

1-1982

The Relationship Between Harness Racing and Agricultural Fairs in Maine

The Steering Committee for the Study of Harness Racing and Fairs

Maine Department of Agriculture, Food and Rural Resources

Trigom

Follow this and additional works at: https://digitalmaine.com/hrc_docs

Recommended Citation

The Steering Committee for the Study of Harness Racing and Fairs; Maine Department of Agriculture, Food and Rural Resources; and Trigom, "The Relationship Between Harness Racing and Agricultural Fairs in Maine" (1982). *Harness Racing Commission Documents*. 9.

https://digitalmaine.com/hrc_docs/9

This Text is brought to you for free and open access by the Agriculture, Conservation and Forestry at Digital Maine. It has been accepted for inclusion in Harness Racing Commission Documents by an authorized administrator of Digital Maine. For more information, please contact statedocs@maine.gov.

A 27.10:Re 382/982

MAINE STATE LIBRARY

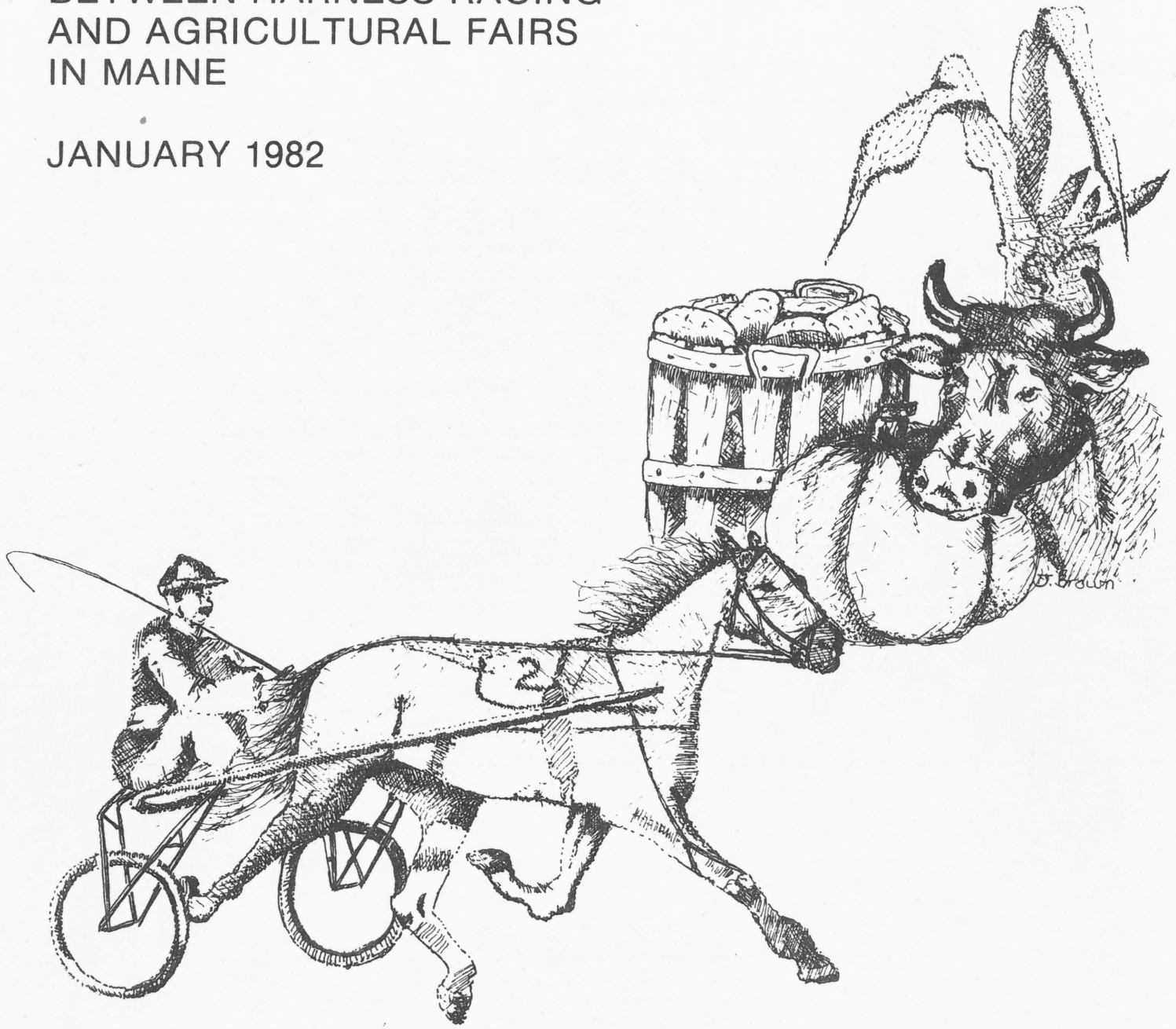
MAINE STATE LIBRARY
 Me. Doc. A 27.10: Re 382/982
 The Relationship between harness racing

 3 5081 00021185 3

M
C.2

THE RELATIONSHIP
 BETWEEN HARNESS RACING
 AND AGRICULTURAL FAIRS
 IN MAINE

JANUARY 1982



PRODUCED FOR:

THE STEERING COMMITTEE
 FOR THE STUDY OF
 HARNESS RACING AND FAIRS
 AND THE DEPARTMENT OF AGRICULTURE,
 FOOD AND RURAL RESOURCES

BY



FEB 08 1982



P.O. Box 690
Rampart Professional Complex
Route 302
North Windham, ME 04062
(207) 892-5261
(207) 655-7509

January 15, 1982

Stewart N. Smith
Commissioner
Maine Department of Agriculture, Food
and Rural Resources
State House Station
Augusta, Maine 04333

Dear Commissioner Smith:

TRIGOM is pleased to present "The Relationship Between Harness Racing and Agricultural Fairs in Maine."

I wish to express my appreciation to you and your department for your attention and assistance, and to the members of the Steering Committee, each of whom volunteered their time and efforts liberally.

It was only through the Steering Committee's dedication to finding a just solution to the many problems that have arisen that this report is able to present a program for your consideration.

Sincerely,

Gregory M. Scott
President

THE RELATIONSHIP BETWEEN HARNESS RACING
AND AGRICULTURAL FAIRS IN MAINE

Prepared for the
MAINE DEPARTMENT OF AGRICULTURE, FOOD
AND RURAL RESOURCES
and the
STEERING COMMITTEE FOR THE
STUDY OF HARNESS RACING AND FAIRS

by
TRIGOM
North Windham, Maine

JANUARY, 1982

CONTENTS

Cover.....i
Letter of Transmittal.....ii
Title Page.....iii
Contents.....iv
Executive Summary.....vi
The Steering Committee for the Study of Harness Racing and Fairs.....vii

PART I. INTRODUCTION: THE PURPOSE OF THE STUDY.....1

PART II. A Brief History of Agricultural Fairs in Maine.....3

PART III A Brief History of Harness Racing in Maine.....8

PART IV. An Outline of Recent Trends Affecting Harness Racing
and Fairs.....12

PART V. Public Policy Issue #1: The Fair and Race Date Setting
Processes.....24

PART VI. Public Policy Issue #2: The Stipend Fund.....34

PART VII. The Relationship Between Harness Racing and Fairs.....44

PART VIII Conclusions and Recommendations to the Commissioner.....47

APPENDIX A - Proposals for Resolving Problems Submitted for
Discussion at the November 10, 1981 Meeting of
the Steering Committee.....51

LIST OF FIGURES

FIGURE 1 Maine Harness Racing Schedule 1981 Season.....11

FIGURE 2 SSRI Table 9.....13

FIGURE 3 SSRI Table 17.....14

FIGURE 4 Annual Value of \$1.00, Based on 1973 Value.....15

FIGURE 5 Average Payment Per Dash Per Horsemen in Constant
Constant 1973 Dollars, 1973-1980.....16

FIGURE 6 SSRI Table 8.....17

FIGURE 7 Average Payments per Day Raced to Race Management
in Constant 1973 Dollars, 1973-1980.....19

FIGURE 8 % of Total State Handle Brought in at Scarborough
Downs and Other Tracks.....21

CONTENTS (Continued)

FIGURE 9	Financial Data on Three Pari-Mutuel and Three Non-Pari-Mutuel Fairs.....	22
FIGURE 10	Distance Travelled From Residence to Eleven Fairs Surveyed.....	29
FIGURE 11	10, 25, 50 and 100 Mile Radius From Topsham.....	31
FIGURE 12	Areas Within Overlapping 25 Mile Radius from Topsham and Oxford.....	32
FIGURE 13	Premiums and Stipend Funds 1934-1980.....	37
FIGURE 14	Fair Stipend 1980 Fair Season.....	38
FIGURE 15	Attendance at the Five "Racing Fairs".....	41
FIGURE 16	Attendance at Fairs of Those Who Said Harness Racing was Their Favorite Part of the Fair.....	45

EXECUTIVE SUMMARY

Conflicts among agricultural fairs and harness racing interests centered upon the fair and race date setting process and the agricultural fair stipend fund resulted in the establishment by the Commissioner of Agriculture of a Steering Committee to examine the issues raised.

The Steering Committee secured the services of TRIGOM to study the relationship between harness racing and agricultural fairs. During the study Committee members and other knowledgeable people were interviewed, and a survey of people attending the eleven fairs held during September, 1981 was taken.

During the study, four major trends affecting harness racing and fairs were identified. The first is the declining profitability in horse ownership. According to TRIGOM's estimate horse owners suffered a 31% decline in real (inflation-factored) income from 1974 to 1980. The second trend is the declining profitability of harness racing management. It was estimated that track management real income declined 33% between 1974 and 1980. The third trend is the ascendance of Scarborough Downs, which generated 53% of the handle (total amount wagered) in 1981. The final trend was the increasing reliance of agricultural fairs upon commercial rather than agricultural attractions, a trend that is also encouraged by inflation. This final trend is particularly discouraging in view of extensive public interest in agricultural exhibits.

The above trends have resulted in conflicts over the race and fair date setting processes because (1) fairs influence the race date setting process, (2) fairs [especially Oxford and Topsham] compete more aggressively for the same dates, and (3) tracks have recently competed more aggressively for dates.

The controversy over the stipend fund derives from the fact that the fund is generated by a tax on the handle of harness race meets. Scarborough Downs, which generated 53% of the handle in 1980, received no share of the stipend fund and has protested this situation.

The following conclusions were drawn in Part III of the study: (1) horsemen need immediate tax relief, (2) track management needs immediate tax relief, (3) agricultural fairs generate substantial opportunity for promoting agriculture and many of them need the stipend fund, (4) the race and fair date setting processes should be revised, (5) additional studies are needed to solve racing and fair problems.

In view of the above conclusions, the Steering Committee presented a list of recommendations to the Commissioner of Agriculture, which are listed in Section VIII.

THE STEERING COMMITTEE FOR
THE STUDY OF HARNESS RACING
AND FAIRS

Appointed by Stewart Smith, Commissioner
Department of Agriculture, Food and Rural Resources

COMMITTEE MEMBERS

Tony Aliberti
Lewiston, Maine

Rep. Lorraine Chonko
Topsham, Maine

Edwin Harriman
Skowhegan, Maine

Sen. Tom Perkins
Blue Hill, Maine

Phil Andrews
Fryeburg, Maine

Roosevelt Susi
W. Buxton, Maine

Dwight Tripp
Auburn, Maine

Dana Childs
Westbrook Maine

Ival Cianchette
Pittsfield, Maine

Dr. Joseph Kenneally
Saco, Maine

Jim Shores
Augusta, Maine

GUEST PARTICIPANTS

Carl Laws
Cornish, Maine

Ed Anderson
Scarborough, Maine

Greg Tselikis
Portland, Maine

Richard Howard
Biddeford, Maine

Tom Sheehan
Scarborough, Maine

Leonard Pooler
Lewiston, Maine

STAFF AFFILIATES

Tom Webster
Harness Racing Commission
Me. Department of Agriculture

Esther Lacognata
Maine Department of
Agriculture, Food and
Rural Resources

Muriel Bonin
Me. Association of Fairs
Litchfield, Maine

Gregg Scott
TRIGOM
North Windham, Maine

PART I.

INTRODUCTION: THE PURPOSE OF THE STUDY

For many years Maine's agricultural fairs and harness races were conducted, with a few notable exceptions, with a spirit of cooperation that aided them in their efforts to settle their differences among themselves. During the late 1970's, however, in response to economic conditions and other circumstances, conflicts developed among fairs and harness racing interests. In 1975 the Commissioner of Agriculture was given by the Legislature the responsibility of setting fair dates. By 1980 racing interests, distressed by economic conditions, disputed the reasonableness of the Stipend Fund, under which part of the money generated through wagers on racing is paid to agricultural fairs.

The 1981 date granting process resulted in a disagreement between the Oxford and Topsham fairs in which Topsham was denied a license to conduct a fair on Sunday, September 13. This conflict, and other issues raised by horse and track owners, prompted the Commissioner of Agriculture to establish a Steering Committee to study problems that had arisen related to the relationship between harness racing and fairs. Eleven Committee members were chosen on the basis of their knowledge of fairs and harness racing, and not because they represented the major interests involved.

The Steering Committee in July of 1981, after two organizational meetings, secured the services of TRIGOM of North Windham, to conduct a study of the relationship between fairs and harness racing. The study's purpose was to identify recent trends in agricultural fairs and harness racing; describe the impacts of these trends upon fairs and racing; identify factors which affect the viability of fairs; review present procedures for setting dates; and evaluate options for setting dates.

From July through December the Consultant (TRIGOM) undertook the following activities:

- Conducted interviews with Steering Committee Members and others to determine the origin and character of the conflicts.
- Reviewed statistics and other data available from the Department of Agriculture and other sources.
- Compiled a diagrammatic presentation for the Steering Committee of the key issues as they related to the date setting process and the Stipend Fund.

- Conducted a survey at eleven fairs which occurred during the month of September. Eight hundred and eighty six individuals were interviewed.
- Presented the results of the survey to the Steering Committee.
- Requested proposals for solutions to problems encountered from the Steering Committee and other interested individuals.
- Presented research results and proposals in two preliminary drafts of the study.
- Conducted two subcommittee meetings aimed at resolving differences between fairs, horsemen and race management.
- Prepared a final report, including the Steering Committee's recommendations to the Commissioner of Agriculture.

During this period, the Steering Committee met five times and engaged in lengthy discussions on the various issues. The contributions to this study of the members -- their time, their knowledge and their commitment to responsibly address each others' needs -- cannot be underestimated.

PART II.

A BRIEF HISTORY OF AGRICULTURAL FAIRS IN MAINE

Agricultural fairs have played an important part in the social and economic history of rural Maine. Maine may in fact have been a leader in the development of the nation's agricultural fairs.

"The oldest agricultural society in New England was the Kennebec Agricultural Society, organized in 1787. At that time there were only two other in the United States, the Philadelphia Society and the South Carolina Society - both organized in 1785. The Winthrop Agricultural Society soon followed and still exists as the Kennebec Agricultural Society and up to a year ago conducted the Readfield Fair - probably the oldest county fair in the United States. The famous Vaughn family of Hallowell was active in organizing the Maine Agricultural Society which held in 1820, the first State Fair and Cattle Show in Maine. Incorporation of agricultural societies was authorized by the legislature in 1832, and between 1832 and 1856 twenty-six societies were incorporated." [From a document in the files of The Department of Agriculture, dated 1937].

Throughout the nineteenth century agricultural fairs were the major social occasion of the harvest season. Fairs were attended primarily by local people who participated in large numbers in food growing and preparation contests, horse pulls and many other events tied directly to day to day life on rural farms.

The importance of fairs was recognized by state government at an early date. In the nineteenth century fair representatives comprised a majority of the Maine Board of Agriculture, which initiated many programs later carried out by the Agricultural Extension Service, the Agricultural Experiment Station, and the Department of Agriculture. The Board of Agriculture circulated reports to farmers on agricultural methods, laws and regulations.

The importance of fairs was further recognized in 1832 by "AN ACT for the Encouragement of Agriculture, Horticulture and Manufacturers." This act, which could be called the first agricultural "stipend fund," appropriated "to any incorporated society, not to exceed one hundred dollars to all fairs in any one county." State aid to fairs has continued and gradually increased since that time. Today, "regular" stipend funds are distributed according to the amount each fair pays out in "premiums", that is prizes awarded in the various agricultural competitions. In 1957, a separate parimutuel harness racing facilities improvement stipend fund was created and in 1965 a new stipend fund for facilities for non parimutuel fairs was added.

In the first half of the twentieth century the character of rural Maine changed. The migration of people from farms to cities that occurred nation-wide had substantial effects upon fairs in Maine. First, there were fewer small family farms. Second, the automobile made it practical to travel longer distances to visit and exhibit at fairs. Third, rising costs of operating fairs and the development of "mechanical" midways, which became a substantial source of funds, changed the character of fairs. By the mid-twentieth century, most fairs had become more regional or state-wide and less local in terms of participants and people attending them. There is in fact today a considerable number of people who "ride the fair circuit." That is, they exhibit their animals from one fair to the next, partially reimbursed for their expenses.

During the 1981 fair season twenty-four (Winslow) Maine fairs offered a variety of agricultural, midway and harness racing events that together attracted, according to a TRIGOM estimate, about 750,000 people, or a number equal to 3/4 of Maine's population. The fairs, in Chronological order, are described in "Maine Agricultural Events 1981" published by the Maine Department of Agriculture, Food and Rural Resources:

1. July 9-12 --- Ossipee Valley --- The OSSIPEE VALLEY FAIR opens the fair season with Maine's largest night parade, complete livestock show, ox, horse, and mini-tractor pulling, horse show, and a string band contest.
2. *July 21-28 --- Presque Isle --- The NORTHERN MAINE FAIR is offering the largest tractor and four-wheel pull in New England, Class AA horse show, and six nights of high quality stage shows.
3. July 24-26 --- Pittston --- The PITTSTON FAIR activities include horse, ox, and pony pulling and an excellent showing of livestock by 4-H groups.
4. July 30-August 8 --- Bangor --- The BANGOR STATE FAIR, now in its 132nd year of operation, features agriculture, a large midway, and exhibits.
5. August 1-2 --- Athens --- The WESSERUNSETT VALLEY FAIR features "pee-wee" tractor-driving contests.
6. August 6-9 --- Monmouth --- The COCHNEWAGAN AGRICULTURAL FAIR places emphasis on its 4-H activities, three-horse, and four-ox

pulls. This fair was named "the most comfortable and homey" fair in 1979.

