

Approved March 15, 1989  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Elizabeth Baker at  
Chairperson

3:35 ~~xxx~~/p.m. on Tuesday, February 28, 1989 in room 423-S of the Capitol.

All members were present except: Representative Kline. Excused.

Committee staff present:  
Jim Wilson, Revisor  
Lynne Holt, Research  
Elaine Johnson, Secretary

Conferees appearing before the committee:  
Harland Priddle, Secretary, Department of Commerce  
Representative Nancy Brown  
John Brax, Kansans For Life At Its Best  
Senator Frank Gaines  
Representative Rex Crowell  
Jonathan Small, Greenwood County Fair Association

The meeting was called to order by Chairman Baker at 3:35 p.m.

The minutes of the February 21 and February 23, 1989 meetings were approved.

Chairman Baker opened the hearing on H.B. 2440 and recognized Harland Priddle, Secretary of the Department of Commerce.

Secretary Priddle testified that Housing and Urban Development provides Federal funds based upon a population formula to be allocated according to the guidelines, rules and regulations of HUD. Secretary Priddle went over the distribution of the grants during 1988 with the committee. To administer the fund according to wishes of communities throughout the state of Kansas, the Department of Commerce uses a CDBG Advisory Task Force. The membership list is a part of the testimony. There are 27 members throughout the state of Kansas, a number of which are legislators. List of members is in attachment. Secretary Priddle considers H.B. 2440 an appropriate policy issue to be addressed by the legislature and will be supportive of their decision. (Attachment 1).

Secretary Priddle responded to questions from the committee.

Representative Nancy Brown testified next. She informed the committee that she is neither a proponent nor opponent of the bill and believes that this bill is actually a policy issue. Kansas has adopted and, in fact, must adopt the national and state guidelines and objectives in order to receive funds. These guidelines are relatively simple and clear, and state that the CDBG moneys are to be used to achieve one or more of the following activities:

- 1) Activities which benefit low and moderate income persons
- 2) Activities which aid in the prevention or elimination of slums or blight
- 3) Activities designed to meet community development needs having a particular urgency.

At the December 14, 1989, CDBG Task Force Meeting, Senator Gaines (Task Force Member) made a motion to delete the statement addressing the prohibition of gambling or gaming projects from the 1989 Final Statement. The motion passed. It is her understanding that the Task Force can effectively deal with specific types of activities under the program guidelines, and because they voted not to exclude gambling or gaming projects, it would be appropriate if the legislature so deemed to pass a resolution expressing legislative intent for this state NOT to use general fund dollars, or state and local grants to fund gaming or gambling activities. This would clearly indicate to the task force and the Department of Commerce the intent of the legislature without the passage of legislation. (Attachment 2).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

room 423-S, Statehouse, at 3:35 ~~xxx~~/p.m. on Tuesday, February 28, 1989

John Brax of Kansans For Life At Its Best was the next conferee and testified in favor of the passage of H.B. 2440. In his research of this issue, he found that these grants were originally distributed by HUD to create low income housing. In 1981, when states were given distribution responsibilities, some states found that they could assist low and moderate income citizens with ventures other than housing. However, the one common thread that ties all the projects together is their attempt to assist moderate and low income people. I have a difficult time ascertaining how, by possibly providing these block grants to pari-mutuel developers, the poor could be assisted. The poor are victimized by commercial gambling. (Attachment 3).

Senator Frank Gaines testified in opposition to this bill. Senator Gaines feels that it is wrong to deny Eureka Downs the opportunity to seek and obtain a grant through CDBG just because it is a race track. This track is adding much to the economic development of the area.

Senator Gaines responded to questions from the committee. Chairman Baker asked Senator Gaines if he had seen the breakdown of how the CDBG funds were to be spent. (Attachment 4). Senator Gaines said he had not seen it. Chairman Baker also asked Senator Gaines if he had seen the letter from Steve Randle to Jim Saunders. Senator Gaines said he had not and Chairman Baker read the first paragraph of that letter to Senator Gaines. (Attachment 5).

The next conferee was Representative Rex Crowell. Representative Crowell also believes that Eureka Downs should not be denied the opportunity to seek and obtain CDBG moneys. He believes the people of Kansas believed they were voting for economic development when they voted for pari-mutuel. (Attachment 6).

Representative Crowell responded to questions from the committee.

Jonathan P. Small, lobbyist for Greenwood County Fair Association was the next conferee who testified in opposition to H.B. 2440. He opposes this bill as the provisions prohibit the distribution of federal community development block grant moneys to entities operating a pari-mutuel horse racing facility. He feels that Eureka Downs is a bona fide, legitimate business enterprise and that horse racing is an industry just like any other business and should not be singled out and prohibited from enjoying benefits available to other businesses, that seems discriminatory and unfair. (Attachment 7).

Mr. Small responded to questions from the committee. Representative Helgerson asked Mr. Small if they were able to come up with the funds or were you using CDGB moneys to get license. Mr. Small said that he did not know but would have an answer for Representative Helgerson tomorrow.

This closed the hearing on H.B. 2440.

The committee began discussion on H.B. 2485. Chairman Baker recognized Jim Wilson.

