

Approved _____

Date

5/4/87

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

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

_____ a.m./p.m. on April 8 and April 9, 1987 in room 254-E of the Capitol.

All members were present ~~except~~

Committee staff present:

Mary Galligan, Legislative Research
Emalene Correll, Legislative Research
Mary Torrence, Assistant Revisor of Statutes
June Windscheffel, Secretary to the Committee

Conferees appearing before the committee:

April 8, 1987

The Chairman called the meeting to order at 11:00 a.m. There were Minutes before the Committee of: February 20, February 25, March 27, April 2, and April 3, 1987. Senator Anderson moved that the Minutes be approved. Seconded by Senator Martin. The motion carried.

A letter from Alex Scott, M.D., a physician in Junction City, had been handed out to the Committee (Attachment #1) before the Committee. Mr. T.A. Pollard, an acquaintance of Senator Merrill Werts, and one who has been in racing for years had assisted Dr. Scott with the suggestions.

Senator Vidricksen was asked to address the Subcommittee Report for HB 2044. He went through the Report for the Committee. (Attachment #2)

Senator Morris asked that the Minutes reflect the concern of the Committee as part of the legislative history of the consideration of this bill, that the racing commission consider putting information on the program or in some type of public information, information concerning any animal receiving medication.

Senator Hoferer moved the adoption of the proposed amendment to the bill concerning prohibiting the use of animals in the training of racing greyhounds. Seconded by Senator Martin. The motion carried. (Attachment #3)

Senator Bond made the conceptual motion to put a penalty in concerning the above provision which would be a class "B" misdemeanor. Seconded by Senator Vidricksen. The motion carried.

The Committee turned to the matter of tax provisions. Senator Martin moved to make it 3%-3%. Seconded by Senator Anderson. The motion failed.

Senator Vidricksen moved that New Sec. 32(b) be stricken from the bill. Seconded by Senator Martin. The motion carried.

Senator Strick moved in line 745 of the bill, immediately after "fair (p. 20 of bill) association" to include a non-profit corporation established by the state or by a political subdivision of the state or a non-profit organization conducting races only on the state fair grounds. Seconded by Senator Morris. The motion carried.

The Committee recessed shortly after noon.

The Chairman reconvened the meeting at 4:40 p.m.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,
room 254-E, Statehouse, at _____ a.m./p.m. on April 8 and April 9, 1987

Senator Martin moved to offer an amendment (Attachment #4) to prohibit the construction of a new racetrack facility at any place within a distance of 2,500 feet of any school or church. Seconded by Senator Daniels. The motion failed.

Senator Bond made the conceptual motion that the amendment with regard to fairs and the state fairs include the language the Committee adopted this morning by Senator Strick's amendment. This would exempt county and state fairs from the same up front cash deposit. Seconded by Senator Vidricksen. This amendment will be inserted into the language for clarifying purposes. The motion carried.

There was discussion by the Committee concerning the three items on page 2 of the Subcommittee Report concerning HB 2044. These items are not in the bill at the present time.

The Committee recessed at 5:00 p.m.

April 9, 1987

The Committee was reconvened at 7:00 a.m. to continue discussion concerning HB 2044 and the Subcommittee Report. There was a handout (Attachment #5) for the Committee, which is page 19 of the bill. A new category has been added, (C). After the Committee adopted the wording on this section yesterday, which gave a blanket exemption for the up front money, the Chairman became concerned that if a county fair association went into racing in a big way it would be exempt from that up front money. So this limits it just to those who are building new facilities, and allows the commission to set a lessor exemption when a county fair wants to race in a small way. In discussion it was pointed out that in what was passed yesterday it would exempt the developer and the county. Senator Martin moved to reconsider the Committee's action yesterday concerning that matter. Seconded by Senator Morris. The motion to reconsider was passed.

Senator Morris moved to adopt the amendment, Attachment #5. Seconded by Senator Vidricksen. Senator Strick made the substitute motion that the governmental entities be included in this amendment. Seconded by Senator Bond. The substitute motion failed. The Chairman then referred back to the original motion, and the motion carried.

The next item before the Committee concerned distribution of the non-profit organizations and where those funds can go. After discussion the Chairman directed staff to get this ballooned out so the Committee might see it later. Senator Morris moved to take the 100% out and go back to 25%. Seconded by Senator Vidricksen. The motion carried.

Senator Anderson moved to strike language in lines 737-738. Seconded by Senator Bond. The motion carried.

The next item for discussion concerned employment of attorneys. There was discussion concerning the Attorney General asking that two assistant attorneys general be employed. A copy of his letter is attached. (Attachment #6) Senator Morris moved that both attorneys be under the Attorney General's office. Seconded by Senator Vidricksen. The motion carried.

The Committee went on to page 26 of the balloon. Senator Martin moved on page 20, line 716, that the language which had been stricken, "sufficient to convince" be reinserted. Also to include that it would include financing by a facility owner. Seconded by Senator Vidricksen. The motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,
room _____, Statehouse, at _____ a.m./p.m. on April 8 and April 9, 1987.

Senator Martin moved that the language on page 28, concerning the facility owner licensee, also have inserted the same language as the preceding motion. Also to add "feasibility," to give the commission feasibility. Seconded by Senator Vidricksen. The motion carried.

The Committee recessed at 8:00 a.m.

The Chairman reconvened the Committee at 11:00 a.m. The balloon prepared by staff was passed out for the Committee. Staff explained the balloon (Attachment #7), concerning HB 2044. Staff ran the Committee through the bill and then continued on through Attachment #8, the amendment concerning (b) the tax imposed by the section.

The Committee again expressed the desire that if any horses were receiving medication it should be stated in the racing program or made available to the public in some manner.

Senator Morris made the motion that the balloon version include the amendments proposed by the Department of Revenue and that it be adopted. Senator Vidricksen seconded the motion. The motion carried.

Senator Strick gave a statement which was handed out to the Committee. (Attachment #9). He said this would benefit all counties and that was why he was pleading his case. He moved that the proposed amendment concerning a nonprofit corporation be adopted. Seconded by Senator Bond. (Attachment #10) The motion failed. Those voting "yes" were: Senator Strick, Senator Martin, Senator Bond, Senator Arasmith, and Senator Anderson. Those voting "no" were: Senator Morris, Senator Hoferer, Senator Vidricksen, Senator Daniels, and Senator REilly. Senator Ehrlich was absent and not voting at this time.

Senator Morris moved the bill be recommended favorably as amended. Seconded by Senator Vidricksen. The motion carried.

Senator Morris moved, seconded by Senator Strick, to introduce a new bill making Kansas, Inc., the non-profit organization to operate for licenses, and if anything is left over that would go to the General Fund. The motion carried.

The meeting was adjourned.

ALEX SCOTT, M. D.
507 WEST SIXTH STREET
JUNCTION CITY, KANSAS 66441
April 5, 1987

Hon. Edward F. Reilly, Jr.
Senator, 3rd, Kansas District
Statehouse,
Topeka, Kansas 66603

Dear Sir:

Yesterday, I had occasion to go over the details of House Bill 2044 and I found it to be in pretty good condition so far as the part I was interested in was concerned. I could care less for lotteries, but I do like horses and hope this bill will improve the quality of horse flesh in the state. I also saw a few places that concerned me and of these I write.

I have used a lot of the anti-arthritic, Phenylbutazone, and I see no reason an owner or trainer could not administer the usual therapeutic amount of that agent not less than 18 hours before post time. (Page 11)

On page 19 registration is mentioned and I think Kansas should hold registration fees to \$10.00 or so since horses have to be registered with the National Jockey Club with fees around \$175.

Page 27 addresses dual race tracks and I doubt they will be economically feasible because I think that the horse and dog people just like to be segregated.

On page 31, I agree with the unannounced search, but I believe the owner or trainer and another owner or trainer should accompany the search party. This is a matter of trust. (Lines 1129thru 1132)

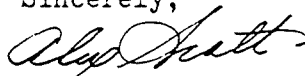
On page 32 in the matter of feed and grain: any producer of naturally raised hay or grain should be able to sell to the track. Comment: The quality of the product and the price will regulate the market. Free enterprise wins again.

Lines 0145 thru 0147 on page 32 should be changed to allow no more than three multiple or exotic races per day's card. And on page 42 line 0380 the word "certain" should perhaps read "all".

I would visualize and hope that there are only a couple of horse tracks and a couple of dog tracks in the state and I would hope they have real class. Also, I know that there will be many future changes and modifications.

Good luck to you, Ed, in the closing days of the session. All in all you fellows do a commendable job.

Sincerely,



Alex Scott, M. D.

4/8/87 - FSA
Attachment #1

SUBCOMMITTEE REPORT

4/8/87
Attachment #2

The Subcommittee on H.B. 2044 met on April 6 and 7 at 11:00 a.m. The meetings were chaired by Senator Vidricksen with Senators Arasmith, Anderson, Ehrlich, and Strick present. Senators Bond and Reilly also attended the meetings.

The Subcommittee makes the following recommendations to the full Committee:

- Authorize the Racing Commission to determine whether drugs would be allowed.
- Require applicants for organization licenses to submit with their applications a deposit of \$500,000 if applying for 150 days or more and \$250,000 if applying for less than 150 days. The deposit would be an advance payment of the license fee and taxes due. If the license is not granted, the deposit would be refunded.
- Require that organizational licensees that are licensed to construct a racetrack or facility owner licensees provide the required commitment for financing within 15 days of the granting of the license. The provision would not apply to county fair associations or the licensee at the state fairgrounds.
- Prohibit the use of animals or fowl in the training of greyhounds within the confines of a racetrack or schooling track facility.
- Provide for a \$50 application fee for county fair associations applying for organization licenses to conduct only harness racing without pari-mutuel wagering and provide that no license fee would be required for such an association for less than 10 days of racing.
- Impose a \$.30 admission charge for all racetrack facilities to generate funds for local units of government. The city and the county in which the track is located would each receive one-half of the revenue from the charge. If the track is located outside an incorporated city, the county would receive all of the revenue.
- Return to the tax provisions recommended by the Parimutuel Task Force and included in the bill as introduced.
- Return the term of licenses to 25 years.
- Designate that 15 percent of the greyhound development fund (unclaimed tickets) proceeds be provided to the National Greyhound Association for promotion of the Greyhound Hall of Fame as a national tourist attraction.

4/8/87 - FSA
Attachment #2

The Subcommittee received requests for the following exemptions, but due to time constraints did not reach a decision. The Subcommittee recommends that the full Committee consider and discuss the exemptions.

