

TESTIMONY OF
ROD L. PIATT, CHAIRMAN
PENNSYLVANIA HARNESS RACING COMMISSION

HOUSE JUDICIARY COMMITTEE

MAY 29, 1996

TESTIMONY FROM ROD L. PIATT

Good Morning Mr. Chairman and to the members of the House Judiciary Committee. My name is Rod L. Piatt, and I am here this morning as Chairman and representing the Pennsylvania Harness Racing Commission of which I have served as a member for nine years. My terms as Commissioner have been under the Casey and Ridge Administrations.

My personal background includes being a graduate of the University of Tampa with a B.S. Degree in Accounting and a licensed Certified Public Accountant in the Commonwealth of Pennsylvania. Although I currently do not practice accounting in a public sense, my career efforts have been in my family business which include operations in the steel, coal, education, banking and real estate industries with our most recent development in Pittsburgh of the Southpointe project with its golf course, residential and commercial community and planned hotel and business conference center.

The Pennsylvania Harness Racing Commission is a three member body, appointed by the Governor, which supervises, regulates and enforces the statutes of the Commonwealth as they relate to harness racing and wagering in Pennsylvania.

Currently, harness racing with pari-mutuel wagering occurs at two separate locations. Ladbroke at the Meadows operates a racetrack in Meadow Lands, Pennsylvania and Pocono Downs operates their racetrack in Wilkes Barre, Pennsylvania. Additionally, harness racing is conducted at 16 county fairs throughout the

Commonwealth and five special one-day events. The Pennsylvania Horse Racing Commission oversees the activities of its two licensed thorough bred race tracks.

The Commission employs racing officials at the pari-mutuel tracks as well as maintaining offices at these sites. The primary responsibility of personnel at the track offices are enforcement of racing rules, judging of the conduct of races and random drug testing.

The Commissions' headquarters are located in the Agriculture Department Building in Harrisburg. It is at this location where commission meetings are held and all administrative activity occurs by the Executive Secretary and his staff, including licensing of corporations conducting pari-mutuel wagering and their respective off-track wagering locations, and all participants in harness racing whether they be owners, trainers, drivers or grooms.

The Commission is responsible for the promulgation of orders, issuance of penalties to violators of its rules and adjudication of appeals of rulings. It is responsible for the Pennsylvania Sire Stakes Fund, which is a highly successful program of races restricted to state-bred horses.

In general, the Commission is responsible for the well being of harness racing in Pennsylvania.

Over the past six or seven years, Pennsylvania lawmakers have put into effect some of the most innovative legislation in the country as it relates to horse racing and wagering activities. As you know, this legislation has given the Pennsylvania racetracks an opportunity to become viable businesses and each and everyone

of them has made the most of their opportunity. These tracks have not only sustained their business activity, but have prospered to a point where they are looked at as the leaders in their industry.

With this state of the art legislation, the early 1990's saw the development of off-track wagering facilities around the state. These facilities fulfilled all the requirements set forth in the rules and regulations and have not just become sites at which to wager, but rather sports entertainment destinations.

Of the 23 allowable off track wagering facilities permitted to be built throughout the Commonwealth, 13 have been built to date, with two more under construction.

With recent legislative changes occurring in Harrisburg, the racetrack operators now have access to interstate simulcasting of races throughout North America and national telephone wagering.

The effects of these major legislative actions have not only enhanced the racetrack operations, but have revitalized the agricultural industry in Pennsylvania as a whole.

While the racetrack industry in Pennsylvania directly employ nearly 4,000 people, it is the agricultural industry that carries a great deal of the support needed by racetrack operators.

We cannot lose sight that the agricultural industry is partly made up of the farmers that grow the grain, the horsemen that breed the horses and the many men and women that supply services, such as veterinarians.

The agricultural industry is in excess of a billion dollar business and has been given a shot in the arm by the tremendous renaissance of the horse racing business in recent years.

With regard to potential expansion of gaming activities within Pennsylvania, we must evaluate what effects it will have on our existing forms of pari-mutuel wagering at the four racetracks within the state boundaries.

Pari-mutuel wagering on racing has existed in Pennsylvania for over 30 years and with the development of off-track wagering facilities, the operators of these tracks have made capital investments in excess of \$145 million.

If expansion in gaming is to occur, we must be certain not to jeopardize a thriving horse racing industry which recently has experienced one of the highest growth rates of any state in the country. A horse racing industry that is the product of the innovative legislation enacted by Pennsylvania lawmakers.

If we are to accept an expansion of gaming activities, then we must craft that same legislation that maps out appropriate long term strategies which call for land based development which will create resort areas and increase tourism, expand our hotels and convention centers enabling our state to become a stronger place of destination and create a solid long term base of employment opportunities for citizens of our communities.

As the final landscape is developed with regard to future legislative changes in gaming activities, I respectfully request you all give a great deal of consideration to the following points:

1. Increased expansion of gaming activities will adversely effect the horse racing industry, which employs over 35,000 people and contributes over \$62 million annually in state taxes. Our current track operators should be given significant consideration

for participation of future gaming activities as they have proven to be excellent business partners with the Commonwealth. This will be a win/win formula.

2. Legislation affecting any expansion of gaming activities should carry a sound fiscal policy with regard to anticipated collections of gaming taxes. These types of sound fiscal policies will lead to strong public support with regard to a topic that carries great controversy throughout the Commonwealth.

3. As with any form of gaming activity, it would be most prudent for legislation to require a knowledgeable, non-political gaming commission to oversee all gaming activities and to ensure that rules and regulations effecting all gaming activities are carried out with the highest integrity and in a manner that is a positive influence for our communities.

That said, my recommendation would be further evaluation of other jurisdictions where gaming activities other than pari-mutuel are legalized. The ramifications of legalizing other forms of gambling are significant and overwhelming. Since these juxtapositions in other states are relatively new, I do not think Pennsylvania should move into this area without further consideration of its potential upheaval to an already healthy racing industry in this Commonwealth. I think there have been many situations already where racing has suffered tremendously with the advent of new forms of gambling.

Thank you for allowing me to be a part of your fact finding mission, and I commend you on carrying out the process of hearing from citizens of the Commonwealth.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rod L. Piatt".

Rod L. Piatt, Chairman

Pennsylvania Harness Racing Commission

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