Mr. Wilson distributed copies of the balloon of H.B. 2485 to the committee and went over the amendments with the committee. (Attachment 8).

Representative Gjerstad made a motion that on page 1, line 30, the first line, second line with (300) and the last paragraph of the amendment be adopted. Representative Heinemann seconded. Representative Moomaw made a substitute motion to adopt the first line going to \$1,500,000. Representative Chronister seconded. The motion failed. Representative Chronister made a substitute motion to adopt the second line going to (100) and the third paragraph. Representative Shumway seconded. After discussion Representative Chronister withdrew the motion.

Representative Heinemann made a motion to have line 26 read as follows: "Kansas small business concern shall mean any small business concern which has a principal office located in Kansas and which is determined by the secretary to be particularly appropriate to receive financial assistance with regard to maximizing the promotion of export opportunities for services originating or products produced in Kansas." and that the amendment to lines 29 and 44 be adopted on page 1. Representative Russell seconded the motion. Motion carried.

Representative Heinemann made a motion that wording be included in the bill that the secretary shall report to the House and Senate Economic Development Committees on the type of businesses that participated and the results and that a sunset clause be added which would provide for expiration on July 1, 1991. Representative Chronister seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,  
room 423-S, Statehouse, at 3:35 ~~a.m.~~ p.m. on Tuesday, February 28, 1989

Representative Chronister made a motion that the amendments on page 2 be adopted. Representative Weimer seconded the motion. Motion carried.

Representative Chronister made a motion to adopt the amendment on page 3 changing line 92 to read should. Representative Gjerstad seconded the motion. Motion carried.

Representative Chronister made a motion that H.B. 2485 be passed as amended. Representative Reinhardt seconded the motion. Motion carried with Representatives Helgerson and Brady requesting to be recorded as no votes.

The meeting adjourned at 5:15 p.m.

*Elizabeth  
Baker*

te: 2/28/89

GUEST REGISTER

HOUSE

Committee on Economic Development

| <u>NAME</u>        | <u>ORGANIZATION</u>             | <u>ADDRESS</u> |
|--------------------|---------------------------------|----------------|
| Jon Bray           | Life at its Best                | Topeka         |
| Harland Piddell    | KDOC                            | Topeka         |
| Duo Grant          | KCCI                            | "              |
| D. WAYNE ZIMMERMAN | KDOC                            | TOPEKA         |
| Charles R. Warr    | Ks Inv                          | Topeka         |
| Don Gragg          | KDOC                            | Topeka         |
| Terry Decker       | KDOC                            | Topeka         |
| J.P. Small         | Eureka Downs/ Greenwood Fair Ks | Topeka         |
| Alison J. Rahn     | Eagle Beer                      |                |
| Nancy Brown        | Leg.                            |                |
| Ann Patterson      | KDOC                            | Topeka         |
| JENN ROBERTSON     | TR Consulting Group             | Topeka         |
| Jim Buyer          | Sunflower Raisin                | Topeka         |
| Rep. Rex Crowell   |                                 |                |
| Judy Frost         | City of Topeka                  | →              |
|                    |                                 |                |
|                    |                                 |                |
|                    |                                 |                |
|                    |                                 |                |

# Testimony

*Presented to:*

The House Economic Development Committee

on House Bill 2440

*by*

Harland E. Priddle  
*Secretary of Commerce*

February 28, 1989

*House Eco Devo Committee  
Attachment 1 2/28/89*

Chairperson and Members of the Committee, I am pleased to be here today to address the issue of the use of block grant funds in selected projects in the state. As we begin, I would like to give you a brief overview on the block grant program, its sources of funds, the way it is currently distributed, and other information relative to the subject contained within House Bill 2440.

Housing and Urban Development provides us Federal funds based upon a population formula to be allocated according to the guidelines, rules and regulations of HUD. You will note, on attachment A and also on this overhead, we distributed \$14 million during 1988. We had 231 applicants for a total of \$38 million. The Economic Development Grants, which are grants provided to cities and counties and passed directly to businesses, accounted for 24 grants at \$5.8 million. The Community Improvement portion of the block grant program, which consists of the items listed on this chart, consisted of 41 awards at \$7.2 million. The other remaining amounts of dollars and applications were contained in the planning and urgent need area.

With respect to treatment of the 231 applications, this slide and the chart attached to this testimony indicate that we funded 31 percent of the 231 applicants, and we had 69 percent go unfunded. I would cite to you that a major portion of the unfunded lies within the community improvement area. For example, in 1988 we received approximately 170 applications for

Community Improvement Grants and funded 41.

In order to administer the fund according to wishes of communities throughout the state of Kansas, the Department of Commerce uses a CDBG Advisory Task Force. I have attached a membership list to this testimony. You will note it contains 27 members throughout the state of Kansas, a number of which are legislators.

In August of 1988, we published a notice in the Kansas Register to announce public hearings on changing the policy of the task force to eliminate projects such as horse and dog racing facilities as recipients of grant funds. There was no objection to this policy at the hearings. At the December 14 meeting of the CDBG Task Force, the issue was raised by members of the task force. They voted to remove this prohibition from our 1989 final statement to Housing and Urban Development. This final statement is required by HUD and is the guidelines which we follow during administration of the program for the calendar year.