- Exempt officers and directors of a nonprofit organization that conducts races only at the state fairgrounds from the prohibition against having a direct or indirect financial interest in any racetrack in the state.
- Exempt members, officers and directors of a nonprofit organization that conducts races only at the state fairgrounds from the prohibition against receiving compensation in excess of that provided by K.S.A. 75-3223; entering into business dealings, ventures or contracts with the organization licensee; and betting on races conducted by the organization licensee.
- Exempt county fair associations from the prohibitions against facility owners or managers participating directly or indirectly as owners, trainers or jockeys; and betting on races conducted by the fair association.

In addition, the Subcommittee recommends that the full Committee review New Section 32(b) to determine whether the requirement would result in retaliation from other states.




Senator Ben Vidricksen,
Chairman



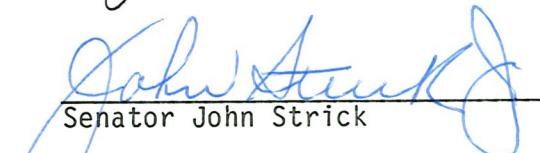
Senator Neil Arasmith



Senator Roy Ehrlich



Senator Eugene Anderson



Senator John Strick

0233 a steward or racing judge and upon appeal by any interested
 0234 party or upon its own initiative, may overrule any decision of a
 0235 steward or racing judge, other than a decision regarding dis-
 0236 qualifications for interference during the running of a race, if the
 0237 preponderance of evidence indicates that:

- 0238 (1) The steward or racing judge mistakenly interpreted the
- 0239 law;
- 0240 (2) new evidence of a convincing nature is produced; or
- 0241 (3) the best interests of racing and the state may be better
- 0242 served.

0243 A decision of the commission to overrule any decision of a
 0244 steward or racing judge shall not change the distribution of
 0245 parimutuel pools to the holders of winning tickets. A decision of
 0246 the commission which would affect the distribution of purses in
 0247 any race shall not result in a change in that distribution unless a
 0248 written claim is submitted to the commission within 48 hours
 0249 after completion of the contested race by one of the owners or
 0250 trainers of a horse or greyhound which participated in such race
 0251 and a preponderance of evidence clearly indicates to the com-
 0252 mission that one or more of the grounds for protest, as provided
 0253 for in rules and regulations of the commission, has been sub-
 0254 stantiated.

0255 (j) The commission may adopt rules and regulations provid-
 0256 ing for the testing of any licensees of the commission, and any
 0257 officers, directors and employees thereof, to determine whether
 0258 they are users of any controlled substances.

0259 (k) The commission may require fingerprinting of all persons
 0260 necessary to verify qualification for any license issued pursuant
 0261 to this act. The commission shall submit such fingerprints to the
 0262 Kansas bureau of investigation and to the federal bureau of
 0263 investigation for the purposes of verifying the identity of such
 0264 persons and obtaining records of criminal arrests and convic-
 0265 tions.

0266 ~~[(l) The commission may adopt rules and regulations gov-~~
 0267 ~~erning or prohibiting the use of animals in the training of racing~~
 0268 ~~greyhounds.]~~

0269 (j) (l) [(m)] The commission shall adopt such rules and regu-

— strike and reletter remaining subsections

*4/8/89 - FSA
 Attachment #3*

0603 subsequent offense;

0604 (11) except as permitted by section 6, possess or conspire to
 0605 possess, within the confines of a racetrack facility, equipment for
 0606 administering by injection any drug or substance to a horse or
 0607 greyhound, upon conviction of the second or a subsequent of-
 0608 fense;

0609 (12) use any ~~animal {dog, cat}~~ or fowl in the training of racing animal
 0610 greyhounds;

0611 ~~{(13) use any animal or fowl in the training of racing grey-~~
 0612 ~~hounds within the confines of a racetrack facility;~~

└ strike and renumber remaining subsections

0613 ~~{(14) use any animal or fowl in training racing greyhounds in~~
 0614 ~~violation of rules and regulations of the commission;}~~

0615 (6) ~~(13)~~ [(15)] sponge the nostrils or windpipe of a horse for
 0616 the purpose of stimulating or depressing such horse or affecting
 0617 its speed at any time during a race meeting conducted by an
 0618 organization licensee;

0619 (7) ~~(14)~~ [(16)] alter or attempt to alter the natural outcome of
 0620 any race conducted by an organization licensee;

0621 (8) ~~(15)~~ [(17)] influence or attempt to influence, by the pay-
 0622 ment or promise of payment of money or other valuable consid-
 0623 eration, any person to alter the natural outcome of any race
 0624 conducted by an organization licensee;

0625 (9) ~~(16)~~ [(18)] influence or attempt to influence any member,
 0626 employee or appointee of the commission, by the payment or
 0627 promise of payment of money or other valuable consideration, in
 0628 the performance of any official duty of that member, employee or
 0629 appointee;

0630 (10) ~~(17)~~ [(19)] fail to report to the commission or to one of its
 0631 employees or appointees knowledge of any violation of this act
 0632 by another person for the purpose of stimulating or depressing
 0633 any horse or greyhound, or affecting its speed, at any time during
 0634 any race conducted by an organization licensee;

0635 (11) ~~(18)~~ [(20)] commit any of the following acts with respect
 0636 to the prior racing record, pedigree, identity or ownership of a
 0637 registered horse or greyhound in any matter related to the
 0638 breeding, buying, selling or racing of the animal: (A) Falsify,
 0639 conceal or cover up, by any trick, scheme or devise device, a

NOT TO ISSUE LICENSE FOR CERTAIN LOCATIONS

No persons who operate a facility for the conducting of races among dogs, horses, or other animals for the purpose of allowing persons to place bets upon the outcome of these races shall be licensed to operate and construct a new racetrack facility at any place within a distance of two thousand five hundred (2,500) feet of any school or church, measured from the property line of the racetrack property to the property line of the school or church.

4/9/87

Attachment #5

0677 determined beginning on the first day of January in the year in
0678 which the horse is foaled.

0679 (b) Greyhounds shall not compete in any race meeting before
0680 reaching the age of 15 months.

0681 (c) No horse shall compete in any race limited to Kansas-bred
0682 horses unless such horse is registered pursuant to section 28 29.
0683 The commission may prescribe such forms as necessary to de-
0684 termine the eligibility of horses entered in such a race.

0685 New Sec. 13. (a) A nonprofit organization may apply to the
0686 commission for an organization license to conduct horse races or
0687 an organization license to conduct greyhound races, or both such
0688 licenses. The application shall be filed with the commission at a
0689 time and place prescribed by rules and regulations of the com-
0690 mission. The application shall specify the days when, the exact
0691 location where it proposes to conduct such races and shall be in a
0692 form and include such information as the commission prescribes.
0693 A nonrefundable application fee in the form of a certified check
0694 or bank draft shall accompany the application. Except as pro-
0695 vided pursuant to section 14, such fee shall be as follows:

0696 (1) For an application for an organization license to conduct
0697 horse or greyhound races with parimutuel wagering, a fee of
0698 \$5,000 for each application; and

0699 (2) for an application for an organization license to conduct
0700 horse races without parimutuel wagering, a fee of \$500 for each
0701 application.

0702 (b) To qualify for an organization license to conduct horse or
0703 greyhound races:

0704 (1) The applicant shall be a bona fide, nonprofit corporation
0705 incorporated under the laws of the state of Kansas organization
0706 which, if applicable, meets the requirements of subsection (c);

0707 (2) the applicant shall have, either by itself or through con-
0708 tractual relationships with other persons or businesses approved
0709 by the commission, the financial capability, manpower and
0710 technical expertise, as determined by the commission, to prop-
0711 erly conduct horse races or greyhound races, or both, and, if
0712 applicable, to operate a parimutuel wagering system;

0713 (3) if the applicant is proposing to construct a racetrack facil-

(b) If an applicant for an organization license is proposing to construct a racetrack facility, such applicant, at the time of submitting the application, shall deposit with the commission, in such form as prescribed by rules and regulations of the commission, the sum of (A) \$500,000, if the number of racing days applied for in a racing season is 150 days or more; or (B) \$250,000, if the number of racing days applied for is less than 150 days; or (C) a lesser sum established by the commission, if the applicant meets the qualifications set forth in subsections (a)(1) or (a)(2) of section 14 or if the applicant will be conducting races only on the state fairgrounds. If the application is denied by the commission, such sum shall be refunded to the applicant. If the application is granted by the commission in accordance with its terms or other terms satisfactory to the applicant, such sum shall be paid over to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the state racing fund as an advance payment of the license fee provided for in subsection (g) and the tax provided for in section 19. The licensee shall be entitled to take a credit against such advance payment for the amounts first due after the commencement of racing at the racetrack facility.

(reletter remaining subsections)

4/9/87 - FSA
Attachment #5



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612

ROBERT T. STEPHAN
ATTORNEY GENERAL

March 24, 1987

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
ANTITRUST: 296-5299

The Honorable Edward F. Reilly, Jr.
Chairman, Senate Federal and State Affairs Committee
State Capitol, Room 255-E
Topeka, Kansas 66612

Dear Ed:

I have watched with interest the way House Bill No. 2044, now before your committee, has been amended back and forth in regard to provision of legal services to the proposed Kansas racing commission. I ask that you consider placing both attorneys who would serve the commission under the auspices of my office. This could be accomplished by again striking the language of New Sec. 5(d) and restoring New Sec. 9 to its form as amended by the House committee.

I believe by placing both such attorney positions under my office, more flexibility would be maintained in the work which could be performed by the positions. Further, in my opinion, it is the better public policy to keep the legal advice being provided the commission as independent as possible and legal conflicts between the commission and this office, the chief legal office of the state, at a minimum. This is best accomplished by legal counsel to the board being provided by and through the attorney general. I point to this long-time policy carried out in legislation creating the Division of Alcoholic Beverage Control and similar legislation just adopted in establishing a state lottery.

Your favorable consideration of this request will be greatly appreciated. I believe such amendment would be in the best interest of successful operation of the racing commission.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert T. Stephan".

Robert T. Stephan
Attorney General

RTS:crw

4/8/87 - FSA
Attachment #6

[As Amended by House Committee of the Whole]

As Amended by House Committee

Session of 1987

HOUSE BILL No. 2044

By Special Committee on Federal and State Affairs

Re Proposal No. 14

1-8

0022 AN ACT relating to horse and greyhound racing and permitting
0023 parimutuel wagering thereon; providing for regulation and
0024 taxation thereof; prohibiting certain acts and providing penal-
0025 ties therefor; amending K.S.A. 21-4302, 38-1502, 38-1602 and
0026 ~~74-5602, 74-2424, 74-5602 and 79-3234~~ and repealing the
0027 existing sections.

