made it successful. But we can't compete with those dollars, you know, it's the same dollars. Gambling, we haven't increased the gambling dollar; we haven't made people gamble \$5 and now they're gambling \$10, they're still gambling \$5, you know, we just need our dollar back, to be able to compete. [CONFIRMATION]

SENATOR SCHUMACHER: A little effort to keep the money in Nebraska.
[CONFIRMATION]

HELEN ABBOTT FELLER: Um-hum, and a lot of effort. But I think we can do it. I think we have investors that would be interested in putting together a park like that if we could make it look like we could get a percentage for purses, because it's the purses that make the good horses and the good horses bring the crowds. [CONFIRMATION]

SENATOR KARPISEK: Thank you, Senator Schumacher. Any other questions?
Senator Brasch. [CONFIRMATION]

SENATOR BRASCH: Thank you, Chairman. And welcome Mrs. Feller, thank you. I've known you for many years. You are a constituent and also a dear person of...a good friend along the way. And I was the marketing director at the State Fair. I don't know if you remember that or not. During that time almost 18 years ago now, horse racing industry nationally was declining. Is that still the case today? The numbers, they were concerned about purses, not just in Nebraska, but...is that correct? [CONFIRMATION]

HELEN ABBOTT FELLER: Um-hum. Well I think that...yeah, I have to say that racing, there's facilities that have done better than other facilities. It was such a gold mine for states to have racing come to their state that everybody decided to buy all the racetracks. So there's a lot of racetracks that just weren't sustainable because there's

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not that many good horses to stretch clear across. So, is it declining? I think there's only so many horses that can be of the quality to do the crowds. And that's why simulcast has been such an effective racing tool because we can have quality horses racing somewhere and you can bring it into your facility and have them and then those...so when you say it's declining, yes those tracks that haven't, you know, that (inaudible) kind of built up to take that dollar all of a sudden it was a different arena. A little bit like the movies, I mean, when the CDs came out and you could tape the DVDs, I mean, there was a worry about what was going to happen to the movie theaters. And so it all gets realigned and readjusted and I...Nebraska is kind of unusual because it sits in the middle and has always had such a huge draw. Ak-Sar-Ben was always a phenomenon because it drew so many people. But then all of a sudden they had one in Kansas City, they had one in Des Moines, they had one in Minneapolis and they still could not draw what Ak-Sar-Ben could draw. And all of them have had their own struggles. Iowa is about the only one that has been able to sustain healthy. But they have also looked at adding that percentage across the board of the gambling dollar to racehorse purses to keep that infrastructure and that environment of industry in their state. And so the states that have done that have fared pretty well. But if they haven't, like Nebraska, you know, it's just...you can't compete, there's just no argument. [CONFIRMATION]

SENATOR BRASCH: And I did want to add, you are a wonderful steward of horses, the racing industry, and horsemen and I'm happy to see that you are seeking reappointment. You know, that...you have truly been an asset to a very, very, difficult industry that...I don't know what the future will be, hopefully...and hearing that what you're saying here today also is that a racing track near Lincoln or Omaha somewhere would be successful and not necessarily keeping the other tracks alive and well, say in Atokad or Fonner Park... [CONFIRMATION]

HELEN ABBOTT FELLER: I think that if we could manage to get a mile track, it would be hard for the smaller tracks to probably to stay open as far as...I shouldn't say that, they could probably maintain the same as they're doing, but we could really do well with a mile track, especially with Iowa and Kansas and Minnesota and them having...we have lost their punch against us, but yeah, you know I'm always amazed at the people that have stayed. I left...I had a farm and I sold it and I stayed in the industry in Kentucky and Florida and had my dollars go all those places and when I have since been reappointed to this commission, I've met old friends and I'm like, how have you even put food on your plate? I'm just amazed. And they still are all very passionate and I'm in awe of them. [CONFIRMATION]

SENATOR KARPISEK: Thank you, Senator Brasch. Senator Bloomfield.
[CONFIRMATION]

SENATOR BLOOMFIELD: I wonder if...kind of like small farms, horse racing hasn't, unfortunately, had it's good time in Nebraska. We've watched the small family farm,

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when I say small, I'm talking about the guy that had 80 acres or 160 acres or the half section, that's gone. We can dream about the days, we can say we're going to bring it back, it's not going to happen. But I wonder if horse racing isn't in that same position without...and I'm going to use the word "subsidies" too, I think that's what it is. Does horse racing go away in Nebraska and if it does, what's the overwhelming loss?
[CONFIRMATION]

HELEN ABBOTT FELLER: And...I think the real secret...we're never going to be...we never have and never will be able to compete with Kentucky and Florida and California. They are "hardboots" in the industry. But states have been able to keep the family farm. And I absolutely believe those family farms can survive in racing in Nebraska, but the big push to that is the Nebraska breeding program and how well the Nebraska breeding program awards their people that breed. When I was in racing, the Nebraska breeding program was a little bit unusual because it kept out out-of-state investors and I was in business, and so, of course, being the person that I am, I challenged that law and we found it unconstitutional. And because I was trying to get Kansas people, Iowa people in to breed in Nebraska and raise Nebraska breds. And the only way they can do that is to keep their stock in the state, and that's what the other states were trying to get away from us which they easily could do, but the law was changed, but unfortunately not in time. But now it is changed and those states that do well it's because...I have lots of friends that will raise Minnesota breds, everyone is going to Iowa, you know, they don't want a Nebraska bred of course, but they want an Iowa bred because there are certain purses that are built up for those breeds. So it enhances the small backyard person to go ahead and have a couple of horses that they can compete with a restricted amount of horses. They don't have to go to Kentucky and they still have lots of money to run for. I have a friend now in Wisner, Eric Von Seggern, and he's got a little Minnesota bred up there, and he's...they're running for little Minnesota-bred pots, fifty, sixty, hundred thousand dollars, so, you know, you win one of those and you can go another couple years with another win. So, it all depends on how that state breeding program, but no, if you don't have that state breeding program strong and intact, then it won't work. But that's what sustains the small person. And you want to keep, you know, when I was in the industry with a farm it was really important for me that I brought studs to the state that could improve the breeding of the mares, of the people who couldn't go anywhere else but Nebraska, didn't want to go to Kentucky; didn't want to go...so that was an important thing. [CONFIRMATION]

SENATOR KARPISEK: Thank you, Senator Bloomfield. Any other questions? Seeing none, thank you very much and good job. [CONFIRMATION]

HELEN ABBOTT FELLER: Okay. Thanks. Keep us...keep plugging along. I think that there might be some things that who knows it will open up and we can get that mile track and something. It would be real exciting to have that happen for Nebraska. Thank you for listening to me and I hope I meet with your approval. [CONFIRMATION]

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SENATOR KARPISEK: Thank you very much. [CONFIRMATION]