

Approved 3/3/83
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Senator Edward F. Reilly, Jr. at
Chairperson

11:00 a.m. ~~xxx~~ on March 1, 1983 in room 254-E of the Capitol.

All members were present ~~except~~

Committee staff present: Fred Carman, Assistant Revisor of Statutes
Emalene Correll, Legislative Research
June Windscheffel, Committee Secretary

Conferees appearing before the committee: Senator Jack Steineger
Dr. James L. Yonnally, Kansans for Pari-Mutuel and
National Federation of Independent Business
Jim Edwards, Kansas Association of Commerce and Industry
Dee Likes, Kansas Livestock Association
The Reverend Richard Taylor, Kansans for Life at its Best
Bishop Ben Oliphint, Kansas Bishop, United Methodist Church
Dr. Richard Wilke, First United Methodist Church, Wichita
E. R. Fletcher, Retired FBI, Wichita, Kansas
Denny Smith, Kansas City, Kansas

SCR1605 - relating to constitutional amendment to allow parimutuel betting
on horse races.

The Chairman introduced Senator Steineger, author of the proposed legislation. Senator Steineger spoke in favor of the legislation, and his prepared remarks are made a part of the record. See attached. (Attachment #1 and #1A)

Jim Yonally, proponent, appeared next. His prepared testimony is attached. (Attachment #2)

Paul Fleenor, of the Kansas Farm Bureau, was out of the state and unable to appear, but he left a prepared statement (Attachment #3) which is a part of the record, stating that the Kansas Farm Bureau is in support of putting the question before the people. Their position neither supports nor opposes horse racing, wagering, nor is it to be construed in any other way than the manner in which it reads.

John A. Myers, President, of Travel Industry Association of Kansas, did not make an appearance but a statement was distributed stating the organization supports the right of Kansans to have an opportunity to vote on pari-mutuel wagering. It is attached. (Attachment #4)

Jim Edwards appeared with a prepared statement stating the KACI's policy position on SCR1605. They state that they feel this is an issue that the voters of Kansas should be allowed to vote their preference on. (Attachment #5)

Dee Likes appeared in support of SCR 1605. He said that the people of the state of Kansas have never had a chance to vote on this particular issue and the membership of the Kansas Livestock Association, which is a state-wide voluntary organization of livestock producers, believes that it is time to speak for themselves about parimutual wagering. They support placing a constitutional amendment on the ballot which would permit non-profit county option parimutuel wagering and to let the people speak.

Jim Yonally asked permission to present prepared remarks from those who wanted to speak today, but couldn't. Permission was granted, and the remarks are attached. (Attachments #6)

The Reverend Richard Taylor appeared as an opponent to SCR1605, and copies of his prepared statement and other material were distributed. They are a part of the record. (Attachments #7, #8 and #9)

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,
room 254-E, Statehouse, at 11:00 a.m./~~p.m.~~^{xxxx} on March 1, 1983

Bishop Ben Oliphint appeared as the next opponent to the proposed legislation. He said that he had lived in Louisiana and cited instances where the revenue generated by the wagering had to be used to pay for police protection and other expenses for people who had been victimized by the situation. He stated that gambling overturns the values of human dignity and respect.

Dr. Richard Wilke, another opponent to SCR1605 said that the Methodist Church has historically opposed gambling. He stated also that they feel enormous social problems if gambling is legalized in the State of Kansas.

Ben Fletcher, who has retired from a career in law enforcement, appeared as an opponent to the subject. His remarks are attached hereto. (Attachment #10)

The Reverend Ted Staudacher appeared to testify as an opponent, but time precluded it. His remarks are attached as a part of the record. He cites living in the Chicago, Illinois, area and various incidents of exploitation and unhappiness for those involved in gambling. He spent much of his time in counseling with families involved in "Gamblers Anonymous." (Attachment #11)

Denny M. Smith appeared and asked for a copy of all testimony submitted at today's committee hearing for the Wyandotte County people present. A copy of all material will be sent to Mr. Smith.

Senator Pomeroy moved that the Minutes of January 26, 1983, be approved. 2d by Sen. Meyers. The Motion carried.

The meeting adjourned at 12:00 noon.

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

*Minutes of
March, 1983
Attachment #1*

JACK STEINEGER
MINORITY LEADER
SENATOR, SIXTH DISTRICT
STATE CAPITOL BLDG.
TOPEKA, KANSAS 66612
(913) 296-3245

COMMITTEE ASSIGNMENTS

WAYS AND MEANS
JUDICIARY
LEGISLATIVE AND CONGRESSIONAL
APPORTIONMENT
COORDINATING COUNCIL
INTERSTATE COOPERATION
LEGISLATIVE BUDGET
POST AUDIT

REMARKS BY SENATOR JACK STEINEGER
SCR 1605 FEDERAL AND STATE AFFAIRS COMMITTEE
MARCH 1, 1983

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I APPRECIATE THIS OPPORTUNITY TO APPEAR IN SUPPORT OF SENATE CONCURRENT RESOLUTION 1605, WHICH IS SPONSORED BY BOTH REPUBLICANS AND DEMOCRATS IN THE SENATE. SENATE CONCURRENT RESOLUTION 1605, AS YOU KNOW, WOULD GIVE THE PEOPLE OF KANSAS AN OPPORTUNITY TO AMEND THE STATE CONSTITUTION TO ALLOW PARIMUTUEL WAGERING ON HORSE RACES. IT ALSO PROVIDES FOR A COUNTY OPTION. IN OTHER WORDS, PARIMUTUEL WAGERING COULD ONLY TAKE PLACE IN COUNTIES WHERE THE LOCAL RESIDENTS, AFTER AN ELECTION, HAD APPROVED THE WAGERING.

SENATE CONCURRENT RESOLUTION 1605 WAS INTRODUCED IN THE 1983 SESSION, FIRST AND FOREMOST, FOR ECONOMIC REASONS. AS WE ALL KNOW, THE STATE OF KANSAS CURRENTLY FACES ITS WORST FINANCIAL CRISIS IN HISTORY. FOR THE FIRST TIME IN THE HISTORY OF KANSAS, WE HAVE BEEN FORCED TO APPLY ACROSS-THE-BOARD REDUCTIONS IN BUDGETS. FOR THE FIRST TIME IN KANSAS HISTORY, WE HAVE BEEN FORCED TO ISSUE CERTIFICATE OF INDEBTEDNESS TO GET US THROUGH CASH-SHORT MONTHS.

STEINEGER/SCR 1605/PAGE TWO

MARCH 1983

IN THE LEGISLATURE, IT'S OBVIOUS TO MOST EVERYONE THAT KANSAS NEEDS AT LEAST 140 MILLION TO 150 MILLION NEW DOLLARS IN REVENUES. FRANKLY, I WISH I COULD PREDICT THAT WE COULD PASS A DECENT SEVERANCE TAX, GO HOME, AND OUR FINANCIAL PROBLEMS WOULD GO AWAY. I DON'T THINK THAT'S THE CASE, THOUGH. AT THE PRESENT TIME, MORE THAN 73,000 KANSANS ARE OUT OF WORK. AND, ALTHOUGH WE'RE SEEING A FEW SIGNS OF RECOVERY ON THE NATIONAL SCENE, I'M NOT OPTIMISTIC THAT THE TURN-AROUND WILL COME FAST. EVERYTHING I READ SEEMS TO INDICATE A LONG AND GRADUAL IMPROVEMENT IN THE ECONOMY, NOT AN OVERNIGHT SURPRISE.

KANSAS TYPICALLY HAS GONE INTO RECESSIONS LATE--AND THEN COME OUT OF THEM "LATE" ON THE OTHER SIDE. THAT'S WHY I THINK, AT THIS PARTICULAR TIME, SENATE CONCURRENT RESOLUTION 1605 WOULD BE VERY BENEFICIAL TO THIS STATE. IT MAY VERY WELL BE THAT THE LEGISLATURE WILL BE FACED WITH FINDING MORE REVENUES IN THE 1984 SESSION, AND MAYBE THE 1985 SESSION. SENATE CONCURRENT RESOLUTION 1605 COULD BE A GREAT HELP IF THAT OCCURS.

I'M SURE THIS COMMITTEE WILL RECEIVE TESTIMONY ON THE ESTIMATED ECONOMIC IMPACT OF PARIMUTUEL WAGERING ON STATE REVENUES AND STATE JOBS, SO I WON'T DWELL ON THE FIGURES. SUFFICE IT TO SAY PARIMUTUEL COULD EASILY RAISE SOMETHING IN THE NEIGHBORHOOD OF TWENTY-FIVE OR THIRTY MILLION DOLLARS FOR THE STATE OF KANSAS, WITH A CORRESPONDING INCREASE IN EMPLOYMENT.

STEINEGER/SCR 1605/PAGE THREE

MARCH 1, 1983

THE SECOND REASON I SUPPORT PUTTING PARIMUTUEL ON THE BALLOT IS THAT I BELIEVE THE PEOPLE OF KANSAS HAVE A RIGHT TO SPEAK ON THIS ISSUE. IT'S NOT A QUESTION OF WHETHER YOU--OR ME--OR ANYONE ELSE--BELIEVES KANSAS SHOULD HAVE RACETRACK WAGERING. THE FUNDAMENTAL QUESTION IS WHETHER WE TRUST THE VOTERS OF THIS STATE ENOUGH TO ALLOW THEM TO MAKE "THEIR" DECISIONS ABOUT THE KIND OF KANSAS "THEY" WANT.

I HAVE PASSED OUT A NEWSPAPER CLIPPING FROM THE WICHITA EAGLE-BEACON WHICH WAS PUBLISHED DURING THE 1981 KANSAS STATE FAIR. IN A STRAW POLL TAKEN AT THE FAIR, KANSANS STRONGLY SUPPORTED THE OPPORTUNITY TO VOTE ON PARIMUTUEL.

YOU ALSO HAVE A COPY OF A STATEWIDE POLL TAKEN IN OCTOBER, 1980, BY CENTRAL RESEARCH CORPORATION HERE IN TOPEKA---AND A TOPEKA CAPITOL JOURNAL DISCUSSING THE FIRM'S IMPECCABLE POLLING CREDENTIALS. IN THAT POLL, 61 PER CENT SAID THEY FAVORED PUTTING THE QUESTION OF PARIMUTUEL WAGERING ON THE BALLOT. IN EVERY CONGRESSIONAL DISTRICT IN KANSAS, THE PEOPLE SAID THEY WANTED PARIMUTUEL ON THE BALLOT. ALTHOUGH THE POLL'S FIGURES ARE THREE YEARS OLD---AND OUR CURRENT CONGRESSIONAL DISTRICTS HAVE BEEN RE-ALIGNED VERY SLIGHTLY---I BELIEVE THE RESULTS ARE JUST AS GOOD NOW AS THEY WERE THREE YEARS AGO.

STEINEGER/SCR 1605/PAGE FOUR

MARCH 1, 1983

I'M SURE THE RESOLUTION BEFORE THIS COMMITTEE WILL GENERATE A CONSIDERABLE AMOUNT OF TESTIMONY FROM BOTH SIDES OF THE BETTING ISSUE. IN YOUR DELIBERATIONS, I CERTAINLY HOPE A MAJORITY OF THIS COMMITTEE---SIX MEMBERS---DOES NOT DECIDE THAT WE SHOULD CONTINUE TO DENY THE 2.3 MILLION KANSANS THE RIGHT TO SPEAK ON THIS ISSUE. SIMILARLY, IF YOU REPORT THIS RESOLUTION FAVORABLY, I HOPE THAT 14 MEMBERS OF THE KANSAS SENATE DON'T BLOCK THIS RESOLUTION AND IMPOSE THEIR PERSONAL VIEWS ON THE PEOPLE OF THIS STATE.

I'M NOT SUGGESTING THAT EVERY ISSUE CONSIDERED BY THE LEGISLATURE SHOULD BE PUT TO A VOTE OF THE PEOPLE. PARIMUTUEL WAGERING IS A DIFFERENT KIND OF QUESTION, AND I THINK WE SHOULD ALL REMEMBER TWO BASIC THINGS ABOUT IT.

FOR ONE, THE ISSUE CAN ONLY BE DETERMINED BY THE PEOPLE. THIS LEGISLATURE IS POWERLESS TO LEGALIZE PARIMUTUEL. IT REQUIRES A CONSTITUTIONAL AMENDMENT, AND THAT MEANS LETTING THE PEOPLE VOTE.

SECOND, I DON'T BELIEVE PARIMUTUEL IS OUR "GARDEN VARIETY" ISSUE. WE'RE NOT TALKING ABOUT A COMPLICATED CONSTITUTIONAL QUESTION WHICH OFTEN IS FRAUGHT WITH COMPLEXITY. THIS ISN'T USE VALUE FOR FARMLAND, WHICH WAS PUT ON THE BALLOT SEVERAL YEARS AGO. THIS ISN'T CLASSIFICATION OF PROPERTY, WHICH WILL UNDOUBTEDLY END UP BEFORE

STEINEGER/SCR 1605/PAGE FIVE

MARCH 1, 1983

THE PEOPLE AT SOME POINT. THE ISSUE OF PARIMUTUEL IS CLEAR, AND IT IS THOROUGHLY UNDERSTOOD BY THE PEOPLE OF KANSAS.

WHAT I'M ASKING FOR TODAY IS NOT FOR YOU TO VOTE "FOR" OR "AGAINST" PARIMUTUEL WAGERING. ALL I'M ASKING FOR IS THE OPPORTUNITY TO ALLOW THE PEOPLE OF KANSAS TO SPEAK---AND TO MAKE "THEIR" DECISION ABOUT "THEIR" STATE'S POLICY ON WAGERING.

THANK YOU VERY MUCH

APPENDIX II

"There has been some discussion of amending the Kansas Constitution to permit Pari-Mutuel Betting on a local option basis Do you think the legislature should or should not act to place such an amendment before the voters of Kansas?"

	<u>Statewide</u>	<u>Congressional Districts</u>				
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Legislature SHOULD put before voters	61%	59%	65%	65%	63%	54%
* Legislature SHOULD NOT put before voters	30%	36%	28%	29%	24%	34%
Don't Know	9%	5%	7%	6%	12%	12%

997 Polled
October 29-31, 1980



*Asked of those who said "Legislature SHOULD NOT put amendment before the voters:

"Would your answer be different if Pari-Mutuel Betting were limited to non-profit racetracks which are tightly regulated and taxed by the state with the tax money used to reduce property taxes?"

Yes--would answer differently	31%	31%	21%	37%	41%	28%
No--would not answer differently	61%	61%	75%	58%	53%	66%
Don't Know	8%	8%	4%	5%	6%	6%

March 1, 1983

#140

Editorials

In God we trust

A step up

Central Research Corp., a Topeka-based organization, has taken a step up. It has been elected to membership in the National Council on Public Polls, a prestigious organization which counts among its members the conductors of the Gallup, Roper, Harris and Yankelevich polls.

Central Research Corp. was accepted for membership largely because of its performance in association with the Kansas Poll, which is conducted for The Topeka Capital Journal. The research group surveys Kansas residents on issues and election standings.

One basis for entry in the national council requires strict disclosure of polling methods, a requirement met by standards set for the Kansas Poll.

The honor given to the Central Research Corp. is one of which we can all be proud. And we also can be pleased with the Kansas Poll and its obvious quality.

Pari-Mutuel Betting Fans Find Surprising Support at Fair

By FORREST HINTZ
Staff Writer

HUTCHINSON — "We thought we knew how people felt, but we've been surprised."

That's how Ron Smith characterized the response to one of the more unusual booths at the Kansas State Fair in Hutchinson.

Sponsored by the Kansas Quarterhorse Racing Association, the booth openly advocates non-profit, pari-mutuel wagering in Kansas. The booth is a first. But the real surprise, Smith said, has been the overwhelming degree of approval of the idea.

Smith is manning the booth for McGill & Associates, a Topeka public relations firm owned by former legislator Pete McGill. The firm was hired by the Kansas Quarterhorse Racing Association to promote pari-mutuel wagering in Kansas.

Smith said the booth wasn't opened until Sunday morning, but by Monday night, more than 3,000 people from 87 counties had signed petitions requesting the Legislature to give them the right to vote on the question.

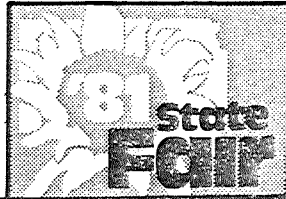
"ONE OF THE heaviest turnouts was from Sedgwick County," Smith said. "People from there were up in arms about their taxes, and of the 304 who registered, only five were opposed to non-profit, pari-mutuel wagering. People were saying they would like to see a track at the (Sedgwick County) Coliseum."

Thus far, there has been no opposition to the booth or what it advocates, Smith said, despite Kansas' long history of opposition to anything that smacks of gambling.

"We certainly aren't advocating wide-open gambling," Smith said. "We're pushing for a non-profit operation, fully regulated by the state, that can lighten the growing tax burden."

"Nebraska, for example, has less potential than Kansas, yet that state raises more than \$8 million per year through pari-mutuel. Last year, the 31 states in which it is legal realized more than \$750 million. Granted, that was a tax, but it was a tax paid entirely by the people who wanted to be involved."

HE SAID A survey made in 1979 by an economist at Wichita State University indicated Kansas could rea-



Staff Photo

LINDA HAMMER SIGNS FOR PARI-MUTUEL BETTING ... Ron Smith and Bonnie Leatherman staff booth

sonably expect to realize \$14.7 million to \$30 million per year from non-profit pari-mutuel wagering.

Smith disagrees with the claim that legalized betting would open the door to organized crime in Kansas.

