

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS

The meeting was called to order by Representative Robert H. Miller at
Chairperson

1:30 a.m./p.m. on January 28, 1986 in room 526S of the Capitol.

All members were present except.

Committee staff present:

- Lynda Hutfles, Secretary
- Mary Torrence, Revisor's Office

Conferees appearing before the committee:

- Representative Ed Rolfs
- Representative George Teagarden
- Jonathan Small, Kansans for Pari-mutuel
- Jamie Schwartz, Kansas Department of Economic Development
- James Edwards, Kansas Chamber of Commerce & Industry
- Helen Teichgraeber, Eureka, Kansas
- David Tolle, Topeka
- Mike Meacham, Kansans for Pari-Mutuel
- Norman Rose, Kansas Greyhound Owners for Economic Development
- Kansas Livestock Association

The meeting was called to order by Chairman Miller.

Representative Aylward made a motion, seconded by Representative Eckert, to approve the minutes of the January 23 meeting. The motion carried.

The chairman announced he had some requests for legislation that he would be taking up on Thursday and if anyone had requests for committee bills to contact him before the Thursday meeting.

SCR5024 - Parimutuel wagering on horseracing

Representative Rolfs gave testimony in support of parimutuel wagering. This resolution would give the people the right to vote on whether they want parimutuel wagering in their state. This resolution will encourage the growth and image of Kansas.

Representative Teagarden gave testimony in support of the resolution. He stated that parimutuel wagering can benefit the agricultural economy of the state. See attachment A.

Jonathan Small, Kansans for Pari-Mutuel, gave testimony in support of HCR5024. He stated that Kansans overwhelmingly favor the opportunity to vote on pari-mutuel. There have been three significant provisions built into the resolution to safeguard local interests - county option, non-profit as specific type of pari-mutuel wagering and eliminates off-track betting. A survey done by the Capital Research Service showed that 84% of Kansans surveyed wanted the right to vote for pari-mutuel. A survey done by the Center for Public Affairs, University of Kansas, showed that 63% of Kansans were in favor of parimutuel betting on horses. See attachment B.

There was discussion concerning the 5% tax to be given to the state. Mr. Small said that the state shouldn't put a hamstring or such a heavy burden on an infant industry and that this tax should not be put in the constitution.

Jamie Schwartz, Kansas Department of Economic Development, gave testimony in support of parimutuel wagering, stating that elimination of the constitutional prohibition against parimutuel wagering provides an opportunity to enhance the Kansas economy. See attachment C.

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 House COMMITTEE ON Federal & State Affairs,
 room 526S, Statehouse, at 1:30 a.m./p.m. on January 28, 1986.

James Edwards, Kansas Chamber of Commerce & Industry, gave testimony in support of HCR5024 and feels the people of Kansas should have the opportunity to vote on the issue. See attachment D.

Helen Teichgraeber, Co-owner & Manager Teichgraeber Farms, gave testimony in support of HCR5024. She explained they have a training facility and brood mare farm which spends approximately \$15,000 a month to keep the facility running. Passage of this resolution and legislation allowing for pari-mutuel wagering in Kansas would upgrade breeding and stud programs in Kansas and would stimulate the economy. She discussed states like Texas who do not have pari-mutuel wagering on horses but have large purses due to the added money of sponsors.

David Tolle gave testimony in support of parimutuel wagering. Mr. Tolle told the committee that he races horses and explained the situation the State of Oklahoma has been in. He explained that in Oklahoma 18% of the take out is divided equally between the direct tax revenue to the state, the purses, and the track operators. The track in Oklahoma was in operation before parimutuel so the operation was already in place. The legislature has since changed the tax as follows: on the first \$100 million wagered only 2% goes to the state, 6% to the purse and 10% to the operator; of the next \$50 million - 4% goes to the state, 6% to the purse and 8% to the operator. After the first \$150 million, it reverts back to 6-6-6. There was discussion concerning applications in Oklahoma for building a new race track and their financial backing.

Mike Meacham, Kansans for Pari-Mutuel, gave testimony in support of giving the people of Kansas the right to vote on pari-mutuel. The discussion of tax rates etc, is all and good but will be more suitable when you get into implementing legislation. Revenue is a speculative subject; depends on the tax rate, racing season, how many people go to the tract etc. He said that the setting of a tax rate should not be in the constitution.

