

One Hundred Seventh Legislature - First Session - 2021

Introducer's Statement of Intent

LB536

Chairperson: Senator Tom Briese

Committee: General Affairs

Date of Hearing: February 01, 2021

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Currently, Section 2-1207 requires that licensed racetrack facilities in Nebraska deduct “one-third of the amount over fifteen percent” of bets wagered on a single horse (to run first, second, or third) wagered on live or simulcasted horse races. Across the state, this amount is typically 1% of the total sum wagered, and in the case of exotic wagers in which different combinations of horses are wagered on, always 1% of the total. These funds are isolated into what is colloquially known as the “Breed Fund.” The Breed Fund is then utilized by the racetrack at which it was derived to “promote agriculture and horse breeding in Nebraska and for the support and preservation of horseracing” by funding purse supplements and breeder and stallion awards for registered Nebraska-bred horses.

For a period of time, the racetracks operated under an agreement wherein racetracks who collected more in the breed fund, but couldn’t utilize it due to a limited number of races run, would distribute amounts to racetracks which were running more races but not generating enough in the breed fund to fully support their breeders/racers. The consensus was that this agreement followed statute, and the agreement remained in effect until 2017. In 2017, a party to the agreement withdrew their support and halted the distribution of funds to racetracks other than the initial source of the funds. This triggered a determination process by the Commission to identify the proper custodian of the fund, and ultimately a lawsuit contesting the ability of the State Racing Commission to determine the proper custodian of the funds.

- LB536 shifts the custodianship of the fund to the State Racing Commission, recognizing both that the State Racing Commission is the best entity to determine the needs of Nebraska’s horseracing community in a timely manner and that allowing racetracks to maintain this fund under their own auspices presents challenges relating to transparency and compliance with statute.
- LB536 also removes the stipulation that the funds be utilized where they were generated, allowing the commission to assess the needs of Nebraska’s horseracing community from an informed perspective and best fulfill the intended purpose of the fund.
- LB536 compels the remittance of currently held Breed Funds for the purpose of distribution going into future race seasons, allowing the Commission to be strategic in how it promotes agriculture, breeding and growth in a time where Nebraska horse racing stands to surge in popularity.

Principal Introducer: _____

Senator Raymond Aguilar