7. *August 6-9 --- Lewiston --- The LEWISTON STATE FAIR provides clubhouse facilities for harness racing.

8. *August 13-22 --- Skowhegan --- The SKOWHEGAN STATE FAIR is the oldest state fair in the country and features a class AA horse show, horse pulling, draft horse show, sheep show, tractor pull, and sheepdog trials.

9. August 20-23 --- North Waterford --- The WORLD'S FAIR ASSOCIATION holds an old-fashioned fiddlers' contest, oxen pulling, pony pulling, horse pulling, Tuesday through Saturday dancing, and exhibition hall, and a four-wheel drive pull.

10. August 24-29 --- Union --- The KNOX AGRICULTURAL FAIR is noted for its annual Blueberry Festival on Friday. There will be 5,000 free blueberry pies, blueberry pageant and coronation at 8:00 p.m., preceded by a blueberry pie eating contest at 7:00 p.m.

11. August 27-30 --- Acton --- The YORK COUNTY AGRICULTURAL FAIR selects and crowns the Fair queen Friday evening.

12. August 27-30 --- Winslow --- The WINSLOW LIONS' AGRICULTURAL FAIR, now on its permanent site, features an expanded midway. [Scheduled but not held in 1981].

13. August 27-30 --- Dover-Foxcroft --- The PISCATAQUIS VALLEY FAIR features Children's Day on Thursday (all children under 12 admitted for half price), pony and horse pulling Friday and Saturday, and a chicken barbecue and opening pulling on Sunday.

14. August 30 - September 7 --- Windsor --- The WINDSOR FAIR features an annual Miss Windsor Fair Pageant and is a popular Labor-Day attraction.

15. #September 4-7 --- Blue Hill --- At the HANCOCK COUNTY AGRICULTURAL FAIR, there will be two spectacular fireworks shows, the 22nd annual sheep-dog trials, and the only non pari-mutuel harness racing in the state. It is truly a down-to-earth country fair.

16. September 4-7 --- Springfield --- The SPRINGFIELD FAIR has an outstanding children's day. Their newest attraction is the very successful four-by four (four-wheel-drive) pick-up pulling contest.

17. September 10-13 --- Clinton --- The CLINTON LIONS CLUB FAIR features pony pulling, horse and oxen pulling, and a class-C horse show.

18. September 11-13 --- Litchfield --- "It's what a fair should be"... a good old-time country fair. Pig scrambles and pulling events are featured.

19. September 13-19 --- Oxford --- The Oxford County Agricultural Fair features a four-wheel drive and tractor pull, horse show, woodsman day, 4-H day, cattle shows, and pulling events daily from Wednesday through Saturday; nightly entertainment.

20. September 14-19 --- Topsham --- The SAGADAHOC AGRICULTURAL AND HORTICULTURAL FAIR is noted for top-entertainment all six nights of the fair, including the annual fiddlers' contest on Friday night.

21. *September 20-26 --- FARMINGTON --- The Franklin County Fair has an excellent exhibition hall and covered pulling ring, features oxen, steer, and horse pulling.

22. September 25-27 --- COMMON GROUND --- The Common Ground County Fair, this year at the Windsor Fair Grounds, has a variety of attractions, including nightly entertainment, a fiddlers' contest, rural skill demonstrations (such as solar and wind exhibits), animal displays, and a special children's area.

23. September 26-27 --- NORTH NEW PORTLAND --- The New Portland Lions Club Fair features a horse pull, exhibit building, and rides.

24. *September 27-October 3 --- CUMBERLAND --- The Cumberland Farmers Club Fair is noted for its international ox pull. There will also be live educational demonstrations and crafts in the exhibition hall and a large parade on Saturday.

25. *October 4-11 --- FRYEBURG --- The West Oxford Agricultural Fair features woodsman's field day, calf and pig scrambles, a grand parade and farm museum.

*Harness racing with pari-mutuel wagering.

#Harness Racing with no pari-mutuel wagering.

Although midways attract a growing proportion of fair-goers' dollars, fairs maintain and promote Maine's agricultural programs. The following events were listed in the program of the 1981 Fryeburg Fair. Although it is Maine's largest fair, the events scheduled are typical of the types of events featured at other Maine fairs.

Horse Show	Pig Scramble
4-H Sheep Lead Line	Calf Scramble
Several Horse Pulls	4-H Sheep Blocking
Several Ox Pulls	Maine Hereford Assn. Sale
Several Tractor Pulls	Fireman's Muster
Pony Pull	Woodman's Field Day
Horse Hitches	"Maine Produces" Cooking
Baby Beef Auction	Contest
Judgings:	Night Shows
Sheep, Oxen & Steers	Speaker From American
Cattle - beef & dairy	Farm Bureau
Horses - draft	Sheep Dog Trials
Small Pets	Wreath Makers
	Demonstration

The Maine Association of Agricultural fairs was established to "promote good fellowship and the spirit of cooperation among officials of our agricultural fairs, to encourage an interchange of ideas, to stimulate cooperation and to create a deeper impression of the importance of our annual agricultural fairs that their conditions may be naturally improved." (Maine Association of Agricultural Fairs Constitution and By-Laws). The Association has worked arduously to further improve the quality of fairs and to represent the interests and concerns of its members.

PART III

A BRIEF HISTORY OF HARNESS RACING IN MAINE

Harness Racing is a product of the days when everyone drove a horse and buggy. Races held informally at fairs evolved into an amateur sport for the entertainment of participants and their friends and neighbors.

In 1935, parimutuel wagering at harness racing was legalized, and a State Harness Racing Commission was formed with powers to regulate the new "industry." Current laws and regulations can be found in Title 8, M.R.S.A., §§ 261-282. Section 261 states:

The State Harness Racing Commission, as heretofore established and hereinafter in this chapter called the "commission," shall consist of three members who shall be appointed and may be for cause removed by the Governor. No more than 2 members shall be of the same political party. One member shall, in some capacity, be connected with agricultural societies which operate pari-mutuel racing. Upon the expiration of the term of office of any member, his successor shall be appointed for a term of 3 years. Any vacancy shall be filled by appointment for the unexpired term. The members shall serve until their successors are appointed and qualified. So far as practicable they shall be persons interested in the establishment and development of a Maine breed of standard bred horses and no member of the commission shall have any pecuniary interest in any racing or the sale of pari-mutuel pools licensed under this chapter.

In 1975, the Social Science Research Institute at the University of Maine at Orono published a report entitled "What the Harness Racing Industry Means to the State of Maine." on pages 6 and 7, that Study reports:

Harness racing as a commercial activity started in the mid-thirties with the formation of the Maine State Racing Commission which presented its first Annual Report to the Governor of Maine in 1936. Almost every large Fair Association in the state immediately applied for wagering and horse racing licenses. The fact that pari-mutuel wagering was conducted in conjunction with light harness horse racing meant that it provided a new medium of existence for the Agricultural Fair Associations in the state. Prior to this, public interest in these fairs had been waning. With the

establishment of the Racing Commission, however, it was clear that these fairs had regained much of their popularity. This was evident from the facts that attendance at the fairs, their revenue as well as the amounts wagered, rose dramatically during these years.

The pari-mutuel handle (the amount wagered) rose steadily over the years. Until 1948, the share of the handle which went to the state remained constant at 3 1/2 percent ... [however] the pari-mutuel handle and the shares which go to the various participants of the racing industry have changed during the course of the years. During 1974, out of the total amount wagered at the harness races, 81 percent was returned to the public. The state's share, which goes into its General Fund, is five percent of the total handle ... the amount which goes to the horsemen is negotiable, but is usually set at 50 percent of the receipts to the tracks (13 percent of the handle as well as the breakage). It should also be noted that one fifth of the State's share is returned to the Horsemen's Association to supplement purses.

From 1935 to World War II horse racing achieved considerable success in Maine. The track at Old Orchard was in fact one of the major stops on the "Grand Circuit". During the War Old Orchard declined, never to revive, but racing at fairs continued. Later, standardbred racing was conducted at Gorham Raceway. This venture was forced out of business by thoroughbred racing at Scarborough Downs, which itself failed. In spite of its troubles, however, horse racing in Maine fared better than in the rest of New England in the 1970's. Anthony J. Aliberti provides an interesting summary of recent events in an article entitled, "Can Maine Spark Harness Revival in New England?" (HUBRAIL, Spring 1981 p.p. 74-79). Of the New England tracks, Aliberti states:

This demise of New England's tracks has been visibly documented, but the decline of the breeding industry presents perhaps an even more serious problem. As other states and regions promoted breeding farms and development of bloodstock through the infusion of state money in lucrative sires stakes programs, New Englanders sold their breeding horses. Without financial incentive to keep their broodmares in the region they were dispersed. A single equine generation later, the daughters of New England's great racemares are scattered to the blue ribbon breeding farms across the country, and virtually none remain in New England.

Maine, however, Aliberti continues, provides a set of circumstances that has allowed harness racing to continue:

Somehow Maine escaped the holocaust. In many respects Maine has missed the last decade entirely, too far from the news and too poor to lure the scavengers. They burned wood for heat in Maine long before the price of oil made it a fashion elsewhere, and they still produce by necessity a hardy breed of independent soul.

Except for beano, regulated by the State Police, and a beleaguered lottery, harness racing is the only form of legalized wagering allowed. And in a state where returnable bottles are the law and billboards are being torn down for scrap, dog racing, jai alai, and casinos have about as much chance of being accepted in Maine as nude dancing across from the Baptist Church.

The cycle of the fairs continues as regular as metronome, and though the purses stagnated, and profits for horsemen have virtually disappeared, traditions hang tough. The extended meets held their own as well. With low overhead, racing in Maine continues at a near year round schedule.

The most important single influence on harness racing since 1970, however, has been Scarborough Downs. Operated unprofitably from 1973 to 1979 by Ogden Corporation, which also owned Suffolk Downs, Scarborough Downs was purchased by Dav-Ric Corporation in 1979. Under the dynamic leadership of Joseph J. Ricci, Scarborough Downs has created much interest in harness racing through promotional programs; and controversy through his attempts to enlarge the Downs influence in Maine and New England.

During the 1981 racing season twelve harness racing tracks were scheduled to operate in Maine, eleven of which were associated with agricultural fairs. Bangor, Lewiston and Cumberland extended their race meets beyond their fair schedules, and Scarborough Downs had no agricultural fair associated with it.

The Social Science Research Institute's Study estimated that harness racing industry's impact on the Maine economy equaled \$54.3 Million in 1974. Based on the Consumer Price Index, 1980 dollars were worth .6 1974 dollars. The 1974 handle was \$23.4 million and the 1980 was \$27.7 million, (or \$16.6 million in 1974 dollars). If the industry's impacts are directly related to the handle generated, present impacts upon the economy of Maine would be approximately \$64 million in 1980. An accurate determination of this impact, however, would require an update of the SSRI study.

FIGURE 1

MAINE HARNESS RACING SCHEDULE

1981 Season

(ORIGINAL SCHEDULE AS PRINTED)

HARNESS RACING DATES
FAIR DATES UNDERLINED.

SCARBOROUGH	July	1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27, 29, 30, 31
	August	1, 2, 3, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30, 31
	Sept.	2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19
BANGOR	July	1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 22, 23, 24, 25, 26, 28, 29, <u>30, 31</u>
	August	<u>1, 2, 3, 4, 5, 6, 7, 8</u>
PRESQUE ISLE	July	<u>21, 22, 23, 24, 25, 26, 27, 28</u>
LEWISTON	August	(afternoon) <u>9, 10, 11, 12, 13, 14, 15</u>
	October	(night) 18, 21, 23, 24, 25, 28, 30, 31
	Nov.	1, 4, 6, 7, 8, 11, 13, 14, 15, 18, 20, 21, 22, 25, 27, 28, 29
	Dec.	2, 4, 5, 6
SKOWHEGAN	August	<u>13, 14, 15, 16, 17, 18, 19, 20, 21, 22</u>
UNION	August	<u>23, 24, 25, 26, 27, 28, 29</u>
WINDSOR	August	<u>30, 31</u>
	Sept.	<u>1, 2, 3, 4, 5, 6, 7</u>
BLUE HILL	Sept.	<u>5, 7</u> NON PARI-MUTUEL
TOPSHAM	Sept.	<u>14, 15, 16, 17, 18, 19</u>
FARMINGTON	Sept.	<u>20, 21, 22, 23, 24, 25, 26</u>
CUMBERLAND	Sept.	20, 21, 22, 23, 24, 25, 26, <u>27, 28, 29, 30</u>
	October	<u>1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17</u>
FRYEBURG	October	<u>4, 5, 6, 7, 8, 9, 10, 11</u>

MAINE STANDARD BRED BREEDERS STAKES RACING DATES

**COLUMN #1: TWO-YEAR-OLD TROTTERS
TWO-YEAR-OLD COLT PACERS
TWO-YEAR-OLD FILLY PACERS**

**COLUMN #2: THREE-YEAR-OLD FILLY PACERS
THREE-YEAR-OLD TROTTERS**

**COLUMN #3: THREE-YEAR-OLD COLT PACERS
THREE-YEAR-OLD COMBINED
PACERS
(50% Maine owned mare)**

SCARBOROUGH	July	Wed. 1 8 15	Thurs. 2 9 16	Fri. 3 10 17
PRESQUE ISLE	July	Tues. 21	Wed. 22	Thurs. 23
BANGOR	July	Tues. 28	Wed. 29	Thurs. 30
	August	4	5	6
LEWISTON	August	Tues. 11	Wed. 12	Thurs. 13
SKOWHEGAN	August	Tues. 18	Wed. 19	Thurs. 20
SCARBOROUGH	August	Wed. 26	Thurs. 27	Fri. 28
WINDSOR	September	Tues. 1	Wed. 2	Thurs. 3
FARMINGTON	September	Tues. 22	Wed. 23	Thurs. 24
CUMBERLAND	September	Tues. 29	Wed. 30	Thurs. 1 (Oct.)
FRYEBURG	October	Wed. 7	Thurs. 8	Fri. 9
FINALS AT CUMBERLAND	October	Thurs. 15	Fri. 16	Sat. 17

PART IV

AN OUTLINE OF RECENT TRENDS AFFECTING FAIRS AND HARNESS RACING.

The period from 1973 to 1981 produced, largely as a result of the "energy crisis," many detrimental impacts on American life. Available evidence indicates that these impacts are even more pronounced on harness racing and fairs. Although many issues have arisen, TRIGOM has identified four major trends as having the greatest impact on the relationship between harness racing and agricultural fairs. These trends, each a result of inflation are:

1. The declining profitability of horse ownership.
2. The declining profitability of harness racing management.
3. The ascendance of Scarborough Downs.
4. The increasing commercialization of agricultural fairs.

Trend 1: The declining profitability of horse ownership.

The 1975 Social Science Research Institute (SSRI) study describes the role of horsemen:

The entire activity of harness racing essentially takes place because of the efforts of the horsemen and their desire to win purses. In many cases, those who race horses do so as a hobby and do have other professions for their livelihood. Even so, as rational economic beings, they would like not to incur losses even if they are not able to maximize their returns. This implies that these horsemen, even if they are avid sportsmen who are in the business for pleasure, are not likely to endure long in it if they are continually losing money. The business of feeding and maintaining horses might not provide much year-round employment but many individuals do depend on it for part-time jobs and in the present state of the economy, this is certainly worth protecting.

We begin our analysis of this group with the horse owners because it is a logical place to start since they provide the horses and receive the purses which are paid out. These purses, while not the main income of these people, should at least be sufficient for them to pay for all the goods and services they use in activities related to racing. An owner of a horse, if he hires a trainer, breeder and driver or any of these, will have to pay these individuals for their services

and this adds to the economic impact of the industry. However, many owners perform any or all of these activities themselves which means that no monetary transactions are involved and therefore these activities do not constitute a part of an economic impact study. The questionnaire from which an estimate of the horseman's economic impact was made, dealt with payments incurred by this group on racing-related activities during 1974 within the State of Maine. Several horsemen who race horses reside outside Maine and this questionnaire was also sent to them. Table 9 presents the results in detail of the various categories on which the horsemen as a group spend money during 1974.

FIGURE 2
SSRI TABLE 9

ANNUAL EXPENDITURES BY HORESMEN ON ACTIVITIES
RELATED TO RACING, MAINE 1974
(dollars)

Expenditure	Amount
Payments to breeders, trainers and drivers	\$4,046,000
Payments to professionals	970,000
Payments to industry-related businesses	3,733,000
Payments to other businesses	1,077,000
Wages, Payments to State and Local Governments & Expenditures on capital improvement	8,208,320
TOTAL	<u>\$18,034,320</u>

Source: Social Science Research Institute, Mailed Questionnaire Survey to horsemen, 1975. The above totals were estimated from the 25% of the horsemen who responded to the questionnaire.

The above totals, representing 1974 figures, would be substantially larger if they were available for 1981. They are presented here to illustrate the types of expenses incurred by horsemen. Of greater importance, however, is the Study's "Table 17", printed on the next page.