0028 *Be it enacted by the Legislature of the State of Kansas:*

0029 New Section 1. Sections 1 through ~~29~~ 32 shall be known and
0030 may be cited as the Kansas parimutuel racing act and shall apply
0031 to all horse race meetings, whether or not parimutuel wagering is
0032 used or intended to be used at such meetings, and to all grey-
0033 hound race meetings at which parimutuel wagering is used or
0034 intended to be used.

0035 New Sec. 2. As used in this act unless the context otherwise
0036 requires:

0037 (a) "Breakage" means the odd cents by which the amount
0038 payable on each dollar wagered in a parimutuel pool exceeds a
0039 multiple of \$.10.

0040 (b) "Commission" means the Kansas racing commission
0041 created by this act.

0042 (c) "Concessionaire licensee" means a person, partnership,
0043 corporation or association licensed by the commission to utilize a
0044 space or privilege within a racetrack facility to sell goods.

0045 ~~[(d) "Dual racetrack facility" means a racetrack facility for the~~
0046 ~~raising of both horses and greyhounds or two immediately adja-~~
0047 ~~cent racetrack facilities, owned by the same facility owner li-] strike~~

7/9/87

11:00 a.m.

Attachment #7

Floor Version

These are only
amended pages.

7/9/87- FSA
Attachment #7

0018 ~~licensee, one for racing horses and one for racing greyhounds.]~~

0019 (d) [(e)] “Executive director” means the executive director of
0050 the commission.

0051 (e) [(f)] “Facility manager licensee” means a person who has,
0052 partnership, corporation or association licensed by the commis-
0053 sion and having a contract with an organization licensee to
0054 manage a racetrack facility.

0055 (f) [(g)] “Facility owner licensee” means a person, partner-
0056 ship, corporation, ~~association or unit of government~~ licensed by
0057 the commission to construct or own a racetrack facility but does
0058 not mean an organization licensee which owns the racetrack
0059 facility in which it conducts horse or greyhound racing.

0060 (g) [(h)] “Financial interest” means an interest that could
0061 result directly or indirectly in receiving a pecuniary gain or
0062 sustaining a pecuniary loss as a result of ownership or interest in
0063 a business entity or activity or as a result of a salary, gratuity or
0064 other compensation or remuneration from any person.

0065 (h) [(i)] “Greyhound” means any greyhound breed of dog
0066 properly registered with the national greyhound association of
0067 Abilene, Kansas.

0068 (i) [(j)] “Kansas-bred horse” means any horse dropped by a
0069 mare in Kansas and domiciled in Kansas for the first six months of
0070 its life.

0071 (j) [(k)] “Kansas-whelped greyhound” means a greyhound
0072 whelped and raised in Kansas for the first six months of its life.

0073 (k) [(l)] “Minus pool” means a parimutuel pool in which, after
0074 deducting the takeout, not enough money remains in the pool to
0075 pay the legally prescribed minimum return to those placing
0076 winning wagers, and in which the organization licensee would
0077 be required to pay the remaining amount due.

0078 (l) [(m)] “Nonprofit corporation” means a organization”
0079 means:

0080 (1) A corporation which is incorporated in Kansas as a not-
0081 for-profit corporation pursuant to the Kansas general corporation
0082 code and the net earnings of which do not inure to the benefit of
0083 any shareholder, individual member or person. Nonprofit cor-
0084 poration includes; or

— strike and reletter subsections accordingly

or association, or the state of Kansas or any political
subdivision thereof,

0233 a steward or racing judge and upon appeal by any interested
 0234 party or upon its own initiative, may overrule any decision of a
 0235 steward or racing judge, other than a decision regarding dis-
 0236 qualifications for interference during the running of a race, if the
 0237 preponderance of evidence indicates that:

0238 (1) The steward or racing judge mistakenly interpreted the
 0239 law;

0240 (2) new evidence of a convincing nature is produced; or

0241 (3) the best interests of racing and the state may be better
 0242 served.

0243 A decision of the commission to overrule any decision of a
 0244 steward or racing judge shall not change the distribution of
 0245 pari-mutuel pools to the holders of winning tickets. A decision of
 0246 the commission which would affect the distribution of purses in
 0247 any race shall not result in a change in that distribution unless a
 0248 written claim is submitted to the commission within 48 hours
 0249 after completion of the contested race by one of the owners or
 0250 trainers of a horse or greyhound which participated in such race
 0251 and a preponderance of evidence clearly indicates to the com-
 0252 mission that one or more of the grounds for protest, as provided
 0253 for in rules and regulations of the commission, has been sub-
 0254 stantiated.

0255 (j) The commission may adopt rules and regulations provid-
 0256 ing for the testing of any licensees of the commission, and any
 0257 officers, directors and employees thereof, to determine whether
 0258 they are users of any controlled substances.

0259 (k) The commission may require fingerprinting of all persons
 0260 necessary to verify qualification for any license issued pursuant
 0261 to this act. The commission shall submit such fingerprints to the
 0262 Kansas bureau of investigation and to the federal bureau of
 0263 investigation for the purposes of verifying the identity of such
 0264 persons and obtaining records of criminal arrests and convic-
 0265 tions.

0266 ~~[(1) The commission may adopt rules and regulations gov-~~
 0267 ~~erning or prohibiting the use of animals in the training of racing~~
 0268 ~~greyhounds.]~~

0269 (j) (t) [(m)] The commission shall adopt such rules and regu-

H. Ferret

— strike and reletter remaining subsections

0307 the executive director to assist with such duties; and (C) perform
0308 such other duties as directed by the commission.

0309 (c) (1) The commission shall appoint a director of security to
0310 serve at the pleasure of the commission.

0311 (2) The director of security shall: (A) Be in the unclassified
0312 service under the Kansas civil ^{Civil Service} ~~act~~ service; (B) devote full time to the
0313 security director's assigned duties; (C) receive such compensa-
0314 tion as determined by the commission, subject to the limitations
0315 of appropriations therefor; (D) be a citizen of the United States
0316 and an actual resident of Kansas during employment by the
0317 commission; ~~and~~ (E) not have been convicted of a felony under
0318 the laws of any state or of the United States prior to or during
0319 employment by the commission; and (F) be a professional law
0320 enforcement officer with a minimum of five years' experience in
0321 the field of law enforcement and at least a bachelor's degree in
0322 law enforcement administration, law, criminology or a related
0323 science or, in lieu thereof, a minimum of 10 years' experience in
0324 the field of law enforcement.

0325 (3) The director of security shall: (A) Conduct investigations
0326 relating to compliance with the provisions of this act and rules
0327 and regulations of the commission; (B) recommend proper se-
0328 curity measures to organization licensees; (C) train and super-
0329 vise such personnel as employed by the executive director to
0330 assist with such duties; and (D) perform such other duties as
0331 directed by the commission.

0332 (d) The commission may employ an attorney to review legal
0333 documents and assist with legal matters other than enforcement
0334 of the criminal provisions of this act assigned to the assistant
0335 attorney general pursuant to section 9. Such attorney shall be in
0336 the unclassified service of the Kansas civil service act and shall
0337 receive such compensation as determined by the commission,
0338 subject to the limitations of appropriations therefor.

0339 [(d) The commission may employ an attorney to review legal
0340 documents and assist with legal matters other than enforcement
0341 of the criminal provisions of this act assigned to the assistant
0342 attorney general pursuant to section 9. Such attorney shall be in
0343 the unclassified service of the Kansas civil service act and shall

0381 (3) perform such other duties as directed by the commission.

0382 (d) The animal health officer or an assistant animal health
0383 officer may:

0384 (1) Possess and administer phenylbutazone or furosemide
0385 (lasix) to ~~thoroughbred horses~~ [horses which are racing 900 or
0386 more yards], as authorized by their owners or their owners'
0387 agents;

0388 (2) possess and administer testosterone to female grey-
0389 hounds, as authorized by their owners or their owners' agents;

0390 (3) possess and administer such other drugs or substances as
0391 necessary to carry out their duties pursuant to this section; and

0392 (4) possess such equipment as necessary to administer any
0393 drug or substance as authorized by this subsection.

0394 (d) (e) The commission may require an organization licensee
0395 to reimburse the commission for services performed by assistant
0396 animal health officers at race meetings conducted by the organi-
0397 zation licensee.

0398 (e) (f) The commission may obtain medical services as re-
0399 quired by contract with an institution which teaches animal
0400 health sciences within the state.

0401 (f) (g) The commission shall contract for the analysis of sam-
0402 ples taken for the purpose of enforcing compliance with section
0403 11 with one or more laboratory facilities in this state.

0404 New Sec. 7. (a) Employees of the Kansas racing commission
0405 designated by the executive director, with the approval of the
0406 commission, are hereby vested with the power and authority of
0407 law enforcement officers in the execution of the duties imposed
0408 upon the commission by the provisions of this act.

0409 (b) Employees designated pursuant to subsection (a) shall
0410 have the authority to:

0411 (1) Make arrests, conduct searches and seizures and carry
0412 firearms while investigating violations of this act and during
0413 routine conduct of their duties as determined by the executive
0414 director; and

0415 (2) issue notices to appear pursuant to K.S.A. 22-2408 and
0416 amendments thereto.

0417 (c) No employee of the commission shall be certified to carry

P/R by Commission
possess and administer drugs and medications to horses
and greyhounds within a racetrack facility as authorized
by rules and regulations of the commission

0492 the organization licensee or, other than in the capacity of an
 0493 officer or director of the organization licensee, with a facility
 0494 owner licensee, facility manager licensee or concessionaire li-
 0495 censee; or

0496 (3) place a wager on an entry in a horse or greyhound race
 0497 conducted by an organization licensee.

0498 (e) It is a class A misdemeanor for any facility owner licensee
 0499 or facility manager licensee, or any officer, director or employee
 0500 thereof, to:

0501 (1) Participate directly or indirectly as an owner, owner-
 0502 trainer or trainer of a horse or greyhound, or as a jockey of a
 0503 horse, entered in a race meeting conducted in this state; or

0504 (2) place a wager on an entry in a horse or greyhound race
 0505 conducted by an organization licensee.