Norman Rose, Kansas Greyhound Owners for Economic Development, gave testimony in support of HCR5024. He stated that with the advent of proper legislation, the price of greyhounds in Kansas will double. He discussed the non-profit status of pari-mutuel in Iowa and said he did not view the non-profit status as being a viable condition for criminal influences or dirty money.

The Kansas Livestock Association had testimony distributed to the committee supporting HCR5024. See attachment E.

The Chairman announced there was one conferee who could not make it today and would be allowed a few minutes on Wednesday. A few minutes would be allowed on Thursday for opponents if necessary.

The meeting was adjourned.

Att. 1

GEORGE TEAGARDEN
REPRESENTATIVE, TWELFTH DISTRICT
ANDERSON, FRANKLIN, LINN,
MIAMI COUNTIES
ROUTE 2, BOX 89A
LA CYGNE, KANSAS 66040



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: AGRICULTURE AND LIVESTOCK
COMMERCIAL AND FINANCIAL
INSTITUTIONS
WAYS AND MEANS

January 28, 1986

Mr. Chairman, members of the Committee:

I am here today in support of HCR 5024, pari-mutuel horse and dog racing. I do not support this proposition because of the revenue that it will produce for the state through taxes but rather for the boost that it can give the agricultural economy and jobs that it will provide.

Pari-mutuel will provide additional revenue to the state but the estimates that we hear quoted are only estimates, they are not hard, sound dollars that can be counted as stable revenue for the state.

As most of you realize, the agricultural economy is in poor shape in this state. I believe that pari-mutuel racing will be a benefit to this sagging economy. Pari-mutuel tracks will require that 1,200 to 1,500 race horses be on the grounds to maintain a racing meet of 100 days. Many of these horses will be raised in Kansas. These horses will consume agricultural products raised on Kansas farms. It is estimated that horses at a racing meet, 100 days, will consume 2,100,000 pounds of grain, 6,300,000 pounds of hay and use 210,000 bales of straw for bedding. These figures are not staggering compared to total production in Kansas but every additional pound of hay and grain consumed helps.

Quarter horse and thoroughbred breeders will benefit by an increased value of their produce due to race purses. Pari-mutuel will increase the amount of winnings available to winners thus injecting more dollars into our economy.

ATTACHMENT A

*H.F.L.S.A.
1/28/86*



B

Mr. Chairman and members of the House of Representatives:

I am Jonathan Small, registered lobbyist and attorney for Kansans for Pari-Mutuel (KPM), a non-profit organization comprised of Kansans from all corners of the state dedicated to the proposition that citizens of Kansas should be allowed to exercise their right to vote on a constitutional amendment to allow pari-mutuel horseracing in Kansas. In this 1986 Session, KPM strongly urges your favorable approval of 1985 HCR 5024. Several key points in addition to those I will discuss with you individually are offered here in support of our position.

1. Kansans overwhelmingly favor the opportunity to vote on pari-mutuel horseracing in their state.

As we approach the end of the twentieth century, Kansans can appreciate that 36 states now have pari-mutuel racing and that 83% of the population of the United States enjoys pari-mutuel racing in their home state. Currently, Nebraska, Oklahoma, Missouri and Colorado allow such racing activities. It should not be surprising to many of us that a significant contribution of Kansas dollars is and will continue to be made to the economies of those states. It is a sad irony that we have one of the largest horse industries in the United States and owners and fans must leave the state to enjoy the sport.

The people and legislatures of those states are not so dissimilar from us. Could they sincerely permit such a recreational activity if it truly were not healthy for them, that their people enjoy it? We have lived as neighbors for a good many decades in this Union of ours, and while they may do some things differently than we do, their judgment on such a fundamental issue is not, nor does it even approach, being suspect insofar as concerns this professional sport.

Kansans from all across our state understand this and the issue before you. The surveys taken earlier in the year demonstrate statistically that the clear majority of Kansans, whether they agree totally with the pari-mutuel issue or not, want to vote the matter once and for all.