FIGURE 3
SSRI TABLE 17

HORSEMEN'S EARNINGS AND EXPENSES BY NUMBER OF
HORSES OWNED MAINE, 1974 (in Dollars)

No. of Horses	Racing-Related Expenses		Racing-Related Earnings		Number of Profitable Years*	
	Median	Mean	Median	Mean	Median	Mean
0 or 1	\$1,500	\$1,500	\$1,500	\$1,500	none	none
2	4,000	4,000	1,500	1,500	none	none
3 or 4	4,000	4,000	1,500	4,000	none	none
5 or more	8,000	8,000	4,000	4,000	1	1

Status of Horsemen	Racing-Related Expenses		Racing-Related Earnings		Number of Profitable Years*	
	Median	Mean	Median	Mean	Median	Mean
Own only	\$4,000	\$4,000	\$1,500	\$1,500	none	none
Own and breed	4,000	4,000	1,500	1,500	none	none
Own, Breed, Train & Race	4,000	4,000	4,000	4,000	1	1

Source: Social Science Research Institute, University of Maine at Orono, mailed questionnaire survey to horsemen, 1975.

*Number of Profitable Years out of the last five years.

"Table 17" demonstrates the lack of profitability in horse ownership in the five years preceding 1974. It demonstrated also that profitability was increased by multiple ownership and by the owner's ability to breed, train and race his horses. This data, and other information in the Study, lead SSRI to conclude:

1. The total economic impact of the harness racing industry on the State of Maine during 1974 was approximately \$54.3 million.
2. The industry is functioning under severe economic pressure brought about by the current economic downturn and the energy crisis.
3. There is no likelihood of a significant increase in the total amount wagered in the near future and therefore the industry cannot realistically expect an increase in its income. Since its costs are not expected to fall, the chances of its survival as a profitable business operation seem to be extremely slim under the present circumstances.
4. The Horsemen's Association's proposal to change the State's share of the pari-mutuel handle from a

flat 5% of the handle to a graduated scale dependent on the total amount wagered would result in a small reduction in the revenues which the State receives from this industry, but would divert needed funds into harness racing and thereby improve its chances for survival."

In response to these conclusions, legislative changes were made that temporarily increased revenues to horseman. There is evidence, however, that horseman are in fact in worse financial condition today than they were in 1974. Based on the Consumers Price Index produced by the U.S. Bureau of Labor Statistics, the value of a dollar in 1980 was only 54¢ compared to its value in 1973. (See Figure 4)

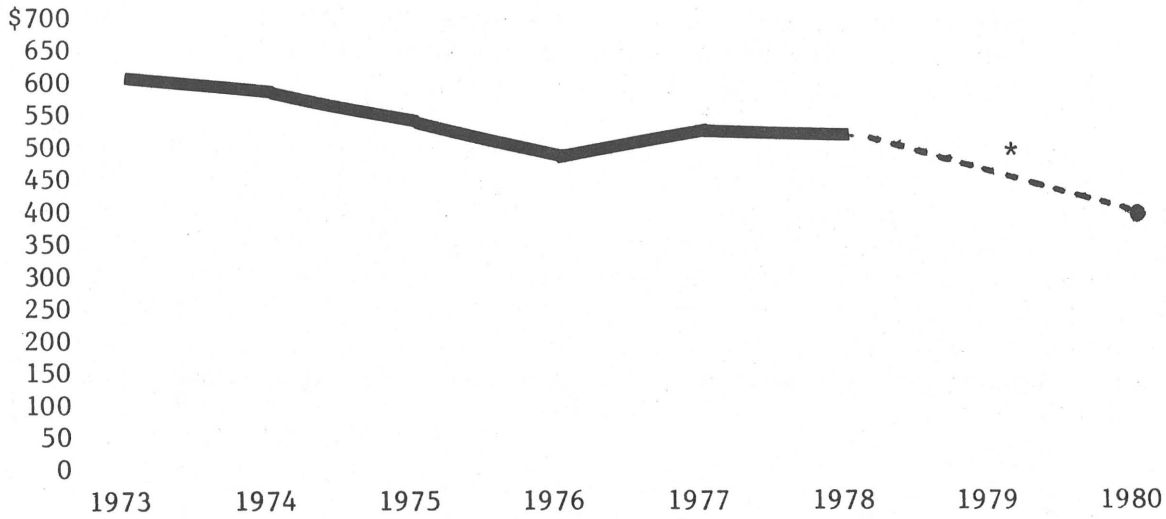
FIGURE 4
ANNUAL VALUE OF \$1.00, BASED ON 1973 VALUE

YEAR	VALUE OF \$1.00
1973	\$1.00
1974	.90
1975	.83
1976	.78
1977	.73
1978	.68
1979	.61
1980	.54

Horsemen's income is derived from "purses" - the amount paid to the winning horses and those in second, third, fourth places in each race or "dash." Figure 5 - indicates that total payments to horsemen have increased from \$1.7 million in 1973 to \$2.6 million in 1980. Because horsemen incur expenses each time they race, their income can only be fairly judged in terms of dollar payments per dash. Payments per dash increased from \$603.66 in 1973 to \$776.85 in 1980. Because of inflation however, real income to horsemen per dash declined from \$603.66 to \$419.50 per dash (based on 1973 dollars) during that period. This represents a 31% decline in real income from horsemen over this period.

This analysis is based upon a general consumer price index. In order to achieve a more accurate evaluation of the financial status of horsemen, an update of the SSRI study is necessary.

FIGURE 5
 AVERAGE PAYMENTS PER DASH
 TO HORSEMEN IN CONSTANT
 1973 DOLLARS, 1973-1980



YEAR	TOTAL PURSES PAID	COLT PAYMENTS	TOTAL PAYMENTS TO HORSEMEN	TOTAL NUMBER OF DASHES	AVERAGE PAYMENT/DASH	AVERAGE/DASH IN 1973 DOLLARS
1973	1,732,502	0	1,732,502	2870	603.66	603.66
1974	1,837,925	85,209	1,923,134	2946	652.79	587.51
1975	1,804,161	88,113	1,892,274	2992	632.44	524.93
1976	1,778,550	86,715	1,865,265	2944	633.58	494.19
1977	2,151,293	180,354	2,331,647	3172	735.07	536.60
1978	2,295,856	239,906	2,295,856	3086	743.96	505.89
1979		228,826		2949**		
1980	2,331,292	260,269	2,591,561	3336	776.85	419.50

* 1979 Figures Not Available.

** Estimate based on 9.8 dashes per day with 301 days raced.

Trend 2: The Declining profitability of Harness Racing Management

The SSRI study also outlined the financial responsibility of the "tracks":

It is the tracks that conduct the race meetings and are responsible for the provision of the physical facilities which includes the tracks for racing and training, a stable area and places to sit, eat and park. They also operate the mutuel department which accepts bets, pays the winners as well as apportion the take out among all the groups who have a claim on it, and finally are accountable for all the money wagered at the tracks.

It is the duty of the tracks to write and promote the show and because they do so, they are held responsible for the kind of racing which takes place-- for the degree of innovation and enterprise and also for the cleanliness and comfort of the facilities provided at the tracks. They may be compared to producers who merchandise a good (in this case, racing), who operate under two kinds of constraints: first, the economic constraints and second, the constraints presented by the rules and regulations formulated by the Racing Commission of the State.

Expenditures of Maine Harness Race Tracks, in 1974, were shown in SSRI's "Table 8", page 35.

FIGURE 6
SSRI TABLE 8
EXPENDITURES OF MAINE HARNESS RACE TRACKS, 1974
(in dollars)

Payments To:	Amount:
Horsemen	\$1,837,925
Professionals	140,000
Industry Related Businesses	190,000
Other Businesses	337,500
Wages	570,000
State Taxes and Licenses and Local Taxes	285,000
Expenditures on Capital Improvement	581,353
TOTAL	\$3,941,778

Source: Social Science Research Institute mailed questionnaire survey, 1975.

Again, the above amounts would be considerably greater in 1981. It is very important to note, however, that in meeting their financial obligations, tracks have constraints upon them not faced by most other businesses. The largest source of income to tracks is a legislatively determined share of the handle (total amount wagered.) This income is closely regulated by the state. The tracks (in 1981) receive as income approximately 50% of three funds: (1) 14 1/2% of the exotic handle (wagers on combinations of horses i.e. quinellas, trifectas) (2) 1 1/2% of the exotic handle (purse supplement funds) and (3) 16% of the regular handle (bets on single horses to win, place or show).

In addition, tracks receive the "breakage," or the odd cents remaining from payments to the public, which are paid in 20¢ increments.

This income to tracks, therefore, depends upon (1) the tracks legislatively set share of the handle, and (2) the size of the handle.

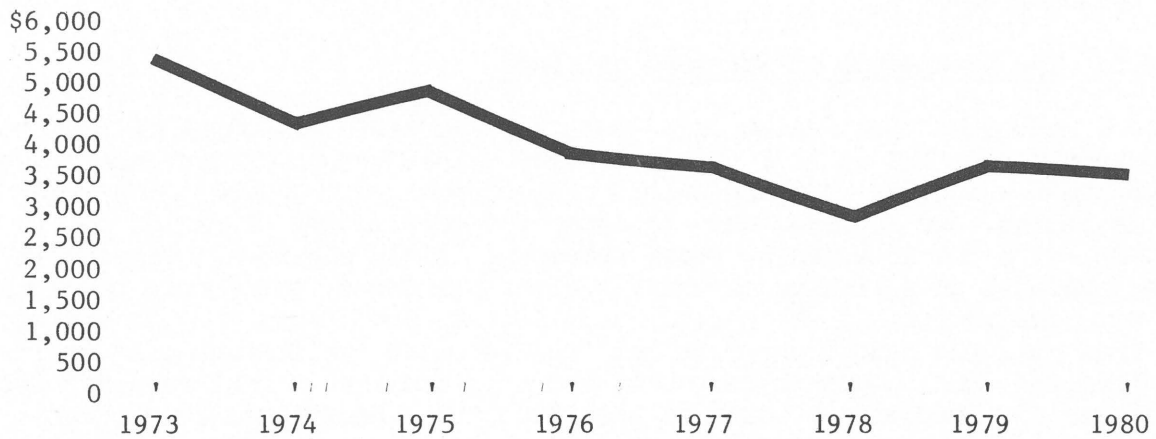
The SSRI study also notes other constraints to race management income:

The prices of admission tickets and other items and services sold at the tracks are also subject to legal supervision. Equally important as a constraint is the fact that the number of racing days and the times of the year when racing can be conducted are also strictly regulated. Such a degree of regulation exists because the State, in granting franchises to these tracks, in effect makes them monopolies by eliminating all competition, has to depend on these rules to safeguard the interests of the consumers (the racing public).

Tracks, unlike other businesses, cannot pass increased costs along to customers, except those related to restaurants, admissions and concessions, because the state controls the tracks' share of the handle. Since 1973, increased costs have been particularly detrimental. The "Maine State Harness Racing Commission Report of the 1979 Season" states the following:

"The additional dollars generated by the increased handle at Scarborough Downs created enough additional income (during the 1974 season) to the horsemen, tracks and agricultural fair Stipends, to make up declining profits. Unfortunately, the economic gains realized during 1974 have been steadily (eroded) by the effects of inflation. Tracks and horsemen are again in a position where additional revenue must be generated in order for the industry to survive."

FIGURE 7
 AVERAGE PAYMENTS PER DAY RACED
 TO RACE MANAGEMENT IN CONSTANT
 1973 DOLLARS, 1973-1980



YEAR	TOTAL PAYMENTS TO TRACK MANAGEMENT	BREAKAGE	TOTAL PAYMENTS TO RACE ASSOCIATIONS*	TOTAL DAYS RACED	AVERAGE PAYMENT PER DAY RACED	AVERAGE PAYMENT PER DAY RACED IN 1973 DOLLARS*
1973	1,469,867.	196,250.	1,666,117.	307	5,427.	5,427.
1974	1,522,005.	190,985.	1,712,990.	316	5,420.	4,499.
1975	1,480,345.	182,423.	1,662,768.	311	5,346.	4,812.
1976	1,484,379.	166,431.	1,650,810.	315	5,240.	4,088.
1977	1,471,845.	183,674.	1,655,519.	325	5,094.	3,718.
1978	1,154,482.	187,796.	1,342,278.	312	4,302.	2,925.
1979	1,749,784.	188,637.	1,938,421.	301	6,439.	3,928.
1980	2,040,619.	241,231.	2,281,850.	339	6,731.	3,634.

*Does not include out-tickets.

**Based upon consumer price index - annual average of monthly combined index totals.

The real effects of inflation, however, can be judged only by an analysis similar to that in Figure 7. Tracks incur expenses for each day on which races are held. Although the average payment per day raced increased from \$5,427.00 in 1973 to \$6,731.00 in 1980, the value of a 1980 dollar was only 54¢ in comparison with its purchasing power in 1973. In constant 1973 dollars, payments to all management decreased from \$5,247 per day to \$3,634 per day: a decrease of 33%.

Trend 3: The Ascendance of Scarborough Downs

Figure 8 indicates that Scarborough Downs has increased its share of the total state handle from 23% in 1970 to 53% in 1980. This growth process has occurred in two steps - in 1973 when the track changed from thoroughbred to entirely harness racing, and in 1980, when it added two more months of racing to its schedule, with the intervening years remaining fairly constant. Because it no longer operates an agricultural fair, Scarborough Downs is the only track that does not receive part of the agricultural fair stipend fund. Now providing more than half the handle on which the fund is based, while receiving no income from the fund, and simultaneously facing a decline in real earnings per day of racing, Scarborough Downs is asserting that the Stipend fund is unreasonable. Scarborough Downs also claims there are essentially two harness racing circuits in Maine: the fair circuit and Scarborough Downs, and the two circuits use different horses, trainers, and drivers. Contrary to fair claims, Scarborough Downs asserts that its drivers and trainers gain their experience at higher quality races in other states, and do not come from fairs. Scarborough Downs horses, further, are said to be of better quality than those that race at fairs - that is - their racing times are more consistent, attracting bigger wagers. A brief overview of several race programs indicates that there is some validity to these claims. There is overlap between fairs and Scarborough Downs as far as horses and drivers is concerned, but there are two identifiable levels of racing being carried on in Maine.

Trend 4: The Increasing Commercialization of Agricultural Fairs

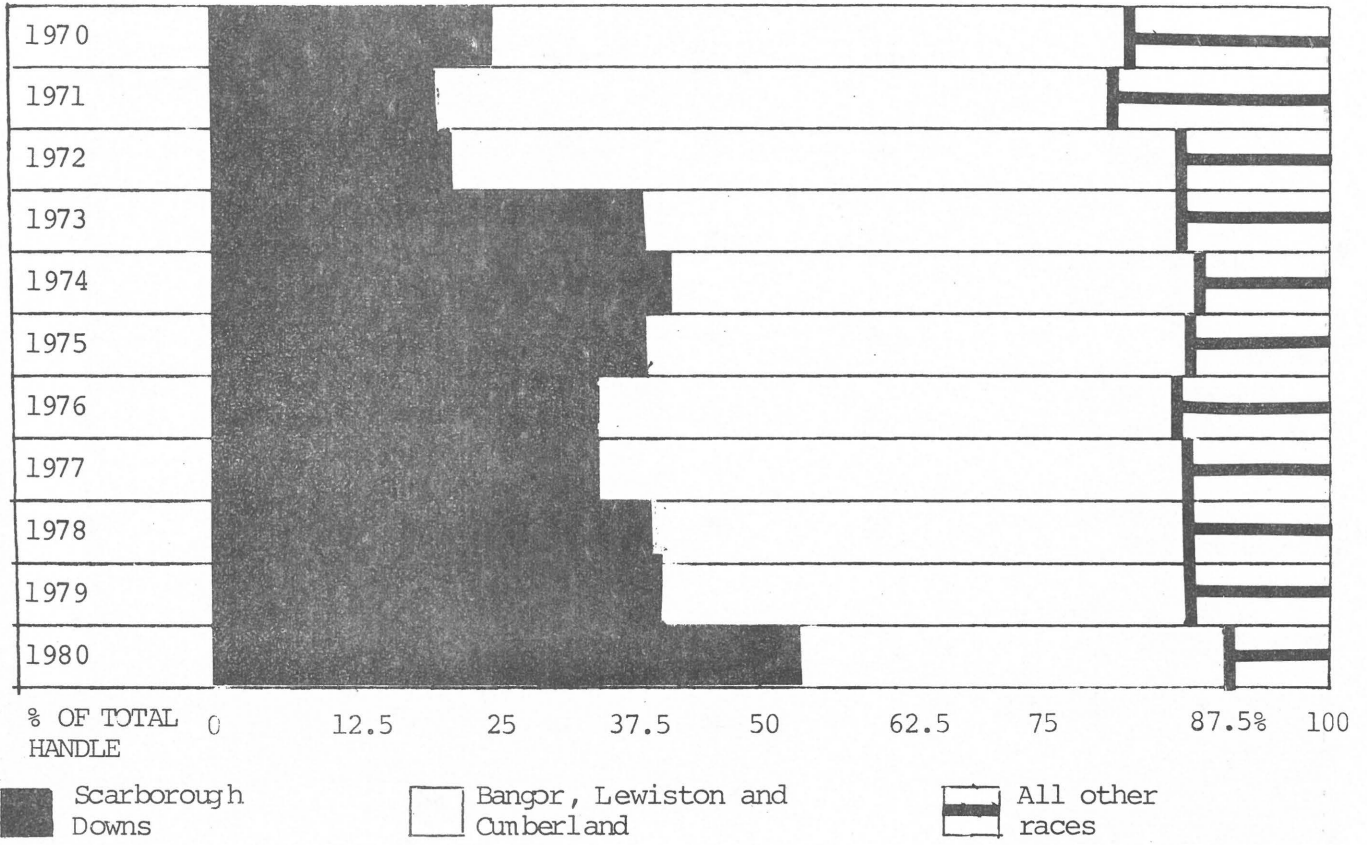
The effects of inflation on fairs is more difficult to judge because fair revenues are derived from a variety of sources. A TRIGOM financial survey of fairs has obtained only partial results. Of ten fairs responding, six provide sufficient detailed information upon which to draw some tentative conclusions. Considered as a composite, figures from the six fairs indicate that total revenues per person attending the fairs increased from \$2.80 in 1970 to \$3.72 in 1980, a 33 percent increase. Expenditures show a similar increase, indicating that fairs have probably had to provide fewer services per dollar received in 1980 than in 1970. Figures for the six fairs also show that revenues increased an average of 82 percent from 1970 to 1980, and that the percentage of total income derived from the stipend fund decreased while the percentage of revenues from midways increased.

