

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS

The meeting was called to order by CHAIRMAN MILLER at _____
Chairperson

1:30 a.m./p.m. on February 10, 1987 in room 526S of the Capitol.

All members were present except:

Representative Walker-E
Representatives Sebelius & Roy

Committee staff present:

Lynda Hutfles, Secretary
Mary Galligan, Research
Raney Gilliland, Research

Conferees appearing before the committee:

Dan Fick, American Quarterhorse Association
Norman McCain, Prairie Village
Dr. David Schoenstadt, Kansas Racing Management, Inc.

The meeting was called to order by Chairman Miller.

Representative Peterson made a motion, seconded by Representative Hensley, to approve the minutes of the February 9 meeting. The motion carried.

Representative Hensley made a motion, seconded by Representative Aylward, to recommend as a committee bill legislation which would add to the Consumer Protection Act a five day right of rescision dealing with time-share purchases. The motion carried.

HB2044 - Pari-mutuel

Dan Fick, American Quarterhorse Association, gave testimony in support of pari-mutuel and expressed experiences he has had in the industry. Mr. Fick has been on the Oklahoma Racing Commission and told the committee a copy of his statement would be sent to the committee. Mr. Fick discussed with the committee the agricultural economic impact pari-mutuel will have on the State of Kansas. It costs \$20-\$25 per horse to keep a horse in training at a horse track.

In an American Quarterhorse Association survey of membership, the average member has \$95,000 invested in his horses, has 102 acres of land and 7 quarterhorses.

The composition of the Racing Commission was discussed and Mr. Fick felt the current format of five commissioners was excellent. The commission should be a part-time commission. Full-time commissions have not worked (New York is the only state with full-time commission); it is too political and too localized. The state needs the checks and balances of geographical appointed members. The commission should be considered a basic staff that does not change with the politics.

Mr. Fick told the committee that the tax rate should be equal. 3.4% is the average for horses; a 1% or 2% is going to bring developers in. Mr. Fick explained the problems which occurred in Oklahoma. He said that when Oklahoma first started out they were at 6%, 6%, 6%. At that time the average take out was 6%. By the time the legislature passed the bill, it was down to 4%. This created a situation that could not work.

The dual track concept is good for this area. It has the potential to work.

As far as medication goes, Mr. Fick told the committee that the best thing to give horses is hay, oats and water. This works in Oklahoma, New York and other states. If you give the horsemen medication in this bill, you will never be able to take it away from them.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Federal & State Affairs

room 526S Statehouse, at 1:30 a.m./p.m. on February 10, 1987

Norman McCain, Prairie Village, representing the Northeast Kansas Quarter-horse Association, the Kansas Thoroughbred Association and the Kansan's For Pari-Mutuel, told the committee they had been working on pari-mutuel for many years. The Kansas City area offers tremendous possibilities for a dual track and he strongly supports a dual track. The State of Missouri has a 1% takeout. They can overcome that with the dual facility. They would like 3% for horses and dogs.

When asked what sites had been looked at in the KC area, Mr. Fick said there were a number of sites, but two of the sites were the Gardner area in Johnson County and the I-435 Corridor in Wyandotte County.

Dr. David Schoenstadt, a Kansas City developer with the Kansas Racing Management, Inc., said the major reason for his presence was the future of racing in the State of Kansas. The legislature will determine where that future goes. He felt that it would be advantageous for Kansas to have a good horse and dog combined track - 1 grandstand with two tracks at a cost of about \$25 million. Need to have a low budget track to be able to survive because of competition. A dual track is feasible at 3% tax with the purse at 4% and 6%.

Dr. Schoenstadt told the committee of his experiences at bringing things into an area and making them work. He is the principle owner of the Comets Soccer Team and a partner in Western Equities. He was told an indoor soccer team would never work and would never draw the crowds. This is the sixth year for the Comets and they have never averaged less than 11,000 people per game. He told the committee that four years ago he bought property in the historic garment area of Kansas City and it is now the fastest growing area in Kansas City. It takes good planning, good taste, good government cooperation and a good tax environment to make things work.

Dr. Schoenstadt told the committee that maybe they should look into changing the purse in order to meet the tax needs. The percentage of the purse exceeds any maximum purse today. It would be possible to attract the finest breeders with a substantially lower purse.

The last three states who have passed pari-mutuel legislation, have passed legislation that is not workable which causes delays in start up of a track. Kansas does not have the time for these delays. Missouri has made its mistakes and has not gotten them taken care of; they will be talking about including greyhound racing next year. Kansas needs to get the legislation right the first time.

On the subject of contract racing, Dr. Schoenstadt told the committee he was not an expert, but had looked into the subject. A combination of contract kennels and public kennels is the most practical.

Dr. Schoenstadt told the committee the legislature should make the legislation as simple as possible with a strong commission and try not to tax too heavily.

The meeting was adjourned.

Written testimony was submitted by:

Jack Foster, Kansas Thoroughbred Association See attachment A.
Pete McGill, Kansas Greyhound Racing, Inc.