"Organized crime does exist where there is private ownership of the tracks," he said. "That's why we're pushing for a non-profit operation. There's no incentive for organized crime in that."

March 1, 1983 #2

TESTIMONY SUPPORTING SCR 1605

Dr. James L. Yonally

Mr. Chairman and members of the committee, I am Jim Yonally and I'm representing the Kansans for Pari-Mutuel. I am also Director of Governmental Relations for NFIB/Kansas. As of January 15, 1983, NFIB had 8,988 members. We have members involved in providing virtually every product and service available in Kansas and members in each of the 105 counties. Our legislative positions are determined by a vote of our members. Our 1983 ballot indicates that our members, by a vote of 75% to 23%, want Kansans to have a vote on the issue of pari-mutuel wagering. Generally, our members see this as an opportunity to improve our economy, as well as a means of increasing revenue.

I am also distributing to you a one-page summary of two reports which indicate the economic impact that pari-mutuel wagering will have on our state.

One of those reports, prepared by Dr. William Terrell, is in the process of being updated. I should be able to supply you with a final, completed copy of that update within the next two or three days. From a preliminary summary, I can tell you that Dr. Terrell states, "The total increase in state revenues associated with pari-mutuel horse racing is \$32,629,621 for 1984." Obviously, this is a projection and subject to estimation error. I suppose few would object if these estimates turn out to be low. But, let's suppose this estimate is too high. Let's assume it's off by as much as 20 per cent, which for any professional economist would certainly be a gross miscalculation. Pari-mutuel horse racing would still generate an additional 26 million dollars in state revenue. In my years around these legislative halls, and they are several, I can't think of one industry that has come to this legislature asking to be taxed. Furthermore, the people paying these taxes will be doing so by their own choice to drive to the races (gasoline tax), to purchase food and lodging (local and state sales taxes) or to wager on the outcome of the races (betting taxes). Furthermore, some percentage of this revenue would be paid by people who are not residents of Kansas.

In addition to that obvious positive effect of pari-mutuel wagering, I'd like to speak for a moment about some of the arguments traditionally used by those who try to prevent this issue from reaching a public vote.

(cont.)

First of all, the argument is sometimes offered that gambling is morally wrong and should not be permitted in Kansas. May I suggest that Kansans have already made a determination on that point. Citizens of our state have already approved gambling in the form of "bingo." According to records of the Department of Revenue, there was a total of 25.3 million dollars legally wagered in our state in 1982. (We have no record, of course, of how much might have been wagered, illegally, on sporting events or other activities.) Let's be honest with each other, and with our fellow citizens. In addition to bingo and other gambling, thousands of Kansans, every summer, travel to other states to legally bet on horse races. Horse racing in Kansas is legal, gambling occurs in our state, legally and illegally, and Kansans bet on horse races in other states. Logically, do we really believe that combining these realities (allowing betting on horse races in Kansas) will destroy the religious and moral fibre of our state? I think not. I suggest that is an argument based on emotion, not on facts and logic. I'm sure that bingo is available to virtually everyone who wishes to play. This is part of the reason for its acceptance. I believe that within 5 years of the time pari-mutuel wagering becomes a reality in Kansas, it will become similarly accepted.

Secondly, the argument used by opponents that most disturbs me is the charge that, when pari-mutuel wagering comes to Kansas, "organized crime" will take over. This charge is so repulsive to me because of what it says about our citizens, our governor, our legislature, and, in fact, our entire governmental process. We all know that once our constitution is amended, the legislature will have to pass laws to regulate the entire process. Is "organized crime" going to take control of this legislature? I don't think so. Perhaps some state agency, current or future, will be given authority to supervise racing. Will "organized crime" take control of that agency, which will surely be under the supervision of the governor's office and this legislature? I don't think so. I've been a part of the governmental scene in Kansas for too long to believe that we will allow those things to happen.

Lastly, opponents like to talk about the irresponsible person who will blow the weekly paycheck by betting on the races. Let's admit that we have some irresponsible people now in our state. They will still be here after we have pari-mutuel wagering. But, at least we will have generated some additional state revenues which could be used to provide care for the unfortunate victims of these irresponsible people.

(cont.)

In conclusion, I'd like to point out that there are many organizations, in addition to NFIB, that have taken the position that Kansans should have the opportunity to vote on this issue. These organizations have total memberships of over 150,000 people. In asking for an opportunity to vote, we fully recognize that our system of government is not a true democracy, but a representative democracy. By electing you to office, we have expressed our trust and confidence in your ability to make wise decisions on our behalf. That trust and confidence would be sustained if this issue could be settled by a simple vote of your colleagues. However, a decision on this issue isn't that simple. It isn't that simple because there are thousands and thousands of Kansans who will not accept a decision on this issue as being final, until they are given the right to vote on it. A final decision, then, requires a favorable action on your part, in addition to, a vote by all our citizens. A further protection in SCR 1605, permits pari-mutuel betting only on a county-option basis. We have no desire to place a race track in a county where it isn't wanted by a majority of the people.

We now ask you to vote for SCR 1605 and show the same trust and confidence in the voters of Kansas that we have shown in you. Pass SCR 1605 and let us vote on this issue.

Thank you for your time and attention. At the proper time, I will try to answer any questions you might have.

Kansans For Pari-Mutuel

ROUTE 1, BOX 149A • AUGUSTA, KANSAS 67010

KANSAS NEEDS PARI-MUTUEL HORSE RACING

The Institute For Economic & Business Research at the University of Kansas reports that 100 new jobs will produce the following changes in the Kansas economy: *

- Create a total of 458 new jobs.
- Produce \$5,900,000.00 more annual personal income.
- Add \$3,100,000.00 in total bank deposits.
- Create the need for 9 new retail establishments.
- Generate \$3,200,000.00 of additional retail sales each year.
- Generate \$200,400 in additional property taxes each year.
- Create the need for 8 new service establishments.
- Generate \$370,000.00 more in annual service receipts.
- Increase housing demand.

Dr. William Terrell, Wichita State University in his July, 1980 economic study on Pari-Mutuel Horse Racing in Kansas states "Pari-Mutuel in Kansas would create 2,470 direct new jobs (967 at tracks, 1,203 @ breeder/owners, 300 @ travel).

Combining the data of these two studies, Pari-Mutuel Horse Racing in Kansas would:

- Create 2,470 direct new jobs which in turn would create:
 - 11,312 total new jobs.
 - \$145,730,000.00 more annual personal income.
 - \$76,570,000.00 in total bank deposits.
 - Create the need for 222 new retail establishments.
 - \$79,040,000.00 of additional retail sales each year.
 - \$4,000,000.00 in additional property taxes each year.
 - Create the need for 197 new service establishments.
 - Generate \$91,490,000.00 more in annual service receipts.
 - Increase housing demand.
 - Add \$15,000,000.00 of direct state tax revenue @ wagering.

Kansas needs Pari-Mutuel Horse Racing. Polls show Kansas voters by a majority of two to one want State Senators/Representatives to vote "yes", thus letting the voting public decide the issue.

* Source - 100 NEW JOBS, Dr. Anthony Redwood, Institute for Economic and Business Research, University of Kansas, Sept. 1982.

March 1, 1983 Attachment # 3



Kansas Farm Bureau, Inc.

2321 Anderson Avenue, Manhattan, Kansas 66502 / (913) 537-2261

MEMORANDUM

TO: Senator Ed Reilly, Chairperson
Senate Committee on Federal and State Affairs

FROM: Paul E. Fleener, Director, Public Affairs Division, Kansas Farm Bureau

SUBJ: S.C.R. 1605 -- Constitutional Amendment

DATE: March 1, 1983

Senator Reilly, we would be pleased if you would share this brief memo with the other members of the Senate Committee on Federal and State Affairs. In it we will indicate the adopted policy position of Kansas Farm Bureau in regard to the legislation your Committee has under consideration today - the proposed Constitutional Amendment to permit horse racing and county option parimutuel wagering on such races. I regret that we are not able to be in attendance to make very brief comments to your Committee today. My work requires that I be out of state on the day you will have your hearings, therefore we submit this brief statement in support of S.C.R. 1605.

We want to be abundantly clear in our comments as to the position adopted by our people concerning parimutuel wagering. This is not a new topic for the Legislature. It is relatively new in our adopted policy positions. We did a brief study of the topic of horse racing and parimutuel wagering and submitted the study material to our members to ascertain their desire on having any position at all. The decision of voting delegates at our Annual Meeting was to make it clear that it would be proper to have the people vote on the question of local-option horse racing with parimutuel wagering, to be conducted at not for profit facilities.

Our statement is in support of putting the question before the people. Our position neither supports nor opposes horse racing, wagering, nor is it to be construed in any other way than the manner in which it reads. Our statement says this:

*Parimutuel Wagering:
Constitutional Amendment*

We support the right of Kansas citizens to vote on a Constitutional amendment allowing the Legislature to provide for development, regulation, licensing and taxation of parimutuel wagering at county local-option, non-profit horse racing facilities in Kansas.

Memo to Sen. Ed Reilly
March 1, 1983
Page 2

Thank you very much for sharing this information with the members of
the Federal and State Affairs Committee.

pr

March 1, 1983



Crosby Place 717 Kansas Avenue
Topeka Kansas 66605 913 253-9465

March 1, 1983

The Honorable Edward Reilly
Chairman
Senate Federal and State Affairs Committee
State Capitol Building
Topeka, Kansas 66612

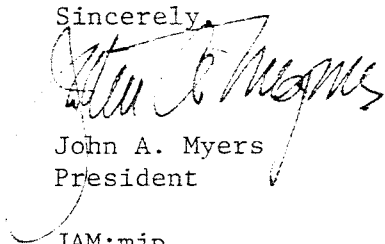
Dear Senator Reilly:

The Travel Industry Association of Kansas is a statewide organization dedicated to the promotion and development of travel and tourism in Kansas. One of our primary objectives is to promote a better understanding of the positive impact travel and tourism has on the economic well-being of individual communities, and the state as a whole. A measure under consideration by your committee, SCR 1605, relating to pari-mutuel wagering, has significant potential for increased travel and tourism business in Kansas.

At its meeting February 28, the TIAK Board of Directors adopted a policy which supports the right of Kansans to have an opportunity to vote on pari-mutuel wagering.

We would appreciate it if you could enter these comments in the record as your committee continues its deliberation of SCR 1605. Thank you.

Sincerely,



John A. Myers
President

JAM:mjp



Legislative Testimony

Kansas Association of Commerce and Industry

500 First National Tower, One Townsite Plaza

Topeka, Kansas 66603

A/C 913 357-6321

#5 JW

*Minutes of
March 1, 1983*

KANSAS ASSOCIATION OF COMMERCE AND INDUSTRY

Testimony Before the

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

SCR 1605

March 1, 1983

Mr. Chairman and Members of the Committee:

My name is Jim Edwards, Director of Public Affairs for the Kansas Association of Commerce and Industry, and I am here today to review KACI's policy position on SCR 1605.

The Kansas Association of Commerce and Industry (KACI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KACI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KACI's members having less than 25 employees, and 86% having less than 100 employees.

The KACI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

Pari-mutuel wagering on races is not a new form of entertainment nor likewise is it a new issue to the Kansas Legislature. It has been reviewed and discussed by this body several times in past years and possibly even by some of you.

Once again, it is before this body and I am not here to debate the issue on economic grounds. However, I am here to say that this is an issue that the voters of Kansas should be allowed to vote their preference on. Unlike some groups that might testify in opposition to this bill, we don't believe that the public lacks knowledge on this particular subject. We believe therefore that the public could, and would, vote responsibly at the polls.

Consequently, we urge you to pass this resolution from this Committee with a favorable recommendation.

Thank you for the opportunity to appear before you today.

March 1, 1983
Attachment # 6

TESTIMONY SUPPORTING SCR 1605

Dr. James L. Yonally

Mr. Chairman and members of the committee, I am Jim Yonally and I'm representing the Kansans for Pari-Mutuel. I am also Director of Governmental Relations for NFIB/Kansas. As of January 15, 1983, NFIB had 8,988 members. We have members involved in providing virtually every product and service available in Kansas and members in each of the 105 counties. Our legislative positions are determined by a vote of our members. Our 1983 ballot indicates that our members, by a vote of 75% to 23%, want Kansans to have a vote on the issue of pari-mutuel wagering. Generally, our members see this as an opportunity to improve our economy, as well as a means of increasing revenue.

I am also distributing to you a one-page summary of two reports which indicate the economic impact that pari-mutuel wagering will have on our state.

One of those reports, prepared by Dr. William Terrell, is in the process of being updated. I should be able to supply you with a final, completed copy of that update within the next two or three days. From a preliminary summary, I can tell you that Dr. Terrell states, "The total increase in state revenues associated with pari-mutuel horse racing is \$32,629,621 for 1984." Obviously, this is a projection and subject to estimation error. I suppose few would object if these estimates turn out to be low. But, let's suppose this estimate is too high. Let's assume it's off by as much as 20 per cent, which for any professional economist would certainly be a gross miscalculation. Pari-mutuel horse racing would still generate an additional 26 million dollars in state revenue. In my years around these legislative halls, and they are several, I can't think of one industry that has come to this legislature asking to be taxed. Furthermore, the people paying these taxes will be doing so by their own choice to drive to the races (gasoline tax), to purchase food and lodging (local and state sales taxes) or to wager on the outcome of the races (betting taxes). Furthermore, some percentage of this revenue would be paid by people who are not residents of Kansas.

In addition to that obvious positive effect of pari-mutuel wagering, I'd like to speak for a moment about some of the arguments traditionally used by those who try to prevent this issue from reaching a public vote.

(cont.)

First of all, the argument is sometimes offered that gambling is morally wrong and should not be permitted in Kansas. May I suggest that Kansans have already made a determination on that point. Citizens of our state have already approved gambling in the form of "bingo." According to records of the Department of Revenue, there was a total of 25.3 million dollars legally wagered in our state in 1982. (We have no record, of course, of how much might have been wagered, illegally, on sporting events or other activities.) Let's be honest with each other, and with our fellow citizens. In addition to bingo and other gambling, thousands of Kansans, every summer, travel to other states to legally bet on horse races. Horse racing in Kansas is legal, gambling occurs in our state, legally and illegally, and Kansans bet on horse races in other states. Logically, do we really believe that combining these realities (allowing betting on horse races in Kansas) will destroy the religious and moral fibre of our state? I think not. I suggest that is an argument based on emotion, not on facts and logic. I'm sure that bingo is available to virtually everyone who wishes to play. This is part of the reason for its acceptance. I believe that within 5 years of the time pari-mutuel wagering becomes a reality in Kansas, it will become similarly accepted.

Secondly, the argument used by opponents that most disturbs me is the charge that, when pari-mutuel wagering comes to Kansas, "organized crime" will take over. This charge is so repulsive to me because of what it says about our citizens, our governor, our legislature, and, in fact, our entire governmental process. We all know that once our constitution is amended, the legislature will have to pass laws to regulate the entire process. Is "organized crime" going to take control of this legislature? I don't think so. Perhaps some state agency, current or future, will be given authority to supervise racing. Will "organized crime" take control of that agency, which will surely be under the supervision of the governor's office and this legislature? I don't think so. I've been a part of the governmental scene in Kansas for too long to believe that we will allow those things to happen.

Lastly, opponents like to talk about the irresponsible person who will blow the weekly paycheck by betting on the races. Let's admit that we have some irresponsible people now in our state. They will still be here after we have pari-mutuel wagering. But, at least we will have generated some additional state revenues which could be used to provide care for the unfortunate victims of these irresponsible people.

(cont.)

In conclusion, I'd like to point out that there are many organizations, in addition to NFIB, that have taken the position that Kansans should have the opportunity to vote on this issue. These organizations have total memberships of over 150,000 people. In asking for an opportunity to vote, we fully recognize that our system of government is not a true democracy, but a representative democracy. By electing you to office, we have expressed our trust and confidence in your ability to make wise decisions on our behalf. That trust and confidence would be sustained if this issue could be settled by a simple vote of your colleagues. However, a decision on this issue isn't that simple. It isn't that simple because there are thousands and thousands of Kansans who will not accept a decision on this issue as being final, until they are given the right to vote on it. A final decision, then, requires a favorable action on your part, in addition to, a vote by all our citizens. A further protection in SCR 1605, permits pari-mutuel betting only on a county-option basis. We have no desire to place a race track in a county where it isn't wanted by a majority of the people.

We now ask you to vote for SCR 1605 and show the same trust and confidence in the voters of Kansas that we have shown in you. Pass SCR 1605 and let us vote on this issue.

Thank you for your time and attention. At the proper time, I will try to answer any questions you might have.

Kansans For Pari-Mutuel

ROUTE 1, BOX 149A • AUGUSTA, KANSAS 67010

KANSAS NEEDS PARI-MUTUEL HORSE RACING

The Institute For Economic & Business Research at the University of Kansas reports that 100 new jobs will produce the following changes in the Kansas economy: *

- Create a total of 458 new jobs.
- Produce \$5,900,000.00 more annual personal income.
- Add \$3,100,000.00 in total bank deposits.
- Create the need for 9 new retail establishments.
- Generate \$3,200,000.00 of additional retail sales each year.
- Generate \$200,400 in additional property taxes each year.
- Create the need for 8 new service establishments.
- Generate \$370,000.00 more in annual service receipts.
- Increase housing demand.

Dr. William Terrell, Wichita State University in his July, 1980 economic study on Pari-Mutuel Horse Racing in Kansas states "Pari-Mutuel in Kansas would create 2,470 direct new jobs (967 at tracks, 1,203 @ breeder/owners, 300 @ travel).