The distressing conclusion from these figures, from the point of view of the promotion of agriculture, is that fairs, in order to keep up with inflation, are depending more heavily than before upon the midways. Countering this trend however, has been a change in the character of Maine's agriculture. Once centered upon the agricultural interests of local people, the fairs now are varying combinations of agricultural exhibits, harness racing, and midway attractions. These changes are due in large part to the decline in the first half of this century of the traditional family farm.

In the late 1970's and early 1980's, however, a new and exciting trend has

FIGURE 8

PERCENTAGE OF TOTAL STATE HANDLE BROUGHT IN AT SCARBOROUGH DOWNS AND OTHER TRACKS
1970-1980



YEAR	Scarborough Downs Handle % of Total	Bangor Handle % of Total	Lewiston Handle % of Total	Cumberland Handle % of Total	All Other Races Handle % of Total	Totals Handle % of Total
1970	3.78 23%	1.23 7%	6.75 40%	1.94 11%	3.02 18%	16.72 100%
1971	3.35 19%	1.31 8%	6.69 38%	2.70 15%	3.49 20%	17.54 100%
1972	3.61 21%	2.01 12%	6.77 39%	2.43 14%	2.56 15%	17.38 100%
1973	8.56 37%	1.98 9%	6.56 29%	2.43 11%	3.46 15%	22.99 100%
1974	9.44 40%	2.06 9%	6.87 29%	2.42 10%	2.72 12%	23.42 100%
1975	8.76 39%	1.87 8%	7.25 32%	2.12 9%	2.77 12%	22.77 100%
1976	8.20 36%	2.64 12%	6.71 29%	2.35 10%	2.93 13%	22.83 100%
1977	8.36 36%	3.17 14%	6.81 29%	2.10 9%	2.74 12%	23.18 100%
1978	9.17 39%	2.55 11%	6.89 29%	2.24 10%	2.77 12%	23.62 100%
1979	9.20 40%	2.65 12%	5.93 26%	2.40 10%	2.84 12%	23.02 100%
1980	14.61 53%	2.48 9%	5.92 21%	1.96 7%	2.84 10%	27.73 100%

FIGURE 9

3 PARI MUTUEL FAIRS

	FAIR #1		FAIR #2		FAIR #3	
	1970	1980	1970	1980	1970	1980
% OF REVENUE FROM ADMISSIONS	25	27	19	33	30	26
% OF REVENUE FROM STIPEND FUND	22	18	23	15	13	7
% OF REVENUE FROM MIDWAY	10	16	10	22	8	17
% OF REVENUE FROM COMMERCIAL EXHIBITORS	4	5	4	1.4	4	5
% OF REVENUE FROM HARNESS RACING	24	28	37	30	38	40
% OF REVENUES FROM OTHER SOURCES	15	6	4	4.4	7	5
% INCREASE IN REVENUES 1970-1980		28		57		81
AVERAGE ANNUAL SURPLUS OR (DEFICIT) 1975-1980 AS A % OF GROSS REVENUE		(2%)		22%		11%

3 NON PARI MUTUEL FAIRS

	FAIR #1		FAIR #2		FAIR #3	
	1970	1980	1970	1980	1970	1980
% OF REVENUE FROM ADMISSIONS	58	70%	34	43	54	57
% OF REVENUE FROM STIPEND FUND	22	9%	21	16	22	12
% OF REVENUE FROM MIDWAY	NA	NA	17	19	9	7
% OF REVENUE FROM COMMERCIAL EXHIBITORS	NA	NA	2	2	6	13
% OF REVENUE FROM HARNESS RACING	DNA	DNA	DNA	DNA	DNA	DNA
% OF REVENUE FROM OTHER SOURCES	NA	NA	26	20	9	11
% INCREASE IN REVENUES 1970-1980		171		60		67
AVERAGE ANNUAL SURPLUS OR (DEFICIT) 1975-1980 AS A % OF GROSS REVENUE		9%		7%		15%

emerged in Maine's agriculture, a trend which is shown most strongly in events such as the Common Ground Fair. Partly a result of the "back to the earth movement", and spurred on by Maine people's desires to use their own natural and energy resources, many people are participating in agriculture on a small scale. From home gardens to experiments with small specialized crops, from having goats and sheep as family pets to raising small herds for profit and enjoyment, people are attending agricultural exhibits at fairs in large numbers. In fact, 83 percent of the respondents in the eleven fairs TRIGOM surveyed, reported they had visited the agricultural exhibits.

PART V

PUBLIC POLICY ISSUE #1: THE FAIR AND RACE DATE SELLING PROCESSES

Recent conflicts among fair and racing interests center on two primary instruments of public policy: (1) the fair and race date setting processes, and (2) the agricultural fair stipend fund. This part examines the former of these issues.

Fair Dates are set by the Commissioner of the Department of Agriculture, Food and Rural Resources, as prescribed by Title 7, M.R.S.A. § 65, as a part of his responsibilities for issuing licenses to operate agricultural fairs. The law requires that applicants meet certain requirements for the conduct of fairs and exhibits, among which is the requirement that the application be made not later than January 1st of the year of issuance and be accompanied by a \$10 license fee:

§65. Licensing of exhibitions. No person, agricultural society, association or corporation shall hold, conduct or operate agricultural fairs or agricultural exhibitions for competition for premiums or purses within the State without a license for such purposes and only on dates assigned by the commissioner. The application for said license shall be signed and sworn to by the person or executive officer of a society, association or corporation and shall contain such information as the commissioner may require. All applications for licenses under this section shall be received by the commissioner not later than January 1st of the year of issuance and shall be accompanied by a \$10 license fee. If the commissioner is satisfied that the requirements of this chapter and the rules and regulations prescribed by the commissioner have been and will be complied with by the applicant, he may issue a license for such purpose, which shall expire on December 31st each year, or in a manner consistent with the Maine Administrative Procedure Act,¹ whichever is later.

Conflicts over fair dates have been relatively rare. The most notable ones have involved Topsham and Oxford. On opposite sides of the Lewiston-Auburn metropolitan area, the two fairs shared the same dates in 1981 (September 14-19) with the exception of September 13. September 13 was held by Oxford, but was desired by Topsham because it was a Sunday—a peak day for fair attendance. When Oxford refused consent to Topsham to hold its fair on the 13th, Topsham opened its midway without its agricultural exhibits on the 13th.

Harness Racing Dates are set by the State Harness Racing Commission as a part of the Commission's responsibility for issuing parimutuel racing licenses. The Commission consists of three members appointed by the Governor for three year terms. The fair associations or societies exert influence over harness racing dates in two ways. First, they have representation on the Commission. As stated in Title 8, M.R.S.A. § 261 "One member shall, in some capacity, be connected with agricultural societies which operate parimutuel racing." Second, there is what is known as the 150 mile consent law (8 M.R.S.A. § 271):

"Between the dates of the first Monday in August and October 20th it may issue a license to an agricultural fair association for a parimutuel harness meet in connection with its annual fair but no other person, association or corporation

shall be licensed to operate either a day or night parimutuel harness meet within a distance of 150 miles, which distance shall be determined by reference to the mileage tables of distances shown on the latest Maine Department of Transportation official map, when an agricultural fair association is operating a parimutuel harness meet at the time of its annual fair without the consent of said fair association."

Since the reported distance from Bangor to Portland is 133 miles, it has long been believed that commercial race meets must obtain the consent of most of the state's fairs which hold race meets if it wishes to hold meets simultaneously with those fairs. This belief derived from the position of a majority of harness racing commissioners, until recently, that the word "may" issue a license meant "shall" issue a license. A majority of the harness racing commission now however, interprets this passage to mean that the Commission can in fact deny a harness racing license to an agricultural fair and give the license to another race operator.

Conflicts over race dates have been more common. Scarborough Downs, which is at present the only meet that has no fair associated with it, has had to obtain the consent of licensed fair meet for considerable segments of its August and September dates. The ability of these fairs to deny consent to Scarborough Downs or to other extended meets has given the fairs the ability to request concessions from the extended meets especially those related to available horse supplies. The consent law has therefore, generated resentment on the part of extended meets.

The role of fairs in the race date setting process has become a major issue, especially for Scarborough Downs. The issue has become of increasing importance as a result of Scarborough Downs ascendance in terms of its share of the total handle. Scarborough Downs objects to the fairs influence in race date setting on the basis that it allows fairs representing a minority of the funds generated by harness racing to exert influence over the date setting process and other issues.

This problem has surfaced recently as commercial meets competed for more dates to offset rising overhead costs. There are indications, however, that the total number of race dates has peaked and future controversies may be confined mainly to tracks switching to more profitable dates. The problem is also important to horsemen. Caught in the financial squeeze caused by inflation, they are seeking to protect both the fair and the commercial meet racing circuits. Both the lack of profitability of ownership and the trend to increase the number of daily dashes to fifteen by Scarborough Downs (to encourage maximum use of the facility) has produced a shortage of horses.

All the above trends when combined with the present date setting processes create a "Catch 22" for those concerned with the viability of both fairs, and races. A catch 22 is a situation in which a solution for a problem creates a new problem that may be greater than the original one. The catch 22 in this case has resulted from the influence of fairs over the race date setting process. If fairs retain their influence commercial meets must find alternative sources of funding. If fairs relenquish their influence some of them may be damaged by competing tracks, and racing interests may still not achieve their goals. In this case, fairs have two basic choices.

First, fairs can retain their influence over extended meet dates. If this

happens, commercial meets have four basic choices:

1. They can continue racing under fair control, thereby reducing their abilities to generate more profits. If this alternative is chosen there may be a decline in the number of horsemen or in races, but the outcome is not certain.
2. They can find another source of financial relief, which would probably have to come from a legislative change in present funding procedures.
3. They can try, through competition, to drive the fair meets out of business, thus increasing their own share of racing profits, which will also probably result in a reduction of horses and horsemen.
4. They can go out of business, in which case revenues will also be lost to horsemen, to fairs (from the stipend fund) and to the general fund.

Second, fairs can relinquish influence over extended meet race dates. If this happens, the fairs may lose race patrons and horses. It is possible that some fair race meets will go out of business, leading to horsemen going out of business also. In addition, fair representatives are not assured that even this will secure the future of extended meets and that the loss of fair races may be followed shortly by the loss of extended meets, making their sacrifice meaningless.

There are three other alternatives for resolving the date-setting "Catch 22".

First, an attempt can be made to mitigate the underlying trends that are causing the problem. Because the State of Maine has little control over inflation, the only recourse in this area is to encourage better management of harness racing and fairs. It is unfortunately beyond the means of this study to evaluate the quality of management of commercial meets, fairs or horsemen. Therefore, for this analysis, an assumption is made that they are being adequately managed.

Second, an attempt can be made to mitigate the effects of the problem. This can be done through legislated revision of the stipend fund procedures. But any such revision must be carefully prepared with consideration given to a permanent solution.

Third, the date setting process can be revised. This alternative may reduce the number of conflicts that arise, but it must be done in such a manner that all parts of the fair and racing industries can contribute to decisions. Care must also be taken that changes do not result in a mere shifting of benefits from one party to another without benefit to the groups as a whole.

Problems with the present date setting processes

Five basic problems are common to both the fair and race date setting processes. First, there is no definition of what is "fair", "equitable", or "in the public interest", when it comes to making difficult date setting decisions.

Second, it is difficult to predict the impact of decisions accurately. Many questions arise, such as "how far away in time or distance must two fairs or races be before they cease to affect each other?"

Third, there is no automatic date allocation procedure for either fairs or races. Decisions are at the discretion of the Commissioners involved. Although decisions have been made by competent people who have thoroughly considered all aspects of them, many conflicting interpretations of the evidence can be honestly formulated. Disagreement can therefore linger long after decisions have been made.

Fourth, fair dates can affect race dates and vice, versa. Although horsemen and commercial meets would often prefer to have racing dates set independently, fairs find coordination of their fair and race dates to be essential to their success.

Finally, there appears to be general agreement that some official body must have responsibility for setting dates. Open competition caused by removal of all restrictions would result in combinations of stronger race and fair interests forcing weaker ones out of business. Additionally, it would negate all efforts towards long range planning that may well be essential to the success of both fairs and commercial meets.

Three basic methods suggest themselves for resolving the above problems. The first is to retain the present system. The present problems and balance of influence would be retained. The second method is to formulate some type of automatic date setting system which would be equitable to all parties. This alternative has an obstacle that must be overcome. Criteria for choosing between competing applicants must be selected. Criteria might include random distribution of date preferences, seniority of the applicant, the quality of the applicant's race or fair, or the economic impacts of various decisions.

In order to take the first step towards overcoming this obstacle, TRIGOM conducted a brief survey of the eleven fairs that occurred during the month of September, 1981. Eight hundred and eighty-three people were interviewed at varying times. The interviewer spent approximately equal amounts of time, where possible, at each of four areas of the fair: gate, midway, harness racing and agricultural exhibits. The interviewer's judgement of the respondent's sex and age was recorded, and respondents were asked the following six questions:

1. Where do you live (town and state)?
2. What areas of the fair are you visiting:
 - agricultural exhibits
 - midway
 - harness racing?
3. What is your favorite area of the fair:
 - agricultural exhibits
 - midway
 - harness racing?
4. Why did you choose to come to this particular fair?

5. What other fairs are you attending this year?

6. Have you attended this fair before?

The results of question #1 pertain directly to defining the impacts of race and fair date setting decisions. The results of other questions will be addressed elsewhere in this study.

The respondents to question #1 indicate variations from fair to fair in terms of the distance they had driven to the particular fair they attended (See Figures 10. Sixty percent of respondents at the Farmington fair, for example, indicated that they were from within 10 miles, 17% were from a town or city that was between eleven and twenty-five miles from the fair, with the final 22% from beyond 25 miles. Respondents and the Common Ground Fair, however, indicated that 49% of them were from towns beyond twenty-five miles.

The eleven fair average (Figure 10C) is perhaps most helpful. It indicates that of the eleven fairs combined, 74% of respondents lived within 25 miles of the fair they attended. Respondents at the five fairs with harness racing who said they attended only the harness races tended to come longer distances to the fair. Of these respondents:

- 33% came from towns within 10 miles away
- 34% came from towns from 11-25 miles away
- 18% came from towns from 26-50 miles away
- 12% came from towns from 51-100 miles away
- 3% came from towns over 100 miles away

Figure 11 illustrates the distances, as cited above, from the Topsham fair. The small circle represents a 10 mile radius, the second 25 miles, the third 50 miles and the fourth, 100 miles. In Figure 12 twenty-mile radius circle, centered on Oxford, is added to illustrate the amount of overlap of the two twenty-five mile radius areas.

The amount of overlap between Topsham and Oxford may be, however, somewhat more important to Oxford than to Topsham. Of the respondents at the Oxford fair, 18 percent reported living in one of the towns in the overlap area, whereas only 2 percent of the respondents at the Topsham fair reported residence in the overlap area.

An expanded survey which would include more respondents and all fairs would give more accurate information to decision makers. The TRIGOM fair data, however, indicates that a zone around fairs of twenty-five to fifty miles of direct distance would be sufficient to protect their interests.