In closing, I consider HB 2440 as an appropriate policy issue to be addressed by the legislature and will be supportive of your decision.

I stand for questions.

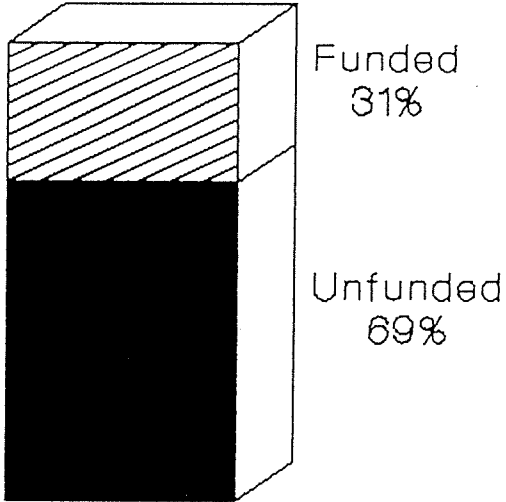
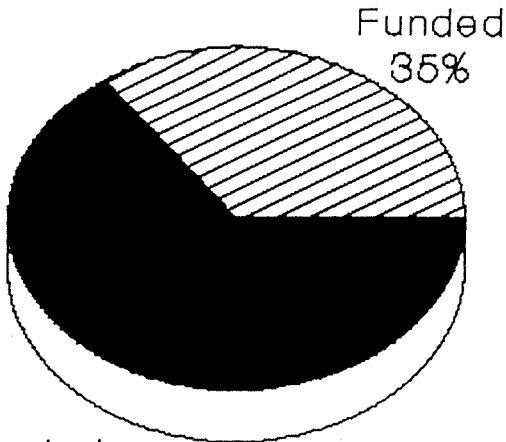
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

|                            |    |                    |
|----------------------------|----|--------------------|
| Amount Distributed         |    | \$14 million       |
| Number of Applicants       |    | 231 (\$38 million) |
| Economic Development       |    | 24 (\$5.8 million) |
| Leveraged \$40.2 million-- |    |                    |
| 1,000 jobs created or      |    |                    |
| retained                   |    |                    |
| Community Improvement      |    | 41 (\$7.2 million) |
| Water                      | 11 |                    |
| Sewer                      | 11 |                    |
| Street                     | 3  |                    |
| Community Buildings        | 7  |                    |
| Housing Rehabilitation     | 1  |                    |
| Architectural Barrier      |    |                    |
| Removal                    | 8  |                    |
| Planning & Urgent Need     |    | 6 (\$0.4 million)  |