0506 (f) It is a class A misdemeanor for any person to:

0507 (1) Sell a parimutuel ticket or an interest in such a ticket to a
 0508 person knowing such person to be under 18 years of age, upon
 0509 conviction of the first offense;

0510 (2) accept, transmit or deliver, from a person outside a race-
 0511 track facility, anything of value to be wagered in any parimutuel
 0512 system of wagering within a racetrack facility, upon conviction of
 0513 the first offense;

0514 (3) administer or conspire to administer any drug or sub-
 0515 stance for the purpose of stimulating or depressing any horse or
 0516 greyhound, or affecting its speed, at any time during a race
 0517 conducted by an organization licensee, upon conviction of the
 0518 first offense;

0519 (4) except as permitted by section 6, possess or conspire to
 0520 possess, within the confines of a racetrack facility, any drug or
 0521 substance, to be administered to a horse or greyhound by injec-
 0522 tion, upon conviction of the first offense;

0523 (5) except as permitted by section 6, administer or conspire to
 0524 administer, by injection, any drug or substance to a horse or
 0525 greyhound, within the confines of a racetrack facility, upon
 0526 conviction of the first offense;

0527 (6) except as permitted by section 6 or as permitted by rules
 0528 and regulations of the commission, possess or conspire to pos-

Hoferer's
 (f) It is a class B misdemeanor for any person to use
 any animal or fowl in the training or racing of racing
 greyhounds.

[reletter accordingly]

529 ~~possess, within the confines of a racetrack facility, any drug or~~
 530 ~~substance, other than food and water, to be administered to a~~
 531 ~~horse or greyhound by means other than injection, upon conviction~~
 532 ~~of the first offense;~~

533 ~~(7) except as permitted by section 6 or as permitted by rules~~
 534 ~~and regulations of the commission, administer or conspire to~~
 535 ~~administer, by means other than injection, any drug or sub-~~
 536 ~~stance, other than food and water, to a horse or greyhound within~~
 537 ~~the confines of a racetrack facility, upon conviction of the first~~
 538 ~~offense;~~

539 ~~(8) except as permitted by section 6, possess or conspire to~~
 540 ~~possess, within the confines of a racetrack facility, equipment for~~
 541 ~~administering by injection any drug or substance to a horse or~~
 542 ~~greyhound, upon conviction of the first offense;~~

543 ~~(9) violate any provision of this act for which no other~~
 544 ~~penalty is provided for violation;~~

545 ~~(10) enter any horse or greyhound in any race knowing~~
 546 ~~such horse or greyhound to be ineligible to compete in such race~~
 547 ~~pursuant to section 12;~~

548 ~~(11) prepare or cause to be prepared an application for~~
 549 ~~registration of a horse pursuant to section 28 29 knowing that~~
 550 ~~such application contains false information; or~~

551 ~~(12) violate any rule and regulation of the commission.~~

552 ~~(e) (g) It is a class G E felony for any person to:~~

553 ~~(1) Sell a parimutuel ticket or an interest in such a ticket to a~~
 554 ~~person knowing such person to be under 18 years of age, upon~~
 555 ~~conviction of the second or a subsequent offense;~~

556 ~~(2) accept, transmit or deliver, from any person outside a~~
 557 ~~racetrack facility, anything of value to be wagered in any pari-~~
 558 ~~mutuel system of wagering within a racetrack facility, upon the~~
 559 ~~second or a subsequent conviction;~~

560 ~~(3) conduct or assist in the conduct of a horse or greyhound~~
 561 ~~race where the parimutuel system of wagering is used or is~~
 562 ~~intended to be used and where no license has been issued to an~~
 563 ~~organization to conduct such race;~~

564 ~~(4) enter any horse or greyhound in any race conducted by an~~
 565 ~~organization licensee knowing that the class or grade in which~~

2044b

(3) administer or conspire to administer any drug or medication to a horse or greyhound within the confines of a racetrack facility in violation of rules and regulations of the commission, upon conviction of a first offense;

(4) possess or conspire to possess, within the confines of a racetrack facility, any drug or medication for administration to a horse or greyhound in violation of rules and regulations of the commission, upon conviction of a first offense;

(5) possess or conspire to possess, within the confines of a racetrack facility, equipment for administering drugs or medications to horses or greyhound in violation of rules and regulations of the commission, upon conviction of a first offense;

[renumber remaining subsections]

0566 such horse or greyhound is entered is not the true class or grade
0567 or knowing that the name under which such horse or greyhound
0568 is entered is not the name under which such horse or greyhound
0569 has been registered and has publicly performed;

0570 (5) use, administer or conspire to use or administer any drug,
0571 substance or devise or conspire to use any device, other than an
0572 ordinary whip for horses or a mechanical hare for greyhounds, for
0573 the purpose of stimulating or depressing any horse or dog or
0574 affecting its speed affecting the speed of any horse or greyhound
0575 at any time during a race conducted by an organization licensee;

76 Possession of any such drug, substance or devise by anyone
77 within the confines of a racetrack facility shall be prima facie
78 evidence of the intent to use such drug, substance or devise;

0579 (6) administer or conspire to administer any drug or sub-
0580 stance for the purpose of stimulating or depressing any horse or
0581 greyhound, or affecting its speed, at any time during a race
0582 conducted by an organization licensee, upon conviction of the
0583 second or a subsequent offense;

0584 (7) except as permitted by section 6, possess or conspire to
0585 possess, within the confines of a racetrack facility, any drug or
0586 substance, to be administered to a horse or greyhound by injec-
0587 tion, upon conviction of the second or a subsequent offense;

0588 (8) except as permitted by section 6, administer or conspire to
0589 administer, by injection, any drug or substance to a horse or
90 greyhound within the confines of a racetrack facility, upon con-
591 viction of the second or a subsequent offense;

0592 (9) except as permitted by section 6 or as permitted by rules
0593 and regulations of the commission, possess or conspire to pos-
0594 sess, within the confines of a racetrack facility, any drug or
0595 substance, other than food and water, to be administered to a
0596 horse or greyhound by means other than injection, upon convic-
0597 tion of the second or a subsequent offense;

0598 (10) except as permitted by section 6 or as permitted by rules
0599 and regulations of the commission, administer or conspire to
0600 administer, by means other than injection, any drug or sub-
0601 stance, other than food and water, to a horse or greyhound within
0602 the confines of a racetrack, upon conviction of the second or a

0603 subsequent offense;

0604 (11) except as permitted by section 6, possess or conspire to

0605 possess, within the confines of a racetrack facility, equipment for

0606 administering by injection any drug or substance to a horse or

0607 greyhound, upon conviction of the second or a subsequent of-

0608 fense;

0609 (12) use any *animal* [dog, cat] or fowl in the training of racing

0610 greyhounds;

0611 [(13) use any animal or fowl in the training of racing grey-

0612 hounds within the confines of a racetrack facility;

0613 [(14) use any animal or fowl in training racing greyhounds in

0614 violation of rules and regulations of the commission];

0615 (6) (13) [(15)] sponge the nostrils or windpipe of a horse for

0616 the purpose of stimulating or depressing such horse or affecting

0617 its speed at any time during a race meeting conducted by an

0618 organization licensee;

0619 (7) (14) [(16)] alter or attempt to alter the natural outcome of

0620 any race conducted by an organization licensee;

0621 (8) (15) [(17)] influence or attempt to influence, by the pay-

0622 ment or promise of payment of money or other valuable consid-

0623 eration, any person to alter the natural outcome of any race

0624 conducted by an organization licensee;

0625 (9) (16) [(18)] influence or attempt to influence any member,

0626 employee or appointee of the commission, by the payment or

0627 promise of payment of money or other valuable consideration, in

0628 the performance of any official duty of that member, employee or

0629 appointee;

0630 (10) (17) [(19)] fail to report to the commission or to one of its

0631 employees or appointees knowledge of any violation of this act

0632 by another person for the purpose of stimulating or depressing

0633 any horse or greyhound, or affecting its speed, at any time during

0634 any race conducted by an organization licensee;

0635 (11) (18) [(20)] commit any of the following acts with respect

0636 to the prior racing record, pedigree, identity or ownership of a

0637 registered horse or greyhound in any matter related to the

0638 breeding, buying, selling or racing of the animal: (A) Falsify,

0639 conceal or cover up, by any trick, scheme or devise device, a

2044a

(6) administer or conspire to administer any drug or medication to a horse or greyhound within the confines of a racetrack facility in violation of rules and regulations of the commission, upon conviction of the second or subsequent offense;

(7) possess or conspire to possess, within the confines of a racetrack facility, any drug or medication for administration to a horse or greyhound in violation of rules and regulations of the commission, upon conviction of the second or a subsequent offense;

(8) possess or conspire to possess, within the confines of a racetrack facility, equipment for administering drugs or medications to horses or greyhounds in violation of rules and regulations of the commission, upon conviction of the second or a subsequent offense;

[renumber remaining subsections]

0640 material fact; (B) make any false, fictitious or fraudulent state-
 0641 ment or representation; or (C) make or use any false writing or
 0642 document knowing that it contains any false, fictitious or fraud-
 0643 ulent statement or entry; or

0644 ~~(12) (19) [(21)]~~ pass or attempt to pass, cash or attempt to cash
 0645 any altered or forged parimutuel ticket knowing it to have been
 0646 altered or forged.

0647 ~~(f) (h)~~ No person less than 18 years of age shall purchase a
 0648 parimutuel ticket or an interest in such a ticket. Any person
 0649 violating this subsection is a juvenile offender.

0650 (i) Possession of any device, ~~drug or substance~~ described in
 0651 subsection ~~(f)(3) or (g)(5) or (6)~~ by anyone within the confines of a
 0652 racetrack facility shall be prima facie evidence of intent to use
 0653 such device ~~or administer such drug or substance to a horse or~~
 0654 ~~greyhound.~~ (g) (5)

0655 New Sec. 11. ~~(a) Except as provided by subsection (b), there~~
 0656 ~~shall be no detectable level of any depressant, stimulant or other~~
 0657 ~~drug or medication~~ in the blood or urine of any horse or grey-
 0658 hound when tested either just prior to or immediately following
 0659 participation in any race conducted by an organization licensee.
 0660 Animals in violation of ~~this section~~ shall be disqualified from the
 0661 race in which the animal is entered or has participated on the day
 0662 that such test was conducted.