FIGURE 10 Distances to Fairs from Residences of Individuals Interviewed in the Eleven Fair Survey

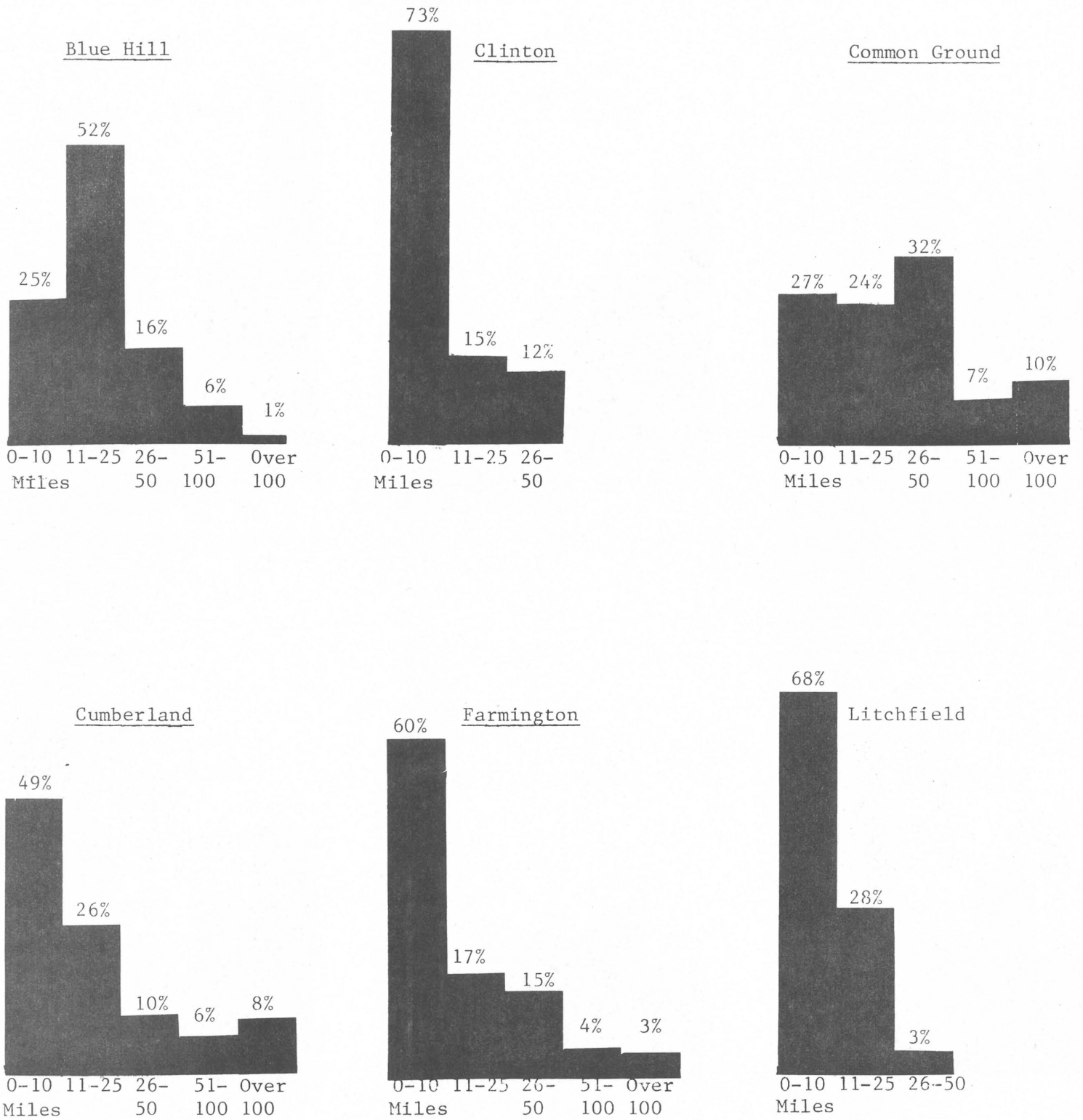
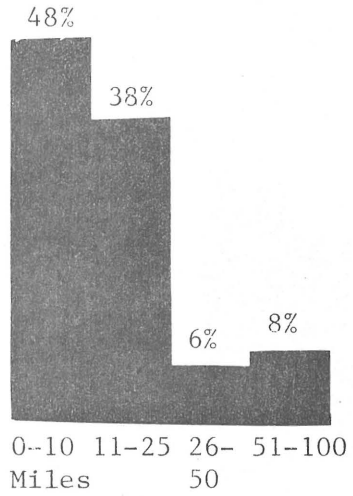
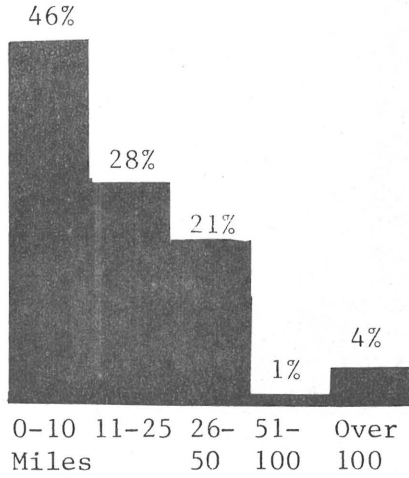


FIGURE 10 Continued

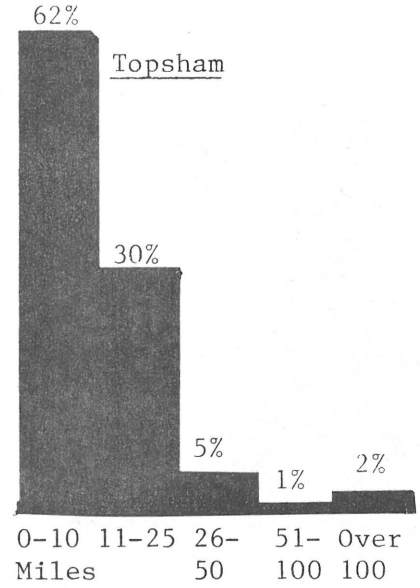
North New Portland



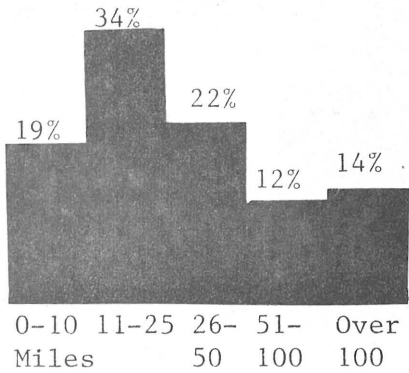
Oxford



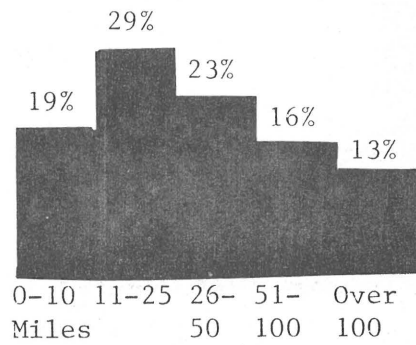
Topsham



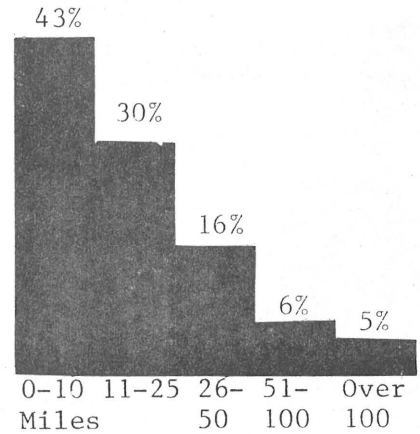
Springfield



Windsor



Eleven Fair Average



**MAP 6
OFFICIAL PLANNING
AND DEVELOPMENT
DISTRICTS**

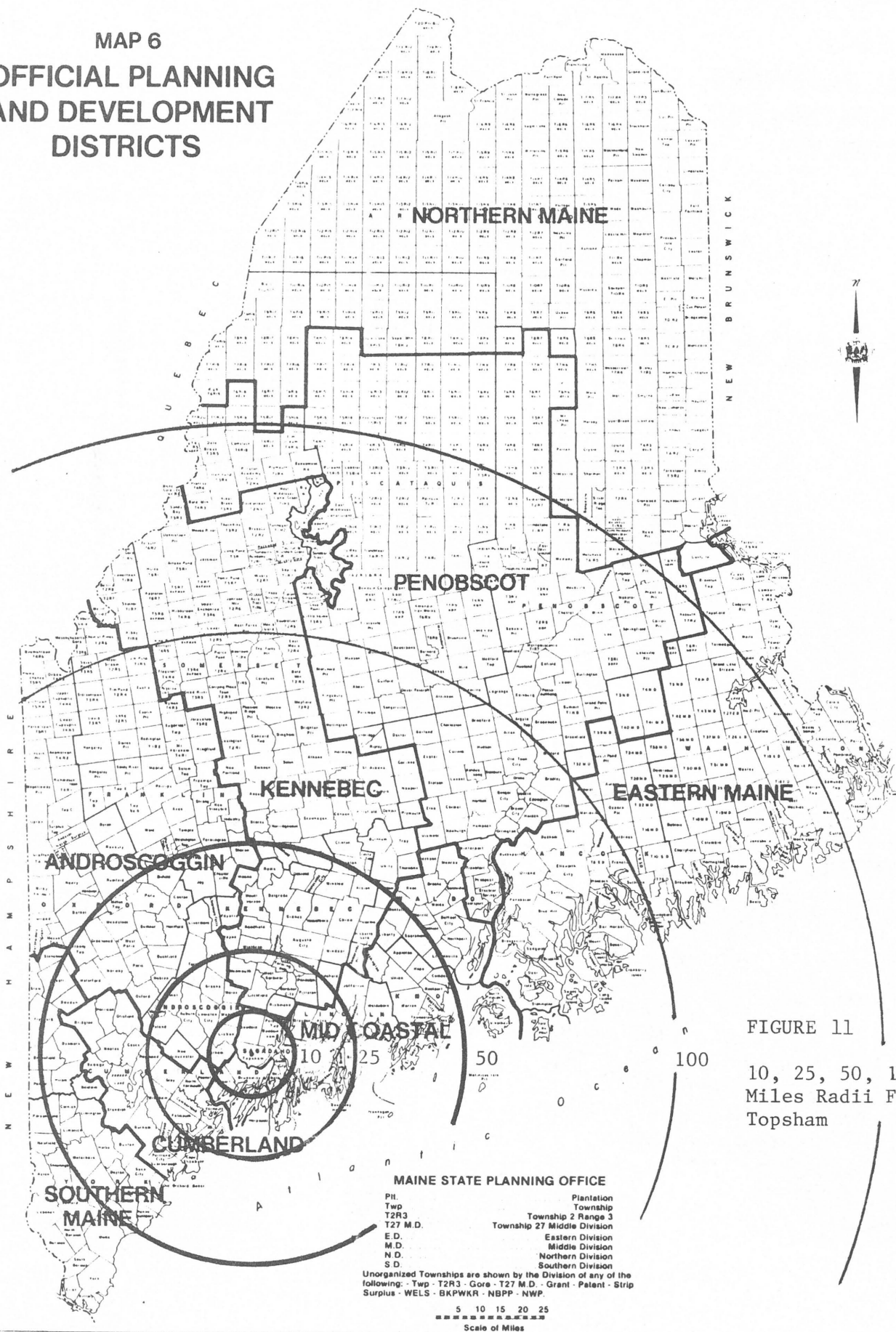


FIGURE 11 150
10, 25, 50, 100 & 150
Miles Radii From
Topsham

**MAP 6
OFFICIAL PLANNING
AND DEVELOPMENT
DISTRICTS**

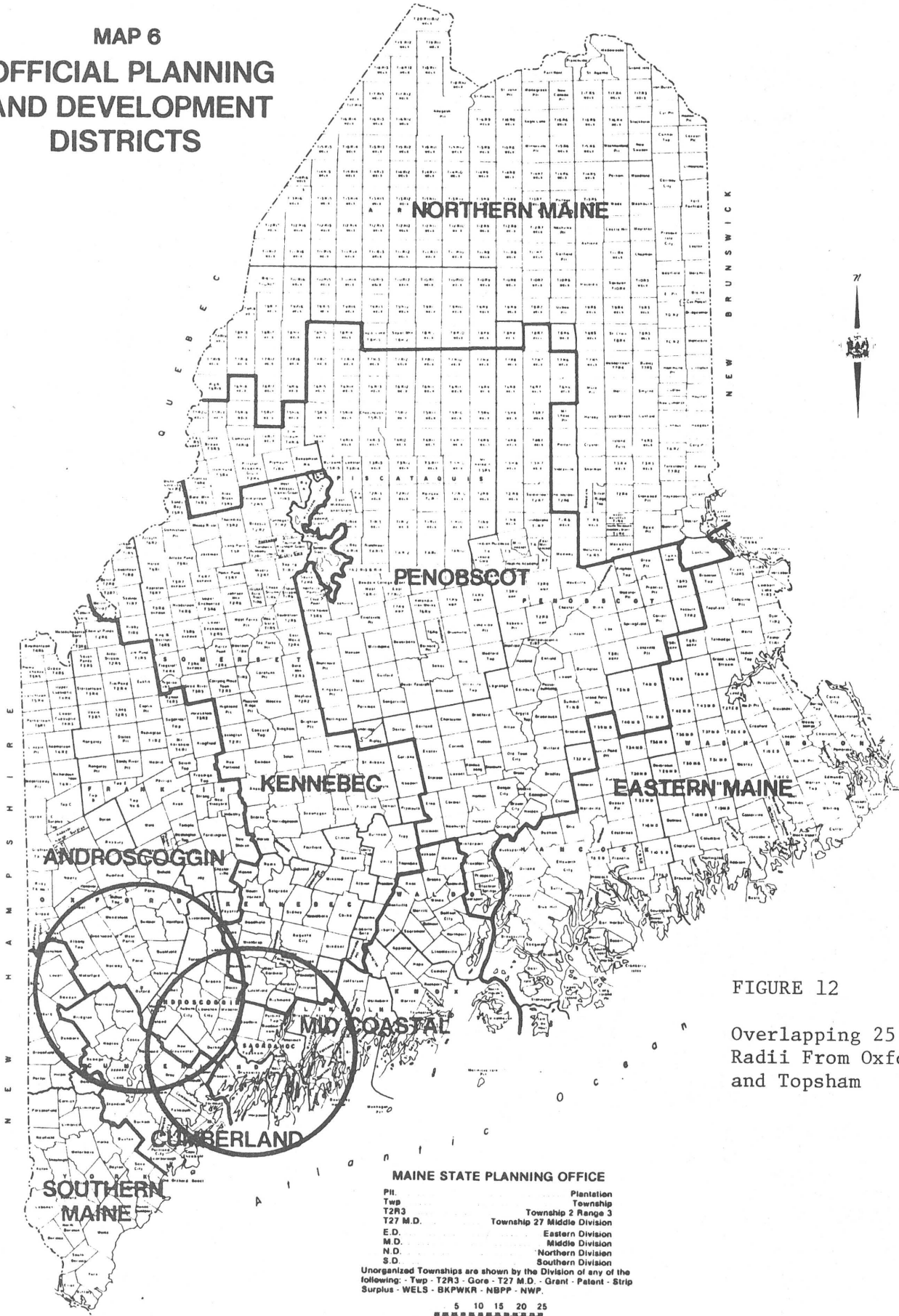


FIGURE 12
Overlapping 25 Mile
Radii From Oxford
and Topsham

MAINE STATE PLANNING OFFICE

PH	Plantation
Twp	Township
T2R3	Township 2 Range 3
T27 M.D.	Township 27 Middle Division
E.D.	Eastern Division
M.D.	Middle Division
N.D.	Northern Division
S.D.	Southern Division

Unorganized Townships are shown by the Division of any of the following: Twp - T2R3 - Gore - T27 M.D. - Grant - Patent - Strip Surplus - WELS - BKPWKR - NBPP - NWP.

5 10 15 20 25
Scale of Miles

This conclusion is further confirmed by evidence that certain fairs such as Windsor and Fryeburg have regional and statewide appeal. (See Figure 16 P. 45). Although Fryeburg was not surveyed, 12 percent of the respondents at the eleven fairs indicated they also intended to visit the Fryeburg Fair and 7 percent indicated they would also visit the Windsor Fair. The interviewer gained the impression that many of the people who intended to visit Fryeburg, Windsor and the Common Ground Fair, would do so regardless of distance or conflicts with other fairs.

The third alternative for resolving the "Catch 22" is to attempt to provide more representative date setting processes. This would require careful study of the basis for representation in the structure. Besides a balance between commercial and fair meet management people, the complaint of horsemen that they are not represented in a structure which controls their income, should be given consideration.

PART VI PUBLIC POLICY ISSUE #2: THE STIPEND FUND

The Stipend Fund is the second means by which government influences harness racing and fairs and the relationship between them.

The stipend fund and other laws relating to Maine fairs are contained in Title 7, M.R.S.A., §§ 61-75; Title 8, M.R.S.A., § 274, and Title 36, M.R.S.A., § 652. These laws contain requirements for distribution of stipend funds, fair licensing procedures, standards for agricultural exhibits, and many more aspects of fair operations. The Stipend Fund is described in § 62:

There shall be appropriated annually from the State Treasury a sum of money equal to 5% of the amount contributed under Title 8, section 275, and additional sums of money as provided and limited by Title 8, sections 274 and 333 which shall be known as the state stipend for aid and encouragement to agricultural societies and hereafter designated as the "stipend." Forty-four percent of the amounts contributed under Title 8, sections 274 and 333, shall be divided for reimbursements in equal amounts to each recipient of the Stipend Fund which conducts pari-mutuel racing in conjunction with its annual fair if the recipient has improved its racing facilities and has met the standards for facility improvements set by the commissioner for the recipients. If a recipient has not complied with the individual standards set by the commissioner said yearly reimbursements shall be paid in equal amounts to those recipients which have met such standards. A sum equal to 8% of the amount collected under Title 8, sections 274 and 333 shall be divided for reimbursement in amounts in proportion to the sums expended for premiums in the current year to each recipient of the Stipend Fund which does not conduct pari-mutuel racing, if the recipient has improved its facilities and has met the standards for facility improvements set by the commissioner for the recipients. From the state stipend the commissioner may expend annually a sum not to exceed 2% for administrative and inspection services. The balance of this stipend shall be divided among the legally incorporated agricultural clubs, societies, counties and fair associations of the State, hereafter in this Title designated as "societies," according to the following schedule and method. Said stipend shall be divided pro rata among the legally incorporated societies according to the amount of premiums and gratuities actually paid in full and in cash or valuable equivalent by said societies upon horses, cattle, sheep, swine, poultry and agricultural and domestic product, provided that each of the qualifying societies which do not conduct pari-mutuel racing shall receive shares

which, considering the amount of premiums and gratuities actually paid during the fair season in question, are not less than the equivalent amount received by such societies during the 1976 fair season, and provided further, that no such society whether specifically mentioned in this Title or otherwise shall be entitled to any share of the stipend unless it shall have complied with the following requirements, which shall be considered by the commissioner as the basis upon which his apportionment of the stipend shall be made as provided in this section. No premiums or gratuities shall be considered by the said commissioner in apportioning the amount of stipend to which any society is entitled except those offered and paid upon horses, cattle, sheep, swine, poultry, vegetables, grain, fruit, flowers, products derived from horses, cattle, sheep, swine, home canned foods, grange exhibits, farm exhibits, boys' and girls' club exhibits of the mechanical arts, domestic and fancy articles produced in the farm home and pulling contests by horses and oxen. No society shall be entitled to any share of the stipend unless it shall have first obtained a license issued pursuant to section 65. No society, the Maine State Pomological Society excepted, shall receive from the State a sum greater than that actually raised and paid by the society as premiums and gratuities in the classes provided, and in no case shall any society be entitled to any share of the stipend unless it shall have raised and paid in premiums in the classes set forth at least \$200. No society shall receive any portion of the stipend in excess of \$10,000, except that such limitation shall not apply to any additional stipend provided for by Title 8, section 274 and 333. No society shall receive any portion of such stipend unless it shall have regularly entered and displayed in an attractive manner upon its exhibition grounds distinct exhibits or entries of vegetables, fruits, grains or dairy products, or of subordinate and other granges and 4-H clubs, of a quality acceptable to the commissioner or his regularly authorized agent and of varieties known to be common or standard to the county in which such exhibition is held.

