

2 1/2 percent for three years. They would continue to have their 2 percent credit that goes back to the tracks. It has to be used for capital improvements to the tracks so they can continue to compete with those tracks in the three areas that I mentioned, and then at the end of those three years, the tax would be increased to 3 percent, and 2 percent of that tax, 2 percent of the 3 percent would flow to the General Fund. One percent would be continued to be used by those tracks for capital improvements. So January 1 of 1994, there would be a 3 percent tax in place. Two percent would be actual tax, it would not be a credit. It would be 2 percent of whatever they handle would be after the first \$10 million. As you know, in 1987 we put in place a first \$10 million exemption for the small tracks, so that they would be covered and, basically, they would pay no tax. That continues in the committee amendments as they are offered before you in 1055. The other provisions in the bill deal with an increase in the takeout, and the take out is the portion of the wager that is kept by the track. If you look at the handout that I gave to you, you will see in the page 3 of it what the takeout is across the country for the various states, and Nebraska has currently the lowest takeout provision with regard to the win, place, show bets, the percentage is 15 percent, which means 15 cents of every dollar bet goes back to the track automatically and it is used both for the track in terms of the purses and for the horsemen and the breeders. The exotic percentage is 20 percent. Nebraska is either...it is not exactly the lowest, New Jersey has a 19, but Nebraska is at the bottom. They are at 20. New Jersey has a 25 percent for exotics of three or more; Nebraska has no provision of that in law. What the committee amendments would do would increase the win, place, show takeout from 15 to 18 percent, which would put us neither at the highest nor the lowest anymore. It would put us at the mean of about between 17 and 19 which are the highest, and then we would change the exotics to from 20 to 23, which would do approximately the same but it would put us at the higher end of the scale, with New Hampshire having the highest of 26, and the lowest being Oklahoma and Pennsylvania which mirrors what Nebraska is currently at, and that is 20 percent. What happens when you do that? Well, the arguments against it are that you lessen the attractiveness for the bettors. You take a greater percentage out at the front end so that the winnings at the back end that come through the window for the folks who push the money through there aren't as attractive as they have been in the past. That it is a good argument. Clearly, there is some justification for that argument. The