# 1988 Community Development Block Grants

231 APPLICATIONS

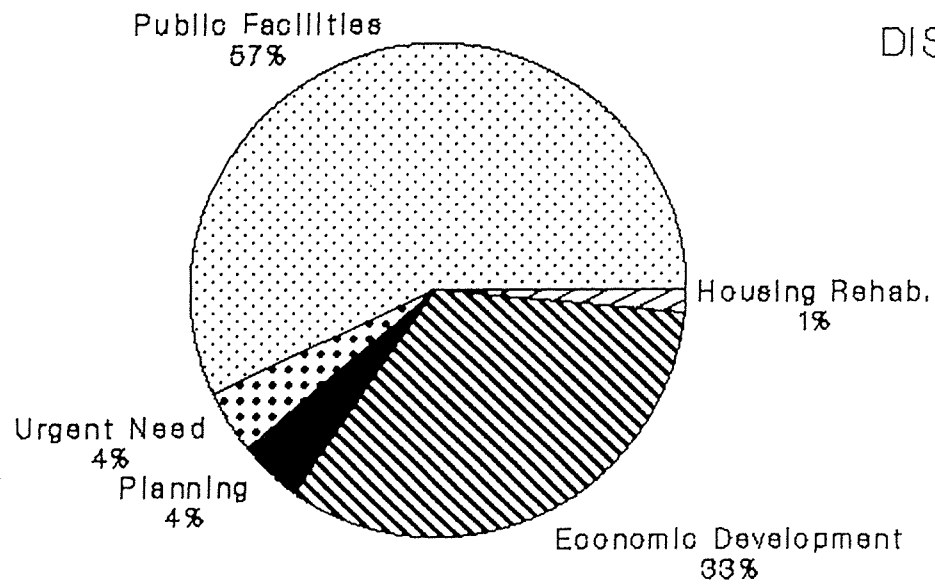


Unfunded  
65%

FUNDING REQUESTS OF \$38,463,504

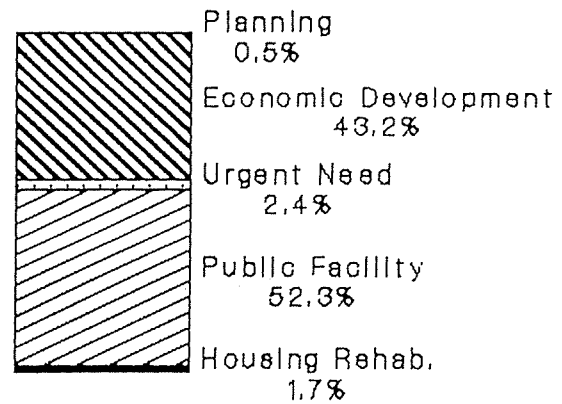
9-1-5  
2/58/89

# Community Development Block Grant



DISTRIBUTION BY NUMBER

DISTRIBUTION BY FUNDING



4-1-6  
2/28/89

CDBG ADVISORY TASK FORCE  
MEMBERSHIP LIST  
1988 - 89

1. Representative Nancy Brown, Chairperson  
House of Representatives  
15429 Overbrook Lane  
Stanley, Kansas 66224  
(913) 897-3186
2. Ned Webb, Vice Chairperson  
Northwest Kansas Planning  
and Development Commission  
P. O. Box 248  
Hill City, Kansas 67642  
(913) 674-2151
3. Senator August "Gus" Bogina, Jr.  
State Senate  
9020 Rosehill Road  
Lenexa, Kansas 66215  
(913) 888-5759
4. Representative William R. Brady  
House of Representatives  
2708 Wilson  
Parsons, Kansas 67357-4450  
(316) 421-1950
5. Dennis Carlson  
Saline County Commissioner  
Rural Route 1  
Smolan, Kansas 67479  
(913) 827-1961
6. Rochelle Chronister  
Representative, 9th District  
Rural Route 2 - P. O. Box 321A  
Neodesha, Kansas 66757  
(H) (316) 325-2026  
(W) (316) 325-2622
7. John Cyr, Director  
North Central Regional  
Planning Commission  
108 East Main  
Beloit, Kansas 67420  
(913) 738-2218
8. Ed Dawson, City Manager  
City of Paola  
City Hall - P. O. Box 409  
Paola, Kansas 66071  
(913) 294-2397
9. Senator Sheila Frahm  
985 South Range  
Colby, Kansas 67701
10. Senator Frank D. Gaines  
State Senate  
P. O. Box 219  
Augusta, Kansas 67672  
(316) 775-6351
11. Representative David Heinemann  
House of Representatives  
P. O. Box 1346  
Garden City, Kansas 67846  
(W) (316) 275-7424
12. Louanna Honeycutt  
Economic Development Coordinator  
Sedgwick County Courthouse  
525 North Main  
Wichita, Kansas 67203  
(316) 268-7011
13. Senator Dave Kerr  
34th Senate District  
P. O. Box 2620  
Hutchinson, Kansas 67504  
(H) (316) 662-7417  
(W) (316) 663-1225
14. Pat Knoch  
Executive Vice President  
Atchison Chamber of Commerce  
104 North 5th - P. O. Box 126  
Atchison, Kansas 66002  
(913) 367-2427

CDBG ADVISORY TASK FORCE  
MEMBERSHIP LIST  
1988 - 89  
Page 2

15. Leroy E. Lyon, Director  
Great Bend Economic Development Board  
P. O. Box 400  
Great Bend, Kansas 67530-0400  
(316) 792-1375
16. The Honorable Paula McCreight  
Mayor, City of Ness City  
P. O. Box 419  
Ness City, Kansas 67560  
(913) 798-2884
17. Dee McKee  
Ford County Commission  
Spearville, Kansas 67876  
(H) (316) 385-2817  
(W) (316) 385-2612  
(316) 227-3184, Courthouse
18. E. A. Mosher  
Executive Director  
The League of Kansas  
Municipalities  
112 West 7th Street  
Topeka, Kansas 66603  
(913) 354-9565
19. Ronald D. Nicholas, Director  
Nine County Development, Inc.  
P. O. Box 8776  
Pratt, Kansas 67124  
(316) 672-9421
20. Alfred Ramirez  
Representative, 40th District  
913 Sheidley  
Bonner Springs, Kansas 66012  
(H) (913) 441-4281  
(W) (913) 422-1000
21. Eric Rucker  
Shawnee County Commissioner  
Shawnee County Courthouse  
Topeka, Kansas 66603  
(913) 291-4040
22. Representative Debara Schauf  
P. O. Box 68  
Mulvane, Kansas 67110  
(H) (316) 777-4608  
(W) (316) 788-6717
23. Alan Steppat  
Kansas Legislative Policy Group  
400 Southwest 8th St - Suite 412  
Topeka, Kansas 66603  
(913) 233-4512
24. John Torbert, Executive Director  
Kansas Association of Counties  
212 Southwest 7th Street  
Topeka, Kansas 66603  
(913) 233-2271
25. John Torline  
City of Newton  
City Clerk/Finance Director  
P. O. Box 426  
Newton, Kansas 67114  
(316) 283-6900
26. The Honorable Harold Weibe  
Mayor, City of Hillsboro  
1st National Bank  
Hillsboro, Kansas 67063  
(316) 947-3141
27. Glen Welden, City Manager  
City of Coffeyville  
7th and Walnut - P. O. Box 498  
Coffeyville, Kansas 67337  
(316) 251-7000

NANCY BROWN  
 REPRESENTATIVE, 27TH DISTRICT  
 15429 OVERBROOK LANE  
 STANLEY, KANSAS 66224-9744  
 TOPEKA: (913) 296-7696  
 STANLEY: (913) 897-3186



TOPEKA

HOUSE OF  
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
 VICE-CHAIRMAN: LOCAL GOVERNMENT  
 MEMBER: GOVERNMENTAL ORGANIZATION  
 INSURANCE

TESTIMONY ON HB 2440  
 February 28, 1989

Madam Chairman and members of the Economic Development Committee, thank you for the opportunity to testify on HB 2440. I come before you neither as a proponent or opponent of HB 2440, but as Chairman of the Small Cities' Community Development Block Grant Task Force for the past three years, and a member since its inception, to express some concerns with legislative mandates on the awarding of federal funds.