The commissioner shall make all necessary rules and regulations to protect the health of domestic animals and poultry, being shown or exhibited, against contagious, infectious and parasitic diseases, and parasitic infestation. No society, association, corporation, group or individual shall be entitled to any state aid or stipend where domestic animals or poultry are shown or exhibited, unless the health status of said domestic animals and poultry satisfy the health requirements of the rules and regulations made by the commissioner.

In the distribution of such stipend no allowance shall be made or consideration given on account of lump sums, payments or premiums previously arranged and agreed upon by exhibitors and the officers of any society for the presentation and display of any animals or products without regard to competition which may subsequently appear, excepting any special agricultural exhibits of such nature as to preclude their entry in competition.

The stipend fund is currently generated by a tax on the handle (total amount wagered) of parimutuel racing. The fund is calculated as an amount equal to 1.13 percent of the total handle plus 5 percent of the state tax on wagering (which is 6.37 percent of the exotic handle plus 1.87 percent of the regular handle). The regular handle includes all straight win, place or show bets. The exotic handle includes all bets which involve combinations of bets such as quinellas, trifectas, etc.

Figure 13 shows the amounts paid through the stipend from 1934-1980. Figure 14 shows the amounts paid to each fair for the 1980 season.

Under the present system, a tax on Harness Racing provides the revenue that is distributed through the stipend fund to agricultural fairs. Stipend fund revenues are generated by a tax (explained above) on harness racing which is distributed to the fairs and extended race meets on the following basis:

- 44% is distributed to fairs with parimutuel harness racing for facilities improvements.
- 8% is distributed to non-parimutuel fairs for facilities improvements.
- 48% is distributed to fairs according to the amount paid out by those fairs for agricultural premiums. This is known as the "Regular Stipend".

In other words, the harness racing industry provides partial support to agricultural fairs. Of six fairs who reported relevant information to TRIGOM, the average fair indicated that the stipend fund provided about 10% of their total revenues.

It appears that the purpose of the stipend fund, as it originated in the early 1800's was to promote agricultural societies and particularly their agricultural promotion and education activities at fairs. Today these are the essential purposes of the fund, with added attention paid to the social and economic benefits of fairs to the state. Due to economic pressures currently being experienced in the harness racing industry, a number of questions have been raised about the validity, purpose and appropriateness of the stipend fund. This section is addressed to those questions.

FIGURE 13:
PREMIUMS AND STIPEND FUNDS
1934-1980

<u>Fair Season</u>	<u>No. Fairs</u>	<u>Premiums Paid</u>	<u>Regular Stipend</u>	<u>Pari-Mutuel & Nonpari-mutuel Facilities Improvement</u>
1934	29	\$ 38,235.19	\$ 15,001.12	-----
1935	31	44,111.91	16,001.00	-----
1936	31	46,587.66	16,001.00	-----
1937	30	44,009.70	16,001.00	-----
1938	32	51,694.89	16,001.00	-----
1939	28	53,177.36	16,001.00	-----
1940	28	53,251.89	16,001.00	-----
1941	26	47,302.97	16,944.52	-----
1942	14	30,114.99	16,944.52	-----
1943	27	54,028.82	16,944.52	-----
1944	26	50,974.76	16,944.52	-----
1945	25	57,315.80	21,944.52	-----
1946	24	65,529.45	28,196.72	-----
1947	26	86,421.27	28,435.15	-----
1948	25	91,022.25	27,714.88	-----
1949	20	89,366.83	64,421.72	-----
1950	24	104,666.20	46,636.33	-----
1951	22	93,107.24	47,099.65	-----
1952	21	101,483.52	51,988.43	-----
1953	24	110,884.05	91,584.19	-----
1954	23	124,044.27	82,478.47	-----
1955	24	133,091.64	88,457.26	-----
1956	24	133,710.85	93,509.43	-----
1957	23	145,246.07	103,903.20	\$ 21,379.93
1958	25	158,181.71	102,263.42	67,750.23
1959	25	172,025.22	112,668.12	75,875.78
1960	25	187,477.56	114,022.72	76,753.00
1961	25	198,936.34	119,777.57	79,110.68
1962	27	204,476.51	121,111.74	76,663.62
1963	25	205,716.23	124,505.58	78,127.83
1964	23	219,671.62	143,777.81	92,755.85
1965	20	208,896.88	149,165.92	104,774.95 - 18,165.21
1966	20	223,412.62	153,948.68	103,325.00 - 19,385.30
1967	20*	234,836.42	152,061.69	101,707.87 - 19,385.30
1968	20*	261,366.31	161,720.26	106,548.09 - 19,385.30
1969	19	299,349.38	159,815.52	105,872.20 - 19,385.30
1970	21	325,855.93	192,269.48	132,032.03 - 20,126.40
1971				
1972	20	359,470.82	176,015.50	116,143.60 - 19,873.26
1973	20	368,228.65	183,245.12	114,894.65 - 19,873.26
1974	20	393,569.94	184,402.43	117,077.33 - 19,873.26
1975	23	468,238.17	179,806.79	113,872.75 - 19,873.26
1976	24	494,021.43	178,927.55	111,899.40 - 19,873.26
1977	24	489,946.40	180,223.79	113,808.86 - 19,973.26
1978	26	537,403.24	182,463.81	115,730.89 - 19,873.34
1979	25	515,462.00	176,947.00	112,800.00 - 21,895.00
1980	25	576,629.00	193,901.00	129,560.00 - 23,556.00

FIGURE 14
STATE FAIR STIPEND
1980 FAIR SEASON

	Premiums Allowed	Regular Stipend	Facilities Stipend	Total Stipend
Athens Cons. & Rec. Comm	2,492.	838.	423.	1,261.
Bangor State Fair Inc.	45,904.	15,436.	12,956.	28,392.
Central Maine Fair Assoc.	14,120.	4,748.	12,956.	17,704.
Clinton Lions Club Fair	3,655.	1,229.	621.	1,850.
Cochnewagen Agri. Assoc.	7,236.	2,434.	1,229.	3,663.
Cumberland Farmers Club	49,015.	16,482.	12,956.	29,438.
Franklin County Agri. Soc.	43,275.	14,552.	12,956.	27,508.
Hancock County Agri. Soc.	20,571.	6,917.	3,494.	10,411.
Knox Agricultural Society	35,140.	11,816.	12,956.	24,772.
Litchfield Farmers Club	16,564.	5,570.	2,814.	8,384.
ME Organic Farmers & Gard.	2,026.	682.	345.	1,027.
New Portland Lions Club	4,547.	1,529.	772.	2,301.
No. Maine Fair Association	46,610.	15,674.	12,956.	28,630.
Ossipee Valley Agri. Soc.	12,191.	4,099.	2,071.	6,170.
Oxford County Agri. Soc.	32,474.	10,920.	5,516.	16,436.
Piscataquis Valley Fair Assoc.	8,218.	2,763.	1,396.	4,159.
Pittston Fair Association	3,798.	1,278.	645.	1,923.
Sagadahoc Agri. & Hort. Soc.	25,573.	8,599.	12,956.	21,555.
Skowhegan State Fair	63,944.	21,503.	12,956.	34,459.
Springfield Fairgrounds	2,525.	850.	429.	1,279.
West Oxford Agri. Society	83,381.	28,035.	12,956.	40,991.
Windsor Fair	31,010.	10,428.	12,956.	23,384.
Winslow Lions Agri. Fair	1,060.	357.	183.	540.
Worlds Fair Association Inc.	4,087.	1,374.	694.	2,068.
York County Agri. Association	17,213.	5,788.	2,924.	8,712.
TOTALS	576,629.	193,901.	153,116.	347,017.
Stipend Fund Distribution (1980 Fair Season)	Total State Stipend	Regular Stipend	Pari-Mut. Fac. Imp. Stipend	Non P-M Fac. Imp. Stipend
Available from Wagers Tax	\$294,458.			
44% to P-M Fac. Imp.			\$129,560.	
8% to Non P-M Fac. Imp.				\$23,556.
48% to Reg. Stipend		\$141,342.		
Available From State Comm.	<u>52,559.</u>	<u>52,559.</u>		
Total Stipend Fund	<u>\$347,017.</u>	<u>\$193,901.</u>	<u>\$129,560.</u>	<u>\$23,556.</u>

Question #1: Are the purposes of the stipend fund valid?

There are few who would argue that Maine's agriculture, which produced \$442 million in cash receipts from farm marketing in 1979, is not worth promoting by the State. The question remains however: Are agricultural fairs an appropriate method of promoting Maine's agriculture?

Those who answer "no" claim that fairs have lost their agricultural roots and importance. They say that the midway and harness racing are the largest attractions, and that fairs, in a state in which agriculture has declined in proportional importance, have lost much of their value. They point to agricultural exhibits and claim that most of them are of low quality and do little to promote or to educate people about agriculture.

Others, however, see many promotional and educational benefits from fairs including:

- fairs provide education for youth by bringing them together to compare animal quality and care methods, and encouraging them to produce the best possible products.
- fairs provide a healthy social setting for adults and youth and provide the opportunity to exhibit accomplishments.
- fairs promote Maine products by helping people become aware of what is available.
- fairs generate community involvement in setting up exhibits and provide a means of fund raising for non-profit organizations.
- fairs contribute to the local economy and encourage tourists to come to Maine and extend their vacation here.
- fairs contribute to upgrading of cattle and other animals by judging, comparing and attempting to produce better ones.

To some extent, at least, it is probably safe to assume that the agricultural, promotional and other benefits of a fair are related directly to the quality of the fair. The Steering Committee undertook to identify in two methods criteria that could be used to assess the quality of fairs. The committee first listed twenty-seven criteria and then ranked them according to their relative importance. The relative rankings of the committee should be revised by a group whose members all have extensive experience in working with agricultural fairs, but they are listed here merely to show the committee's preferences and to illustrate the manner in which quality assessment programs may be initiated.

Of first priority were the following criteria:

- good balance among all areas of the fair
- friendly atmosphere
- clean grounds
- well maintained facilities
- quality of livestock
- appeal for children
- well managed
- wholesomeness
- provides something for everyone
- participation by local groups
- agricultural emphasis
- good displays - agricultural
- lay-out of the grounds
- access to the fair
- quality of the racing

Of second priority were the following criteria:

- directional markings provided
- strong publicity and advertising
- rural flavor
- good horsepulling and similar events
- security
- mechanical and industrial exhibits
- special events
- a single pay gate
- commercialization of the fair
- farm museums
- quality of carnival equipment
- prominence of agricultural exhibits

Establishing fair quality of criteria is important because of the wide variations in quality perceived by the committee and confirmed by observations of TRIGOM personnel.

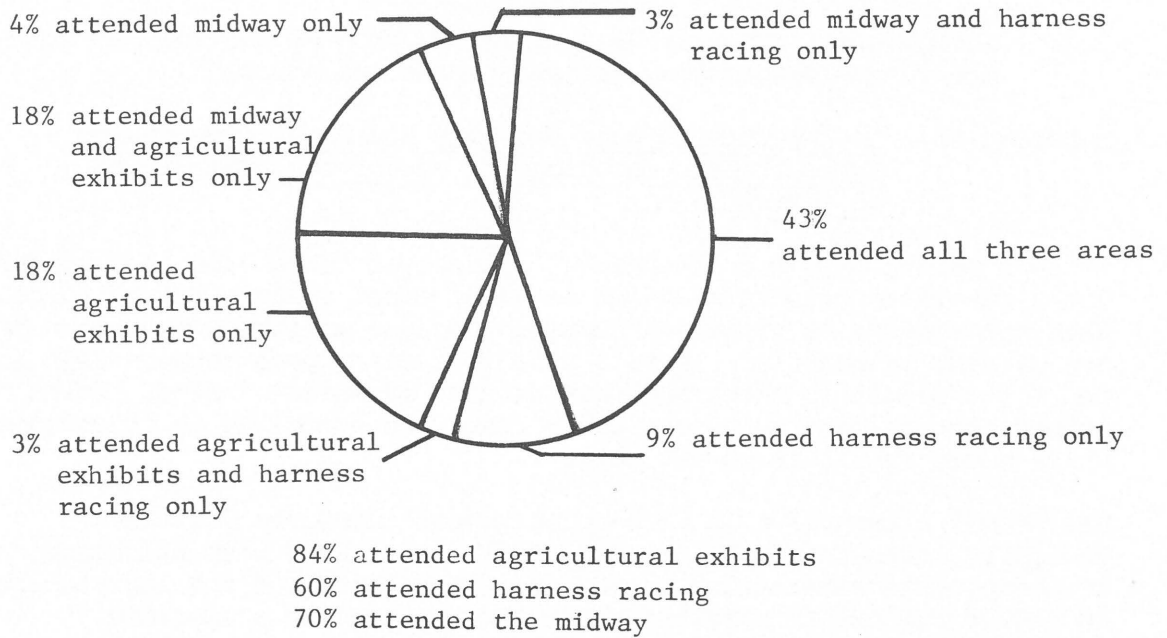
In addition to noting variations in fair quality, another observation has become very clear to TRIGOM personnel; fairs are generally only partially fulfilling an exceptional opportunity for agricultural education and promotion.

At the five fairs with harness racing surveyed, 83% of the respondents indicated they had visited the agricultural exhibits. (See Figure 15) If this percentage is applied to the total attendance at Maine fairs in 1981 (estimated at 750,000), then the number of people who visited the agricultural exhibits at fairs that year was probably more than 650,000.

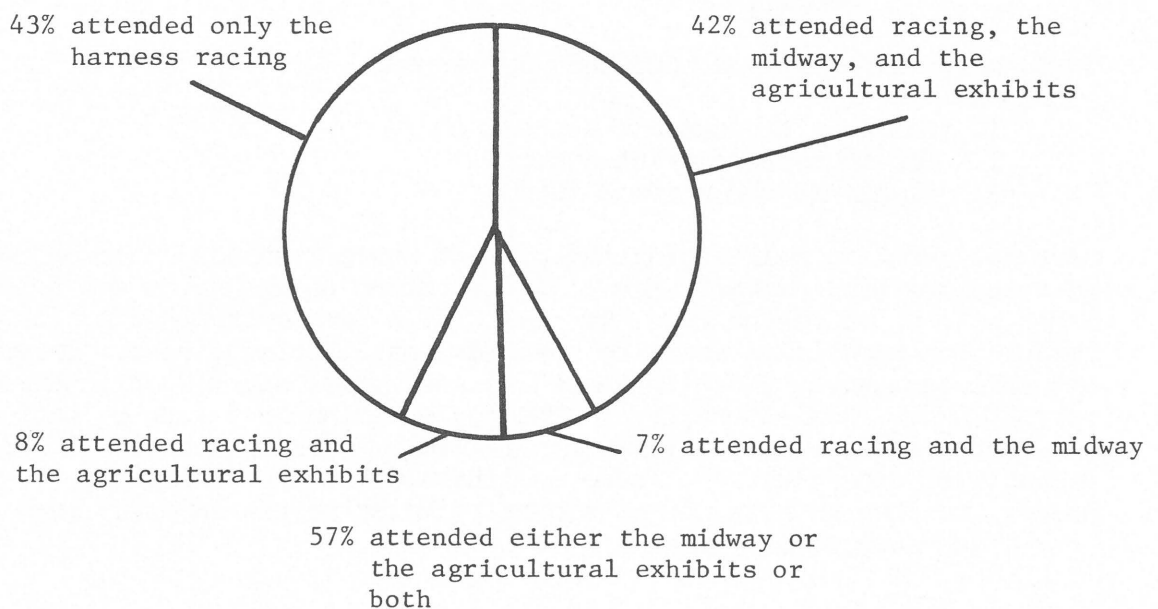
With such a large number of people attending, it is obvious that the audience for expanded educational and promotional programs that could be provided by fairs is exceptional. Fairs currently lack the support or incentive to have educational exhibits and programs to teach people how to develop, raise and use Maine products. But it is difficult to imagine any way in which to less expensively and more effectively promote Maine products and educate Maine people and out-of-state visitors about:

FIGURE 15

Attendance at the three major areas of the five fairs in the survey which conducted harness racing:



Of those questioned at the five fairs that had harness racing who said that harness racing was their favorite part of the fair . . .



- new opportunities in agriculture in Maine
- wise use of natural and agricultural resources
- energy efficiency in agricultural production
- review of new products and methods
- Maine's agricultural history
- how to identify and use Maine products
- agricultural careers: dairy farming, crop production, agricultural experimentation, marketing, and economics.

Question #2: Is the Stipend Fund the only source of support for agricultural promotion and educational activities at fairs?

To this point, only two alternative sources of funds have been identified. The first is to raise admissions fees and other charges at the fairs. This alternative is viewed unfavorably because admission and other fees are already substantial. A family of four often pays between five and ten dollars just to enter and park at some of Maine's fairs. Fairs expect that raising such fees would result in a decline in attendance, which would result in no net gain.

The second alternative is to request support directly from undedicated revenues to the general fund. Fairs have been reluctant to accept this alternative because of the tendency of the legislature to reduce support to programs which are not tied to a specific of revenues. Fair interests also argue that they are presently more responsive to the needs of the racing industry because part of their income is derived from it, and that as long as the harness racing industry is taxed at a reasonable rate it makes no real difference upon which non-racing state activities the tax funds are expended. Fairs are aware, however, that conditions for horsemen and race management justify a review of the level of taxation on the racing industry.

Question #3: What Alternatives to the Present Stipend Fund have been Identified?

