

Congress is Back, So are Issues

by JAY HICKEY

The Congress may change, but the issues don't. While the Republicans now control the White House, the Senate and the House of Representatives, the margins may not be enough to break the gridlock that has often been the fate of the last few Congresses. Of course, a logjam is not the worst thing that can happen in Washington or any legislature. Passage of unfavorable legislation is.

Two very important issues are again before the 108th Congress—Internet wagering and the clarification of the industry's ability to offer worldwide wagering pools on U.S. races. This is why the Thoroughbred racing industry, which has stepped up its efforts in Washington under the National Thoroughbred Racing Association (NTRA), must continue to be involved.

In the last three Congresses more than 10 bills have been introduced to ban Internet wagering. Four were introduced in the last Congress. One, the Unlawful Internet Wagering Credit Prohibition Act, known as the Oxley-Leach bill because of its principal co-sponsors, Congressmen Mike Oxley (R-OH) and Jim Leach (R-IA), passed the House of Representatives. That bill (H.R. 21) has already

been reintroduced in this Congress. We expect other bills to be introduced, including a measure by Congressman John Conyers (D-MI) introduced at the end of the last Congress that called for a two-year study of Internet wagering, and its impact, availability and regulation.

The industry has been able to include language in most of these bills, including the current Oxley-Leach bill, that permit racing's activities, like interstate simulcasting and account wagering, to continue. But some Members of Congress appear to be trying to use the federal legislation to roll-back the pari-mutuel activities legalized by the states.

We must continue to educate Congress about our industry and the interstate wagering it has been offering for decades under federal and state law. They support a \$34 billion industry that employs 472,000 people. Our wagering activities should not be prohibited in any broader federal attempt to outlaw off-shore, unregulated Internet wagering.

The other important initiative involves legislation to permit the international co-mingling of wagering pools

on U.S. races. The Internal Revenue Service maintains that the 30 percent alien withholding requirement on U.S. source income applies to foreigners wagering abroad on U.S. races, if they have winnings from pools merged with U.S. pools. This is a hurdle to the industry's efforts to make U.S. racing truly international and garner a larger share of the \$85 billion wagered worldwide on racing.

U. S. treaties with some foreign countries exclude a foreigner's wagering winnings from U. S. tax and, in effect, allow betting pools to be merged internationally with those countries. But not all treaties permit this. A change in the law would broaden racing's opportunities to expand worldwide. Congressman Jim McCrery (R-LA) introduced legislation in the last Congress to effect this change. This legislation will be pursued again.

These issues involve international activities. Clearly, the horse industry has become an international industry that must be able to do business with other countries. That business may include: the expansion of international wagering on American racing through worldwide betting pools; having an efficient, federal regulatory infrastructure in place to permit the free movement of horses to and from other countries for sales, breeding or competitive events, without endangering the health of our horses; or reforming our

nation's immigration laws to ensure that the industry has access to sufficient, documented alien workers.

We must also ensure that the economics of the horse business and the tax structure under which we operate encourage people to invest in our industry.

CTBA members understand how important it is that the industry be active in the legislative and regulatory process. Your national and state organizations facilitate your involvement. But it is up to you, the individual horse owner and breeder, to take the steps necessary to contact your elected officials. If you are involved, stay at it—it is a long and continuous process. If you are not, let us know how we can help you get involved. Your industry needs you now.



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Jay Hickey has been President of the American Horse Council since 1993. The AHC represents the horse industry before Congress and the federal regulatory agencies. The Washington D.C.-based association includes nearly 200 equine organizations and individuals from various segments of the horse industry.