BUSINESS OFFICE: RAMADA INN DOWNTOWN • 420 E. 6TH • SUITE 34 • TOPEKA, KANSAS 66607
MAILING ADDRESS: P.O. BOX 2008 • TOPEKA, KANSAS 66601 • TEL. (913) 233-1984

H. FUSA
11/28/86

ATTACHMENT B

It is this same body of electors who further understand the fundamental issue at its critical level: The Kansas Constitution belongs to the people of Kansas, it is their right to examine certain issues of state-wide concern and to participate with the legislature in adjusting such of its provisions as the majority wish.

The bingo experience makes for an excellent and timely comparison. Kansans examined that issue with maturity and intelligence and authorized the necessary adjustment, much to the enjoyment of literally thousands. There is no reason to believe (nor can one be offered) that we cannot do so again. Indeed, as the surveys persuasively reveal, Kansans are themselves, convinced of their ability to deal with the matter in the only form our Constitution guarantees to them: the voting booth.

2. 1985 HCR 5024 embodies three significant provisions to safeguard local interests.

A. The proposed resolution before you (1985 HCR 5024) addresses local concerns which may arise by providing a carefully structured mechanism to prevent any pari-mutuel horseracing activity from being conducted in any county where a majority of the voters simply do not want it: ie., the "county option."

We know that some particular areas in Kansas are keenly interested in having pari-mutuel racing in their county: e.g., Wyandotte, Johnson, Sedgwick, Greenwood, Barton, etc. However, as we all know, it takes a favorable vote by two-thirds majority in both houses to permit a vote for any constitutional amendment. What this amounts to is that some, even though their particular location may never approve the activity, will prevent everyone else including those who do want it, from enjoying it in any fashion, save the long and expensive trip out of state.

B. 1985 HCR 5024 also entails a specific type of pari-mutuel horseracing: non-profit. What this simply and effectively provides is a device to eliminate the oft-suggested problems of possible "organized crime." For as long as this issue has presented itself before the legislature, opponents have continually hypothesized that pari-mutuel horseracing, even non-profit, will bring with it the dark side of society. Curiously, they have never proffered evidence to support that. Nebraska racing and law enforcement officials, who have lived with non-profit pari-mutuel horseracing for nearly a half century have clearly over the past few years in response to inquiries from Kansas opined otherwise.

If there be a motive to attract any "criminal element" whatever, it is quite simply the profits produced from operating the track facility; if you eliminate the profit you quickly eliminate whatever enthusiasm you have from any would be criminal

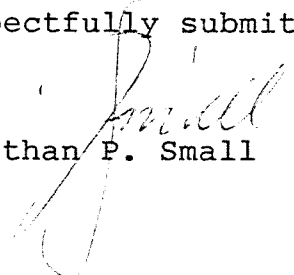
element, assuming of course that there would be one to start with.

C. The resolution further provides a device to eliminate another area of potential concern: off-track betting. Some suggestion has been made that off-track betting raises the possibility of abusing a tightly regulated and controlled pari-mutuel wagering program. As Kansans interested in a healthy, prosperous recreational sport, we wish to eliminate any possible detractions from that goal which could arise if off-track betting were allowed. This resolution as presently drafted will effectively prevent any such activity.

Your approval this day is requested not as a vote for or against pari-mutuel wagering but a reaffirmation of a simple, fundamental right of all Kansas voters: their inalienable right to address a change in their Constitution. Our presentation is a plea to you to help give Kansans an opportunity at last to participate in the constitutional process of our state. Let the people of Kansas have their say about their state's policy on pari-mutuel wagering on horseracing.

For this legislative body in light of what has been presented to it over and over to continue its refusal to let Kansans address this matter for themselves is a travesty and true testament that it has lost sight of the fact that it is supposed to be a government "of the people, by the people, and for the people."

Respectfully submitted,


Jonathan P. Small

Testimony to the House Federal and State
Affairs Committee

HCR 5024

Secretary of Kansas Department of Economic Development

Charles "Jamie" Schwartz

January 28, 1986

Elimination of the constitutional prohibition against parimutuel wagering provides an opportunity to enhance the Kansas economy. One of the best features of this measure is that it will provide direct economic activity while generating additional revenues for state sponsored economic development activity.

Direct economic benefit stems from two separate kinds of activity. Development of new tracks in the state will provide stimulation of local economics through new jobs and outside investment. Further, making parimutuel an integral part of the Kansas economic landscape, our tourism industry will be enhanced which also results in new jobs and economic activity. This kind of increased economic activity will benefit all Kansans through increased tax collections and a stronger Kansas economy.