Frankly, I personally support the concept of the bill and what you are attempting to achieve. I just do not support the means and the vehicle to achieve it.

What I believe you are attempting to address with the bill is actually a policy issue. Should federal funds be used "for purposes relating to horse or dog racing or parimutuel wagering?" Actually you could go further and include state grants and general fund monies as well.

However, to my knowledge, no state has addressed CDBG program issues legislatively. The Small Cities' Community Development Block Grant Program is a federal program administered by the state. For your information, I have been involved with the CDBG program prior to becoming a legislator, and even prior to the program administration by Kansas, through my activities as a board member of the National Association of Towns and Townships. I have attended national CDBG seminars, helped draft the original Kansas guidelines, and have been involved with the program changes over the years.

While the national and state guidelines and objectives are quite clear in my mind, I can understand the confusion which exists in the minds of others. For your information, there are national objectives which Kansas has adopted and, in fact, must adopt in order to receive the funds. These guidelines are relatively simple and clear, in my opinion, and state that the CDBG monies are to be used to achieve one or more of the following activities:

- 1) Activities which benefit low and moderate income persons
- 2) Activities which aid in the prevention or elimination of slums or blight
- 3) Activities designed to meet community development needs having a particular urgency.

While there is state flexibility in the administration of the federal program, the national objectives must still be met. Kansas, since it took over the program, has confirmed and endorsed the national purpose of the CDBG program. While I cannot foresee how an application involving gaming or parimutuel wagering could meet either the state or national program objectives, apparently an application was received which prompted the Department of Commerce and the Task Force to consider specific language in their guidelines to prohibit "gambling or gaming projects."

*House Eco Devo Committee  
 Attachment 2 2/28/89*

At the December 14, 1989, CDBG Task Force Meeting, Senator Gaines (a Task Force Member) made a motion to delete the statement addressing the prohibition of gambling or gaming projects from the 1989 Final Statement. The motion passed.

Consequently, the 1989 Final Statement of the CDBG Program does not address gambling or gaming projects specifically, but any project must still meet one of the three national and state objectives, plus the Kansas Program Requirements which are designed to be specific and competitive.

With my knowledge of the national and state program, I would find it difficult to conceive that any gaming and wagering project could be competitive, although nothing in government is impossible. However, in my opinion, it is stretching the intent of the CDBG program to justify gaming and parimutuel wagering as economic development activities which benefit low and moderate income persons.

In talking with HUD officials, I have been told that we cannot specifically rule out one of the 19 eligible criteria defined by HUD and, while gaming and parimutuel wagering activities are not specifically listed, they could possibly fall under one of the 19 eligible criteria, albeit stretching the private and not-for profit section. However, I was told that states do have the discretion to prioritize projects and thus can write their program guidelines with narrow criteria which effectively can eliminate certain projects.

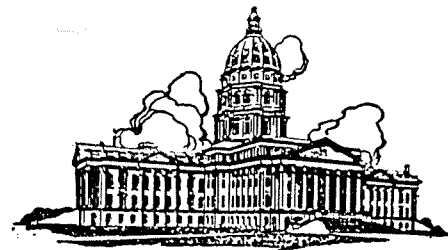
Because it is my understanding that the Task Force can effectively deal with specific types of activities under the program guidelines, and because they voted not to exclude such activities, it would be appropriate if the legislature so deemed to pass a resolution expressing legislative intent for this state NOT to use general fund dollar, or state and local grants to fund gaming or gambling activities. This would clearly indicate to the task force and the Department of Commerce the intent of the Legislature without the passage of legislation.

Thank you for the opportunity to share my opinions. I would be happy to answer any questions.

# KANSANS FOR LIFE AT ITS BEST!

Rev. Richard Taylor, Box 888, Topeka, Kansas 66601

Phone (913) 235-1866 Office 1273 Harrison  
(3 Blocks South of Statehouse)



*A Proud Land*

Jon Brax  
KANSANS FOR LIFE AT ITS BEST!  
Testimony on HB 2440  
House Economic Development Committee  
28 February, 1989

Madame Chairman and members of the committee:

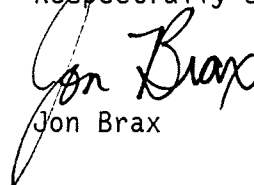
During this legislative session I have enjoyed listening to the debates and testimony concerning economic development in Kansas. As this committee has struggled to develop a working definition of economic development, I have been fascinated to learn of the numerous hours that have gone into researching and compiling data to identify economic development initiatives. I have been impressed with this committee's willingness to address the overwhelming task of educating the Kansas work force. I have been proud when economic development agencies have been selling potential business interests on Kansans' strong and reliable work ethic. Isn't it interesting that such worthy and important ventures are funded by "something for nothing" and "get rich quick" schemes such as the lottery and parimutuel gambling?