The commission shall adopt rules and regulations
 establishing those drugs and medications, and the
 levels thereof, which are allowable

0663 ~~(b) When tested prior to or following participation in a race~~
 0664 ~~conducted by an organization licensee:~~

0665 ~~(1) A thoroughbred horse [horse which is racing 900 or more~~
 0666 ~~yards] may have in its blood or urine phenylbutazone or furo-~~
 0667 ~~semide (lasix), within limits established by rules and regulations~~
 0668 ~~of the commission;~~

0669 ~~(2) a female greyhound may have in its blood or urine tes-~~
 0670 ~~tosterone, within limits established by rules and regulations of~~
 0671 ~~the commission; and~~

0672 ~~(3) a greyhound may have in its blood or urine a trace of~~
 0673 ~~procaine, within limits established by rules and regulations of~~
 0674 ~~the commission.~~

0675 New Sec. 12. (a) Horses shall not compete in any race meet-
 0676 ing before reaching the age of two years. A horse's age shall be

such rules and regulations

0677 determined beginning on the first day of January in the year in
 0678 which the horse is foaled.

0679 (b) Greyhounds shall not compete in any race meeting before
 0680 reaching the age of 15 months.

0681 (c) No horse shall compete in any race limited to Kansas-bred
 0682 horses unless such horse is registered pursuant to section ~~28~~ 29.
 0683 The commission may prescribe such forms as necessary to de-
 0684 termine the eligibility of horses entered in such a race.

0685 New Sec. 13. (a) A nonprofit organization may apply to the
 0686 commission for an organization license to conduct horse races or
 0687 an organization license to conduct greyhound races, or both such
 0688 licenses. The application shall be filed with the commission at a
 0689 time and place prescribed by rules and regulations of the com-
 0690 mission. The application shall specify the days when, the exact
 0691 location where it proposes to conduct such races and shall be in a
 0692 form and include such information as the commission prescribes.
 0693 A nonrefundable application fee in the form of a certified check
 0694 or bank draft shall accompany the application. Except as pro-
 0695 vided pursuant to section 14, such fee shall be as follows:

0696 (1) For an application for an organization license to conduct
 0697 horse or greyhound races with parimutuel wagering, a fee of
 0698 \$5,000 for each application; and

0699 (2) for an application for an organization license to conduct
 0700 horse races without parimutuel wagering, a fee of \$500 for each
 0701 application.

0702 (b) To qualify for an organization license to conduct horse or
 0703 greyhound races:

0704 (1) The applicant shall be a bona fide, nonprofit corporation
 0705 ~~incorporated under the laws of the state of Kansas~~ organization
 0706 which, if applicable, meets the requirements of subsection (c);

0707 (2) the applicant shall have, either by itself or through con-
 0708 tractual relationships with other persons or businesses approved
 0709 by the commission, the financial capability, manpower and
 0710 technical expertise, as determined by the commission, to prop-
 0711 erly conduct horse races or greyhound races, or both, and, if
 0712 applicable, to operate a parimutuel wagering system;

0713 (3) if the applicant is proposing to construct a racetrack facil-

(b) If an applicant for an organization license is proposing to construct a racetrack facility, such applicant, at the time of submitting the application, shall deposit with the commission, in such form as prescribed by rules and regulations of the commission, the sum of (A) \$500,000, if the number of racing days applied for in a racing season is 150 days or more; or (B) \$250,000, if the number of racing days applied for is less than 150 days; or (C) a lesser sum established by the commission, if the applicant meets the qualifications set forth in subsections (a)(1) or (a)(2) of section 14 or if the applicant will be conducting races only on the state fairgrounds. If the application is denied by the commission, such sum shall be refunded to the applicant. If the application is granted by the commission in accordance with its terms or other terms satisfactory to the applicant, such sum shall be paid over to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the state racing fund as an advance payment of the license fee provided for in subsection (g) and the tax provided for in section 19. The licensee shall be entitled to take a credit against such advance payment for the amounts first due after the commencement of racing at the racetrack facility.

(reletter remaining subsections)

0714 ity, the applicant shall submit detailed plans for the construction
 0715 of such facility, including the means and source of financing such
 0716 construction and operation, sufficient to convince the commis-
 0717 sion that such plans are feasible;

0718 (4) submit for commission approval a written copy of each
 0719 contract and agreement which the applicant proposes to enter
 0720 into, including all those listed in subsection (4) (m), which
 0721 contracts and agreements shall conform to the restrictions placed
 0722 thereon by subsections (4), (m) and (n) (m), (n) and (o);

0723 (5) the applicant shall propose to conduct races within only
 0724 one county, and in such county the majority of the qualified
 0725 electors have approved either: (A) The constitutional amend-
 0726 ment permitting the conduct of horse and dog races and parimu-
 0727 tuel wagering thereon; or (B) a proposition permitting horse and
 0728 dog races and parimutuel wagering thereon within the bounda-
 0729 ries of such county;

0730 (6) no stockholder, director, officer, employee or agent of the
 0731 applicant shall have been convicted of or have criminal charges
 0732 pending for any of the following in any court of any state or of the
 0733 United States: (A) Fixing of horse or greyhound races; (B) illegal
 0734 gambling activity; (C) illegal sale or possession of any controlled
 0735 substance; (D) operation of any illegal business; (E) repeated
 0736 acts of violence; or (F) any felony;

0737 ~~(7) no stockholder, director or officer of the applicant shall be~~
 0738 ~~addicted to, and a user of, alcohol or a controlled substance; and~~

0739 ~~(8) all employees of the applicant shall be citizens of the~~
 0740 ~~United States and not less than 90% of such employees shall~~
 0741 have been residents of this state for not less than 18 months
 0742 immediately preceding employment by the applicant.

0743 (c) To qualify for an organization license to conduct horse or
 0744 greyhound races, a nonprofit organization, other than a county
 0745 fair association or a nonprofit organization conducting races only
 0746 on the state fair grounds, shall:

0747 (1) Distribute all of its net earnings from the conduct of horse
 0748 and greyhound races to organizations, other than itself, which:
 0749 (A) Have been exempted from the payment of federal income
 0750 taxes pursuant to section 501(c)(3) of the federal internal revenue

, and a commitment for such financing by a financial institution or other source which, in the opinion of the commission, is able to provide such financing. Such commitment may be conditioned upon the applicant's being granted a minimum number of racing days but shall be otherwise unqualified except as to the grant of the license in accordance with the terms of the application. The commission shall prescribe by rules and regulations the form and content of a financing commitment submitted under this subsection (b) (3)

← strike

;(7)

0751 code of 1986[, as in effect July 1, 1987], (B) are domiciled in this
0752 state and (C) expend the moneys so distributed only within this
0753 state;

0754 (2) distribute not more than 25% of such net earnings to any
0755 one such organization in any calendar year;

0756 (3) not engage in, and have no officer, director or member
0757 who engages in, any prohibited transaction, as defined by sec-
0758 tion 503(b) of the federal internal revenue code of 1986[, as in
0759 effect July 1, 1987]; and

0760 (4) have no officer, director or member who is not a bona fide
resident of this state.

0761 (e) (d) Within 30 days after the date specified for filing, the
0762 commission shall examine each application for an organization
0763 license for compliance with the provisions of this act and rules
0764 and regulations of the commission. If any application does not
0765 comply with the provisions of this act or rules and regulations of
0766 the commission, the application may be rejected or the commis-
0767 sion may direct the applicant to comply with the provisions of
0768 this act or rules and regulations of the commission within a
0769 reasonable time, as determined by the commission. Upon proof
0770 by the applicant of compliance, the commission may reconsider
0771 the application. If an application is found to be in compliance
0772 and the commission finds that the issuance of the license would
0773 be within the best interests of horse and greyhound racing
0774 within this state from the standpoint of both the public interest
0775 and the horse or greyhound industry, as determined solely
0776 within the discretion of the commission, the commission may
0777 issue an organization license to the applicant. The commission
0778 shall approve the issuance of organization licenses for a period
0779 established by the commission but not to exceed ~~25~~ 10 years. For
0780 each license issued, the commission shall specify the location,
0781 type, time and date of all races and race meetings which the
0782 commission has approved for the licensee to conduct. The li-
0783 cense shall be issued upon receipt of the license fee and the
0784 furnishing of a bond executed by a surety company authorized to
0785 do business in this state. The bond shall be made payable to the
0786 state of Kansas in an amount determined by the commission, but
0787

0788 not to exceed the total financial liability of the organization
0789 licensee for the race meetings approved, and shall be condi-
0790 tioned upon payment by the organization licensee of all taxes,
0791 purses and distribution of parimutuel winnings and breakage.
0792 No organization license shall be transferred to any other organi-
0793 zation or entity.

0794 ~~(d)~~ (e) When considering the granting of organization li- or more
0795 censes or racing days between two competing applicants, the

0796 commission shall give consideration to the following factors:

0797 (1) The character, reputation, experience and financial sta-
0798 bility of those persons within the applicant organizations who
0799 will be supervising the conduct of the races and parimutuel
0800 wagering for the organization;

0801 (2) the quality of the racing facilities and adjoining accom-
0802 modations;

0803 (3) the amount of revenue that can reasonably be expected to
0804 be generated from state and local taxes, the economic impact for
0805 the respective horse or greyhound breeding industries in Kansas
0806 and the indirect economic benefit to the surrounding area, in the
0807 determination of which economic benefit the commission shall
0808 solicit written recommendations from all interested parties in the
0809 surrounding area;

0810 (4) the location of the race meetings in relation to the princi-
0811 pal centers of population and the effect of such centers on the
0812 ability of the organizations to sustain a financially sound racing
0813 operation; and

0814 (5) testimony from interested parties at public hearings to be
0815 conducted in the geographic areas where the applicants would
0816 be conducting their race meetings.

0817 ~~(e)~~ (f) Except as otherwise provided pursuant to section 14,
0818 each organization licensee shall pay a license fee in the amount
0819 of \$200 for each day of racing approved by the commission. Such
0820 fees shall be paid at such times and by such means as prescribed
0821 by rules and regulations of the commission. The commission
0822 may authorize the state treasurer to refund from the state racing
0823 fund a fee paid for any racing day which was canceled with
0824 advance notice to and with the approval of the commission.

0825 (f) (g) Organization licensees may apply to the commission
0826 for changes in approved race meetings or dates or for additional
0827 race meetings or dates as needed throughout the terms of their
0828 licenses. Application shall be made upon forms furnished by the
0829 commission and shall contain or be accompanied by such infor-
0830 mation as the commission prescribes. Upon approval by the
0831 commission, the organization licensee shall pay an additional
0832 license fee for any race days in excess of the number originally
0833 approved and included in the calculation of the initial license
0834 fee.