Another direct economic benefit will be to our existing industries. Kansas is the 5th largest producer of quarter horses in the country and the nation's leader in racing-greyhound breeding. These industries are threatened as our surrounding states institute parimutuel dog and horse racing.

ATTACHMENT C

H. FJSA
1/28/86

Training of these animals is most efficient near active tracks. Our industries would be enhanced if we had parimutuel tracks located within the state. Benefits accrue to our general agricultural economy as well, if we keep animals in the state and attract additional competitors to our tracks. At a time when agriculture markets are becoming difficult to find and maintain, parimutuel's time has come in Kansas.

In addition to direct economic benefits, parimutuel wagering offers the opportunity for generating additional revenues that can be used to enhance state funded economic development programs. A program for an aggressive, new economic development program is outlined in the Interim Report on the Kansas Economic Development Plan prepared as a joint effort by our universities, government and private industry. The plan sets out a myriad of programs to enhance the economic future of Kansas. The Governor's Investment Budget, funded through revenues generated by the proposed sales tax increase, provides the foundation of this expanded effort. Revenues from the state lottery could support implementation of those programs and money generated from parimutuel could enhance efforts that prove to be particularly successful,

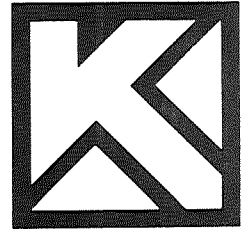
Kansas must plan for its future. This requires securing additional revenues that maximize resource generating potential without over reliance on traditional sources which could cause Kansas to be viewed as unattractive to firms expanding and relocating. The paradox of increasing revenue without overburdening traditional sources can be solved by innovative proposals such as parimutuel.

I urge your favorable consideration of HCR 5024.

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

HCR 5024

January 28, 1986

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
House Federal and State Affairs Committee

by

Jim Edwards
Director, Public Affairs

Mr. Chairman, members of the committee. I am Jim Edwards, Director of Public Affairs for the Kansas Chamber of Commerce and Industry, and I appear before you today to support HCR 5024.

The Kansas Chamber of Commerce and Industry (KCCI) 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.

KCCI 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 KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI 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.

The issue of pari-mutuel wagering is not new to Kansas, nor to this body of legislators. It is one that has surfaced annually and has been researched time and time again by many of you, or your predecessors.

*H. FJSA
1/28/86*

ATTACHMENT D

Likewise, it is an issue for which KCCI has appeared in support of at each and every hearing. Over 75% of our members, during a series of 31 statewide meetings, told us that they wanted the opportunity to vote on the issue.

The economic data has once again been presented to you and you have heard the public sentiment. It is now time for you to put this issue in front of the voters.

Thank you for the opportunity to appear before you today.



2044 Fillmore • Topeka, Kansas 66604 • Telephone: 913/232-9358

Owns and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

STATEMENT OF THE
KANSAS LIVESTOCK ASSOCIATION
TO THE
HOUSE FEDERAL & STATE AFFAIRS COMMITTEE
REP. R. H. MILLER, CHAIRMAN
IN SUPPORT OF
HCR 5024
JANUARY 28, 1986
presented by
Rich McKee
Executive Secretary, Feedlot Division

Mr. Chairman and members of the committee, I'm Rich McKee with the Kansas Livestock Association (KLA) and I'm here to voice our support of HCR 5024. KLA is a voluntary statewide organization made up of over 9,500 farmers and ranchers. Since 1982, KLA members have annually reaffirmed the following policy resolution:

Parimutuel Amendment

WHEREAS, the issue of legalizing pari-mutuel betting has never been placed before the voters of Kansas.

THEREFORE, BE IT RESOLVED, that the Kansas Livestock Association recommends action by the Kansas legislature to place a constitutional amendment for non-profit pari-mutuel racing with local option authority before the people during a general election.

Some of our members are registered Quarter Horse breeders and would undoubtedly benefit if parimutuel wagering for horses was approved by the voters. But, more importantly, KLA members would like to see this proposed constitutional change on a ballot for their approval or disapproval. We respectfully urge this committee to recommend HCR 5024 favorably for full House consideration.

ATTACHMENT E

H. FJSA
1/28/86