Isn't it also interesting that the rules now regulating the use of Community Development Block Grants may allow the use of these funds to finance the building and maintenance of parimutuel tracks -- in the name of economic development?

In my research of this issue, I have found that these grants were originally distributed by HUD to create low income housing. In 1981, when states were given distribution responsibilities, some states found that they could assist low and moderate income citizens with ventures other than housing. However, the one common thread that ties all the projects together is their attempt to assist moderate and low income people. I have a difficult time ascertaining how, by possibly providing these block grants to parimutuel developers, the poor could be assisted. The poor are victimized by commercial gambling.

KANSANS FOR LIFE AT ITS BEST! asks for your approval of HB 2440.

Respectfully submitted,

  
Jon Brax

"Of our political revolution of 1776 we are all justly proud," said Abraham Lincoln on Washington's birthday in 1842. He went on to say "how proud the title of that land" where persons declare their freedom from alcoholic beverages because they "shall find a stronger bondage broken, a vile slavery unumitted, a greater tyrant deposed. . . perfect liberty!" With per-person consumption at nearly half the national average, thousands of Kansans enjoy that perfect liberty. Concerned users and non-users are united in this R-E-A-L effort to prevent alcoholism, highway tragedy, and other suffering caused by our most abused recreational drug.

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

Education — Inform children, youth & adults of effect of alcohol on mind & body.

Amount — Encourage persons to be non-users and encourage users to use less.

Law — Pass and enforce laws that reduce consumption and suffering.

*House Eco Devo Committee*

*Attachment 3 2/28/89*

SUMMARY OF OPERATING EXPENSES AND WORKING CAPITAL NEEDS FOR EUREKA DOWNS RACE TRACK  
 (October 1988 thru March 1990)

| ITEM                                | 18 MONTH<br>REQUIREMENT | % OF TOTAL | WORKING CAPITAL<br>INJECTION<br>REQUIRED |
|-------------------------------------|-------------------------|------------|--|
| Purses                              | \$526,707               | 23.42%     | \$70,259                                 |
| Wages                               | \$467,510               | 20.79%     | \$62,363                                 |
| Admissions Tax                      | \$15,691                | 0.70%      | \$2,093                                  |
| Public Relations<br>and Marketing * | \$250,005               | 11.12%     | \$33,349                                 |
| Totalisator lease                   | \$143,997               | 6.40%      | \$19,208                                 |
| Operations and<br>Maintenance       | \$59,990                | 2.67%      | \$8,002                                  |
| Utilities                           | \$59,990                | 2.67%      | \$8,002                                  |
| Insurance                           | \$60,599                | 2.69%      | \$8,084                                  |
| Miscellaneous                       | \$110,875               | 4.93%      | \$14,790                                 |
| State Tax                           | \$553,617               | 24.62%     | \$73,849                                 |
| Totals                              | \$2,248,981             | 100.00%    | \$300,000                                |

\*See attached Marketing Budget

*House Eco Dev Committee  
 Attachment 4 2/28/89*



**SIFEL, NICOLAUS  
& COMPANY INCORPORATED**

INVESTMENT SERVICES SINCE 1890

111 S. MAIN STREET, WICHITA, KANSAS 67202  
316-264-6321 • KS 1-800-362-1167

July 1, 1988

Honorable Jim Saunders  
City of Eureka  
309 N. Oak  
Eureka, Kansas 67045

Re: Greenwood County Fair Association Pari-mutuel facility improvements

Dear Mayor Saunders:

At the city's request I am providing this letter as documentation to be enclosed with the city's application for Community Development Block Grant funds in the amount of \$300,000. These funds along with the \$300,000 that is being raised within the community would be utilized for operating expenses associated with the expansion and operation of the \$1,500,000 pari-mutuel facility which is scheduled to be developed this fall.

The role of our company is to provide the funds necessary for the expansion of the Greenwood County Fair Association racetrack facilities. We have worked with the Fairground Association and the City of Eureka to develop a finance package of \$1.5 million which will be utilized to upgrade and expand the operations to accommodate the facilities. This commitment is in place for the referenced project subject to the provisions from the attached agreements which include:

1. An executed inducement resolution indicating official action and the governing body's willingness to issue bonds. Eureka City Commission resolution dated, February 11, 1988.

2. A letter from Gilmore and Bell, attorneys-at-law, dated January 14, 1988, which verifies through the opinion of Bond Counsel that the issuer has authority to issue tax exempt bonds for this project through the means specified in the letter.



*House Eco Dev Committee*  
*Attachment 5 2/28/89*

Hon. Jim Saunders

July 1, 1988

Page 2

3. Letter to the Eureka City Commissioners, dated January 15th, 1988, which establishes that under the following conditions our company along, with other underwriters listed in the letter, agree to making a purchasing commitment establishing market commitment to buy bonds.