0837 (g) (h) All organization licenses shall be reviewed annually
0838 by the commission to determine if the licensee is complying
0839 with the provisions of this act and rules and regulations of the
0840 commission and following such proposed plans and operating
0841 procedures as were approved by the commission. The commis-
0842 sion may review an organization license more often than an-
0843 nually upon its own initiative or upon the request of any inter-
0844 ested party. The commission shall require each organization
0845 licensee, other than a county fair association, to file annually
0846 with the commission a certified financial audit of the licensee by
0847 an independent certified public accountant, which audit shall be
0848 open to inspection by the public, and may require an organiza-
0849 tion licensee to provide any ~~updated~~ other information necessary
0850 for the commission to conduct the annual or periodic review.

0851 (h) (i) Subject to the provisions of subsection (h) (j), the
0852 commission, in accordance with the Kansas administrative pro-
0853 cedure act, may suspend or revoke an organization license or civil
0854 may impose a fine not exceeding \$5,000, or may both suspend
0855 such license and impose such fine, for each of the following
0856 violations by a licensee:

- 0855 (1) One or more serious violations, or a pattern of repeated
0856 minor violations, of the provisions of this act or rules and regu-
0857 lations of the commission;
- 0858 (2) failure to follow one or more substantial provisions of the
0859 licensee's plans for the construction or operation of a racetrack
0860 facility as submitted to and approved by the commission;
- 0861 (3) failure to maintain compliance with the requirements of

0936 ity; the hiring and training of personnel; and the promotion of
0937 the facility.

0938 ~~(m)~~ (o) An organization licensee shall not in any manner
0939 permit a person other than such licensee to have a share, per-
0940 centage or proportion of money received from parimutuel wa-
0941 gering at the racetrack facility except as specifically set forth in
0942 this act, except that:

0943 (1) An owner licensee may receive gross percentage rental
0944 fees under a lease if all terms of the lease are disclosed to the
0945 commission and such lease is approved by the commission; and

0946 (2) a person who has contracted an organization licensee to
0947 provide one or more of the services permitted by subsection ~~(m)~~

0948 (n) may receive compensation in the form of a percentage of the
0949 money received from parimutuel wagering if such contract is
0950 approved by the commission and such person is licensed as a
0951 facility manager.

0952 (p) Directors or officers of an organization licensee are not
0953 liable in a civil action for damages arising from their acts or
0954 omissions when acting as individual directors or officers, or as a
0955 board as a whole, of a nonprofit organization conducting races
0956 pursuant to this act, unless such conduct constitutes willful or
0957 wanton misconduct or intentionally tortious conduct, but only to
0958 the extent the directors and officers are not required to be
0959 insured by law or are not otherwise insured against such acts or
0960 omissions. Nothing in this section shall be construed to affect the
0961 liability of an organization licensee for damages in a civil action
0962 caused by the negligent or wrongful acts or omissions of its
0963 directors or officers, and a director's or officer's negligence or
0964 wrongful act or omission, while acting as a director or officer,
0965 shall be imputed to the organization licensee for the purpose of
0966 apportioning liability for damages to a third party pursuant to
0967 K.S.A. 60-258a and amendments thereto.

0968 ~~((q) The commission may revoke the organization license of~~
0969 ~~any organization licensee which is also licensed to construct a~~
0970 ~~racetrack facility if the licensee fails to submit to the commission,~~
0971 ~~within 90 days after issuance of the facility owner license, an~~
0972 ~~unqualified letter of credit or other evidence, satisfactory to the~~

0973 commission, of financial ability to meet the licensee's obliga-
 0974 tions as a facility owner licensee.

0975 [(r) Any facility owner license issued to an organization li-
 0976 censee to construct a dual racetrack facility shall be conditioned
 0977 upon the completion of such facility within a time specified by
 0978 the commission. If, within the time specified by the commission,
 0979 the licensee has not constructed a dual racetrack facility in
 0980 accordance with the plans submitted to the commission pursuant
 0981 to subsection (b)(3), the commission shall revoke the licensee's
 0982 organization license unless the licensee demonstrates reason-
 0983 able justification for such failure.]

0984 [(s) Any license granted an organization licensee to conduct
 0985 races at a dual racetrack facility shall be conditioned on the
 0986 organization licensee's conducting horse races on not less than
 0987 20% of the annual racing days granted the licensee by the
 0988 commission. If an organization licensee fails to comply with such
 0989 condition, the commission shall revoke the organization li-
 0990 censee's license unless the licensee demonstrates reasonable
 0991 justification for such failure.]

0992 New Sec. 14. (a) The commission shall establish by rules
 0993 and regulations application and license fees not exceeding those
 0994 provided by section 13 for any of the following which applies for
 0995 an organization license:

0996 (a) (1) Any fair association, other than the Greenwood county
 0997 } Anthony fair associations, organized pursuant to K.S.A. 2-125
 0998 } *seq.*, and amendments thereto, or the national greyhound
 0999 } association of Abilene, Kansas, if: (1) (A) Such association con-
 0000 } ducts not more than two race meetings each year; (2) (B) such
 0001 } race meets are held within the boundaries of the county where
 0002 } the applicant is located; and (3) (C) such race meetings are held
 0003 } for a total of not more than 21 days per year; or

0004 (b) (2) the Greenwood county fair association or the Anthony
 0005 fair association with respect to race meetings conducted by such
 0006 association at Eureka Downs or Anthony Downs, respectively,
 0007 for which the number of race meetings and days, and the dates
 0008 thereof, shall be specified by the commission.

0009 (c) (b) All applicants for organization licenses for the conduct

The application fee for a county fair association applying for an organization license to conduct only harness horse races without parimutuel wagering shall be \$50 for each application, and no license fee shall be required of such association for any day of a race meeting of less than 10 days of only harness horse racing without parimutuel wagering.

1010 of race meetings pursuant to the provisions of this section shall
1011 be required to comply with all the provisions of section 13.

1012 New Sec. 15. (a) Any person, ~~or the state of Kansas or any~~
1013 political subdivision thereof, may apply to the commission for a
1014 facility owner license to construct or own, or both, a racetrack
1015 facility which includes a racetrack and other areas designed for
1016 horse racing or greyhound racing, or both.

1017 (b) Any person ~~may apply to the commission for a facility~~
1018 manager license to manage a racetrack facility.

1019 (c) A facility owner license or a facility manager license shall
1020 be issued for a period established by the commission but not to
1021 exceed ~~25~~ 10 years. The application for a facility owner license
1022 shall be accompanied by a nonrefundable fee of \$5,000. An
1023 application for a facility manager license shall be accompanied
1024 by a nonrefundable fee of \$5,000.

1025 (d) A facility owner license shall be granted only to an appli-
1026 cant that already owns an existing racetrack facility or has ~~shown~~
1027 ~~sufficient financial ability to complete construction of a racetrack~~
1028 ~~facility within a time period specified by the commission.~~ A
1029 facility manager license shall be granted only to an applicant that
1030 has a facility management contract with an organization licensed
1031 pursuant to section 13.

1032 (e) An applicant for a facility owner license or facility man-
1033 ager license, or both, shall not be granted a license if there is
1034 substantial evidence that the applicant for the license, or any
1035 officer or director, stockholder, member or owner of or other
1036 person having a financial interest in the applicant:

1037 (1) Has been suspended or ordered to cease operation of a
1038 parimutuel racing facility in another jurisdiction by the appro-
1039 priate authorities in that jurisdiction, has been ordered to cease
1040 association or affiliation with such a racing facility or has been
1041 banned from such a racing facility;

1042 (2) has been convicted by a court of any state or of the United
1043 States of any criminal act involving fixing or manipulation of
1044 parimutuel races, violation of any law involving gambling or
1045 controlled substances, drug violations involving horses or grey-
1046 hounds or if any employee or agent assisting the applicant in

partnership, corporation or association,

, partnership, corporation or association

25

submitted with its application detailed plans for the construction of such facility, including the means and source of financing such construction and operation sufficient to convince the commission that such plans are feasible, and a commitment for such financing by a financial institution or other source which, in the opinion of the commission, is able to provide such financing. Such commitment may be conditioned upon the applicant's being granted a minimum number of racing days but shall be otherwise unqualified except as to the grant of the license in accordance with the terms of the application. The commission shall prescribe by rules and regulations the form and content of a financing commitment submitted under this subsection

1084 commission may suspend or revoke the licensee's license in
1085 accordance with the Kansas administrative procedure act.

~~1086 (g) The commission may revoke the license of any facility
1087 owner within 90 days after issuance of such license if the li-
1088 censee fails to submit to the commission an unqualified letter of
1089 credit or other evidence, satisfactory to the commission, of fi-
1090 nancial ability to meet the licensee's obligations as a licensee.~~

~~1091 (h) Any license issued to a facility owner licensee to con-
1092 struct a dual racetrack facility shall be conditioned upon the
1093 completion of such facility within a time specified by the com-
1094 mission. If, within the time specified by the commission, the
1095 licensee has not constructed a dual racetrack facility in accord-
1096 ance with the plans submitted to the commission, the commis-
1097 sion shall revoke the licensee's facility owner license unless the
1098 licensee demonstrates reasonable justification for such failure.]~~

1099 New Sec. 16. (a) The commission shall require occupation
1100 licenses for:

1101 (1) Any owner of a horse or greyhound participating in a race
1102 conducted by an organization licensee;

1103 (2) any person whose work, in whole or in part, is conducted
1104 within a racetrack facility owned or leased by an organization
1105 licensee, including trainers, jockeys, agents, apprentices,
1106 grooms, exercise persons, veterinarians, valets, blacksmiths,
1107 stewards, racing judges, starters, timers, supervisors of mutuels,
1108 parimutuel tellers and clerks, guards and such other personnel
1109 designated by the commission.

1110 (b) An occupation license shall be obtained from the com-
1111 mission prior to the time a person engages activities for which
1112 such license is required, regardless of whether a race meeting is
1113 being conducted.

1114 (c) A person required to be licensed pursuant to subsection
1115 (a) shall apply for such license in a manner and upon forms
1116 prescribed and furnished by the commission. The commission
1117 may require the applicant to submit to fingerprinting. Occupa-
1118 tion licenses shall be issued for a period established by the
1119 commission but not less than one year or more than three years.
1120 The commission shall establish the amount of application fees

0084 ing to the duties of stewards or racing judges. Examinations shall
 0085 be held at such times and places as determined by the commis-
 0086 sion. Notice of the times and places of the examinations shall be
 0087 given as determined by the commission. The commission shall
 0088 prepare both written and oral examinations to be taken by
 0089 persons applying for licensure as stewards or racing judges,
 0090 requesting and taking into consideration suggestions from rep-
 0091 resentatives of horsemen and ~~horse women~~ horsewomen, greyhound owners,
 0092 organization licensees, stewards, racing judges and other inter-
 0093 ested and knowledgeable parties as to the content thereof.

