



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

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## LOUISIANA STATE RACING COMMISSION AND LOUISIANA GAMING CONTROL BOARD

Although the Louisiana State Racing Commission has processes to regulate the sport of horse racing, it has not adopted “sufficient regulations and processes to ensure that the racetracks themselves comply with health, safety and welfare standards,” according to a performance audit released Monday by Legislative Auditor Daryl Purpera.

The report said although state law requires the Racing Commission to regulate the “business of racing horses that assures public health, safety and welfare,” current regulations “do not contain sufficient provisions and are not specific enough to consistently hold racetracks accountable.”

The findings are contained in a report, requested by the Legislature last year, on how the Racing Commission and the Gaming Control Board work to ensure regulatory compliance with respect to horse racing facilities and off-track betting establishments.

State law gives racetracks the authority to operate OTBs with video poker machines and have slot machines at their racing venues. Until last year, the Racing Commission did not conduct inspections of the pari-mutuel wagering side of OTBs, but starting in February 2014 the commission developed an agreement with State Police – the enforcement arm of the Gaming Control Board – to inspect the OTBs.

The report said the commission’s regulations on health, safety and welfare at tracks “do not require the presence of an equine ambulance at races, inside and outside rails at the tracks, backup lighting systems, safety requirements for the surface of the racetrack, or adequate drainage systems for the track, all of which affect the health, safety and welfare of horses and the public at racetracks.”

The report said although state law gives the Racing Commission “broad authority to address any issues that affect public health, safety and welfare at racetracks and OTBs,” it has been “hesitant to use this authority given the broad nature of the regulations. . . . Having more specific regulations would better help ensure that the Racing Commission holds racetracks accountable to the same standards.”

The report said the commission needs to develop “a formal inspection process to document racetrack compliance with health, safety and welfare standards.” It also said the commission



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needs to develop “a formal enforcement process that consistently addresses instances of noncompliance with regulations.”

Although state law has recently increased the fines the commission can impose on tracks to \$100,000 for noncompliance and has given the commission the authority to suspend a racetrack’s license for failing to meet criteria for licensing and maintaining suitable racing surfaces, it has never done so.

The report also found that the Gaming Control Board, through State Police, ensures that video poker machines at the OTBs and slot machines at the tracks comply with requirements. However, between fiscal years 2012 and 2014, State Police inspected only one of 15 OTBs and its video poker machines in accordance with their annual goal, and five were not inspected at all in the three-year period. The report said State Police have other processes that can “provide additional assurance that these devices operate in compliance with requirements such as the electronic monitoring of the devices.

The report also said that although state law requires specific percentages be paid to horsemen’s groups from race betting, video poker and slot machines, “it does not contain provisions for how much a racetrack should spend on racing versus gaming.”

In the 2012-13 fiscal year, the report said, revenues from slots at the tracks, video poker at OTBs and race betting totaled \$493.16 million. About \$99.3 million went to racing purses and horsemen’s groups -- almost \$28 million more than the state received. The horse racing industry receives more than the state because the law is designed to help support the industry and allows it to get a cut prior to the state taxing it.

If the state taxed net gaming proceeds prior to the share allocated to the industry, it could have received an additional \$15.3 million in gaming revenues in the 2013 fiscal year, according to the state auditor’s report.

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**On Twitter:** Concerns about health, safety and welfare at state racetracks brought out in report.