GUEST LIST

FEDERAL & STATE AFFAIRS COMMITTEE

DATE 2/10

(PLEASE PRINT)

NAME	ADDRESS	WHO YOU REPRESENT
Frank Johnson	Hoop	Horus News Service
NORMAN ROSE	K.C.K	KANSAS RACING MGE INC.
ALBERT C. BECKER	KCK	AQHA, AHC, KPM
Rebecca Crenshaw	Topeka	KGOED
Gordon Davis Jr	PO Box 66 Abilene, KS	Kansas Greyhound Owners for Economic Development
Larry Erne	Coffeyville	Ks Ind Greyhound Owners
CHARLES BELT	WICHITA	WICHITA GREYHOUNDS TRACK PARTNERS
Patrick Newley	Topeka	Ks Racing Mgt. Inc.
Phil Wilkes	Topeka	Ks Dept. of Revenue
Bob Pennek	F.C.S.	FS Cat & Conf.
DICK TAYLOR	TOPEKA	LIFE AT BEST
STAN COVER	HUTCHINSON, KS.	SELF
JERRY MAXFIELD	HUTCHINSON, KS.	SELF
Jonathan Small	Topeka, Ks	Kansans for Parimutuel Greenwood Co. Fair Ass'n
Tom Burgess	Topeka Ks	Sunflower Racing Inc.
DONNIS STICKLEY	CITY HALL	CITY OF KCK
Helene P. Tackgraaber	Eureka, Ks.	KQHRA
Row SWEAT	Delroy Ks	KQHRA.
Deora McKim	Overland Park, Ks	KQHRA
2/10 Karen Hastings	Wichita, KS	Wichita Greyhound Track Partners
2/10 Rebecca Crenshaw	Topeka	Ks. G. O.E.D.
2/10 Ron Henry	Topeka	"
Mr. & Mrs. James Seiber	Eureka	Eureka Downs
Ed Schaub	Topeka	Hutchinson Coy C
John C. Bottemberg	Topeka	Wy. Cty Comm

GUEST LIST

FEDERAL & STATE AFFAIRS COMMITTEE

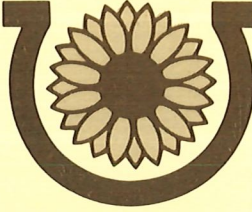
DATE 2/10

(PLEASE PRINT)

NAME	ADDRESS	WHO YOU REPRESENT
JAMES B. BRIGHT	Mayfield Ks	KGOED
GORDON DAVIS JR	800 N Buckeye Abilene	KGOED
RICHARD A. NELSON	ABILENE, KS	KIGO
F. E. BLISS	Longton	KS State Fair
Jake Kraenbuhl	Lewis	K2 state Fair
Dale McNeil	Topeka	Hutch Co, KGRA, KUMA.
Donna Weis	Brookville Ks	KIYO
Helen Stout	Burlingame Ks.	Greyhound Farmer
WALTER C. "BOB" CHAMBERS	EUREKA, KS	EUREKA DOWNS
Jimmie M. B. B. B.	Topeka	observer
Fred Johnson	Haag	Harris News Service
Johnna Dehlinger	Topeka	KPM
Dennis Good	Council Grove KS,	Horse trainer
Elvora Deal	Osborne, Ks	Horse Breeder
ROBERT A. LAKIN	Wichita Ks	SEDBWICK COUNTY
Larry Erne	Colleyville Ks	Ks Ind Greyhound Owners
CHRISTAL HILTZENBRAND	Hutchinson	KNEA
DOROTHY MARLOW	ESKIDAC, Ks.	KQHA KTA
L. L. (Kandy) Anderson	5909 S. Rock Rd. ⁶⁷⁰³⁷ Mertry Ks.	KARA + K2HRA
Myrtle M. Pearson	1300 Van Buren #13	Concerned Citizen
Jack Foster	^{P.O. Box 263} Bardonia Springs, Ks 66012	Horse Slaughtered Area.
Repi R. Hummel	Topeka	Rep. Handler (Inter.)
Roy Childs	Peck, Ks	Sec. Ks Quarter Horse Racing Ass.
Albert Johnson	Warado Ks.	KPM - KQRA
Barbara Jean P. V. P.		KPM, KQRA
R. R. Dechgraber	Eureka Ks	KPM KQHRA K.T.A.

Schaenstadt

KANSAS THOROUGHBRED ASSOCIATION



February 10, 1987

Chairman Miller and Members
House Federal and State Affairs Committee

The officers and members of the Board of Directors of the Kansas Thoroughbred Association urge you to set the pari-mutuel tax to the State at three percent on horse racing and three percent on Greyhound racing.

We strongly believe that all segments of the racing industry should be taxed equally and treated equally so that each has the opportunity for sustained growth.

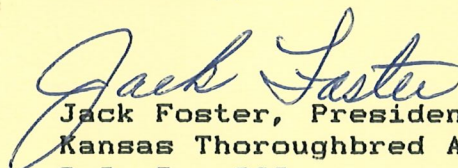
Further, we endorse and support the proposal of Sunflower Racing, Inc. of Wichita for the construction of separate horse and dog racing facilities in the Kansas City area, and for the construction of a combination facility in the Wichita area.

In view of the probabilities for pari-mutuel racing at Wichita, as determined by Sunflower Racing's feasibility studies, we believe a combination racing facility there is an economically sound proposal.

We also believe that by issuing a license to one developer, Sunflower Racing, Inc., serious problems in the allocation of racing dates can be avoided so that all segments of the racing industry can, and will, receive equal and fair opportunity.

Thank you for your consideration of our position.

Sincerely,


Jack Foster, President
Kansas Thoroughbred Association
P.O. Box 263
Bonner Springs, Ks. 66012
913/723-3534