Combining the data of these two studies, Pari-Mutuel Horse Racing in Kansas would:

- Create 2,470 direct new jobs which in turn would create:
 - 11,312 total new jobs.
 - \$145,730,000.00 more annual personal income.
 - \$76,570,000.00 in total bank deposits.
 - Create the need for 222 new retail establishments.
 - \$79,040,000.00 of additional retail sales each year.
 - \$4,000,000.00 in additional property taxes each year.
 - Create the need for 197 new service establishments.
 - Generate \$91,490,000.00 more in annual service receipts.
 - Increase housing demand.
 - Add \$15,000,000.00 of direct state tax revenue @ wagering.

Kansas needs Pari-Mutuel Horse Racing. Polls show Kansas voters by a majority of two to one want State Senators/Representatives to vote "yes", thus letting the voting public decide the issue.

* Source - 100 NEW JOBS, Dr. Anthony Redwood, Institute for Economic and Business Research, University of Kansas, Sept. 1982.

7

Page

SUMMARY

- 1 Kansas doesn't need pari-mutuel, Wichita Eagle-Beacon editorial.
- 2 Nebraska tracks in financial trouble. Purses for winning horses bit more than half of what it is costing horsemen to keep their steeds running so most are losing money.
- 3 Nebraska track given tax break in 1982.
- 4-5 Off-track fretting from Forbes magazine.
- 6-7 West Springfield, Massachusetts, rejects parimutuel track, saying it would bankrupt the town.
- 8 Maryland tracks in trouble.
- 9 New York tracks in trouble.
- 10 Delaware track in trouble. KBI Director Thomas Kelly concerned for law enforcement.
- 11 Jimmy the Greek says legalized gambling means the rich get richer and the poor get poorer.
- 12 Summary of Kansas gambling promoters material and WIBW editorial
- 13-14 Position paper carried in the Lawrence Journal-World in response to article by Kansas University professor promoting parimutuel.
- 15 Resolution opposing parimutuel
- 16-17 A letter from Reverend Taylor to Rev Taylor, the horse.

THE

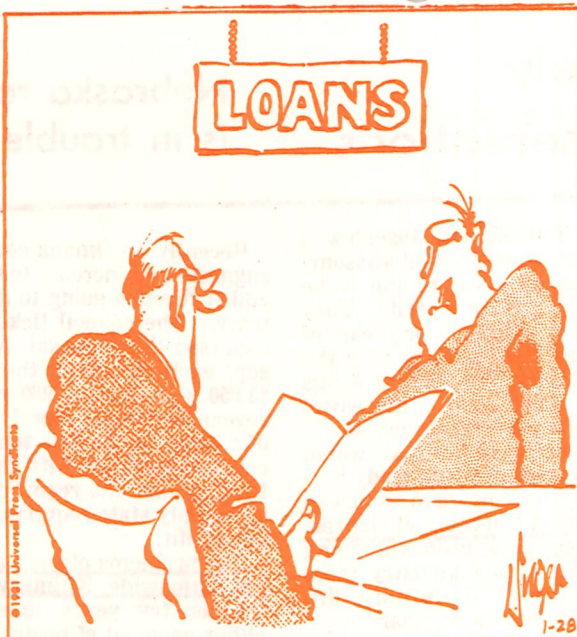
KANSAS ISSUE

JANUARY FEBRUARY MARCH 1982
Volume 31 Number 1

The Wichita
Eagle-Beacon

2B Tuesday, February 17, 1981

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"This won't take long, will it? The first race starts in 20 minutes."

As We See It:

Kansas Doesn't Need Pari-mutuel

The bottom line in the debate over pari-mutuel gambling that begins in earnest in the Legislature today is whether Kansas would be a better place for it, or whether it would not. Even a cursory look at the abundant evidence available should lead the detached observer to conclude that it would not.

The impression somehow is left by pari-mutuel lobbyists in Topeka that a great untapped money pot is there for the taking, if only Kansans would legalize this form of gambling, and let the state reap its share of the revenues, which are so badly needed in these economic times.

The "pot" shrinks rapidly, though, under a little examination. It turns out the state would receive an estimated \$14.7 million if pari-mutuel betting had legal sanction. Pari-mutuel's promoters make this sound like a lot, but in fact it would amount to between 1 and 1.5 percent of the total state budget. The additional enforcement expense and social costs related to gambling of any sort well could eat that up fast, as state Sen. Paul Hess, R-Wichita, and others so aptly have pointed out.

The lobbyists' other supposed strong suit is that the people of Kansas have a "right" to vote on this issue. It's a seductive argument — again, until some probing is done beneath the surface. In the first place, if the argument

were followed to its logical conclusion, the people would be voting on every controversial issue that legislators would just as soon dodge. For all the good the Legislature would be, there might as well be a giant computer installed in the Statehouse, recording every Kansan's "yea" or "nay" on every touchy vote.

This, of course, isn't the way representative government works. The Legislature is precisely the place such matters should be decided, and if pari-mutuel's supporters can rally a two-thirds majority in both houses, as required by the Constitution, then more power to them, and let a public vote proceed. But no one should be fooled: Those who vote for pari-mutuel in the Legislature are for pari-mutuel, regardless of how they may try to talk out of both sides of their mouths to their constituents later.

The Federal and State Affairs Committee of the Senate, where the matter will be debated this week, should vote "no" to legalized pari-mutuel, and to the lost productivity and personal suffering it represents. We look to the committee's Sedgwick County members, particularly — Sens. Bill Morris, R-Wichita; James Francisco, D-Mulvane; and Norma Daniels, D-Valley Center — to add their voices to that effort.

Timely Observations

Nebraska racing is in trouble

THERE ARE THOSE in St. Joseph who believe in their hearts that all Missouri needs is legalized horse racing to be suddenly rolling in prosperity. They attend races at Omaha or hear of friends who go to Lincoln to play the ponies and envision the Sport of Kings as a key to Fort Knox with wheel barrow and scoop shovel thrown in.

Today we bring news that would indicate otherwise. A recent study by a professional consulting firm indicates that the financial condition of Nebraska's horse tracks has been worsening and the state's racing industry faces "a troubled future." It is quite different from the fancies we hear.

The study shows that attendance at Nebraska tracks (there are five) had been rising steadily until the mid-'70s when it leveled and then started a decline. The average bettor wagered \$103 in 1979, compared with \$56 in 1970, but the gain did not offset cost increases.

There is a 5 percent pari-mutuel tax and there have been proposals to increase this. With this hike, said the study, "the damage to the industry would be significant." Incidentally, the report was done at a cost of \$70,000, paid for by Nebraska groups connected with horse racing. (Cozy arrangement.)

It was reported that even a 1.5 percent increase would likely put Atokad (Dakota spelled backwards) out of business and make the Columbus facility and Fonner Park (Grand Island) marginal. Atokad is at South Sioux City, Neb.

St. Joseph residents attend Ak-Sar-Ben at Omaha in droves, making good use of Interstate 29, a fine highway. Yet average daily attendance has declined in each of the last three years — not much, but enough to establish a trend. And though the number of racing days increased from 48 to 60, the net profit went down.

To avoid a future disaster, the Killingsworth Report, as the study is known, suggests "legislative and regulatory reforms" which William R. Killingsworth, head of the company, said would consist mainly of tax reductions. Five percent seems to be a thorn in the side of the industry.

Last year a senator in Nebraska's unicameral legislature proposed raising the tax to 10 percent. Racing groups stalled the measure with their proposal for a study, which ended with the Killingsworth report. We doubt that anybody expected the report would favor an increase in the tax. Anyway, the measure was withdrawn.

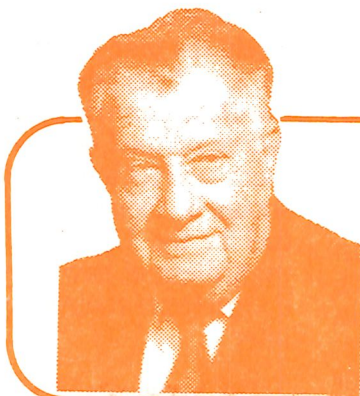
Recently an Omaha councilman has suggested an increase to 6 percent, the added revenue going to the cities with tracks. The council licking its chops, endorsed the proposal. As a sort of a sop, each county in the state gets a \$3,050 share from 1980 racing season revenues. This is merely chickenfeed, of course, but it does tend to keep the counties satisfied with the status quo. Incidentally, the report says Nebraska is the only state requiring tracks to be non-profit.

The problems of the racing industry are nationwide, Killingsworth says. In the last few years, nine tracks have either gone out of business or through bankruptcy. It is said 12 to 15 other tracks are on the verge of financial collapse as the result of continued annual losses.

One cause, Killingsworth says, is the stiffer competition for the dollar of the sports fan. But some would not mention racing in the same breath with football and baseball. They liken it to casino entertainment.

For those who long for horse racing here, we cite figures for Atokad, since it serves Sioux City, Iowa, virtually a twin of St. Joseph population-wise.

In the last ten years, it has suffered losses in three. In the years 1978 and 1979 it had a profit totaling \$1,000. You can't get much closer to non-profit. —(Merrill Chilcote).



MERRILL CHILCOTE

The Jackpot

Mr. Merrill Chilcote in this St. Joseph, Missouri, newspaper story says exactly what could be said by every concerned Kansan. Gambling promoters paid for a Report that told them their gambling tracks face "a troubled future." Intelligent citizens don't want to bring such a problem to Kansas. To avoid future disaster, the Report suggests a reduced per cent for state taxes. It could have suggested reducing the amount for track operating expenditures, reduced salaries and expense accounts for track operators and gambling lobbyists.

eateries and hotels probably love it the most. THE KILLINGSWORTH study reports that Omaha reaps a \$82 million annual income from the sport. Lincoln and Grand Island get around \$25 million and Columbus and South Sioux City \$10 million each. That ain't hay, as a farmer once said.

But the trend, the report continues, is a stagnation, or slight decline in attendance, coupled with a failure of amounts wagered, purses and track revenues to keep pace with inflation and at the same time increases in operating expenses have set the tone for the industry's future."

Purses in Nebraska are now accounting for just a bit more than half of what it is costing the horsemen to keep their steeds running, so most of them are losing money. The bettors are, no doubt, voicing the same lament.

There were a couple of happenings recently of interest to those who like racing — both of the wheeled variety and the four-legged kind.

With talk abounding in some parts about trying to get pari-mutuel betting in Kansas, a report presented to the Nebraska legislature might be of interest.

Five Nebraska tracks along with the horsemen's organizations retained Killingsworth, Liddy and Co., a Massachusetts firm, to make a study of the horse racing industry in Nebraska.

The Killingsworth report revealed there are some problems in that land to the north where it is reported so many Kansans rush to spend money that should be kept in this state.

Racing does produce seven million dollars in revenue for the state. In Kansas that would amount to a bit more than one-fourth of each cent of tax money in the proposed \$2.58 billion budget.

But racing does produce revenue for the folks in the cities in which it is held. Those who operate

Two Amendments Defeated

Pari-Mutuel Tax Bill Advanced

By John Whitesides
WORLD-HERALD BUREAU

Lincoln — A proposal to provide tax relief for the Atokad race track in South Sioux City cleared its second hurdle in the Legislature Thursday after surviving two attempts to amend it.

Legislative Bill 631 would exempt from pari-mutuel tax the first \$5 million of the gross sum of wagers at the track. The current exemption at Atokad and other Nebraska horse tracks is on the first \$1 million.

The tax rate after the exemption would be the standard rate of 5 percent.

Columbus Sen. Donald Dworak proposed an amendment providing for a graduated pari-mutuel tax at all Nebraska tracks. The rate would have been 2 percent for the first \$1 to \$5 million and 5.5 percent over \$5 million.

Dworak said the graduated rate would decrease taxes at most racetracks. Columbus would have saved \$104,234 under the new rate, while Atokad would have saved \$116,723.

The State Fairgrounds track in Lincoln would have paid \$833 more, while Ak-Sar-Ben in Omaha would have paid \$348,021 more, he said. Dworak said the higher profits at Ak-Sar-Ben would make that increase easier to swallow for the Omaha track, while the smaller tracks in the state might be substantially helped by the tax break.

"If we had adopted this three years ago, South Sioux City wouldn't be in the trouble it's in today," Dworak said. He said that unless the amendment was adopted, the track in Columbus would probably soon be in the same financial bind.

Opponents of the amendment said it would endanger the eventual passage of the entire bill. They said the bill was vital to northeast Nebraska, since the racing season at Atokad will begin April 30.

Dworak's amendment was defeated 27-13.

The bill, which is sponsored by Sens. Merle Von Minden of Allen, Jim Goll of Tekamah and Elroy Hefner of Coleridge, was drafted by

the State Racing Commission, Von Minden said.

Atokad's season was moved last year from the fall to weekends during the summer months when Ak-Sar-Ben also runs. The same race schedules were approved this season.

Proponents of the bill have said that Atokad, which directly provides jobs for 200 people, might have to close without the relief provided by the bill. The bill could save the track about \$200,000, supporters said.

A second amendment to the bill, offered by Lincoln Sen. Steve Fowler, dealt with the issue of unclaimed money from winning tickets. Currently, that money stays with the tracks, but other unclaimed property in the state goes to the treasury and eventually the school fund.

Fowler proposed that money go to the school fund as well. "Our priorities should not be saving small racetracks at the expense of education," he said. "Some senators seem to be saying that."

His amendment was defeated 23-10.

Lincoln Journal

Monday, March 22, 1982 13

Atokad race track to get tax break

By United Press International

The Legislature Monday agreed to suspend its rules and pass a bill that would give a tax break to the financially troubled Atokad race track near South Sioux City.

The rule suspension was needed to allow a final vote on the bill Monday. Sen. Elroy Hefner of Coleridge said passage of LB631 was needed as soon as possible because the track will open its season next month.

Without the bill, the track "will not have a racing season," Hefner said.

The bill would exempt the track from having to pay tax on the first \$5 million of the amount wagered. Normally, any amount above \$1 million would be taxed. Amounts above \$5 million would be taxed at 5 percent.

The exemption would be in effect for four years.

Hefner said Atokad experienced its financial difficulties when the state Racing Commission changed the track's racing dates last year, giving Atokad's fall dates to the Omaha and Lincoln tracks.

Thursday, April 1, 1982 Lincoln, Neb. Journal 37

Atokad to have racing season

SOUTH SIOUX CITY (UPI) — Bill Stone, Atokad Agriculture and Racing Association president, Wednesday confirmed the financially-troubled track would have a thoroughbred racing season this year, opening April 30.

Stone cited a bill approved by the Legislature that would exempt the track from paramutuel taxes — a move that should save the

track \$350,000 this year — and the sale of \$75,000 in four-year notes at 10 percent annual interest as the prime factors in keeping the track open.

The community's attitude toward the track has changed resulting in a "tremendous effort" to keep it open, Stone said.

He said he anticipated a mutuel handle of \$5 million during this year's 41-day sea-

son from April 30 to July 25. Racing will be held about three days weekly.

Stone also announced the appointment of Maurice Topf, former Atokad concessions manager, as the track's general manager.

Stone said more than 100 horses were stalled at the track and he anticipated 600 to 800 head at the start of the season.

The sport of kings is lurching into a zero-growth pattern that has unhappy implications for government and taxpayers.

Off-track fretting

By Richard Phalon

THOUGH SUCH tradition-steeped events as the Triple Crown meetings still generate plenty of excitement, horse racing is beginning to show all the signs of a maturing industry. And what's bad for horse racing is bad for taxpayers. The sport's decline has already thrown a shadow over state and local government budgets that benefit from franchise taxes and legalized gambling at the tracks.

Thereby hangs a cautionary tale. The growing squeeze on the tracks suggests there are limits to how far the gambling dollar can be stretched. What happens to the cost of government when those latest darlings of public finance—lotteries and casinos—also slip into the zero-growth pattern of old age?

There is no mistaking the pattern at the tracks. "The racing industry is in trouble. That has to be accepted," says Henry McCabe, chairman of the New York City Off-Track Betting Corp. Nationwide attendance at the flat tracks has been stuck on a plateau of about 56 million for the last seven years. The pari-mutuel betting handle has risen somewhat, but experts like Fred Grossman, editor of the *Daily Racing Form*, dismiss the gain as an inflationary tick. "A guy will bet \$5



OTB parlor in New York
A deficit in demographics.

dollars today when he would have bet \$4 a year ago," says Grossman, who adds that inflation masks the fact that the drop in attendance hurts such high-profit ancillaries as parking fees, programs, beer and hot dogs.

How badly are they hurting? Plenty. Delaware Park, for example, closed down last year after another disastrous season. "No one ever thought that a track with its traditions would throw it in," says Grossman, "but economics forced it to."

The equally hallowed tracks of the New York Racing Association (Aqueduct, Belmont and Saratoga) are barely breaking even, despite the help of a reduction in the state franchise fee and a bigger share of the cash wagered

through the windows of OTB.

The problem seems to be an aging audience. The punters at places like Aqueduct and Belmont tend to be in their middle years—the average is around 50. They are captives of an enthusiasm that doesn't seem to have rubbed off on younger generations. Like the dry martini, horse racing has gotten a middle-aged image.

The New York Racing Association put on a series of superstar rock concerts in the hope of cultivating the young. "A big flop," mourns Jon McCloskey, director of a New York legislative task force studying racing. "The kids came in for free, listened to the music and didn't bet a nickel."

In an effort to squeeze more money out of their dwindling audience, many of the tracks have extended racing seasons. The effect has been an increase in cost with only a modest increase in incremental revenues. At the same time, the New York tracks in particular have had to grapple with the demon of new competition in New Jersey—a spanking new state-backed racing complex in the Meadowlands that is just a hop, skip and jump from Manhattan—and the advent of casino gambling in Atlantic City.