Three basic alternatives have been suggested:

1. Maintain the current system.
2. Redesign the current system.
3. Eliminate the stipend fund.

Some see merit in maintaining the present system, because they believe that changes will probably result in detriment to the fairs and fair meets with no guarantee that the result will have sufficient positive impact upon commercial meets to have any real lasting effect. Horsemen and race management would be forced to seek other sources of financial relief, under this alternative. The key question here must be left unanswered for lack of sufficient reliable information on the financial strength of the industry. There is little doubt that relief is needed, but how much relief is necessary to bring the industry back to a reasonably secure level?

It appears to be generally accepted that racing management is using alternative sources of revenues (admissions, parking, restaurant and program sales, etc.) to maximum advantage. If this is true, there is only one other legitimate source of relief: taxes.

It has been suggested by people who are very knowledgeable about the racing industry that a reduction in the total deduction from the handle (currently 16% of the straight handle and 25% of the exotic handle) would result in more money returned to wagerers, who, in turn, would generate more money for the state for racing management and so on. Other states deduct varying amounts. This question should definitely be studied in detail, regardless of what is done with the stipend fund. Finding the exact level at which the total deduction should be placed could save race management, horse owners, and taxpayers much more than it costs.

The second alternative, to redesign the current system, has one major draw-back. At least at first, if the benefits are redistributed, some interest is going to receive less than it was before. The Commissioner of the Department of Agriculture, who will receive the recommendations of the Steering Committee, will be reviewing stipend fund redistribution proposals on the basis of their long term benefits to all the people of Maine.

The third alternative, to eliminate the stipend fund, would, if funds were redirected to race management and purses rather than to the general fund, produce immediate benefits for racing interests. It is almost certain, however, that this alternative would also result in a reduction of agricultural activities at fairs, loss of the potential educational and promotional benefits of fairs, and the elimination of some fairs who would no longer operate without the fund.

PART VII THE RELATIONSHIP BETWEEN HARNESS RACING AND FAIRS

The preceding discussions of the stipend fund and the fair and date setting process lead to the following question, which led to this study: "Does the relationship between agricultural fairs and harness racing justify the support of fairs by racing, and the influence fairs hold over the race date setting process?"

Fairs answer "yes". First, they claim that fairs introduce many people to the fun and excitement of harness racing. Results of TRIGOM survey of the five racing fairs tend to support this claim. Of the respondent at these five fairs, 59% said that they had visited the harness racing. (See Figures 17 and 18). This figure does not indicate the number who actually bet, or the amount of their bets. It does, however, provide some indication about the numbers of people exposed to racing at the fairs.

Second, it is asserted that fairs provide a training ground for owners and trainers and that many people participate in fair racing who would not have the opportunity to do so elsewhere.

Third, fairs claim that racing at fairs contribute significantly to overall fair income. TRIGOM studies lend some support to this statement. For example, about 9% of respondents at the five "racing" fairs stated that they attended the racing only. This group undoubtedly contributed to parking and admission fees to the fairs. About 22% of the respondents at the five fairs (Blue Hill, Cumberland, Farmington, Topsham and Windsor) said that harness racing was their favorite part of the fair. Of this 22%, 57% reported they had also visited either the agricultural exhibits, or the midway, or both.

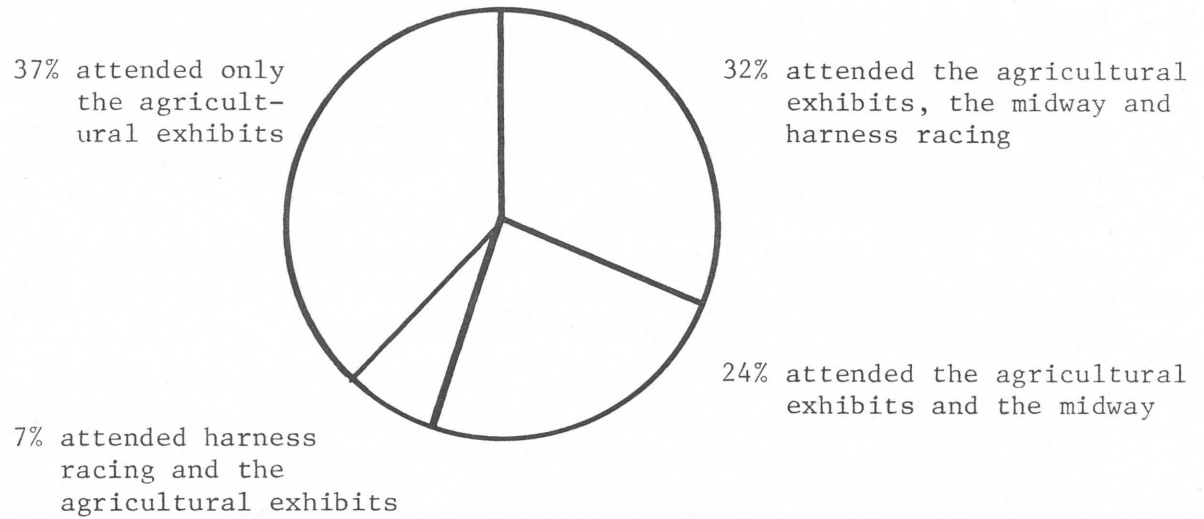
Of the three parimutuel fairs reporting to the TRIGOM fair financial survey, combined total on revenues and expenditures indicate that harness racing operations and facilities improvements expenses exceeded harness racing revenue alone by 16%. However, when stipend funds received and 9% of admissions revenues are added to racing revenues, then total revenues exceed expenses by 15%. These figures are not conclusive. What they indicate, however, is that harness racing at fairs probably generates more revenues than it costs if stipend fund revenues and the non-racing revenues generated by people who come primarily for racing are taken into account.

Fourth, racing at fairs contributes to the overall quality of fairs by adding another major activity for people to enjoy, and "good balance among all areas of the fair" was the criteria listed as most important by the Steering Committee in their criteria prioritization process.

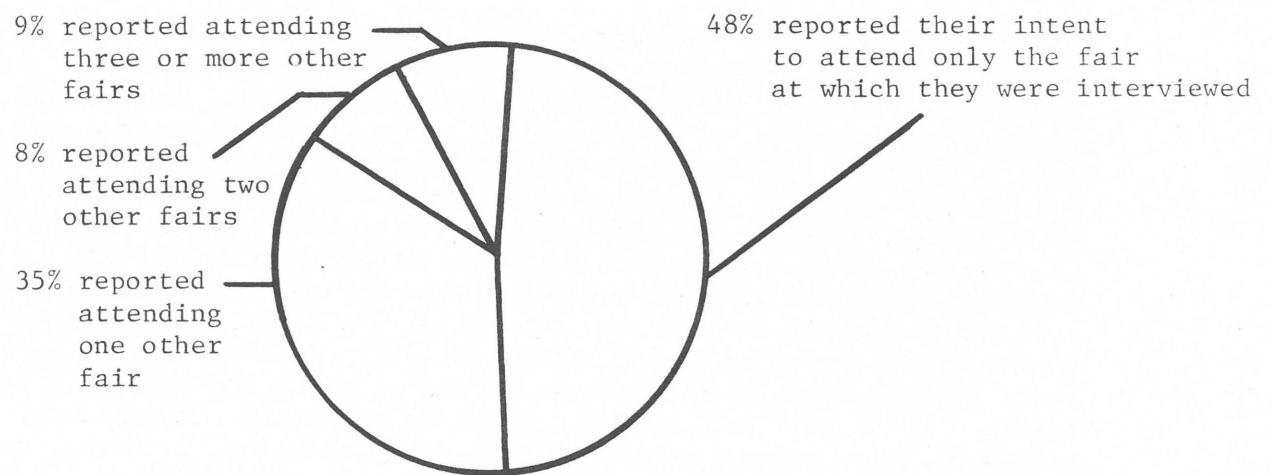
Harness Racing interests, to the contrary, claim that the present relationship between racing and fairs does not justify the support of fairs by racing through the stipend fund.

FIGURE 16

Of those questioned at the five fairs that had harness racing who said that the agricultural exhibits were their favorite part of the fair . . .



Of those questioned at the eleven fairs in the survey . . .



First, they claim that horsemen and racing management are in desperate need of financial relief. There are approximately 1100 horsemen in the state, a significant portion of which derive most of their income from racing their horses. The harness racing industry according to the SSRI study, contributed in excess of 54 million in 1974 State's economy. The current level of taxation and other industry trends, however, are forcing people to other states or other occupations. The need for relief for horsemen and management is supported by TRIGOM figures in the section on race and fair date setting. In a State in which much effort is made to attract new industries, it is most important to pay attention to problems of industries that already make substantial contributions to the economy.

Second, it is claimed that facilities improvement stipend funds are sometimes improperly used; that they are spend not on improving race tracks but rather on other fair activities.

Third, Scarborough Downs claims that it pays for more than half of the stipend fund and yet it derives no benefit from it. Harness Racing Commission figures show that Scarborough Downs provided about 53% of the total harness racing handle in 1980. Since Scarborough Downs does not operate a fair, it does not receive stipend funds.

Fourth, Scarborough Downs claims that because there are two independent harness racing circuits in Maine, that the Downs receives no other benefits from fairs or racing at fairs (such as trainers for drivers, etc.)

Scarborough Downs also asserts that racing at fairs is inferior in quality to that of Scarborough Downs and therefore is of no benefit in promoting harness racing for the Downs' - in fact it sometimes may even discourage people from attending racing at the Downs. Only a professionally conducted survey of popular attitudes and perceptions is likely to resolve disagreements over this assertion.

In answer to the original question "are the stipend fund and the date setting process justified by the relationship between racing and fairs?", TRIGOM would like to offer the following observations. First, the harness racing industry, considered as a whole, depends upon a set of careful balances between the two racing circuits. The industry, especially the horsemen who make their livings from it, will probably suffer greatly should either circuit be eliminated. The stipend fund, in TRIGOM's opinion, should be reviewed on the basis of the extent to which it promotes a balance which encourages growth for both circuits, and does not unduly restrict one for the benefit of the other. In other words, to the extent that the stipend fund accurately reflects the balance between the two circuits and between racing at fairs and the fairs themselves - it is justified by the current relationship between them. The stipend fund has exceptional potential for protecting, promoting and encouraging commercial racing, fair racing and agriculture. In TRIGOM's opinion it is not fully meeting that potential.

PART VIII. CONCLUSIONS AND RECOMMENDATIONS

In view of information compiled in this study, TRIGOM concludes:

1. Horsemen need immediate tax relief. Financial pressures upon horsemen have mounted to a serious level. If relief is not forthcoming it is expected that many horse owners will be forced to sell their horses or move to other states. Either course would have detrimental impacts on Maine's economy.
2. Track management needs immediate tax relief. The decline in real income since 1973 can probably no longer be made up by increasing concession sales. The demise of a major track, especially Scarborough Downs, would leave a void which would not be completely made up by other tracks. Damage to the industry if this occurs would not be easily repaired, and lost funds not easily replaced.
3. Agricultural fairs generate substantial opportunity for promoting agriculture. Many of the smaller fairs, in particular, are heavily dependent upon the stipend fund.
4. The race and fair date setting processes are causing difficulties and should be revised as follows:
 - a. the 150 mile consent law is excessive and would probably not survive a legal challenge, (according to knowledgeable members of the Steering Committee). A less restrictible "protection zone" would be advisable.
 - b. a joint-fair and race interest body is needed to resolve conflicts arising among races and fairs.
 - c. criteria should be established for setting race and fair dates.
 - d. stability in the date setting processes should be established for planning purposes.
5. More information is needed to find a permanent solution to problems with fairs and harness racing. Specifically, three studies should be initiated:
 - a. a study to determine the total takeout from the total handle that will produce maximum benefits to racing and the State.

- b. an update of the 1974 SSRI study to determine present impacts of the industry.
- c. a study of agricultural fairs and their potential uses for promoting agriculture and gaining maximum benefit from the 600,000 person exposure that agricultural exhibits receive.

In response to extended discussion of the above issues throughout the study period, the Steering Committee at its December 11 meeting made the following recommendations to the Commissioner of Agriculture:

- 1. Legislation should be introduced immediately to accomplish the following three objectives:

- A. the 150 mile consent provision should be removed from the date setting statute.
- B. the tax on harness racing should be reduced to provide relief to horsemen and tracks as follows:

Reduce the revenue to the General Fund by \$300,000 in 1982;
Reduce the revenue to the General Fund by \$300,000 more in 1983 so that it is reduced by a total of \$600,000 in 1983 and subsequent years.

The \$300,000 in 1982 and the \$600,000 in subsequent years would be divided equally between horsemen and tracks in proportion to the amounts the tracks contribute to the total state handle.

- C. Redistribute the Stipend fund according to the following:

- 1. The Stipend Fund is currently raised on the following basis:

1.13% of the total state handle (equalled \$295,000 in 1980 plus:
5% of the State Tax (equalled \$52,000 in 1980)

Total Stipend fund, 1980: \$347,000

The Stipend Fund is presently distributed on the following basis:

44% to parimutuel racing facilities at fair-related facilities.
8% to nonparimutuel fairs for facilities.
48% to fairs based on premiums paid.

- 2. The Stipend fund, in the future should be distributed as follows:

The first \$295,000 raised by the Stipend fund is distributed as it is now:

- 44% to parimutuel fair facilities.
- 8% to nonparimutuel fair facilities.
- 48% to fairs based on premiums.

Amounts raised in excess of \$295,000 but less than \$350,000 will be distributed on the following basis:

75% to be divided equally between horsemen and extended meets on the basis of the proportion they contribute to the total handle.

25% to be distributed to fairs.

Amounts raised in excess of \$350,000 will be distributed on the following basis:

80% to be divided equally to horsemen and extended meet tracks in proportion to the amount each track contributes to the total handle.

20% to the fairs.

All of the above legislation shall be reviewed every three years.

2. In the 1982-1983 legislative session, or at an appropriate future date, the following recommendations should be implemented:
 - A. The Commissioner of Agriculture shall annually evaluate the quality of agricultural fairs and raceways. There will be three categories for rating fairs:
 - a. Very Good
 - b. Adequate
 - c. PoorThose in category c. (poor) for three consecutive years should have the Stipend fund withheld.
 - B. The Commissioner of Agriculture shall continue to set fair dates. If conflicts among fairs arise the following criteria should be used in determining which dates are granted:
 - Quality
 - Seniority
 - Agricultural promotion and education
 - economic impacts
 - distance to competing fairs
 - race dates requested
 - C. The Harness Racing Commission should continue to set harness racing dates. If there is a conflict among races, the following criteria should be used:

- seniority on that date
 - economic impact
 - distances from competing tracks
 - track facilities and other race quality criteria
- D. Both fair and race dates should be set for a period of three years (fairs and races should hold options for dates for a three year period) and a minimum six month notice of proposed date changes should be given.
- E. If a dispute arises between fairs and races which cannot be resolved by discussions between the Commissioner of Agriculture and the Harness Racing Commission, a special Date Dispute Resolution Board shall be convened. The membership of the board shall be as follows:
- one representative of horsemen
 - one representative of parimutuel fairs
 - one representative of nonparimutuel fairs
 - one representative of extended meets
 - one representative of the general public
- F. Exact requirements, methods, and legislative formats for implementing the above shall be formulated by the Commissioner of Agriculture.

APPENDIX A

PROPOSALS FOR RESOLVING PROBLEMS SUBMITTED FOR
DISCUSSION AT THE NOVEMBER 10, 1981 MEETING OF
STEERING COMMITTEE.

At the Steering Committee meeting of October 14, Greg Scott of TRIGOM requested tht interested parties submit written proposals for revolving the conflicts discussed by the committee so that the committee could discuss them at the November 10 meeting. Eight proposals resulted from that request. In order to facilitate concentrating on the issues involved, the proposals were edited to delete the identity of the proposers and other non-proposals material. It was hoped that all proposals would receive full consideration based on the merit of the ideas presented.

The proposer states:

"I am not going to attempt to give our reasons for each proposal but at some future date and when your committee considers it worthwhile, I would be happy to make an argument for each of the proposals."

The proposals are as follows:

1. The law prohibiting race tracks to compete 150 miles from a fair to be repealed and the issuing of all race dates to be solely in the discretion of the Racing Commission;

2. The Agriculture Stipend Fund to be reduced from 1% to $\frac{1}{2}$ of 1% and the remaining $\frac{1}{2}$ of 1% to be part of the daily Horsemen's Purse Account;

3. That only two tracks be allowed to conduct racing at the same time period, except that the Presque Isle Fair could be allowed to race while other tracks are operating.

4. Purse monies that are derived from the Purse Supplement Account and become part of the purse account in a subsequent year to be determined by dates programmed and not dates allocated; and

5. Racing dates to be issued for 1982 to be substantially the same as the 1981 dates and that Cumberland Raceways' dates be the dates that were raced and not assigned and also (we) would have no objection to racing dates being allocated to Bangor Raceway prior to June 15th.

1. There has to be compromise - no one can have everything. There has to be "give and take" from all sides.
2. I don't believe there is as much conflict between pari-mutuel fairs and commercial meets so far as the bettors are concerned. I see the real problem as being with the number of horses available. (This is what I hear, not from my personal knowledge).
 - a. Stability of dates is important, both to fairs and commercial meets. 2-year date assignments, perhaps!
 - b. Quality fairs, good exhibits and a good "track record" should be considered a major factor in date assignments.
 - c. The commercial track(s) are not a guaranteed element. I don't feel we should consider them as "the answer" for horsemen and also for fairs. They can decide tomorrow to pull out and then the horsemen would be entirely dependent on fairs and extended meets for their living.
 - d. The six months required notice of fair date changes, I believe, is a must.
3. I like the idea of a commission to assign all fairs and racing dates with representatives of all interested groups.
 - a. There has to be a change here!!
 - b. I don't feel it is fair to assign matinee times only to fairs who have racing.
4. Again, the idea of a Commission representing all interests appeals to me.
5. No change preferred, but I realize the fund may be reduced.