Furthermore, to facilitate the city's effort to obtain the required grant funds for operating capital, we hereby assure the City that the commitment to purchase the bonds and have funds available within 90 days of the Community Development Block Grant award announcement, on or about May 2, is given. This commitment is contingent on the timely issuance of the pari-mutuel racing license by the Kansas Racing Commission. Also please note that though the documents utilized the word "approximate" in referring to the \$1.5 million commitment for Certificates of Participation, this commitment is not meant to exceed plus or minus 10% of the amount stated as a variance. This language was used to accommodate any possible slight overruns associated with construction of the facility improvements. The Certificates of Participation are committed in an amount of **at least** \$1.356 million. The terms of the Certificate financing are estimated to be approximately 8-9% with repayment over a 12 year period.

Sincerely,



Steve Randle  
Vice-President

SR:JEA:cw1

0-5-2  
2/28/89

State of Kansas

REX CROWELL

REPRESENTATIVE, SEVENTY-SIXTH DISTRICT  
GREENWOOD, ELK, CHAUTAUQUA COUNTIES  
CENTER TOWNSHIP OF LYON COUNTY



TOPEKA

House of Representatives

February 28, 1989

COMMITTEE ASSIGNMENTS

CHAIRMAN: TRANSPORTATION  
VICE CHAIRMAN: KANSAS TURNPIKE AUTHORITY  
MEMBER: ASSESSMENT AND TAXATION  
JUDICIARY

TESTIMONY BY REPRESENTATIVE REX CROWELL  
TO COMMITTEE ON ECONOMIC DEVELOPMENT

Representative Baker and Committee members. I oppose HB-2440.

The race track development at Eureka Downs is economic development for Eureka, Greenwood County, and the surrounding area. They should not be denied the opportunity to seek and obtain a grant through the Federal Community Development Block Grant Program just because it is for a race track.

I believe the people of Kansas believed they were voting for economic development when they voted for pari-mutuel. It would seem to me to follow that a race track should be eligible for funds from the Block Grant Program.

  
Rex Crowell

JONATHAN P. SMALL, CHARTERED  
Attorney and Counselor at Law  
Suite 304, Capitol Tower  
400 West Eighth Street  
Topeka, Kansas 66603  
913/234-3686

February 28, 1989

TESTIMONY BEFORE  
THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

RE: House Bill 2440

I am Jonathan P. Small, Lobbyist for Greenwood County Fair Association (GCFA) the non-profit entity which owns and operates Eureka Downs, a pari-mutuel horse racing facility located in Eureka, Kansas.

I appear to oppose House Bill 2440 as the provisions prohibit the distribution of federal community development block grant moneys to entities operating a pari-mutuel horse racing facility.

GCFA opposes the bill because it appears to unfairly discriminate against it for an activity which the Legislature and the citizens of Kansas have overwhelmingly approved: pari-mutuel wagering.

Eureka Downs is a bona fide, legitimate business enterprise. It has conducted a successful 19 horse racing season last year. It provided to the Community of Eureka, Kansas what all of us understood economic development to be in the truest sense; jobs, construction, increased sales of goods and services in the community, etc.

*House Eco Devo Committee  
Attachment 7 2/28/89*

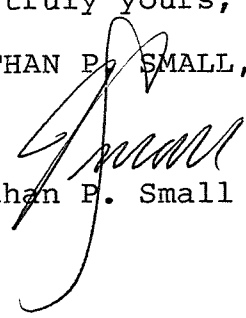
Two and one-half years ago the citizens of this state permitted the Legislature to authorize pari-mutuel wagering. Carefully drafted statutes adopted by this body empowered the Kansas Racing Commission to license GCFA to conduct pari-mutuel horse racing. All along the way GCFA has carefully followed the law to pursue a legitimate business purpose. It is done so for the express purpose of breathing economic life back into the community.

Pari-mutuel horse racing is an industry just like any other business. That it should be singled out and prohibited from enjoying benefits otherwise available to other businesses seems discriminatory and unfair. This bill seems to contradict the very theory upon which pari-mutuel racing was presented to the citizens of this state, that pari-mutuel racing can and should be an important industry for all Kansans.

GCFA respectfully requests that you allow communities like Eureka to compete equally on the same playing field as other communities, and that this Committee not report the bill out favorably.

Very truly yours,

JONATHAN P. SMALL, CHARTERED

  
Jonathan P. Small

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2/28/89

HOUSE BILL No. 2485

By Committee on Economic Development

2-21

PROPOSED AND ALTERNATIVE AMENDMENTS

2/28/89

House Econ. Development Committee  
Attachment 8 2/28/89

15 AN ACT concerning trade shows; relating to promoting the partic-  
16 ipation of Kansas small business concerns therein; authorizing cer-  
17 tain financial assistance; prescribing certain guidelines and powers,  
18 duties and functions for the secretary of commerce.  
19

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

21 Section 1. This act shall be known and may be cited as the trade  
22 show promotion act.

23 Sec. 2. As used in this act:

24 (a) "Secretary" means the secretary of commerce of the depart-  
25 ment of commerce of Kansas.

26 (b) "Kansas small business concern" means a small business con-  
27 ~~cern as defined by 15 U.S.C.A. 632 and regulations adopted by the~~  
28 ~~administrator of the federal small business administration pursuant~~  
29 ~~to 15 U.S.C.A. 632 on the effective date of this act, for which the~~  
30 principal office ~~is~~ located in Kansas.