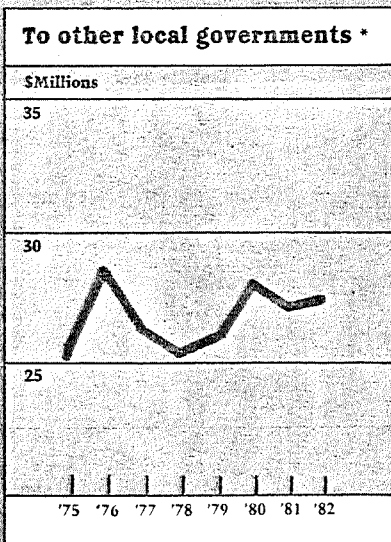
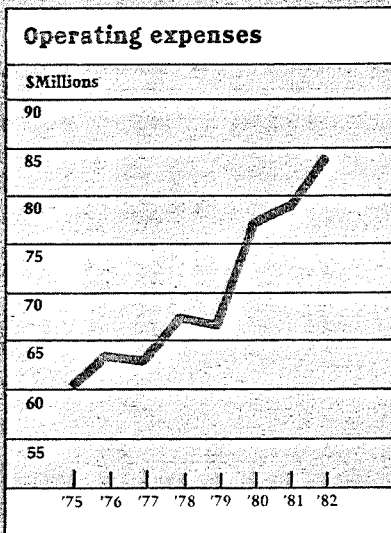
The effect of Atlantic City's slots and blackjack tables is hard to measure, but McCloskey concedes: "There is only so much money to go around."

The concept of a finite gambling dollar is the new reality at Off-Track Betting headquarters in Times Square, an area thickly populated with the ghosts of such Runyonesque high rollers as Bookie Bob and Hot Horse Herbie. The New York City OTB is by far the largest of six regional public benefit corporations the state began to establish in 1970. The hope was to divert into legitimate channels at least some of the cash disappearing into bookmakers' pockets by giving players a chance to bet the horses legally through OTB parlors linked by computer to the tracks.

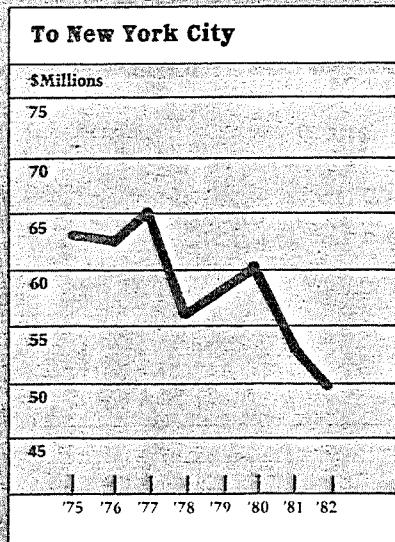
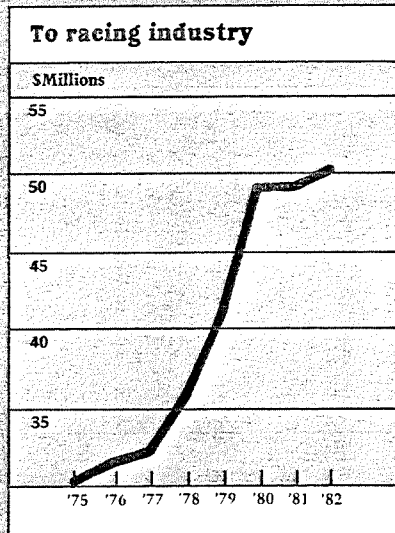
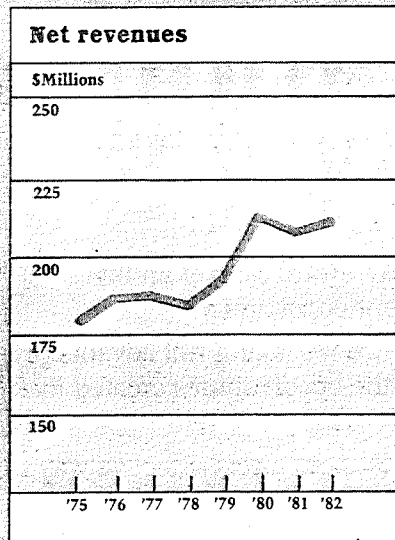
Most of the handle (about 77%) would be returned to the bettors as payoff, the balance to be parceled out

Not everyone wins

The easy money is rapidly disappearing from OTB's operation. Total bets, no longer spurred by new parlors and more racing days, have reached a plateau. Labor-heavy costs, meanwhile, keep climbing—up 42% over the last seven years. Payments to the tracks and breeders, another cost of doing business, have escalated sharply as well. As a result, OTB's planned beneficiaries are beginning to feel some pain. State and local governments' take-out has gotten nowhere in recent years. New York City, the first cause in OTB's creation but last in the payout line, has done the worst. Its share of OTB bounty fell by almost half.



* Including New York State



to local and state government and the racing industry. For hard-pressed budget directors trying to keep a step ahead of a steep climb in social welfare costs, OTB was found money. Between 1972 and 1975, for example, the handle in New York City alone jumped from \$301 million to \$759 million. During that period, the city and state treasuries raked in \$147 million and \$54 million, respectively, as their share. But between 1975 and fiscal 1982, the handle expanded only 16%, and between 1980 and 1982 it fell from a peak of \$894 million to \$882.5 million. With the tracks suffering, the state legislature compounded OTB's woes by increasing the tracks' statutory share of the OTB handle from 4% to 5.7%. The lawmakers also chipped away at OTB's competitive advantage by increasing the track payoff to bettors and slapping a 5% surcharge on winning bets. With its customary gift for paradox, the legislature succeeded in making a vehicle that had been created to beat the bookmakers at their own game a singularly less attractive product.

The first casualties of the decline have been the very entities OTB was created to serve: state and local governments. Since 1975, residual payments to New York City—what's left after expenses—have dropped significantly. In the same period, payments off the top of the handle to the racing industry have risen almost 70%. A portion has gone as a subsidy to breeders on the theory that a continuing flow of quality horseflesh is needed to stimulate attendance. Do better-bred horses and better-rewarded horsemen really translate into bigger gates and handles? Not so far.

Without a marked change in the seemingly unyielding calculus of income and outgo, OTB will be so deeply in the red by fiscal 1986 that there won't be enough money left to make residual payments to the city at all. There are some alternatives. A tougher-minded management would find something more positive than attrition to shrink OTB's loaded payroll. The big problem, though, is to generate more revenue.

One solution might be live closed-circuit TV transmission of racing into OTB parlors or off-track theaters. That would increase the excitement and attract more bettors, but perhaps at the cost of track attendance.

The bottom line seems to be this: Legalized gambling has its limits as a public financing tool—a message to be pondered by politicians who think the casinos and lotteries are the all-time panacea for big spending. ■

The Daily News

(MASSACHUSETTS)

Springfield, Ma.

15 Cents

Tuesday, September 16, 1980

20-Day Deadline

Racing Track Foes Collect Signatures

Gambling promoters told voters in West Springfield a pari-mutuel track would net the town \$200,000 a year in taxes and create 300 part-time jobs, 80% to go to town residents. The voters later voted NO!

THE CHRISTIAN SCIENCE MONITOR Tuesday, February 10, 1981

Expansion of horse and dog racing in Massachusetts was dealt a setback last November when West Springfield voters said "no" to a new race track in their town.

Petitioners Push for Special Vote

By ELISA GALLARO

WEST SPRINGFIELD — Opponents of pari-mutuel racing took advantage of today's primary election to gather outside at polling places to collect the signatures needed to force a referendum on the issue.

The move was in reaction to a 2-1 Board of Selectmen vote Monday to approve construction of a dog and harness race track on a 50-acre Riverdale site occupied by E.M. Loew's Riverdale Drive-In theater.

Opponents of a track have 20 days in which to obtain the signatures of 12 percent of registered voters for a reconsideration petition. If the selectmen do not reconsider their vote — and they have said they plan not to — a special election would be called within 45 days to decide the matter.

State law would not have permitted supporters of the track to appeal for reconsideration if a majority of selectmen had voted against the racing proposal. So, the affirmative vote was the only way voters could record their preference.

Once the vote was cast, about 25 of the 60 residents who came to hear the decision began organizing to collect the necessary 1,646 signatures to force a vote on the racing proposal.

In addition to soliciting signatures today, opponents of the track scheduled a meeting for 7 p.m. Wednes-

(Continued on Page 2)

Track Opponents Seek Signatures for Vote

(Continued from Page 1)

day in the Municipal Office Building auditorium.

If selectmen receive the certified petitions, they must schedule a vote on the issue no sooner than 30 days, and no later than 45 days.

Selectmen Chairman Charles T. Grucci and Selectman Frederick S. Conlin Jr. voted to approve the \$4.7 million track because "it's the only way to get this on the ballot," they said.

Selectman J. Edward Christian voted against the two-track facility.

Before the vote Grucci said, "If I vote to approve this, I will not be saying that I am in favor of racing."

He said that under state law, selectmen could not call for a referendum within the next few months without first approving the proposal.

A non-binding referendum without a prior board vote could be held in April during elections for municipal officials, according to Town Counsel Robert Tassinari, but principals of the race track could lose their option on the property by then.

"The board has always attempted to be fair to all businesses coming into the community," Grucci said. "We could be causing them undue hardship if they have to renew their option on the land."

But Christian accused Grucci and Conlin of "renewing their responsibility."

"The Board of Selectmen can't cop out their responsibility," Christian said. "They have to say yes or no."

Christian said he voted "no" because the track "is going to bankrupt our town." He said the "yes" vote by the other two selectmen left open the possibility of a track in town without a prior referendum.

"If the petitioners don't get 1,646 names, this becomes law," he said. "They might fall short."

But Conlin said "a negative vote would take away the prime ingredient of democracy: the right to say yes or no. My vote is not intended to reflect my personal opinion."

A board majority vote against the proposed two-track facility would have precluded a resident vote.

South Hadley attorney Edward J. Ryan, one of the promoters of the track, found the selectmen's decision

acceptable. "I can't quarrel with it or find fault with it," he said. "It's an awesome task to ask a board of three to make a decision of this magnitude."

With the board's decision, Ryan and his partner in Pioneer Valley Raceway Inc., John O'Neill of West Roxbury, can petition the state Racing Commission for meeting dates subject to voter approval of the proposal. Ryan and O'Neill, a realtor and horse breeder, must petition for the dates by Oct. 1.

The commission must then schedule a public hearing in West Springfield by Nov. 15.

The commission hearing will check the partners' experience and ability to run a track, their financial status and the site of the proposal, Ryan said. He and O'Neill will fund the track partly with their own money, receiving the rest from financial institutions.

The two men have unsuccessfully proposed racetracks in Agawam, Chicopee and Hatfield.

The most recent racing proposal for Western Massachusetts, a plan for a multi-million dollar dog track in Wales, was rejected overwhelmingly by voters in that town last week.

The West Springfield proposal would net the town \$200,000 a year in taxes and create about 300 part-time jobs, 80 percent to go to town residents, Ryan said.

As President of the American Council on Alcohol Problems, Mary Louise and I were returning from the annual meeting in Maine and found these headlines on a newspaper rack at our motel. A careful reading of the story reveals that gambling promoters in Massachusetts say the same things that gambling promoters in Kansas are saying. Why? Because they want to get rich from the gambling losses of others.

Selectmen who voted for the track said "it's the only way to get this on the ballot." They said "If I vote to approve this, I will not be saying that I am in favor of racing."

This same half-truth is being promoted in Kansas. Groups are asked to endorse a vote of the people by saying this does not necessarily mean they endorse pari-mutuel gambling.

One Selectman named Christian spoke the truth, "They have to say yes or no" to gambling. Lawmakers in Topeka must say yes or no to gambling. Groups in Kansas who endorse approval by a vote of the legislature of an amendment are endorsing the FIRST STEP toward pari-mutuel gambling. They are not necessarily endorsing the SECOND STEP, approval by a vote of the people.

Christian said he voted NO because the track "is going to bankrupt our town." Every informed businessman in Kansas wants his lawmaker to vote NO in Topeka because gambling tracks in Kansas could bankrupt some businessmen.

WALE^S
THE TWO GAMBLING PROMOTERS HAVE UNSUCCESSFULLY PROPOSED TRACKS IN AGAWAM, CHICOPEE, AND HATFIELD. Concerned citizens in states with pari-mutuel gambling don't want it!

Reverend Dick Taylor

Maryland's Controversial Plan to Rescue Racing

February 1981

Not Everyone Feels Saved by Hughes

By Celestine Bohlen

Washington Star Staff Writer

ANNAPOLIS — Consolidation is the way Gov. Harry R. Hughes has described his new racing reform package. Put another way, the Hughes proposal — now about to be propelled through a legislative shooting gallery — is a \$1.5 million a year bail-out, a la Chrysler, for Maryland's troubled and troublesome racing industry.

Not everyone in Maryland racing feels rescued by the Hughes plan, which calls for closing Bowie Race Course in 1982. Horsemen and harness track owners complain that they've been left out.

Fendal Clagett, president of the Maryland Horseman's Benevolent Protective Association, has criticized Hughes' proposal for failing to meet the stabling needs of Maryland trainers. The bill could mean the loss of 900 stalls at Bowie and 500 at the half-mile track at Timonium fairgrounds in Baltimore County.

And the harness tracks argue that if the goal is to protect the racing industry, then the thoroughbred tracks should not be singled out for benefits.

"Sixty-six extra days does little for us," said Frank DeFrancis, who last year acquired the Free State Raceway. Hughes' proposal would establish 66 extra harness racing days. "This legislation has to deal with racing as a whole or else it is dealing with special interests. And that is fraught with danger."

DeFrancis and other harness track owners are seeking year-round racing.

Others question whether reducing the number of tracks will help the \$600 million industry with its main problem, namely growing competition for the entertainment dollar.

If the plan remains intact, the clear winners would be the proprietors of the state's three one-mile thoroughbred tracks — the Schapiro family which owns Laurel, the Cohen family which owns Pimlico and the owners of Bowie who are an oddly matched group of oil-rich Canadians more interested in fast food than racing, a Gaithersburg developer and the U.S. government.

There is nothing new about states coming to the rescue of race tracks. As inflation rises and track attendance drops, other states — particularly those that count racing as a valuable industry — have steadily dropped their

See THE WINNERS, A-8

Continued From A-1

share of the dollars bet on races to give more back to the tracks and the horsemen.

In fact, Maryland did just that in 1979, bringing the state's share of the total amount bet or the 'handle' from 5.34 percent down to 4.09, for a total drop in revenues to the state of about \$4.5 million a year.

But this year, given the state's fiscal problems, Hughes and the legislative leaders are proposing something different. And it is the plan's hybrid features — largely designed to satisfy the politically powerful thoroughbred tracks — that are making the latest proposal so controversial and so vulnerable.

If it comes to pass, Laurel and Pimlico, by then Maryland's two surviving thoroughbred tracks, would be given, free of charge, an even share of a \$6 million 'franchise' — the value and description given to Bowie's 96 racing days by the Hughes administration.

In addition, the two tracks would get a combined \$1 million in extra revenues a year for an unspecified period of time for improvements to their facilities, including new stables, parking, a park and a training track.

PARADE • FEBRUARY 8, 1981 15

In a sports-mad era of packed stadiums and huge ticket revenues, American horse racing is a sport in trouble. Once-filled grandstands are now commonly half empty. As the crowds decline, the small, marginal racetrack is disappearing. Larger tracks must resort to free admissions, giveaways, rock and big band concerts, and prize drawings to lure people in to watch the horses run — and to bet.

SALINA JOURNAL, Feb 19, 1981

Humane groups oppose racing, Falconry bills

Pending bills on Falconry and pari-mutuel gambling on horses and dogs have been targeted for action by the Kansas Federation of Humane Societies, which held its quarterly meeting recently in Salina.

Federation president Nancy Martens, McPherson, said the group is against the legalization of Falconry because it would condone the capture and life-of-captivity of Kansas hawks and other raptors now protected under wildlife statutes.

The federation is opposed to an attempt to put the gambling question on the ballot as proposed by a resolution because members "see its appearance on the ballot as suggesting tacit approval of the lawmakers, and passage of the resolution would open floodgates of heavy-handed pressure from special interest groups with lots of money for paid advertisements."

The federation also opposes race-gambling because of the use of rabbits in training of greyhounds to race, as well as alleged cruel treatment of racing dogs during training.

New York Seeks to Revitalize Racing

By LENA WILLIAMS
Special to The New York Times

ALBANY, March 13 — New York State officials, troubled by a decade of financial losses in the state's racing industry, are considering several proposals to reverse the trend and increase the state's diminishing share of racing revenues — including the possible abolition of the New York Racing Association.

They are concerned about the erosion on several fronts of New York State's position as the nation's leader in horse racing: the arrival of casino gambling in New Jersey, the increasing possibility of legalized sports betting, the popularity of off-track betting and the failure of state government to help, a situation that some racing experts say has limited the industry's ability to remain competitive.

Innovative and aggressive action by other racing states, mainly New Jersey, Florida and California, has begun to siphon a greater share of racing dollars and racing jobs away from New York. For example, California tracks have introduced million-dollar purses to attract bettors, while New York has yet to do so. Nevertheless, more of what the racing industry considers its most prestigious thoroughbred races are held in New York than anywhere else.

Projections Pessimistic

Although the Racing Association and its operations have generated \$50 million annually in direct revenues to the state and produced more than \$1.5 billion in state parimutuel revenue since 1955, state officials have long felt the state was not making as much money as it could under the Racing Association.