0094 (d) The commission may examine any person who:

0095 (1) Has not been convicted of a crime involving moral turpi-
 0096 tude or of a felony;

0097 (2) has completed an accredited senior high school or its
 0098 equivalent;

0099 (3) has been given a physical examination by a licensed
 0100 physician within 60 days prior to the date of application for the
 0101 steward's examination, indicating at least 20/20 vision or vision
 0102 corrected to at least 20/20, and normal hearing ability;

0103 (4) has: (A) At least five years' experience in the horse or
 0104 greyhound racing industry as a licensed trainer or jockey; (B) at
 0105 least 10 years' experience in the horse or greyhound racing
 0106 industry as a licensed owner whose experience, knowledge,
 0107 ability and integrity relative to the industry are known to the
 0108 commission; (C) at least three years' experience as a licensed
 0109 racing official, racing secretary, assistant racing secretary or
 0110 director of racing; or (D) experience in the racing industry of a
 0111 character and for a length of time sufficient, in the opinion of the
 0112 commission, to be substantially equivalent to the experience
 0113 requirement of subsection (d)(4)(A), (B) or (C).

0114 (e) For the purpose of subsection ~~(e)~~(d)(4), one year's experi-
 0115 ence shall mean at least 100 days actually worked within one
 0116 calendar year. An original license for a steward or racing judge
 0117 issued pursuant to the provisions of this act shall be issued for
 0118 the calendar year in which it is issued and shall be renewable for
 0119 a period not to exceed three years as established by rules and
 0120 regulations of the commission. The commission shall establish a

0232 greyhound breeding development fund created by section 20. — 30

0233 New Sec. 23. (a) There is hereby imposed a tax on the gross
0234 sum wagered by the parimutuel method as follows:

0235 (1) A tax at the rate of $\frac{3}{18}$ of the total daily takeout from
0236 parimutuel pools for horse races held at racetrack facilities
0237 for the racing of horses ~~for both horses and greyhounds at dual~~
0238 ~~racetrack facilities~~; and

0239 (2) ~~Subject to the provisions of subsection (c)~~ a tax at the rate — strike
0240 of $\frac{5}{18}$ of the total daily takeout from parimutuel pools for grey-
0241 hound races held at racetrack facilities for the racing of
0242 greyhounds.

0243 (b) The tax imposed by this section shall be remitted to the
0244 commission by each organization licensee by the next business
0245 day following the day on which the wagers took place. The
0246 commission shall promptly remit any such tax moneys received
0247 to the state treasurer, who shall deposit the entire amount in the
0248 state treasury and credit it to the state gaming revenues fund
0249 created by K.S.A. 1986 Supp. 79-4801 and amendments thereto
0250 racing fund created by section 26.

0251 ~~(c) The tax rate for a racetrack facility for the racing of~~
0252 ~~greyhounds shall be reduced to the rate provided by subsection~~
0253 ~~(a)(1) for a period of time specified by the commission if:~~

0254 (1) The owner of the facility submits to the commission
0255 evidence, satisfactory to the commission, of a bona fide intent to
0256 ~~construct as a part of such facility a racetrack for the racing of~~
0257 ~~horses~~ [a dual racetrack facility]; and

0258 (2) ~~such racetrack for the racing of horses~~ [dual racetrack
0259 facility] is constructed within such period of time specified by — strike
0260 the commission.

0261 ~~If the racetrack for the racing of horses~~ [dual racetrack facility]
0262 ~~is not constructed within the specified period, [two times] the~~
0263 ~~difference between the amount of tax moneys generated at the~~
0264 ~~reduced tax rate and the amount of tax moneys generated at the~~
0265 ~~tax rate imposed by subsection (a)(2) shall be due and owing~~
0266 ~~from the time such tax would have been imposed by subsection~~
0267 ~~(a)(2) but for the provisions of this subsection, with interest~~
0268 ~~thereon at the rate provided by K.S.A. 79-2968 and amendments]~~

269 ~~thereto from such timer~~ (c)

270 (e) ~~(d)~~ The commission shall audit and verify that the amount
271 of tax received from each organization licensee hereunder is
272 correct.

273 New Sec. 24. (a) There is hereby imposed a tax on admis-
274 sions to racetrack facilities at the rate of 10% of:

275 (1) The amount received from charges for admissions to such
276 facilities, excluding any amount paid for retailers' sales tax
277 thereon; and or for the tax imposed by subsection (b)

278 (2) except as provided by subsection (c), the value of free or
279 complimentary admissions to such facilities, computed as if
280 regular and usual admission rates were charged therefor.

281 ~~(b)~~ The tax imposed by this section shall be remitted by each
282 organization licensee by the next business day following the day
283 on which the admissions were paid or, if free or complimentary,
284 were used. The commission shall promptly remit any such tax
285 moneys received to the state treasurer, who shall deposit the
286 entire amount in the state treasury and credit it to the state racing
287 fund created by section 26. subsection shall be remitted to the commission

288 (c) Organization licensees may issue to actual and necessary
289 officials and employees of the licensee or other persons actually
290 working at a racetrack facility passes to which the tax imposed by
291 this section shall not apply. The issuance of such passes is
292 subject to rules and regulations of the commission and a list of all
293 persons to whom such passes are issued shall be filed with the
294 commission.

295 New Sec. 25. (a) The power to regulate, license and tax the
296 management, operation and conduct of and participation in horse
297 racing and greyhound racing, and parimutuel wagering thereon
298 and racetrack facilities therefor, is hereby vested exclusively in
299 the state.

300 (b) Persons and entities licensed pursuant to this act, and
301 their income, property and sales, shall be subject to taxation in
302 accordance with the general tax laws of this state, any retailers'
303 sales tax imposed pursuant to K.S.A. 12-187 *et seq.* or 79-3601 *et*
304 *seq.*, and amendments thereto, any general local property tax
305 levies and any general local business or occupation tax. No

(b) In addition to the tax imposed by subsection (a), there is hereby imposed on each admission to a racetrack facility a tax of \$.30. Except as provided by subsection (c), such tax shall apply regardless of whether the admission is paid, free or complimentary.

The tax imposed by this subsection shall be remitted by each organization licensee by the next business day following the date of the admission as follows:

(1) To the treasurer of the city, if any, in which the racetrack facility is located, for deposit in the city treasury, \$.15 for each such admission; and

(2) to the treasurer of the county in which the racetrack facility is located, for deposit in the county treasury, \$.15 for each such admission if the racetrack facility is located in a city or \$.30 for each such admission if the racetrack facility is not located in a city.

taxes

0306 political subdivision shall:

0307 (1) Exempt such persons or entities, or their income, prop-
 0308 erty, sales, business or occupation from any such tax, or abate any
 0309 such tax which is applicable to such persons, entities, income,
 0310 property, sales, business or occupation, unless such exemption
 0311 or abatement is provided by statute; or

0312 (2) levy any additional tax upon the privilege of managing,
 0313 operating, conducting or participating in ~~such racing, wagering~~
 0314 ~~or facilities horse racing and greyhound racing, and parimutuel~~
 0315 ~~wagering thereon and racetrack facilities therefor.~~

0 04 (c) Persons and entities licensed pursuant to this act shall be
 0 07 subject to any general local business or occupation licensure
 0318 requirements and fees but no political subdivision shall impose
 0319 any additional licensure requirements or fees on the privilege of
 0320 managing, operating, conducting or participating in horse or
 0321 greyhound racing, or parimutuel wagering thereon or racetrack
 0322 facilities therefor.

0323 New Sec. 26. (a) There is hereby created the state racing
 0324 fund in the state treasury.

0325 (b) All taxes on parimutuel wagering, admissions tax, appli-
 0326 cation fees, license fees, ~~fees for fingerprinting, fines and reim-~~
 0327 ~~bursements for services of assistant animal health officers, stew-~~ fines
 0328 ~~ards or racing judges and fees~~ which are collected by the
 0304 commission shall be remitted to the state treasurer, who shall
 0304 deposit the entire amount in the state treasury and credit it to the
 0304 state racing fund. All moneys credited to such fund shall be
 0332 expended or transferred only for the purposes and in the manner
 0333 provided by this act. Expenditures from such fund shall be made
 0334 in accordance with appropriation acts upon warrants of the
 0335 director of accounts and reports issued pursuant to vouchers
 0336 approved by the chairperson of the commission or a person
 0337 designated by the chairperson.

0338 (c) All operating expenses of the commission and moneys for
 0339 the promotion of horse and greyhound racing appropriated by
 0340 the legislature shall be paid from the state racing fund. On July
 0341 15 of each year and at such other times as provided by law, the
 0342 director of accounts and reports shall transfer to the state gaming

0417 mission.]

0418 New Sec. 29 30. (a) There is hereby created in the state
0419 treasury the Kansas greyhound breeding development fund to
0420 which money shall be credited as provided by this act. Expend-
0421 itures from such fund shall be made in accordance with appro-
0422 priation acts upon warrants of the director of accounts and
0423 reports issued pursuant to vouchers approved by the chairperson
0424 of the commission or a person designated by the chairperson.

0425 (b) Moneys credited to the fund shall be expended as fol-
0426 lows:

04 (1) An amount equal to 25% of all moneys credited to the
04 fund during a fiscal year shall be used for canine research
0429 through institutions of higher education under the state board of
0430 regents;

0431 (2) an amount equal to 25% of all moneys credited to the fund
0432 during a fiscal year shall be used for ~~used.~~

0433 ~~(1)~~ For research conducted within the state of Kansas relating
0434 to the prevention of injury and disease of greyhounds; and

0435 (3) an amount equal to 50% of all moneys credited to the fund
0436 during a fiscal year shall be used

0437 ~~(2)~~ by the racetrack facilities where derived to supplement
0438 purses in races for Kansas-whelped greyhounds as approved by
0439 the commission.

04 New Sec. 31. (a) The commission shall, by rules and regula-
0431 tions, establish a schedule of fees for the registration of Kansas-
0432 whelped greyhounds sufficient to provide for all expenses in-
0443 curred in the administration of the Kansas greyhound breeding
0444 development fund created pursuant to section 30.