6. Reduction of amount paid to General Fund seems the best idea.

I see some merit in establishing a minimum handle for fairs to reach in order to continue their racing programs.

7. The commercial meets and horsemen should get somewhat more return but I believe it will be a hard struggle to get the Legislature to relinquish any part of General Fund income generated from racing.

8. Establishment of better definition of "Agricultural Fairs" is necessary. Minimum standards and penalties is a good idea with Agricultural exhibits, well displayed, a must. Also, perhaps commercial tracks should be exempted from paying the same amount as each pari-mutuel fair receives in facilities improvement stipend, i.e., about \$16,000 or so.

9. I believe we have to take a hard look at restricting number of fair days. I don't think fairs will be willing to "reconsider" racing as a plus.

10. I found your statistics very interesting and believe they may support future decisions which have to be made. I don't want to see fairs separated. The amount of money paid to non-pari mutuel fairs is not prohibitive - don't see this as a major item. I feel the consent statute may be one item that can be relinquished without any harm to our pari mutuel fairs.

As I see it, the principal elements are:

- 1.) the Public
- 2.) the Fair Associations
- 3.) the Commercial meets
- 4.) the horsemen and their related supplies, etc.

I believe that, of the four, 1 and 2 are faring much better than 3 and 4 and that we whould principally direct our corrections to the relief of 3 and 4.

Various alterations have been and will be considered. Without arguing the merits of one forms and the other, I think we should always weigh them against the potential effect they would have in accomplishing some benefits for 3 and 4.

I know this is broad, but this is the crux of it, as I see it.

- (A) The Committee must recognize the fact that the financial problems of the agricultural fairs, especially the pari-mutuel fairs, do not exist in a vacuum; they are inexplorably linked to the problems of the racing industry generally; if the pari-mutuel fairs are to survive, harness racing must solve its problems once and for all;
- (B) the agricultural stipend as it now exists should be eliminated, with fairs supported from general fund revenues; a legislative study should be made to determine what aid, if any, is actually needed by what fairs;
- (C) pari-mutuel fairs should be allowed to retain the stipend generated on their own handles; nonpari-mutuel fairs should get no stipend assistance;
- (D) racing dates and fair dates for 1982 and future years should remain essentially as present with future changes for good cause only, or to supplement times of the year when racing is not sufficient.
- (E) the financial plight of horsemen and the cost of keeping horses must be eased or no one will be racing;
- (F) the Racing Commission (MHRC) should assign all dates for extended meets and fairs with racing;
- (G) the 150 mile consent law should be eliminated;
- (H) the breeder stakes program (now at approximately \$300,000) should be reduced by 50% with the balance going to weekly invitational races from April - October to make Maine racing more competitive with Massachusetts and New Hampshire;
- (I) tax relief at the state level must be provided with the savings equally shared between extended meets and horsemen.

The above proposal is general in nature and should be expanded in discussion. The proposer believes it is urgent that the Committee address all these issues and accept the concept that it must deal with racing as a whole to solve the problem of fairs.

In response to Esther's request for proposals, I see no real pressing need to change the pre-date assigning method for fairs. I can see a need for the Harness Racing Commission to have a good handle on extended meets, but because of the unstable behavior associated with the Commission recently, I am hesitant to give them full control without some outside force having veto power. I think we have seen that in most cases the fairs could not survive without the stipend. We all recognize that a major portion of the stipend is provided by the revenue from the extended meets. My impression is that this revenue total has not changed much in the last ten years. I have asked for figures on this.

I think we will probably have to address the 150 mile limitation in an effort to keep all factors operating.

I have given a great deal of thought to our last meeting and would suggest that at the next meeting:

1. That an agenda be printed.
2. That a chairman pro tem be appointed or elected.
3. That a time be established within the agenda for visitors comments. That the chairman designate that members and visitors be separated, and that the discussion from non-members be limited to that area of the program so designated.

A review of concerns studied by the Steering Committee has made it evident that:

1. The interests of the people of Maine and of those associated with fairs and harness racing will be enforced only if the governmental structure affecting them provides for a proper balance of interests and effective administration of governmental policies;

2. The harness racing industry needs immediate tax relief, both for horse owners and for race management. A race date-setting process that is more representative of interests involved, and which bases its decisions on commonly accepted criteria, is needed to avoid future date setting conflicts. Also needed is a study to determine the most productive total deduction from the straight and exotic handles to increase revenues to management, horsemen and the State.

3. Agricultural Fairs, with the proper incentives, could fulfill their substantial potential for promoting agriculture and agricultural education. A more clearly defined and representative fair date-setting process, based upon established criteria is also needed.

In view of these needs, the following proposals are offered:

A. PROPOSED CHANGES IN THE AGRICULTURAL FAIR DATE SETTING PROCESS.

1. Establishment of the Maine Agricultural Fair Date Setting Board.

The Commissioner of the Department of Agriculture, Food and Rural Resources (herein after referred to as the Commissioner) shall appoint after consultation with the Maine Association of Agricultural Fairs, a chairperson plus four members to serve three year terms on the Maine Agricultural Fair Date Setting Board. The Board will convene for the purpose of setting fair dates during the December prior to the first fair season for which it shall assign dates. It shall convene again for this purpose every three years from its first meeting. It may also

convene for changes, upon request of two of its members, not later than six months before the dates to be affected.

2. Three-year date setting procedure.

The Board shall receive at its tri-annual meetings applications from agricultural fairs for fair dates for a three year period. Each application will be reviewed by the Board to determine if, according to Maine law, the applicant qualifies for dates as an agricultural fair. Each application must be accompanied by a fee of one hundred dollars for each fair date requested for the first fair season. Fees for the second and third fair seasons must be paid not later than six months prior to the actual fair dates. If the fair does not receive a date for which the fee has been paid, the fee shall not be returned, but may be applied to the next date that the fair is granted. Fees collected shall be used by the Commissioner to establish the annual fair evaluation fund. The distribution of stipend funds will be based (as discussed later in this proposal) upon the annual fair evaluations supported by this fund.

3. Fair date conflict resolution procedure.

Fair dates shall be issued by the Board to certified agricultural fairs upon approval of the Commissioner for those dates for which there is only one application. If two or more fairs request the same dates, the Board shall determine, for each fair, its "twenty-five mile protection zone". This zone shall be defined as the area within a circle the center of which is the fairgrounds and the radius of which extends twenty-five miles straight distance from the center. If the twenty-five mile protection zones of the conflicting fairs do not overlap, the Board shall issue licenses to each fair upon approval of the Commissioner for that date. If two zones overlap, the Board shall issue, upon approval

of the Commissioner, a license to one of the fairs according to criteria developed by the Board. The criteria will approximate the following:

1. Seniority - the fair having that date in the base year - 1981. (40% of total consideration).
2. Quality - as determined by the Annual Fair Evaluations conducted by the Department. (40% of total consideration).
3. Social and Economic impacts of each fair - (20% of total consideration).

Points will be assigned according to a procedure established by the Board and approved by the Commissioner.

B. PROPOSED CHANGES IN THE HARNESS RACING DATE SETTING PROCESS

1. Establishment of the Maine Harness Racing Date Setting Board.

The Governor of Maine shall appoint a chairperson and four other members to the Maine Harness Racing Date Setting Board. Three of its members shall be members of the Maine Harness Racing Commission, at least two of its members shall be representatives of horse owners, and at least one member shall be from Maine's second congressional district. The members will be appointed for three year terms and will convene for the purpose of setting harness racing dates during the December previous to the first calendar year for which dates will be determined by it. It shall convene again for this purpose three years from its first meeting. It may also convene for special sessions to consider race date changes upon request of two of its members, not later than six months before the dates to be affected.

2. The Board shall receive at its tri-annual meetings, applications from harness racing organizations for race dates for a three year period. Each application must be accompanied by a fee of one hundred dollars for

each date requested. Fees for the second and third racing seasons must be paid not later than six months prior to the beginning of the season. Fees collected shall be assigned to that portion of the stipend fund allocated to racing facilities and operations improvements and shall be distributed in proportion to each applicant's contribution to the total handle.

3. Race date conflict resolution procedure.

The Board shall establish two harness racing schedules. The first will be called the "fair circuit schedule". Applicants will apply for harness racing dates under the "fair circuit schedule" for those dates during which an agricultural fair will be operated in conjunction with the applicant's racing program.

The second schedule will be called the "commercial circuit schedule". Applicants will apply under this schedule if there will not be an agricultural fair operating in conjunction with the races on the dates for which application is made.

Under this system, races which operate with fairs and then extend their meets beyond the fair dates will apply for dates under the fair circuit schedule for those dates when the fair is operating and under the commercial circuit schedule for those dates when the fair is not operating.

The Maine Harness Racing Date Setting Board will first review applications for dates on the fair circuit schedule. If there is only one applicant for the date in question on this schedule, the Board will issue the license for that date to the applicant. If there are two or more applications for a date, the Board will first check the commercial circuit schedule. If there is an application for that date on the commercial circuit schedule, the Board shall issue only one

license on the fair circuit schedule. It will choose between the competing applicants according to criteria similar to the following:

1. Seniority - the meet holding the first license for that date in the base year - 1981. (30% of total consideration).
2. Economic impact of the decision on the affected race operations, on the state and on the racing industry (both circuits) (30% of total consideration).
3. Distance the applicants on the other circuit schedule (30% total consideration).
4. Track facilities and other race quality criteria (10% of total consideration).

The Board will then review racing date applications on the commercial circuit schedule. If there is only one application on this schedule, the Board will issue a license to the applicant. If there are two or more applicants, the Board will see if a date has been issued on the fair circuit schedule. If a date has been issued on the fair circuit schedule, the Board will issue a license to one applicant on the basis of the above criteria, according to a procedure to be developed by the Board. If there is no license issued on the fair circuit schedule, the Board may issue licenses to two applicants on the commercial circuit schedule or decide among the two according to the above criteria.

4. Establishment of the Race-Fair Date Conflict Board.

If race dates and fair dates are in conflict for issuance of licenses, a Race-Fair Date Conflict Board shall convene to resolve the dispute. The Board shall consist of the five members of the Maine Harness Racing Date Setting Board plus the five members of the Maine Fair Date Setting Board plus an impartial chairman appointed by the Governor.

C. PROPOSED CHANGES TO THE STIPEND FUND

1. Double the Stipend Fund.

The first change is to double the amount of money in the stipend fund. This can be accomplished by multiplying the present stipend formula by two. The present formula for determining the amount of the stipend fund is:

- 1.13% of the total handle plus;
- 5% of the State tax on wagering, which is:
- 6.37% of the Exotic handle plus;
- 1.87 of the straight handle.

The stipend fund for the 1980 fair season was approximately \$347,000. Doubled it would be almost \$700,000.

The money would come from a reduction in the amount of the handle paid to the General Fund. In 1980 approximately \$979,000 was paid from the total handle to the general fund. This would be reduced to about \$630,000 under this proposal. The reduction in the General Fund contribution is appropriate because of indications stated earlier that in the report that the harness racing industry is being taxed too heavily at the present time.

2. Change the Allocation Formula.

The Stipend Fund was allocated, for the 1980 season, according to the following formula:

- 44% (\$130,000 in 1980) for pari-mutuel racing facilities improvement, distributed equally.
- 8% (\$23,500 in 1980) for nonpari-mutuel facilities improvements
- 48% (\$141,000 in 1980) for regular stipend distribute according to premiums paid by Agricultural Fairs.

This proposal would change the formula to this(as applied to 1980 figures):

*9% (\$63,000) for agricultural participation(to be distributed in directo proportion to the amount of premiums paid by fairs).

*9% (\$63,000) for agricultural education(to be distributed to fairs based on a competitive evaluation of their programs to be conducted by the Commissioner).

*9% (\$63,000) for agricultural promotion(to be distributed in the same manner as the agricultural education fund).

*3% (\$21,000) for Department administration of the above programs.

35% (\$245,000) to be distributed for purses to racing operations in proportion to their contribution to the total state handle.

30% (\$210,000) for racing facilities and operations improvements, to be distributed to harness racing operations in proportion to their contributions to the total state handle.

5% (\$35,000) for the State Harness Racing Commission for harness racing promotion and studies.

* The total amount allocated for agricultural activities shall not be greater than the total amount generated to the stipend fund by race meets that use facilities at one time or another also used for agricultural fairs.

The agricultural education and promotion programs would allocate funds to each fair according to an independent judging of competitive fair education and promotion projects. The fund distribution formula will be determined by the Commissioner, but will probably be similar to the following:

9% Agricultural Education Fund (\$63,000)

1st prize - 25%	(\$15,750)
2nd prize - 15%	(\$ 9,450)
3rd prize - 12%	(\$ 7,560)
4th prize - 8%	(\$ 5,040)
5th prize - 4%	(\$ 2,520)
6-15 prizes - 3% each	(\$ 1,890)
16-25 prizes - 6% each	(\$ 384)

Two examples have been selected to illustrate the impacts of this proposal, had it been used in 1980.

<u>Actual figures 1980</u>	<u>Fryeburg</u>	<u>Litchfield</u>
Regular Stipend 1980	\$28,035.00	\$5,570.00
Facilities imp. Stipend 1980	\$12,956.00	\$2,814.00
<u>Total actual Stipend</u>	<u>\$40,991.00</u>	<u>\$8,384.00</u>
New System if applied 1980		
9% Agri. Participation	\$ 8,820.00	\$1,808.00
9% Agri. Education	\$15,750.00-384.00	\$15,750.00-348.00
9% Agri. Promotion	\$15,750.00-384.00	\$15,750.00-348.00
35% Purse Fund	\$ 4,189.00	
30% Racing Fund	\$ 3,591.00	
<u>Total Stipend Fund for 1980</u>		
under new system	\$17,296.00 at least	\$2,504.00 but not
	but not more than	more than \$33,308.00
	\$48,100.00	

1. The General Fund should provide funding now done by the Stipend Fund. If fairs are so important to our heritage, and I believe they are, the entire state should fund them, and not penalize one industry, namely racing.
2. Allow all racing interests, commercial and fairs, to retain the money they generate now for the Stipend Fund. This could be directed to racing facility improvements. It would encourage all racing interests to improve their operation in order to generate more money.
3. Restructure the Maine Colt Stake Program. The program is now funded at approximately \$300,000. Reduce the program to \$150,000.00 and require participating tracks to put \$500.00 for each dash (per dash) that are betting races, and \$250.00 for those that are non-betting races. This would add another \$40,000.00 to the program. The \$150,000.00 that would be released could go for a major weekly Invitational Race. The horseman's purse account would not be touched for these Invitationals. Any track could add money to the Invitationals at their own expense. It would be unacceptable that this money be used for horses that race in the regular feature races. Occasionally one or two of these horses may demonstrate ability to be competitive and could be used. No less than six horses will be programmed and every effort must be made to program eight horses. The Commission would be empowered to refuse funding of any weekly Invitational if they were not of quality to justify funding. The Commission's decision would be final. In such an event, the money would not be funded that week, and would be placed in the Colt Stake Fund to be used in the finals of the said Stake Program.

The funding would be available only between April 15th to October 15th and would be funded as follows:

April 15 to June 30 - \$2,500.00 each week

September 1 to October 15 - \$2,500.00 each week

July 1 to August 31 - \$2,500.00 each week for tracks averaging under \$100,000.00 per night in handle.

July 1 to August 31 - \$10,000.00 each week for tracks averaging over \$100,000.00 per night in handle.

Based on this years race dates, it works out to 24 weeks of \$2,500.00 funding and 9 weeks of \$10,000.00 funding. There would be a maximum of \$150,000.00 distribution in any one year. The 24 week and 9 week schedule would have to be worked out by the Racing Commission. The purpose of this is to increase the mutuel handle. It has been clearly established that the handle dramatically increases with this type of Invitational Races. Since a maximum of \$150,000.00 would be used yearly, the resulting increase in handle would go into the Colt Stake Program and enhance it in the long term, as the same 1½% take out would continue.

4. The 150 mile consent law should be abolished.

5. The Harness Racing Commission should continue to grant all race dates, both commercial and fairs.

6. The State should not decrease their share in take out of mutuel pools. The state now realizes only 3½% of the total pool which is essentially the lowest in the country. This state, in 1976, led the nation in revising the take out pool. It reduced its share in straight bets from 4% to 1%. I increased the overall take out on exotic bets from 19% to 25%. The resulting 6% increase amounted to \$1,200,000 to the industry, \$300,000.00 each to the tracks, the horsemen, the Colt Stake Program, and the state. The proposals I have made would generously compensate

the tracks and the horsemen. Anything further from the state would be excessive, and in my view, a direct invitation to dog racing. If we contribute no dollars to the General Fund, we no longer deal with the Legislature from 2 positions of strength.

1. A new committee should be established to set both race and fair dates.

The make-up of the committee should be five members as follows:

- a. one representative of horsemen
- b. one representative of pari-mutuel fairs
- c. one representative of non pari-mutuel fairs
- d. one representative of fair raceways with extended meets
- e. one person appointed by the Commissioner of Agriculture.

Members should have four-year terms and be elected by

the groups that are represented except for the Commissioner's appointee who shall serve at the pleasure of the Commissioner. Dates should be set in the best interest of the total industry. Preference should be given to historical dates and an effort should be made to avoid conflict between fairs drawing from the same population area.

2. A fair quality program should be insitituted with three categories for rating fairs:

- a. Very Good
- b. Adequate
- c. Poor

Fairs and raceways receiving Stipend funds should be ranked annually by the Department of Agriculture, those in category c. for three consecutive years should have the Stipend fund withheld.

3. The Stipend Fund must continue to agricultural fairs to keep them financially sound. Further studies are needed to see if it is feasible to return more money to betters and horsemen and less money to the State, when this can be done it should be done.