The Racing Association's recurrent indebtedness and inability to raise sufficient funds to cover capital construction costs has resulted in pessimistic projections that New York might soon derive no revenues at all from the association's tracks. The association's debt increased from \$29.4 million in 1979 to \$32 million in 1980. It has operated the state's three major tracks Aqueduct, Belmont and Saratoga — since 1955.

In the fall of that year, the New York Racing Association, a group of horse owners and breeders, took a 10-year, \$47 million loan from a consortium of banks to purchase four tracks, including the now-defunct Jamaica Racetrack in Queens. The initial borrowing has been supplemented over the years because operating costs, expenses and reconstruction costs were underestimated.

Because of the Racing Association's inability to pay its debt cost, the state has had to offset the association's losses by

3.14.81 Gambling
providing temporary tax relief and allowing the association to permit races on any day except Christmas Day, Palm Sunday and Easter Sunday.

While some in the racing industry insist the outlook is not as bleak as many have forecast, the state's growing displeasure with the association has led some officials to consider a possible takeover of the Racing Association or a consolidation of all racing operations — on-track, off-track, and harness track.

Officials of the Racing Association insist that they are more competent than the state to run the tracks and need only state help. They want New York to issue \$70 million in long-term, tax exempt bonds to help the association repay its current debt and make capital improvements at the tracks.

'No Groundswell of Enthusiasm'

Legislative leaders have expressed concern about the soundness of floating \$70 million in tax exempt bonds. Under the association's plan, the state would purchase the association's properties with the proceeds from the sale of the bonds and then lease the facilities back to N.Y.R.A. At the conclusion of the lease, the association would have the option of purchasing the facilities from the state for a nominal price.

"I detect no groundswell of enthusiasm for the state to shoulder the responsibility and risk of a substantial bond issue without the title to those properties reverting permanently to the people of the state," said Assemblyman William B. Finneran, Democrat of White Plains and co-chairman of the joint legislative task force studying the racing and breeding indus-

try in the state. "Support just isn't there for us to shoulder the risk, then for a nominal fee, return three modernized facilities to an association which is, for all purposes, like a private corporation."

Mr. Finneran was appointed to the task force by Assembly Speaker Stanley Fink, Democrat of Brooklyn. Mr. Fink, who has taken a particular interest in the issue, has scheduled to hold a press conference tomorrow to present his own plan to resolve the state's racing problems.

The state could, for example, form a public benefit corporation, similar to that of the New Jersey Sports Authority, which operates the Meadowlands race track, a proposal which has been put forth by the task force. Such a proposal would provide the state with the option of either operating the facilities itself or leasing them to another operator.

Doubts About State Takeover

But that, too, could have problems gaining support in Albany.

Anthony Chetko, an aide to Governor Carey, expressed "grave doubt" that the government was capable of running racing better than a private corporation.

And a spokesman for the Senate majority leader, Warren M. Anderson, Republican of Binghamton, said that Mr. Anderson had not tended to lean in the direction of a takeover, but quickly added that "we can't rule it out." The spokesman, Richard Roth, noted that if there were a restructuring of the racing industry, the New York Racing Association "may be taken out" of the picture.

James P. Heffernan, president of the Racing Association, insists there is no risk to the state. He argues that the association is "a solid company" with considerable real estate to back any bonds floated in its behalf.

The association wants other help, such as a reduced state takeout — a move that encourages more business by giving more to the bettors. The takeout — the amount the state takes from bets — was reduced experimentally from 17 percent to 14 percent in 1978, with the state absorbing the loss. The results were good for the industry, but in a budget fight between Governor Carey and the Republican-controlled Senate, the 14 percent experiment failed to be extended the next year.

Other plans to stimulate racing in New York have brought mixed results. Off-track betting attracts new fans, but the association's members have long contended that off-track betting cuts into track attendance. While the association receives a share of the revenues from off-track betting, it gets a larger amount from track bets.

SALINA JOURNAL, Feb. 19, 1981

Humane groups oppose racing,

Pending bills on Falconry and pari-mutuel gambling on horses and dogs have been targeted for action by the Kansas Federation of Humane Societies, which held its quarterly meeting recently in Salina.

The federation is opposed to an attempt to put the gambling question on the ballot as proposed by a resolution because members "see its appearance on the ballot as suggesting tacit approval of the lawmakers, and passage of the resolution would open floodgates of heavy-handed pressure from special interest groups with lots of money for paid advertisements."

TOPEKA (AP) — Both sides of the question of pari-mutuel wagering on horse races had their day of rebuttal Thursday before a Kansas Senate committee.

Thomas Kelly, director of the Kansas Bureau of Investigation, warned that introducing trackside betting would cause significant law enforcement problems.

HE SAID A KBI survey of the 32 states with pari-mutuel wagering indicated that such an operation in Kansas would mean increases in crime, including illegal gambling, bribery, race-fixing, fraud and corruption in the race organizations.

"There is a definite impact of pari-mutuels on law enforcement when it comes into a state," he said, adding that some states such as Oregon and Rhode Island had problems with organized crime trying to control the gambling operations.

THE WICHITA EAGLE-BEACON
Friday, February 20, 1981

STATES REVIEW GAMBLING OPERATIONS

While officials in some states may expand their gambling operations, Delaware's experience with horse racing shows not all forms of gambling are safe bets as revenue-raisers.

Arizona's lottery officials are planning to start a daily numbers game by mid-March, although some legislators are trying to block the move. Senate President Stan Turley says he will back legislation to stop the numbers game when the legislature meets in January. Attorney General Bob Corbin says the law authorizing the lottery does not prohibit a daily game.

In Delaware, the Delaware Park race track is plagued by financial woes. Gov. Pierre du Pont is considering reducing the \$10,000-a-day parimutuel tax to ease Delaware Park's financial burden. In 1977, the track's tax was cut from \$20,000 to \$10,000. Now, the track is losing about \$2.5 million a year, and du Pont has appointed a task force to help. One problem has been guaranteeing purses to owners instead of basing winnings on the day's income.

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THE QUESTION OF LEGALIZED GAMBLING

"When we speak against legalized gambling, people don't really listen. But when Jimmy the Greek speaks against it, it has some impact with the public."

Pete Rozelle, Commissioner, National Football League



BY JIMMY THE GREEK

One question that I'm constantly asked is whether legalized gambling on professional sports will ever become a reality. I certainly hope not, and for some very good reasons.

The biggest reason, of course, is for the protection of the athlete himself. Today, they make a lot of money and, in comparison, you can bet very little. Twenty-five or 30 years ago, you could bet a lot compared to what professional athletes were making. So, consequently, you could bribe them.

Today, an athlete would have to be stupid to be bribed. They have every kind of protection available, they're making more money than they could possibly be making from being bribed, plus all the fringe benefits they have, from medical care to retirement policies. There's just tremendous odds against the possibility that anything is wrong in pro sports today.

But there could be something wrong if gambling were ever legalized. People could then bet into the millions, and a lot of things could be done to affect the outcome of games. For instance, if you could bet a couple of million dollars, you could give an athlete \$50,000 just to stay home sick.

You don't really have to bribe him. There are just so many ways it could be done when there's an excess amount of money to gamble with.

These kids are making \$600-700,000 a year. Why would they want to do anything wrong?

Another reason I'm against legalized gambling, and speak against it whenever I have the chance, is that the American public does not have the discipline to stop when it's losing.

If gambling were legalized, you could walk in and bet \$100, and if you lost, you could bet \$200, then lose again and bet \$400. You would double up trying to win and, the next thing you know, you would be losing your car payment, the food money and everything else.

The average person does not have the discipline. The difference between a gambler and a sucker is the management of his money. The gambler has discipline, where the average person doesn't.

When I was gambling, and losing, I would cut down on my unit of play. If I was winning, my unit of play would go up the next week. Consequently, when I lost, I lost less, and when I won, I won more.

But how many people are disciplined

that way? That's why they build all those big hotels in Las Vegas. It's because the average person who has a \$10,000 credit will win \$3,000 and quit. But when he starts to lose, he'll lose that \$10,000 and go to another hotel and lose \$10,000 there and go to another hotel and lose \$10,000 more.

He's got credit at three different hotels. But when he wins, he wins \$3,000; when he loses, he loses \$30,000. So he leaves the house 10-1. And that's how they build all those big buildings up there.

Before I quit gambling, I made a lot of big bets. The biggest I ever won, I guess, was on Kentucky to beat Oklahoma in the 1951 Sugar Bowl. The biggest bet I ever lost was Kentucky against Santa Clara the year before in the Orange Bowl.

They were big bets for those days, a couple of hundred thousand dollars each. Today, people bet that kind of money easily.

Today, money means too much to the average person to lose it gambling on professional sports. Because so much more money could be wagered if gambling were legalized, the rich would get richer and the poor, poorer. And that would be the worst thing that could happen to the American economy. **E**





WIBW Editorial



Editorial Reply
October 17, 1982
Rev. Richard Taylor, President
Kansas For Life At Its Best

Catholic Bishop Flores of Texas, known as a champion of the poor, said they would be the main victims of pari-mutuel, it would entice them to lose what little they have.

Thomas Kelly, Kansas Bureau of Investigation Director, told Kansas lawmakers that pari-mutuel wagering would require increased law enforcement budgets due to increases in crime, illegal gambling, bribery, race-fixing, fraud and corruption, problems which come "when the state participates in an activity which is otherwise criminal in nature."

Pari-mutuel race tracks are a legalized swindle and fraud as they claim 84% of all money wagered is returned to the bettors in "winnings". An intelligent John Q. Public who lays down \$100 and gets \$84 back does not say, "I just 'won' \$84." He yells, "I just lost \$16!"

Pari-mutuel promoters say 5% of all money bet would go for taxes and 11% or \$30 million a year for track expenses and prizes. Because these dollars are now spent on main street, their loss at the gambling track would cause retail sales to drop and bad debts to increase.

The issue is not taxes or tourism or the spectator sport of horse racing which is already legal in every Kansas county. The issue is \$30 million a year into the pockets of non-profit gambling track operators, gambling lobbyists, and owners of winning horses.

Lawmakers who vote YES to approve a pari-mutuel constitutional amendment are voting to take from the poor and give to the rich.

"Tens of thousands of Americans were attracted to illegal gambling after being introduced to gambling by legalized state-run games, according to testimony given the House Special Committee by James Ritchie, executive director of the Commission on the Review of National Policy toward Gambling. 'Wherever legal gambling exists, illegal gambling increased,' he said. Ritchie said legal gambling, such as off-track betting and state-run lotteries, educated individuals about wagering. But they soon learn that they can obtain a better return on a winning wager from illegal bookmakers."

"Legal Gambling Said to Spur Illegal Bets," New York Times, September 9, 1976.

The Kansas Quarterhorse Gambling Association paid economics Professor William Terrell of Wichita State University to present the following information to the news media. It was carried in the Wichita Eagle-Beacon on October 9, 1980.

\$273.1 million would be wagered yearly at five Kansas parimutuel race tracks.

\$ 13.7 million or 5% of total amount wagered would go to the state.

\$ 30.0 million or 11% would go for track operators and owners of winning horses.

40,000 would be the average daily attendance for all five tracks.

210 racing days each year

12

WIBW invites responsible groups and individuals to reply to our editorials.

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Professor Irving Kristol in the Wall Street Journal defined commercial gambling as "technically a swindle." A swindle is theft by deception. The New York Times in "A BETTER DEAL FOR THE BETTOR" said, "Parimutuel racing has become such an obvious consumer swindle that management must now bribe horseplayers to come out to the track." Thomas Kelly, Kansas Bureau of Investigation Director, told lawmakers that parimutuel wagering in Kansas would require increased law enforcement budgets due to increases in crime, illegal gambling, bribery, race-fixing, fraud and corruption, problems which come "when the state participates in an activity which is otherwise criminal in nature."

The spectator sport of horse racing is legal today in every Kansas county. Parimutuel gambling, a consumer swindle, an activity criminal in nature is not legal in Kansas. Concerned citizens want to keep it that way.

When KANSANS FOR PARI-MUTUEL was announced in Wichita on November 20, 1982, a news story said they will work hard "educating" the voters of Kansas to the fact that "Christianity and parimutuel betting on horse racing are not mutually exclusive."

If we correctly define Christianity and parimutuel, we get to the heart of the issue. Christians must be as concerned for their neighbors as they are for themselves. Will Christians swindle their neighbors? Will Christians stand by and permit others to be victims of this fraud? Parimutuel gambling is a scheme to permit the rich to take from the poor - legally. It is theft by deception.

If parimutuel wagering was recreation and entertainment, a fixed admission price would be charged for all bettors at the track. Bettors would receive a certain number of tokens they would use to wager on the horses. When all tokens are lost, they would not be permitted to purchase more. If at the end of the races they had extra tokens, they could not cash them in, but would bring them next time to the track until used up. In this way no one would be deceived into thinking they could win with parimutuel wagering. They would buy recreation and entertainment only. There would be no theft by deception. It would not be a swindle, a criminal activity in nature.

The Kansas Supreme Court has ruled that the essential elements of commercial gambling are (1) Consideration, (2) Prize, and (3) Chance. Eliminate any one of the three and it is not gambling. Paying a fixed admission to the track and knowing you could not win a prize would be legal. Years ago some Kansans confused bingo with bingo gambling. When bingo is played in homes for the retired and players play free (do not pay for the card - consideration), it is not gambling. If parimutuel wagerers at the track were not given a prize for picking the winning horse, but over the loud speaker it was announced that so-and-so rightly picked the winner, it would not be commercial gambling.

Gambling promoters say farming and all sorts of things are a gamble. They confuse gamble with risk. Gamblers want to get rich from the losses of other persons. They covet wealth and want to take it from their neighbor. Farmers take a risk when they buy the seed, prepare the soil, hope for rain, and pray the hail will not come. But farmers are not trying to get rich from the financial losses of other people. Farmers take a risk, they are not gamblers.

Parimutuel promoters claim \$273.1 million would be wagered yearly at five Kansas gambling tracks with 5% going to the state and 11% or \$30 million a year going into the pockets of non-profit track operators, gambling lobbyists, and owners of winning horses. Except for a few dollars from out of state, this \$30 million yearly would be consumer dollars from the pockets of Kansas people. These would be redistributed dollars now spent by Kansans on goods and services, dollars which are already turning over time and time again generating jobs and taxes. If these dollars are redirected toward supporting jobs in the parimutuel gambling industry, jobs they are now supporting will be lost. There is no such thing as a free lunch. It always costs somebody.

When parimutuel gambling tracks are operating in other states, retail sales drop and bad debts increase. Merchants on main street lose two ways. Because dollars are lost at the track, persons can not afford to buy what they need and can not pay for items already purchased.

Nationwide studies indicate the poor lose the most at commercial gambling tracks. They do not understand the swindle. They think this is a way to get out of debt. They bet the rent money, the car payment money, the grocery money, the school lunch money. Non-profit track operators and horse breeders want to get rich by taking from the poor.

Horse gambling promoters claim they want to reduce property taxes. Kansas Legislative Research tells us that \$1,085,136,564.76 was collected in Kansas property taxes for 1981. With taxes of only \$13.7 million (5% of \$273.1), P-A-R-I-M-U-T-U-E-L does not spell relief for over one billion in property taxes! As a percent of income, state and local taxes paid by Kansans are lower than persons pay in parimutuel gambling states around us. When gambling promoters talk about taxes, remember over \$2 ends up in their pockets for each \$1 the state receives. Out of this \$1 must come added money for law enforcement budgets, administration expenses, and other social costs. Kansans must lose \$3 for the state to receive \$1. People would be better off paying \$1 and keeping the other \$2 in their own pocket.

Parimutuel promoters have correctly stated that for a person betting \$2 on every race on a nine-race card, the take-out would amount to about \$3 or less. Take-out of 16% (5% plus 11%) would be 32¢ for each race times 9 or \$2.88. \$2.88 is equal to 144% of amount bet (\$2) on each race, a legalized swindle. If a gambler lost on every race, he would lose \$2 times 9 or \$18. If a bettor broke even, he would lose \$2.88. If he won a few times he could end up with his original \$2, or maybe more. Are parimutuel promoters willing to limit by law each bettor to a maximum of \$2 on each race and a limit of nine races per racing day? How many bet only \$2 per race? No matter the size of the bet, in the long run those who can least afford to lose always lose the most, be it their grocery money, their home, their place of business, farm, or factory. Where commercial gambling is promoted, more persons become compulsive gamblers.

If a person would break even betting with friends at some Kansas race track today, he would take home exactly what he came with, because there is no take-out. This explains why the illegal bookie using legal parimutuel tracks for his operation can give the bettor a better deal and winnings are not reported to the IRS.

A recent editorial in the New York Times spells out our concerns. They are fighting to keep casino gambling out of The Big Apple, saying casinos at Atlantic City have underworld ties, political leaders are bribed, and crime has gone up faster there than anywhere in New Jersey. Working people gamble away their pay checks.

New York has legal commercial gambling with a state lottery, bingo, parimutuel tracks, and off-track-betting. They are saying that is enough, no more. Kansas has legal bingo gambling, and that is enough. Concerned citizens want no more.

This New York Times editorial went on to say, "A group that advocates the legalization of casinos in New York has been arguing that the state is just too big and sophisticated for casinos to cause the same problems that have arisen in Atlantic City and New Jersey. . . New York casinos would be tightly controlled. . . Pardon our disbelief. We know New York offers plenty of attractions without casinos. We know also that there can be no such thing in New York as casinos without trouble."

Those advocating parimutuel betting in Kansas at tightly controlled tracks deserve the same response. Pardon our disbelief. We know Kansas offers plenty of attractions compared to other states - lower unemployment, higher personal income, higher worker productivity, lower state and local taxes as a percent of income. We also know there can be no such thing in Kansas as controlled parimutuel gambling tracks without trouble.