31 (c) "Trade show" means an exhibition, exposition or fair:

32 (1) Located outside the boundaries of the United States of Amer-  
33 ica; and

34 (2) recommended by (A) the foreign commercial service of the  
35 United States department of commerce, (B) the foreign agriculture  
36 service of the United States department of agriculture, or (C) the  
37 department of commerce of Kansas.

38 Sec. 3. (a) The secretary shall administer the provisions of this  
39 act and shall promote the participation of Kansas small business  
40 concerns in trade shows.

41 (b) Before promoting the participation of Kansas small business  
42 concerns in trade shows, the secretary shall:

43 (1) Conduct market research to determine the presence and ex-  
44 tent of overseas markets for the products of Kansas small business

which has its

and which had gross revenues in its most recently completed year of not  
more than \$1,500,000

and which has not more than (300) (500) individual employees

, except that prior to July 1, 1990, "Kansas small business concern"  
shall include any business concern which has a principal office located  
in Kansas and which is determined by the secretary to be particularly  
appropriate to receive financial assistance during such period with  
regard to maximizing the promotion of export opportunities for services  
originating or products produced in Kansas at trade shows

services and

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45 concerns; and

46 (2) determine the market areas offering Kansas small business  
47 concerns the best export opportunities.

48 (c) In promoting the participation of Kansas small business con-  
49 cerns in trade shows, the secretary shall emphasize trade shows  
50 considered to offer Kansas small business concerns the best export  
51 opportunities for products produced in Kansas or which receive value  
52 added processing in Kansas.

services originating in Kansas or

53 (d) The secretary may adopt rules and regulations for the admin-  
54 istration of this act.

55 Sec. 4. (a) Subject to the provisions of appropriations acts and  
56 in accordance with the provisions of this act, the secretary may  
57 provide financial assistance to a Kansas small business concern to  
58 reimburse the Kansas small business concern for expenses solely  
59 related to the participation in a trade show. Expenses which may  
60 be reimbursed under this act shall include only expenses attributable  
61 to promoting products which were manufactured or processed in  
62 Kansas or which received value added processing in Kansas and shall  
63 not include:

services originating in Kansas or

, which were packaged and sold or  
exported by a Kansas small business  
concern

64 (1) Any compensation, wages or salary of an employee of the  
65 Kansas small business concern; or

66 (2) any travel expenses, including any lodging or meal expenses.

67 (b) Subject to the provisions of appropriations acts and this act,  
68 the amount of financial assistance to a Kansas small business concern  
69 shall be the amount determined as follows:

70 (1) First, determine the total amount of expenses incurred by  
71 the Kansas small business concern which may be reimbursed under  
72 this act and multiply such amount by 1/2,

73 (2) then, subtract from the result obtained in paragraph (1) of  
74 this subsection any amounts received by the Kansas small business  
75 concern from a trade show promotion program, other than the pro-  
76 gram established by this act, for participation in the trade show,  
77 and

78 (3) the amount of such financial assistance shall be the lesser of  
79 (A) the result obtained under paragraph (2) of this subsection, except  
80 that if the result so obtained is less than zero, it shall be considered  
81 to be zero and (B) the amount of \$3,500.

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82 (c) The secretary shall not provide more than \$7,000 of financial  
83 assistance under this act to any Kansas small business concern during  
84 any state fiscal year.

85 Sec. 5. In order to be eligible to receive financial assistance  
86 under this act, a Kansas small business concern shall:

87 (a) Have in attendance at the trade show at least one full-time  
88 employee or sales agent of the Kansas small business concern;

89 (b) apply to the secretary for approval to participate in the trade  
90 show in the form and at the time prescribed by the secretary;

91 (c) establish to the secretary's satisfaction that participation in the  
92 trade show by the Kansas small business concern ~~will~~ enhance the  
93 export opportunities of products which are produced in Kansas or  
94 which receive value added processing in Kansas by the Kansas small  
95 business concern;

(would) (will tend to)  
(should)  
(would tend to)

96 (d) maintain adequate records of the expenses incurred by the  
97 Kansas small business concern to participate in the trade show;

services originating in Kansas or

98 (e) certify to the secretary the amount of financial assistance, if  
99 any, received for participation in the trade show by the Kansas small  
100 business concern from a trade show promotion program, other than  
101 the program established by this act; and

102 (f) provide the secretary upon request with:

103 (1) The records of expenses related to the Kansas small business  
104 concern's participation in the trade show; and

105 (2) information regarding the effectiveness of the participation in  
106 the trade show in enhancing the export opportunities of the Kansas  
107 small business concern.

108 Sec. 6. (a) There is hereby established the trade fair promotion  
109 fund in the state treasury. The trade fair promotion fund shall be  
110 administered by the secretary. All moneys credited to the trade fair  
111 promotion fund shall be expended for payments of financial assistance  
112 to Kansas small business concerns in accordance with this act.

113 (b) All expenditures from the trade fair promotion fund shall be  
114 made in accordance with the provisions of this act and the provisions  
115 of appropriations acts upon warrants of the director of accounts and  
116 reports issued pursuant to vouchers approved by the secretary or  
117 by the secretary's designee.

118 Sec. 7. This act shall take effect and be in force from and after