0445 (b) The commission may contract with and designate an
0446 official registering agency to implement the registration of grey-
0447 hounds. Such agency shall operate under the supervision of the
0448 commission and be subject to rules and regulations of the com-
0449 mission. The official registering agency shall receive no com-
0450 pensation except fees received for registration of greyhounds
0451 necessary to pay its expenses for such registration.

0452 [(c) The commission may contract with and designate an
0453 agency to provide for the distribution of purse supplements from

expended as follows:

(1) An amount equal to 15% of all moneys credited to the fund during a fiscal year shall be used by the national greyhound hall of fame of Abilene, Kansas, for the promotion of tourism;

(2) an amount equal to 35% of all moneys credited to the fund during a fiscal year shall be used

(3) an amount equal to 50% of all moneys credited to the fund during a fiscal year shall be used

stakes

0454 the Kansas greyhound breeding development fund. Such agency
0455 shall operate under the supervision of the commission and be
0456 subject to rules and regulations of the commission.]

0457 New Sec. 32. ~~(a)~~ The commission shall provide by rules and
0458 regulations for the admission to races of any Kansas-whelped
0459 greyhound which is otherwise qualified and which is owned by a
0460 resident of this state who has been engaged in this state, for at
0461 least the two preceding years, in the business of breeding,
0462 racing, raising or training greyhounds for racing purposes.

0463 ~~(b) If an organization licensee enters into contracts with
0464 kennels whereby such kennels agree to provide greyhounds to
0465 race at race meetings conducted by such licensee, not less than
0466 50% of such kennels shall be located in Kansas.~~

0467 Sec. 30 33. K.S.A. 21-4302 is hereby amended to read as
0468 follows: 21-4302. (1) A "bet" is a bargain in which the parties
0469 agree that, dependent upon chance, one stands to win or lose
0470 something of value specified in the agreement. A bet does not
0471 include:

0472 (a) Bona fide business transactions which are valid under the
0473 law of contracts including but not limited to contracts for the
0474 purchase or sale at a future date of securities or other commodi-
0475 ties, and agreements to compensation for loss caused by the
0476 happening of the chance including, but not limited to contracts
0477 of indemnity or guaranty and life or health and accident insur-
0478 ance;

0479 (b) offers of purses, prizes or premiums to the actual contes-
0480 tants in any bona fide contest for the determination of skill,
0481 speed, strength, or endurance or to the bona fide owners of
0482 animals or vehicles entered in such a contest;

0483 (c) a lottery as defined in this section;

0484 (d) any bingo game by or for participants managed, operated
0485 or conducted in accordance with the laws of the state of Kansas
0486 by an organization licensed by the state of Kansas to manage,
0487 operate or conduct games of bingo; or

0488 (e) any system of parimutuel wagering managed, operated
0489 and conducted in accordance with the Kansas parimutuel racing
0490 act.

0232 greyhound breeding development fund created by section 29.

0233 New Sec. 23. (a) There is hereby imposed a tax on the gross
0234 sum wagered by the ~~parimutuel~~ parimutuel method as follows:

0235 (1) A tax at the rate of $\frac{3}{18}$ of the total daily takeout from
0236 parimutuel pools for ~~horse races~~ races held at racetrack facilities
0237 for the racing of horses or *both horses and greyhounds* [at dual
0238 racetrack facilities]; and

0239 (2) subject to the provisions of subsection (c), a tax at the rate
0240 of $\frac{5}{18}$ of the total daily takeout from parimutuel pools for grey-
0241 ~~hound~~ *hound* races held at racetrack facilities for the racing of
0242 greyhounds.

0243 ~~(b)~~ The tax imposed by this section shall be remitted to the
0244 commission by each organization licensee by the next business
0245 day following the day on which the wagers took place. The
0246 commission shall promptly remit any such tax moneys received
0247 to the state treasurer, who shall deposit the entire amount in the
0248 state treasury and credit it to the state ~~gaming revenues fund~~
0249 ~~created by K.S.A. 1986 Supp. 70-4801 and amendments thereto~~
0250 racing fund created by section 26.

0251 (c) The tax rate for a racetrack facility for the racing of
0252 greyhounds shall be reduced to the rate provided by subsection
0253 (a)(1) for a period of time specified by the commission if:

0254 (1) The owner of the facility submits to the commission
0255 evidence, satisfactory to the commission, of a bona fide intent to
0256 ~~construct as a part of such facility a racetrack for the racing of~~
0257 *horses* [a dual racetrack facility]; and

0258 (2) such ~~racetrack for the racing of horses~~ [dual racetrack
0259 facility] is constructed within such period of time specified by
0260 the commission.

0261 If the ~~racetrack for the racing of horses~~ [dual racetrack facility]
0262 is not constructed within the specified period, [two times] the
0263 difference between the amount of tax moneys generated at the
0264 reduced tax rate and the amount of tax moneys generated at the
0265 tax rate imposed by subsection (a)(2) shall be due and owing
0266 from the time such tax would have been imposed by subsection
0267 (a)(2) but for the provisions of this subsection, with interest
0268 thereon at the rate provided by K.S.A. 79-2968 and amendments

(b) The tax imposed by this section shall be no less than 3% nor more than 6% of the total money wagered each day at a racetrack facility.

(c)

4/9/87 - FSA
Attachment #8

4/9/87

11:00 a.m.

Attachment #9

Throughout the deliberations of the Governor's Task Force, the Special Interim Committee and in the House Committee, it has been implicit and understood that local units of government could apply for, and receive, a racing license; that some of the profits from the racing operations could then be used for governmental purposes and thus inure to the benefit of local taxpayers.

Without the Strict amendment on page 20, line 0745 (to exempt local units of government along with county fair associations) it appears that only 25% could be used for government purposes such as jails, parks, etc.

In addition, we do not believe a local unit of government should be required to make a \$500,000.00 good faith deposit with the state as required by the new amendment on page 19, line 0701. Local units do not have this kind of money; if they did it would be taxpayers money.

This has the effect of driving a local unit of government into the arms of a private developer for the necessary funds.

4/9/87 - FSA
Attachment #9

0714 ity, the applicant shall submit detailed plans for the construction
 0715 of such facility, including the means and source of financing such
 0716 construction and operation, sufficient to convince the commis-
 0717 sion that such plans are feasible;

0718 (4) submit for commission approval a written copy of each
 0719 contract and agreement which the applicant proposes to enter
 0720 into, including all those listed in subsection (4) (m), which
 0721 contracts and agreements shall conform to the restrictions placed
 0722 thereon by subsections (4), ~~(m)~~ and ~~(n)~~ (m), (h) and (o);

0723 (5) the applicant shall propose to conduct races within only
 0724 one county, and in such county the majority of the qualified
 0725 electors have approved either: (A) The constitutional amend-
 0726 ment permitting the conduct of horse and dog races and parimu-
 0727 tuel wagering thereon; or (B) a proposition permitting horse and
 0728 dog races and parimutuel wagering thereon within the bounda-
 0729 ries of such county;

0730 (6) no stockholder, director, officer, employee or agent of the
 0731 applicant shall have been convicted of or have criminal charges
 0732 pending for any of the following in any court of any state or of the
 0733 United States: (A) Fixing of horse or greyhound races; (B) illegal
 0734 gambling activity; (C) illegal sale or possession of any controlled
 0735 substance; (D) operation of any illegal business; (E) repeated
 0736 acts of violence; or (F) any felony;

0737 (7) no stockholder, director or officer of the applicant shall be
 0738 addicted to, and a user of, alcohol or a controlled substance; and

0739 (8) all employees of the applicant shall be citizens of the
 0740 United States and not less than 90% of such employees shall
 0741 have been residents of this state for not less than 18 months
 0742 immediately preceding employment by the applicant.

0743 (c) To qualify for an organization license to conduct horse or
 0744 greyhound races, a nonprofit organization, other than a county
 0745 fair association/or a nonprofit organization conducting races only
 0746 on the state fair grounds, shall:

0747 (1) Distribute all of its net earnings from the conduct of horse
 0748 and greyhound races to organizations, other than itself, which:
 0749 (A) Have been exempted from the payment of federal income
 0750 taxes pursuant to section 501(c)(3) of the federal internal revenue

4/9/87 Stink

11:00 a.m.

Attachment #10

, a nonprofit corporation established by a political
 subdivision of the state

0751 code of 1986[, as in effect July 1, 1987], (B) are domiciled in this
0752 state and (C) expend the moneys so distributed only within this
0753 state;

0754 (2) distribute not more than 25% of such net earnings to any
0755 one such organization in any calendar year;

0756 (3) not engage in, and have no officer, director or member
0757 who engages in, any prohibited transaction, as defined by sec-
0758 tion 503(b) of the federal internal revenue code of 1986[, as in
0759 effect July 1, 1987]; and

0760 (4) have no officer, director or member who is not a bona fide
0761 resident of this state.

0762 (e) (d) Within 30 days after the date specified for filing, the
0763 commission shall examine each application for an organization
0764 license for compliance with the provisions of this act and rules
0765 and regulations of the commission. If any application does not
0766 comply with the provisions of this act or rules and regulations of
0767 the commission, the application may be rejected or the commis-
0768 sion may direct the applicant to comply with the provisions of
0769 this act or rules and regulations of the commission within a
0770 reasonable time, as determined by the commission. Upon proof
0771 by the applicant of compliance, the commission may reconsider
0772 the application. If an application is found to be in compliance
0773 and the commission finds that the issuance of the license would
0774 be within the best interests of horse and greyhound racing
0775 within this state from the standpoint of both the public interest
0776 and the horse or greyhound industry, as determined solely
0777 within the discretion of the commission, the commission may
0778 issue an organization license to the applicant. The commission
0779 shall approve the issuance of organization licenses for a period
0780 established by the commission but not to exceed 25 10 years. For
0781 each license issued, the commission shall specify the location,
0782 type, time and date of all races and race meetings which the
0783 commission has approved for the licensee to conduct. The li-
0784 cense shall be issued upon receipt of the license fee and the
0785 furnishing of a bond executed by a surety company authorized to
0786 do business in this state. The bond shall be made payable to the
0787 state of Kansas in an amount determined by the commission, but

(d) To qualify for an organization license to conduct
horse or greyhound races, a nonprofit corporation
established by a political subdivision shall:

(1) Use all of its net earnings for governmental
purposes;

(2) not engage in, and have no officer, director or
member who engages in, any prohibited transaction, as
defined by section 503(b) of the federal internal revenue
code of 1986, as in effect July 1, 1987; and

(3) have no officer, director or member who is not a
bona fide resident of this state.

[reletter accordingly]

nonprofit corporation established
by a political subdivision of the state