Nebraska tracks are in financial trouble and they have jockies with criminal records who give false names. Horses are drugged at the controlled tracks. Odds are rigged at the controlled tracks. Bookies use controlled tracks for their operation.

Nebraska gambling promoters hired the Massachusetts firm of Killingsworth, Liddy and Company to make a study of their horse racing industry. The Killingsworth report said the financial condition of Nebraska gambling tracks was worsening and the racing industry there faces a troubled future.

Proof of the accuracy of this report came when the Nebraska legislature passed a bill on March 22, 1982 to exempt from taxes the first 5 million dollars wagered at the Atokad race track near South Sioux City. Track officials said they expected wagering to total \$5 million for the year which would mean no taxes for the state.

New York State officials, troubled by a decade of financial losses in the state's racing industry, considered several proposals to reverse the trend, including possible abolition of the New York Racing Association, a group of horse owners and breeders who operate the state's three major tracks. The Racing Association was unable to pay its debt, so it received tax relief from the legislature, and was allowed to have races on any day except Christmas, Palm Sunday, and Easter.

Maryland recently bailed out their parimutuel gambling tracks with \$1.5 million of taxpayer money. The city of West Springfield, Massachusetts, was promised \$200,000 a year in taxes and 300 new part-time jobs if citizens would approve a parimutuel track in 1980. Voters voted NO! They agreed with one city Selectman who said the track would bankrupt the town. Concerned citizens in states with parimutuel gambling tracks don't want one in their city, or near their homes.

Some fine people are promoting parimutuel in Kansas. Is a swindle run by fine people any less a swindle? Parimutuel promoters claim adults have every right to be free from "Big Brother" forcing them to refrain from commercial gambling. If supporting consumer protection laws to prevent those that promote swindle and fraud from deceiving my neighbor into losing his hard-earned pay check makes a "Big Brother", we proudly bear that title. It is regrettable that the spectator sport of horse racing has degenerated into little more than a vehicle for commercial gambling.

Parimutuel advocates claim they want legal gambling tracks which are firmly controlled so everyone will be law abiding. When they claim lawmakers should not consider parimutuel wagering on its merits but simply vote to submit the issue to the people, they are asking legislators to break the supreme law of the state - our Constitution. The Kansas Constitution requires two steps for amendment. (1) "IF EACH HOUSE SHALL APPROVE" race track gambling, (2) it "SHALL BE SUBMITTED. . . TO THE ELECTORS FOR THEIR APPROVAL OR REJECTION." (Quotes in capital letters from the Kansas Constitution.) Would parimutuel promoters be law abiding with legal gambling tracks when they claim lawmakers should not be law abiding today?

Governor Bennett was loyal to the Constitution. Concerning amendments he said, (when a state Senator) "We do not vote to submit that which we do not want passed." Governor Carlin is loyal to the Constitution. Concerning his property tax classification amendment he said, "It requires a two-thirds vote of the Legislature to win approval of something that is truly good for Kansas."

If parimutuel wagering is truly good for Kansas, lawmakers who want the people to pass it should vote YES. On March 22, 1982, twenty-two Senators stood tall for freedom from commercial race track gambling problems as they voted NO on Senate Concurrent Resolution 1621.

The right to vote on parimutuel wagering is not the issue. Constitutional change to permit commercial gambling on horse racing is the issue. Lawmakers do not vote to submit. Loyalty to their oath requires them to consider parimutuel gambling on its merits and vote to approve or refuse to approve.

Gambling lobbyist McGill as a lawmaker was loyal to his oath to uphold our Constitution. He refused to approve parimutuel and other forms of commercial gambling by voting NO on HCR 1004 in 1971 and HCR 1072 in 1972. Lawmakers who say they are voting for the right of the people to vote on parimutuel are rubber stamps in the hands of gambling promoters. Missouri gambling promoters said they would spend \$2.7 million to win approval by the voters if such a constitutional amendment were on their ballot.

Kansas gambling track promoters expect to pocket \$30 million yearly from parimutuel wagering. How much would they spend to buy approval of such a constitutional amendment by the people? Should concerned Kansans be forced to spend time, energy, and money to defeat at the polls what dedicated lawmakers can easily defeat in Topeka?

Persons who see the beauty in this animal are opposed to parimutuel because horses are drugged and abused by gambling promoters who see them as a means to riches. Thousands of Kansans want freedom from commercial gambling problems. Lawmakers who vote YES to approve a parimutuel constitutional amendment are voting to take from the poor and give to the rich.

RESOLUTION FOR FREEDOM FROM GAMBLING TRACK PROBLEMS

WHEREAS, Gambling is a menace to society, deadly to the best interests of economic growth, and destructive to good government; and

WHEREAS, Parimutuel supporters are promoting fraud as they claim 84% is returned in "winnings" when in fact John Q. Public is sure to lose 16% of all money bet on each race; and

COMMERCIAL GAMBLING TRACKS HURT PEOPLE AND BUSINESS

WHEREAS, Leaders in business and industry acknowledge sales drop, bad debts climb, worker productivity decreases, and job absenteeism increases when dollars that would have been spent for needed items are lost at gambling tracks; and

WHEREAS, KBI Director Thomas Kelly told Senators parimutuel wagering in Kansas would bring increases in crime, illegal gambling, bribery, race-fixing, fraud and corruption, noting Nebraska has problems with bookies and with jockies having criminal records who give false names; and

WHEREAS, The Wall Street Journal called gambling tracks a legalized swindle where the poor and others who can not afford to lose always lose the most so we support consumer protection laws which do not permit freedom of choice for the public to be subject to fraud; and

RICHES FOR PARIMUTUEL PROMOTERS IS THE ISSUE

WHEREAS, Parimutuel promoters claim gamblers at Kansas tracks will bet \$273.1 million yearly so there will be 13.7 million for the state, \$15 million in prizes for horse owners, and \$15 million for salaries and expense accounts of non-profit track operators and lobbyists plus other expenditures which indicates gambling promoters will keep \$2 in their pockets for each \$1 in state taxes; and

WHEREAS, Long established but financially troubled Nebraska gambling tracks producing \$8.8 million were recently given a tax break by their legislature and P-A-R-I-M-U-T-U-E-L would never spell relief in Kansas even with the exaggerated claim of 13.7 million revenue when property taxes alone total more than one billion yearly; and

WHEREAS, Gambling promoters would have the public believe they are working for tax relief and tourism when in fact they are promoting riches for themselves (\$30 million yearly into pockets of track operators, lobbyists, public relations firms, and horse owners is why Missouri parimutuel promoters said they would spend \$2.7 million to win approval by the people and Oklahoma gambling supporters reportedly spent around one million on their recent vote. How much would they spend in Kansas to buy a vote of the people?); and

WHEREAS, The spectator sport of horse racing is now legal in Kansas so the issue is gambling and horse lovers who see the beauty in this animal agree with Humane Societies opposing parimutuel because horses are drugged and abused by gambling promoters who see them as a means to riches for themselves; and

WHEREAS, Parimutuel promoters claim gambling tracks are no different than farming but they fail to explain that gambling is a desire to get rich from the financial losses of others while farmers who seek only a fair price for their product are risk takers but not gamblers; and

CONCERNED CITIZENS WANT LAWMAKERS TO DEFEAT PARIMUTUEL

WHEREAS, Legislators voting YES will force concerned citizens who give all they can to their churches and other good causes to spend time, energy, and money to defeat at the polls what concerned lawmakers can easily defeat in Topeka; and

WHEREAS, Lawmakers have a right to vote for parimutuel gambling but must admit the relationship of legislature and people on constitutional change is like the relationship of Senate and House (or House and Senate) on legislative change in that Senators are not to be rubber stamps who vote to "submit" a bill to the House, or "vote for the right of House members to vote on it." Senators vote to approve or not approve a proposed change; and

WHEREAS, Persons promoting gambling who control newspapers, radio, and TV, are deceiving the public into thinking parimutuel is good for Kansas but lawmakers who have the facts are aware of the fallacy of that claim; and

WHEREAS, Lawmakers do not vote to submit but are required to approve or not approve parimutuel wagering if they are loyal to their oath to uphold the Constitution which states, "IF EACH HOUSE SHALL APPROVE" a Constitutional change, it "SHALL BE SUBMITTED. . . TO THE ELECTORS FOR THEIR APPROVAL OR REJECTION"; and

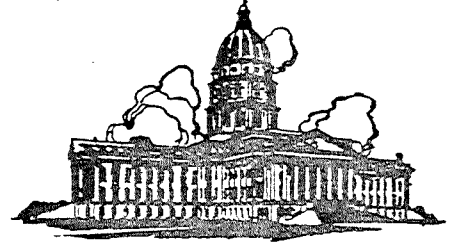
WHEREAS, On March 2, 1982, twenty-two Senators stood tall for freedom from commercial race track gambling problems as they voted NO on Senate Concurrent Resolution 1621. Now, therefore,

BE IT RESOLVED: That we call upon all 165 members of the Legislature to exercise their constitutional responsibility and stand firm for freedom from gambling track problems by refusing to approve parimutuel wagering.

news story following the parimutuel victory in Oklahoma said gambling promoter
Chuck Henry has a colt named "Rev Taylor." This is an open letter to a horse.)
KANSANS FOR LIFE AT ITS BEST!

Richard E. Taylor, Jr.
218½ West Sixth Avenue
Topeka, Kansas 66603
Phone 913-235-1866

October 10, 1982



Dear "Rev Taylor,"

A Proud Land

I am honored by a news story that told me about you. I love horses and hope you grow up to be healthy and wise. Today is my birthday and it would have been a nice present to me if we could have had our picture taken together. When I put my nose to the neck of a horse, beautiful memories of boyhood days on the farm come back, days when horses and creaking leather and new mown hay and a Kansas summer sky made my world a wonderful and exciting place.

This letter is written so you will be better informed than your owner. The newspaper reported him as claiming that legal gambling tracks south of our border will cause lots of Kansas money to flow to Oklahoma. Don't believe him. Kansas Senators were told lots of Kansas money was flowing north of our border, yet track operators from Nebraska came to Topeka promoting commercial gambling in Kansas. If Kansas dollars were important to Nebraska gambling tracks, would they come down here to promote Kansas gambling tracks? The truth is, when gambling tracks are legal in more states, more persons become gamblers, they gamble more often, at more tracks, more become compulsive gamblers, and all this helps gambling tracks everywhere! Parimutuel in Kansas would not decrease attendance at Oklahoma or Nebraska gambling tracks.

Gambling track promoters want to get rich from dollars lost by persons who live in the area around the track. Their own "research" by a Wichita professor claims \$273.1 million would be wagered yearly at Kansas gambling tracks with 5% going to the state and 11% or \$30 million a year going into the pockets of non-profit track operators, gambling lobbyists, and owners of winning horses. In addition to legal wagered amounts, illegal bookies in Oklahoma are overjoyed because amounts wagered with them will increase with the addition of more legal gambling tracks which are the basis of their operations.

For each \$1 received by the state, an additional \$2 goes into the pockets of gambling promoters. (5% and 11%) Gamblers must lose \$3 for the state to receive \$1. People with good horse sense would rather give the state \$1 in taxes and keep the other \$2!

The millions of dollars which will be lost yearly at Oklahoma tracks will come from the pockets of people who live in Oklahoma. Consumer dollars lost at gambling tracks cause retail sales to drop and bad debts to increase. Most of the dollars gambled away come from pockets of persons who can not afford to lose. When race track gambling was defeated in 1978, Catholic Bishop Flores of Texas, known as a champion of the poor, said they would be the main victims of parimutuel, "it would entice them to lose what little they have."

But since Oklahoma citizens were deceived into thinking they were voting for horse racing (which was already legal) when they foolishly approved of this legalized swindle called parimutuel, I hope you'll grow up to be so big and strong and fast that you'll go to Oklahoma and win all sorts of races! You'll bring money out of the pockets of Oklahoma people back to Kansas!

KANSANS FOR LIFE AT ITS BEST, users and non-users standing together in a campaign to improve quality of life by refusing to push for increased availability and consumption of our most abused drug. Beverage alcohol causes more human and economic misery than all other drugs combined. Thankful that per capita consumption in Kansas is half the nation's average, we will encourage others to choose freedom from personal or social slavery to alcohol by means of:

Rehabilitation—Help alcohol-dependent persons adjust to life without the drug.

Education—Every person informed of effect of alcohol on mind and body.

Amount—Encourage persons to be non-users and encourage users to use a limited amount.

Law—Restrict availability and places of consumption.

Kansas has the REAL answer to the nations number one drug problem.

If parimutuel promoters are successful in deceiving Kansans into approving this commercial gambling operation, and if you run on a Kansas gambling track, just horse around and never win, because winning here would be taking money from Kansans who can not afford to lose. Other horses may not be concerned about Kansas poor people, but you would want to live up to your good name and not stoop to the level of other horses.

Of course for now, horse racing in Kansas is a fine spectator sport and good recreation. I especially like to watch trotters. All horses should do their best on non-commercial-gambling Kansas tracks. You see the issue is not the spectator sport of horse racing, the issue is commercial gambling. And the issue is not taxes. I'm going to begin a push to increase our sales tax one/tenth of a cent state wide. Legislative research tells me this will bring in \$18 million yearly which is more than the \$13.7 million promised by the Wichita professor's "research." The financially troubled but well established gambling tracks in Nebraska collected only \$8.8 million in taxes last year from the track gamblers.

Some gambling promoters have been forced to admit that parimutuel would not be a significant source of revenue, so they now claim the economic spinoff would be tremendous. Another example of rainbow chasers promoting fraud and deceit. Persons with good horse sense know that Kansas dollars which would be gambled away at Kansas parimutuel tracks are now being spent in the state on something, turning over time and time again, generating taxes. Parimutuel taxes and dollars are simply redistributed dollars. And not only would sales taxes lost on \$273.1 million wagered at the track nearly equal parimutuel taxes collected, law enforcement budgets across the state would need more money. Thomas Kelly, Kansas Bureau of Investigation Director, told Kansas lawmakers that parimutuel wagering would require increased law enforcement budgets due to increases in crime, illegal gambling, bribery, race-fixing, fraud and corruption, problems which come "when the State participates in an activity which is otherwise criminal in nature."

Some Kansas leaders in business and industry don't have enough good horse sense to realize parimutuel gambling promoters want to get rich with dollars now spent on main street. Even Kansas horse people have refused to acknowledge that purses in Nebraska account for about half of what it is costing horsemen there to keep their steeds running, so most are losing money.

Concerning constitutional amendments, Senator Bennett who later became Governor said, "We do not vote to submit that which we do not want passed." About his property classification amendment, Governor Carlin said, "It requires a two-thirds vote of the Legislature to win approval of something that is truly good for Kansas." If you horses had the right to vote for Kansas lawmakers, good horse sense would throw out of office those rubber stamp legislators, who fall for the cents-less arguments of parimutuel promoters and claim they are just voting to submit it to the people.

I wish parimutuel were not an issue. My salary would be the same and I could spend all my time and energy building up the state rather than trying to prevent gambling promoters from tearing it down by hurting people and horses.

Black Beauty was seriously injured by an alcohol drugged rider who forced him to go full speed over rough rocks on a dark night. We'll do our best to encourage concerned lawmakers to refuse to approve commercial race track gambling so you and your friends will not be drugged or abused by an owner who wants to get rich from gambling losses of Kansans. If anyone hurts you in any way just to win a gambling track race, kick some sense into him!

Sincerely from one Rev. Taylor to another,

Richard Taylor

Reverend Richard Taylor

Copy to Mr. Chuck Henry
Quarterhorse Gambling Association
Augusta, Kansas 67010

1 Parimutuel gambling is technically a swindle.

Off Track Betting not prohibited by SCR 1605.

Who would pay a stockbroker.

Two steps are required for Constitutional change. (1) If the legislature shall approve a change, (2) It shall be submitted to the electors for their approval or rejection.

2 Long established tracks in Nebraska, Colorado, and Arkansas collect some \$9 million yearly from gamblers who wager.

1/20th cent sales tax in Kansas would produce \$9 million.

With \$1 billion in property taxes statewide and \$1½ billion for education, P-A-R-I-M-U-T-U-E-L does not spell relief!

Parimutuel is a scheme to take from the poor and give to the rich.

3 If parimutuel gambling in Kansas would bring benefits such as thousands of new jobs, an agricultural economy boost, tax relief, tourism, recreation, and the creation of a self supporting industry, why is California in deep trouble?

The big lie won a YES vote in Oklahoma. Roy Clark said parimutuel would make the state "virtually recession proof." Voters were told that 6% of wagers would go for taxes and 12% for track operators and horse winners. After the vote this has been changed to 2% for taxes and 16% for track operators and rich owners of winning horses.

Gambling tracks would redistribute Kansas dollars so new jobs in parimutuel industry would cause loss of other jobs.

Gambling promoters want to get rich at expense of lower retail sales and increased bad debts for Kansans.

4 Leaders in business and industry oppose commercial gambling.

As wagering opportunities increase we have an increase in compulsive gamblers.

5 Legal gambling tracks bring an increase in illegal gambling with more persons betting larger amounts illegally.

Is a vote of the people fair if your opponent can outspend you \$100 to \$1?

6 As a Senator, Governor Bennett said, "We do not vote to submit that which we do not want passed." Concerning his property tax classification amendment, Governor Carlin said, "It requires a two-thirds vote of the legislature to win approval of something that is truly good for Kansas."

Lawmakers who want the people to pass parimutuel will vote YES on SCR 1605. Lawmakers who believe that commercial gambling tracks are truly good for Kansas will vote to approve them. Concerned legislators who support consumer protection laws will refuse to approve this public swindle called parimutuel wagering.

Hearing on SCR 160 March 1, 1983
Senate Federal and State Affairs Committee

Richard Taylor
KANSANS FOR LIFE AT ITS BEST!

"Gambling is a disease of barbarians superficially civilized."
Dean W. R. Inge

"A society experiences social decay with the legalization of gambling."
Minnesota Catholic Conference statement opposing parimutuel.

"Parimutuel racing has become such an obvious consumer swindle that management must now bribe horseplayers to come out to the track."
New York Times editorial, July 30, 1977

An editorial in the Wall Street Journal quoted Professor Irving Kristol who said parimutuel gambling is "technically a swindle: the payoffs on bets must be less than fair, and the overwhelming majority of the 'investors' must lose their money, if the gambling enterprise is to survive and prosper." He noted the case for legalized gambling is "simply an argument in favor of the government raising revenues by swindling its citizens rather than by taxing them."

Legalized gambling dehumanizes persons and devalues society. The motive for shop-lifting and for gambling is the same. It is a desire to enrich yourself from the financial losses of others. A swindle is theft by deception.

SCR 1605 uses the tactics of swindlers - deception. Do we need a constitutional change authorizing the legislature to permit horse racing? To regulate horse racing? To license horse racing? To tax horse racing? To allow bona fide nonprofit organizations to promote horse racing? To provide county option for horse racing? All this is legal today in every Kansas county.

The Senate calendar tells the truth. We are considering a "constitutional amendment to allow parimutuel betting on horse races." An honest SCR 1605 would have stated, "A PROPOSITION to amend the constitution of the state of Kansas by adding a new section thereto authorizing the legislature to allow parimutuel betting on horse races."

In other states, Off Track Betting causes more poor people to lose more money than does on track gambling. SCR 1605 does not prohibit OTB. Another sneaky tactic of gambling promoters.

Kansas gambling promoters claim parimutuel is like a stock market transaction with the track acting as broker and deducting its commission. Using their claim for amount wagered for the year, Kansans would need to "invest" over \$250,000 on each of 210 racing days of which \$52,000 would be returned to the public with the track keeping \$136,000 for non-profit track operator salaries and owners of winning horses. Who would pay a stockbroker a "commission" of \$136,000 on an "investment" of \$250,000 which was certain to be worth \$52,000 by the end of the day? That is theft by deception, a swindle.

APPROVAL BY THE LEGISLATURE OF COMMERCIAL GAMBLING IS THE ISSUE

Parimutuel promoters claim race track betting is just like farming. Did Kansas pass a constitutional amendment to legalize farming? If parimutuel is no different, a constitutional change is not needed.

Article 14 of our Constitution outlines the two steps required for amendment. (1) If the legislature SHALL APPROVE SUCH RESOLUTION which is a PROPOSITION TO AMEND, (2) SUCH PROPOSITION TO AMEND THE CONSTITUTION SHALL BE SUBMITTED... TO THE ELECTORS FOR THEIR APPROVAL OR REJECTION. (Caps from constitution) The constitution never intended for lawmakers to be rubber stamps and simply vote to submit a proposed change. Our constitution requires the legislature to approve the change. If approved, the change shall be submitted to a vote of the people.

If the legislature approves commercial gambling at race tracks, parimutuel promoters have said they will tell the people of Kansas, "We're not asking you to approve parimutuel wagering. We just want you to give counties the right to vote on it."

The Kansas Supreme Court has explained in detail how the relationship of the legislature and the people on constitutional change is like the relationship of the Senate and House on legislative change. I have never heard a Senator say, "I've just taken a poll of the House and 65% want to vote on this bill so I'll vote to submit it to them." Parimutuel promoters claim the legislature should not be forced to accept the responsibility of making this decision but should pass it on to the people. I've never heard a Senator say, "I don't want the responsibility of making a decision on this piece of legislation so I'll pass it on to the House."

TAXES

I wish parimutuel wagering was a painless way to relieve our current tax problem. But reported revenue from gambling tracks in Nebraska, Colorado, and Arkansas indicate about \$9 million yearly is received by each of those states. With \$1 billion property taxes state wide and \$1½ billion in state and local revenue going for education in Kansas, P-A-R-I-M-U-T-U-E-L does not spell relief.

1/20th cent sales tax in Kansas would produce \$9 million yearly. Concerned citizens would gladly give one penny on each \$20 purchase and keep parimutuel gambling problems out. This would be \$9 million net to the state, while gambling revenues shrink because some of the money received must go for added costs of law enforcement, administration, welfare, and rehabilitation for compulsive gamblers.

When Texas defeated parimutuel in 1978, Catholic Bishop Flores of El Paso, a champion of the poor, said they would be the main victims of parimutuel, "it would entice them to lose what little they have." Texas Bishop C. D. Coleman of the C. M. E. Church said parimutuel would mean "added woes and stresses" for poor families.

"The disposition of low-income families to spend a greater fraction of income on gambling makes gambling a regressive expenditure and, where used as a source of revenue, government receipts from gambling become a regressive tax." - Commission on the Review of the National Policy Toward Gambling created by the 91st Congress.

Parimutuel gambling puts a big tax lug on the poor. They must lose \$3 for the state to receive \$1. It would be better for them to pay \$1 in taxes and keep the other \$2 in their own pocket.

Promoters of our most abused drug in 1948 told Kansans that legal liquor would bring \$10 million new tax dollars to Kansas. "Kansas could use that 10 MILLION DOLLARS in many ways . . . Increase OLD AGE PENSIONS, pay raises for TEACHERS, better ROADS for FARMERS, assistance to VETERANS" (Advertisements in Abilene Reflector-Chronical, October 9 and 21, 1948) \$10 million in 1948 was a lot more than \$9 million from parimutuel in 1984. But if you tell the big lie long enough, people believe it.

Voters in Minnesota believed the big lie that parimutuel would reduce their tax burden. Minnesota Catholic Bishops spoke out against race track gambling saying, "Revenue from horse racing has actually decreased nationwide in the 1970s." They went on to say, "We must conclude that not only is legalized gambling a form of repressive taxation, in that it attracts the poor much more often than other segments of society; it also encourages illegal gambling, thereby adding to an already overburdened budget by increased law-enforcement costs. (Ironically, the reason most often given for legalized gambling is that it is a 'painless' way to decrease the budgetary deficit.) Finally, legalized gambling may increase the probability that those who are particularly susceptible to the lure of gambling, i.e., the compulsive gambler will yield to the compulsion and thereby cause detrimental effects to themselves, their families and the community."

Citizens in Oklahoma voted YES because they believed Roy Clark, honorary chairman of the drive to legalize race track gambling there, when he said parimutuel wagering "can keep our state virtually recession-proof." California and other states with parimutuel proves that is just another example of the big lie.

Voters in Oklahoma were told the state would receive 6% of all wagers and the track would keep 12%. The Oklahoma legislature is now considering 2% for taxes and 16% for track operators who say they need a break to get the tracks operating. They also want state supported bonds to build the tracks.

JOBS AND OTHER ECONOMIC PROBLEMS

Parimutuel promoters say race track gambling will bring people to Kansas. They are correct. It will bring loan sharks, prostitutes, bookies, race fixers, and organized crime. It will create part time jobs when the gambling tracks are running. But where will the money come from to support those jobs?

Gambling promoters claim \$273.1 million would be wagered per year in Kansas with 11% for track operating expenses and purses for winning horses. It is true that commercial gambling tracks in Kansas would keep home a few of the dollars now going to gambling tracks out of state, and a few dollars from Missouri or other states may come to Kansas gambling tracks. But most of the \$30 million going into the pockets of non-profit gambling track operators and rich owners of winning horses would be take-out from the pockets of Kansans who are now spending those dollars on goods and services, dollars already turning over time and time again, generating taxes and supporting jobs right now. If those dollars are redistributed toward supporting jobs in the parimutuel gambling industry, jobs they are now supporting will be lost. There is no such thing as a free lunch. It always costs someone.

Do we want casino gambling in Kansas just to keep home some people now going to Las Vegas?

When gambling tracks in other states are running, business people in those cities find retail sales drop and bad debts increase because millions of local consumer dollars are lost at the track. As one merchant said, "they come to town to gamble. They don't spend money anywhere except in a few hotels and restaurants near the track. When the track is running it seems to sap the energy of the town. My business is down and civic, cultural, governmental, and economic progress comes to a halt. The few dollars brought in from out of the area are nothing compared to dollars lost by local people."

Years ago in Arkansas, Governor Rockefeller wanted to know what local people in Hot Springs and West Memphis considered the biggest problem when tracks were running. "Bad debts" was the response. Those were not bad debts of Kansans who went there to gamble. They were bad debts of Arkansas citizens.

Word comes from Colorado that on the first day of lottery ticket sales, grocery store owners said they might as well left their checkout persons home. People bought lots of lottery tickets but no groceries.

When times are tough, gambling flourishes. Unemployment in Ohio found gamblers jaming the race track trying to turn their last \$50 into \$500. They ended up losing their last \$50.

COMMERCIAL GAMBLING IS PROBLEM IN BUSINESS AND INDUSTRY

Leaders in business and industry are opposed to commercial gambling because it causes lower worker productivity, accident-prone employees, potentially dishonest employees in trouble with loan sharks, and key salaried personnel cooperating with organized crime. (From DESKBOOK ON ORGANIZED CRIME by the United States Chamber of Commerce)

Gambling adversely affects business on two levels. On the first, these are the hazards:

**Inefficient employees.* Workers will be prone to waste time by visiting or roaming about in search of a racing form, the latest sporting news, the in-plant bet collector.

**Accident-prone employees.* When a gambler becomes a loser — and in the long run they all do — he becomes worried, distracted, perhaps tense as debts mount.

**Potentially dishonest employees.* As losses mount, the employee may resort to a loan shark to bail himself out. More often than not, this merely compounds his problem. He becomes subjected to such intense loan-shark pressure that he begins to steal or embezzle from the company in a last ditch effort to get out from under.

The second level of danger is present when organized crime takes interest and assigns a bookie to the premises. The preceding hazards are escalated. Even worse, you are unnecessarily advertising yourself to organized crime. The organized underworld's gambling organization can also function as an efficient information-gathering system. The spotlight a company focuses upon itself through tolerance of in-plant gambling may inspire racketeers to consider hijacking your trucks, stealing your supplies and equipment, perpetrating a planned bankruptcy, "suggesting" you purchase supplies from mob-run outfits, creating labor trouble and then recommending you add one of their "labor consultants" to your payroll.

COMPULSIVE GAMBLING

"Evidence shows there is a direct link between availability of gambling and the incidence of compulsive gamblers." Ignor Kusyszyn, Professor of Psychology at York University in Toronto

"Easy access to gambling facilities may result in actualization of those who are predisposed to compulsive gambling. . . wide-spread legalization of gambling may lead to a significant increase in the incidence of compulsive gambling."

A Survey of American Gambling Attitudes and Behaviour
University of Michigan

Increase of commercial gambling has the "makings of a major social and economic problem in the United States. It hasn't reached the magnitude of drugs or alcohol, but it could get to that point as wagering opportunities become more and more available."

Sociology Professor Edward Devereaux
Cornell University

Dr. Robert L. Custer, medical advisor for the National Council of Compulsive Gambling said, "horse racing, casino gambling and sports betting are the most addictive."

LEU - GAMBLING TRACKS BRING AN INCREASE IN ILLEGAL GAMBLING, MORE PE. NS BETTING LAR. AMOUNTS ILLEGALLY

"As would be expected, the greater popular interest in horse racing naturally accompanying existence and advertising of racing and publication of results augments the demand for illegal betting facilities. The magnitude of the increase is more than enough to compensate for reduced participation in other illegal forms of gambling. Existence of horse racing also appears to increase the average amount wagered illegally per bettor, particularly with horse books." (page 172)

"In addition we can see that illegal books are operating in states without tracks. One percent of our sample living in those states report they bet with a horse book. This compares to three percent who bet with a horse book who live in states with a track, suggesting that while a local track is not necessary for an illegal horse operation, it does stimulate betting on the horses with a bookie. And while heavy illegal bettors are found in both states, there are more of them in states with tracks." (pages 191-193)

(Above paragraphs from GAMBLING IN AMERICA, Appendix 2, Report of the Commission on the Review of the National Policy Toward Gambling, created by the Ninety-first Congress)

The illegal bookie uses a legal track for his operation. Because his take-out is less, he gives the bettor a better deal, and winnings are not reported to the IRS. In Oklahoma they had a bookie saying a legal track would put him out of business. Any crook will lie to enhance his business. The YES vote in Oklahoma has bookies laughing all the way to the bank.

Kansas gambling promoters say we have illegal gambling and the state is not collecting taxes on it. Legal tracks will not decrease the amount of illegal gambling, but legal tracks will put millions of dollars into the pockets of non-profit track operators and owners of winning horses. Gambling promoters are not concerned for lost tax dollars. They are concerned for lost dollars not going into their own pockets.

LEGALIZE RACE TRACK GAMBLING SO WE CAN CONTROL IT?

A New York Times editorial opposed casino gambling saying, "A group that advocates the legalization of casinos in New York has been arguing that the state is just too big and sophisticated for casinos to cause the same problems that have arisen in Atlantic City and New Jersey. . . New York casinos, says the coalition, would be tightly controlled, keeping working people from gambling away their paychecks. . . Pardon our disbelief. We know that New York offers plenty of attractions without casinos. We know also that there can be no such thing in New York as casinos without trouble."

Those advocating parimutuel betting in Kansas at tightly controlled tracks deserve the same response. Pardon our disbelief. We know Kansas offers plenty of attractions compared to other states - lower unemployment, higher personal income, higher worker productivity, healthier people, less alcoholism, lower state and local taxes as a percent of income. We also know there can be no such thing in Kansas as controlled parimutuel gambling tracks without trouble.

WOULD A VOTE OF THE PEOPLE BE FAIR IF YOUR OPPONENT OUTSPENDS YOU \$100 TO \$1?

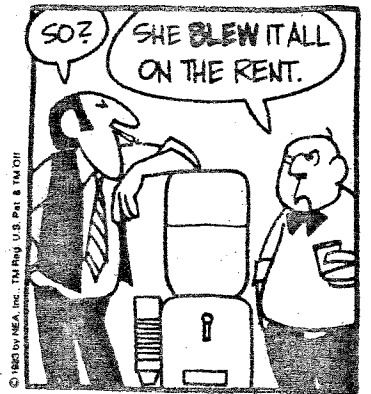
Missouri gambling promoters said they would spend \$2.7 million to win approval by the voters if such a constitutional amendment were on their ballot. Kansas gambling track promoters expect to pocket \$30 million yearly from parimutuel wagering. How much would they spend to buy approval of a constitutional amendment by the people? Should concerned Kansans be forced to spend time, energy, and money to defeat at the polls what dedicated lawmakers can easily defeat in Topeka?

Resolutions passed by the Kansas Farm Bureau, by K.A.C.I. and by the Kansas Livestock Association are asking legislators to be disloyal to their oath to uphold the Constitution. Lawmakers vote to APPROVE race track gambling, they do not vote to SUBMIT it. Senate President Doyen and Speaker of the House Hayden have been loyal to their oath as they have refused to approve commercial gambling in past sessions.

As a Senator, Governor Bennett said, "We do not vote to submit that which we do not want passed." Concerning his property tax classification amendment, Governor Carlin said, "It requires a two-thirds vote of the legislature to win approval of something that is truly good for Kansas."

Lawmakers who want the people to pass parimutuel will vote YES on SCR 1605. Lawmakers who believe that commercial gambling tracks are truly good for Kansas will vote to approve them. Concerned legislators who support consumer protection laws will refuse to approve this public swindle called parimutuel wagering.

Born Loser



"Parimutuel racing has become such an obvious consumer swindle that management must now bribe horse-players to come out to the track."
New York Times, July 30, 1977

H O R S E S - Y E S !

Parimutuel

G A M B L I N G - N O !

Rev Taylor



In the Wall Street Journal, Professor Irving Kristol said parimutuel gambling is "technically a swindle: the payoffs on bets must be less than fair, and the overwhelming majority of the 'investors' must lose their money, if the gambling enterprise is to survive and prosper." He noted the case for legalized gambling is "simply an argument in favor of the government raising revenues by swindling its citizens rather than by taxing them."

"The disposition of low-income families to spend a greater fraction of income on gambling makes gambling a regressive expenditure and, where used as a source of revenue, government receipts from gambling become a regressive tax." - Commission on the Review of the National Policy Toward Gambling created by the 91st Congress.

When Texas defeated parimutuel in 1978, Catholic Bishop Flores of El Paso, a champion of the poor, said they would be the main victims of parimutuel, "it would entice them to lose what little they have." Texas Bishop C. D. Coleman of the C. M. E. Church said parimutuel would mean "added woes and stresses" for poor families.

Every lawmaker who votes for a parimutuel resolution is voting to take from the poor and give to the rich.

Legislators who want the people to approve parimutuel, who believe commercial gambling tracks are truly good for Kansas, should vote YES.

Senators and Representatives who oppose this consumer swindle will vote NO. They need your support. Tell them you want a NO vote.

Legislators who say they are voting for the right of people to vote on it are rubber stamps in the hands of parimutuel promoters.

The issue is not taxes or new jobs or tourism or recreation or horse racing. The issue is \$30 million a year into the pockets of gambling promoters.

(This explanation of parimutuel is from material distributed by Kansas gambling promoters.)

Pari-mutuel means, literally, a mutual wager, or betting against other bettors. It is legal in thirty states, including all states west of Kansas except Utah. A pari-mutuel wager is much like a stock transaction. When you buy a \$2 ticket on a horse, you are, in effect, buying one share in the horse's performance in that race. The race track acts as the broker for the transaction and deducts its commission, which is fixed by state law.

The mutual pool is returned to the bettors. If the takeout is set at 15%, as in Nebraska, the mutual pool would be about 84% of the handle. Since the racing association in Kansas must be a nonprofit organization, the takeout plus breakage (16%) would be allocated to these three categories: 1) the State, 2) the horsemen, and 3) track operating expenditures.

Parimutuel rainbow chasers claim Kansas would receive \$13.7 million revenue from gambling tracks with 210 racing days a year. This would require a daily tax take of \$65,238.10. Kansas people would need to "invest" over \$250,000.00 a day statewide if all winners re-invested only their winnings and all losers on every race would not make additional wagers.

\$ 250,000.00	wagered by the public on the first race.	16% take-out leaves a mutual pool of
210,000.00	returned to the winners who bet it all on the second race.	16% take-out leaves
176,400.00	returned to the winners who bet it all on the third race.	16% take-out leaves
148,176.00	returned to the winners who bet it all on the fourth race.	16% take-out leaves
124,467.84	returned to the winners who bet it all on the fifth race.	16% take-out leaves
104,552.98	returned to the winners who bet it all on the sixth race.	16% take-out leaves
87,824.50	returned to the winners who bet it all on the seventh race.	16% take-out leaves
73,772.58	returned to the winners who bet it all on the eighth race.	16% take-out leaves
61,968.97	returned to the winners who bet it all on the ninth race.	16% take-out leaves
<u>\$1,237,162.87</u>	Total (Sales tax exempt)	\$52,053.93 returned to winners of ninth race.

\$ 61,858.15 Taxes for the state, (5% of \$1,237,162.87) Some of these dollars would be needed for increased law enforcement budgets, administration expenses, and social costs.

\$136,087.92 Into pockets of non-profit track operators, gambling lobbyists, lawyers for legal counsel, public relations firms, advertising agencies, rich owners of winning horses, shady vets with quick fixes for injured horses. (11% of bets)

\$ 52,053.93 Returned to the public. Due to 144% take-out for the afternoon (16% times 9 races times amount bet), a person who "won" on every race will end up with nearly the same number of dollars he brought to the track or less. Very few will end up with more. Gambling track operators enrich themselves from the

\$250,000.00 "investment" by the public on which is charged a 55% "commission."

Who would pay a stockbroker a "commission" of \$136,000.00 on an "investment" of \$250,000.00 which was certain to be worth \$52,000.00 by the end of the day? Parimutuel is a swindle.

Gambling promoters claim \$273.1 million would be wagered per year in Kansas with 5% going to the state and 11% for track operating expenses and purses for winning horses. With parimutuel tracks in Nebraska, Colorado, and Oklahoma, who would come to Kansas gambling tracks? People in Missouri are already in the habit of going to Arkansas, Illinois, and Nebraska. Except for a few dollars from out of state, this \$13.7 million in parimutuel taxes and \$30 million into the pockets of gambling promoters would simply be redistributed Kansas dollars now spent on goods and services, already turning over time and time again, generating jobs and taxes. If these dollars are redistributed toward supporting jobs in the parimutuel gambling industry, jobs they are now supporting will be lost.

When gambling tracks in other states are running, business people in those cities find retail sales drop and bad debts increase because millions of local consumer dollars are lost at the track. As one merchant said, "They come to town to gamble. They don't spend money anywhere except in a few hotels and restaurants near the track. When the track is running it seems to sap the energy of the town. My business is down and civic, cultural, governmental, and economic progress comes to a halt. The few dollars brought in from out of the area are nothing compared to dollars lost by local people."

Kansas horse people who understand the economics of parimutuel do not want to expand their business at the expense of Kansas poor people who would lose their pay checks at commercial gambling tracks. Horse breeders concerned for others want no part of this public swindle.

Thomas Kelly, KBI Director, told lawmakers that parimutuel wagering in Kansas would require increased law enforcement budgets due to an increase in crime, illegal gambling, bribery, race-fixing, and fraud.

Legislative Research says a 1/20th cent increase in state sales tax would generate \$9 million a year. This is now generated by long established tracks in Nebraska, Colorado, and Arkansas. Concerned Kansans will gladly pay an additional penny on a \$20 purchase rather than permit their neighbor to be swindled at the gambling track.

Nebraska gambling promoters paid some \$100,000 to the Killingsworth Co. of Massachusetts to make a study of Nebraska parimutuel racing. The Killingsworth Report of 1981 found the financial condition of Nebraska gambling tracks worsening and said the state's racing industry faced "a troubled future." Purses for winning horses were a bit more than half of what it was costing horsemen to keep their steeds running, so most were losing money. On March 22, 1982, the Nebraska Legislature voted to exempt from taxes the first \$5 million wagered at the ATOKAD gambling track near South Sioux City. ATOKAD officials said they expected only \$5 million to be wagered for the year. One lawmaker said, "Our priorities should not be saving small race tracks"

When parimutuel promoters say farming is a gamble just like parimutuel, they are using the same tactics as swindlers. They want to deceive the public. The farmer takes a risk when he buys the seed, plows the soil, plants and cultivates and fertilizes, hoping for rain and not hail. He produces food for the world and wants a fair price for his product. Gambling is an attempt to get rich from the financial losses of other persons. Farmers are risk takers, not gamblers.

Once upon a time all the parimutuel bettors at a commercial gambling track had a tip on a sure winner. Every bettor bet \$100 on that horse, and sure enough, it won! The HANDLE (total of all bets) was reduced by 16% TAKEOUT to form the MUTUAL POOL returned to the winners. Every bettor "won" \$84 for having wagered \$100 on the winner! Pure fraud.

Due to takeout, gamblers who break even at the parimutuel track lose 16% of all money bet on each race. If a person would break even betting with friends at some Kansas track today, he would go home with exactly what he came with, because there is no takeout. This explains why the illegal bookie using the legal track for his operation can give the bettor a better deal, and winnings are not reported to IRS.

Reported parimutuel revenue from well established tracks for 1981.

\$9.5 million Colorado
\$9.4 million Nebraska
\$8.5 million Arkansas
\$2.2 million New Mexico
Would Kansas produce 13.7 million?

For each \$1 in taxes, citizens in those states lost an additional \$2 into pockets of gambling promoters.

\$1,085,137,000.00 Total property taxes collected in Kansas for 1981.
\$1,486,029,000.00 State and local taxes for education in Kansas 1982.
(Kansas Legislative Research Dept)

P-A-R-I-M-U-T-U-E-L does not spell RELIEF for \$1 billion property or \$1½ billion taxes for education.

As a per cent of income, state and local taxes now paid by Kansans are lower than in any state around us.

Legalized gambling dehumanizes persons and devalues society. The motive for shop-lifting and for gambling is the same. It is a desire to enrich yourself from the financial losses of others. A swindle is theft by deception.

In scorn and ridicule we are called a single-issue special-interest group. Our single issue is the prevention of alcohol and gambling suffering. Our special interest is the health, safety, and well-being of every Kansan. Our support comes from concerned citizens and churches. Your help is needed. (Copies of this flyer available on request)
KANSANS FOR LIFE AT ITS BEST!
218½ West Sixth, Topeka 66603

At this point we would have to agree with FRANK GIBNEY, staff writer for Time and Life, that Republics, and states like our Kansas, do and must live by virtue. If our state should decide to start living by shirking, pleasure-seeking--or outright fraud, we must be prepared one day to pick up a fearful check for it--- without any expense account left to put it on.

For these and many other reasons testified to here this morning, gentlemen, we urge you, in behalf of many like minded citizens of our state, to defeat this gambling legislation.

*Remarks of E. R. Fletcher,
Retired F. B. I. Supervisor*

Contrary to general opinion that all gamblers on racing DIE BROKE it is only fair to acknowledge a very small few prosper. "PITTSBURGH PHIL", a colorful track patron of some years ago declared on one occasion he had never worked a day other than to "bet on the goggles".

He died leaving an estate of over three million dollars.

(5) Knowledgable acquaintances agreed "PHIL" knew his horses, had a speaking acquaintance and "good book" on most of the leading jockeys, was well received in the environment around the race track, and often had good intelligence on the expectation of horse owners with regard to winning a race or holding back the animal for a better position in the next race meeting. For every well informed Pittsburgh Phil, there are millions of wagers placed by individuals on such ridiculous data as (1) the horse had a name similar to the better's mother-in-law (2) the physical beauty of the animal appealed to the eye (3) the silks being worn by the jockey are favorite colors. ALL DUMB BETS.

In the final accounting, a few "PITTSBURGH PHILS", make up the scene of race betting, but far--far too few betters have even the slightest chance of winning as much as they lose.

Again we have a repeat of the old story of the better going to the track in his \$3000.00 car and coming home in a \$30,000 bus.

Racing has been called the sport of kings. Many close observers say this is untrue claiming racing is the sport of GAMBLERS. They cite the multi-billions wagered on North American tracks each year by millions of betters. Perhaps this was why (3) Florida, when they installed TOTALIZATORS in their mutuel plants at dog tracks enforced identification of all race track officials and employees with copies of photographs, fingerprints and other information being filed with the FBI.

The Thoroughbred Racing Association was formed by the horse racing community in 1942. In addition to fingerprinting, photographing and collecting background information on track officials and employees, TRA hired one of the high level supervisors of the FBI, to head an extensive and very wide ranging staff of professional investigators.

This should have been sufficient surveillance of the sport of gamblers to insure honesty. NOT SO!

In the 1968 Kentucky Derby, jockey BOBBY USSERY brought (4) Dancer's Image from far off the pace to take the lead from Calumet Farm's Forward Pass in the closing strides.

Three days later the chemical analysis of Dancer's Image's urine showed traces of a forbidden strong pain killing drug. Dancer's Image was disqualified, the purse money ordered redistributed and Forward Pass declared the winner.

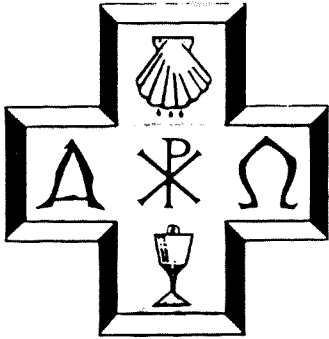
The owner of the disqualified horse appealed to the Kentucky state racing commission. In December the commission ruled

that Dancer's Image be declared the official winner of the Derby, but be excluded from the prize money.

One has to reach a long way to discover the logic in the commission ruling--but such is the sport of GAMBLERS.

Should Kansas legalize Pari-Mutuel betting, and racing become a problem in our state it is doubtful if we could muster such protective services as Florida and the TBA. It is our recollection the FBI, because of budget limitations, ^{will} no longer accept ^{fingerprints} for criminal search , unless the subject of the prints has been alleged to have committed a specific serious crime.

Attachment #11
March 1, 1983



ST. JOHN'S LUTHERAN CHURCH

901 FILLMORE STREET • TOPEKA, KANSAS 66606
The Reverend Theodore Staudacher, Pastor • Phone 354-7132
Mr. Dennis Hintz, Director of Christian Education

REMARKS BY REV. TED STAUDACHER
TESTIMONY OPPOSING PARIMUTUEL BETTING
MARCH 1, 1983

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I APPRECIATE THIS OPPORTUNITY TO SUBMIT TESTIMONY OPPOSING RESOLUTION 1605.

PRIOR TO MOVING TO KANSAS ALMOST 4 YEARS AGO, I SPENT 17 YEARS AS A PASTOR IN THE CHICAGO, ILLINOIS AREA. WHILE MINISTERING IN THE SUBURB OF THORNTON ON THE SOUTH SIDE, I LIVED ABOUT 8 MILES FROM BALMORAL RACE TRACK AND ONLY ABOUT 1 MILE FROM WASHINGTON PARK RACE TRACK. THEN WE MOVED TO MT. PROSPECT ON THE NORTHWEST SIDE, ONLY ABOUT 4 MILES FROM ARLINGTON RACE TRACK. THE PEOPLE OF OUR COMMUNITY AND THE PEOPLE OF OUR CONGREGATION IN BOTH LOCATIONS WERE VERY MUCH AFFECTED BY WHAT WENT ON AT THE TRACKS.

"BETTIN' ON THE RACES" BECAME AN OBSESSION WITH SO MANY PEOPLE WHO SIMPLY COULD NOT AFFORD IT, THAT MUCH OF MY TIME WAS SPENT IN COUNSELING WITH THEM AND THEIR FAMILIES OR MAKING REFERRALS TO THE NEWLY ESTABLISHED "GAMBLERS ANONYMOUS" IN CHICAGO. ON THE SURFACE THERE DIDN'T SEEM TO BE ANYTHING WRONG WITH GOING OVER TO THE TRACK, ORDERING A DELICIOUS MEAL IN THE RESTAURANT, AND RELAXING IN VERY POSH SURROUNDINGS, OR PERHAPS PLACING A \$2 BET. BUT UNDER THE SURFACE, IT WAS A DIFFERENT STORY ALTOGETHER! MANY PEOPLE WERE UNAWARE OF THE VERY DEEP INVOLVEMENT OF THE CHICAGO SYNDICATE (THE MAFIA), LOST REVENUES, AND FAMILIES WHO WENT "BANKRUPT" FINANCIALLY AND

STAUDACHER/SCR 1605/PAGE TWO

MARCH 1, 1983

SPIRITUALLY AS A RESULT. IN THORNTON, MOST OF MY PEOPLE WERE "BLUE-COLLAR" WORKERS AND DAY LABORERS - WHO COULD LITTLE AFFORD THE LUXURY OF ANOTHER ADDICTION! BEING ACQUAINTED WITH THE NATURE OF HUMAN NATURE AS I AM, IT WAS EASY TO UNDERSTAND WHY SO MUCH OF THEIR TIME WAS SPENT IN TALKING ABOUT "GET-RICH-QUICK" SCHEMES AND ABOUT THE TIME 2 YEARS AGO WHEN THEY WON \$150! AFTER SEVERAL YEARS IN THORNTON, I MADE THE SURPRISING DISCOVERY THAT ONE OF MY MEMBERS WAS A "MUSCLE MAN" FOR THE SYNDICATE. HE WAS FREQUENTLY CALLED UPON TO "DEAL WITH" PEOPLE WHO "WELSHED" ON THEIR BETS OR TRIED TO GET AWAY FROM THEIR "BOOKIE"! IF YOU THINK TOPEKA IS BEYOND THE REACH OF ANY SYNDICATE INVOLVEMENT, I THINK YOU'D BE SADLY MISTAKEN! WELL-MEANING LEGISLATORS, TRACK PROMOTERS, QUARTER HORSE RANCHERS, AND RACING ENTHUSIASTS WOULD QUICKLY FIND THEMSELVES IN THE RUMBLE SEAT OF THINGS!

A FRIEND OF MINE, LT, KEN NEVILLS, A PHOTOGRAPHER FOR THE LANSING, ILLINOIS, POLICE DEPARTMENT, SHOWED ME SOME PICTURES HE HAD TAKEN OF VARIOUS INDIVIDUALS CONNECTED WITH THE TRACKS WHO, UNFORTUNATELY, RAN AFOUL OF THE SYNDICATE! I SPECIFICALLY REMEMBER ONE WHO WAS FOUND IN THE TRUNK OF A CAR AND HIS BODY WAS A LITERAL SIEVE - ICE PICK HOLES!

MY WIFE, CAROL, OUR FOUR CHILDREN, AND I ARE VERY HAPPY IN KANSAS! WE OWN OUR OWN HOME, AND GOD WILLING, WILL RETIRE HERE. ONE OF THE FIRST THINGS WE NOTICED AFTER MOVING HERE WAS THAT MOST OF THE KIDS, THE TEEN-AGERS, WERE BEAUTIFULLY NAIVE. THEY WEREN'T DRUG-WISE, STREET-WISE, AND OTHER-WISE ON THE SCALE WE HAD EXPERIENCED IN CHICAGO. WE ARE HAPPY THAT SANTA FE WILL STAY HERE, THAT WE'RE GETTING A NEW AIR TERMINAL, AND TALK OF A SPORTS COMPLEX. BUT WE ARE DEFINITELY NOT IN FAVOR OF PARIMUTUEL BETTING! AS I WAS LEAVING HOME THIS MORNING, MY SON DAVID (SR. AT SEAMAN HIGH) SAID: "DAD, WHY DON'T YOU SUGGEST THAT

STAUDACHER/SCR 1605/PAGE THREE

MARCH 1, 1983

THEY LEGALIZE ALL CRIME.....AND TAX IT!"

THE PEOPLE OF MY CONGREGATION WILL NOT HEAR ME PREACH IN FAVOR OF THIS CANDIDATE OR THAT, NOR WILL THEY HEAR ME PREACH "POLITICS" FROM MY PULPIT. I'M A FIRM BELIEVER IN SEPARATION OF CHURCH AND STATE. BUT I CAN....NO, I MUST SPEAK UP AS A CONCERNED CITIZEN. I HUMBLY SUBMIT THAT KANSAS DEFINITELY WOULD NOT BENEFIT, IN THE LONG RUN, FROM PARIMUTUEL RACE TRACKS. THE "LIABILITIES" ARE JUST SIMPLY TOO GREAT! THEREFORE, I WOULD ENCOURAGE YOU TO VOTE "NO" ON SCR 1605.

CORDIALLY YOURS,

Rev. Theodore Staudacher

REV. THEODORE STAUDACHER

CC: COMMITTEE MEMBERS

REV. RICHARD TAYLOR