

Approved \_\_\_\_\_

Date

4/4/89

MINUTES OF THE Senate COMMITTEE ON Federal & State Affairs

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

12:50 ~~am~~ p.m. on April 3, 1989 in room 254-E of the Capitol.

All members were present except:

Senator Yost who was excused.

Committee staff present:

Mary Ann Torrence, Revisor of Statutes Office  
Emalene Correll, Legislative Research Department  
Marty Robison, Secretary

Conferees appearing before the committee:

Alfred Schroeder, Chairman, Kansas Racing Commission  
Bruce Rimbo, General Mgr., Woodlands Race Track, Wyandotte Co.  
Gary Smith, Kansas Thoroughbred Association  
Jack Foster  
Jim Yonally, TRAK East  
Pete McGill, Wichita Greyhound Park  
Gary Guccione, National Greyhound Association  
Rev. Richard Taylor, Kansans for Life at its Best

Chairman Reilly called the meeting to order.

Senator Morris moved the minutes of March 28 and 29 be approved. Senator Strick seconded and the motion passed.

A hearing was held on SB 347 which deals with simulcast racing. Judge Schroeder appeared before the committee to present the consensus of thoughts from the Kansas Racing Commission. While simulcast racing may not be bad, they feel it should not be done this year with racing just beginning in the State. Not only must the budgetary needs of the Commission be met, but the racing must be closely supervised if it is to function as expected. The Commission is concerned with the ambiguity of the language in Sec. 1 (c & d) and with the word "deemed" in Sec. 3 (b).

Proponents:

Bruce Rimbo read a letter from Richard Boushka, Sunflower Racing, Inc. Mr. Boushka supports the bill and said it will give an additional marketing tool to attract customers. They favor giving the decision-making power totally to the Kansas Racing Commission (Attachment 1).

Gary Smith presented figures showing the impact that simulcast racing has had in Nebraska. In order to compete with other states, he believes Kansas must create an atmosphere that offers racing throughout the year and urged support for this bill (Attachment 2).

Jack Foster spoke in support of the bill and favors the authority being under the Kansas Racing Commission.

Jim Yonally supports the bill and said that the extra profits would allow them to give more money to charitable organizations (Attachment 3).

Opponents:

Pete McGill said the Wichita Greyhound Park is not necessarily opposed to simulcasting but they are opposed to this particular bill at this particular time. Until the major facilities are open and operating, no major amendments to the parimutuel wagering act should occur. The issue of simulcasting should not be hastily decided and there is no pressing need for such legislation at this time (Attachment 4).

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Federal & State Affairs,  
room 254-E, Statehouse, at 12:50~~am~~<sup>pm</sup> on April 3, 1989.

Gary Guccione said the bill fails to adequately spell out the equitable payment of purses to the owners of the greyhounds and does not provide well-defined safeguards for live racing in the state. Their biggest concern is with the "negotiations" between the track operators and the kennel operators (Attachment 5).

Rev. Taylor said he opposes this bill because it is another form of legalized gambling and is technically a swindle. He said they would work for an amendment to be voted on by the people in 1990 that would limit parimutuel to non-profit tracks that have not contracted with any outside group, organization, or corporation to construct, remodel, develop, or own the track. He also took issue with saying simulcast racing is a "live" race (Attachment 6).

The meeting was adjourned at 1:30.

GUEST LIST

COMMITTEE: Senate Federal & State Affairs

DATE: 4/13/89

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Tom Burgess	Topeka	Sunflower Racing
JACK Foster	Bonner Springs	Horseman
Jim Gaudz	Topeka	KANSAS Racing Comm.
Bruce Rimbo	KANSAS CITY	Sunflower Racing
JERRY POWELL	TOPEKA	Kansas Horsemen's Assoc.
Larry Guccione	Abilene	Nat'l Greyhound Assn.
Cute Mikiel	Topeka	Wichita Greyhound Park
Whitney Damm	Topeka	Wichita Greyhound Park
Ray Smith	Abilene	Kansas Thoroughbred Assn.
Janet Chubb	Topeka	KRC
Helen Stout	Burlingame	Kansas Greyhound Assoc.
Virginia L. Hart	Topeka	Kansas Greyhound Assoc.
WARRAN VIEBE	TOPEKA	Ks. RACING COMM.
Denny Burgess	Topeka	Greer/Cois
Linton Bartlett	KCK	City of Kansas City
Mike Horak	Topeka	AT.
<del>Kristina Standen</del>	Salina	Constitutional
Jan Brad	Topeka	Life at its Best
Troy Bowers	SALINA	FIRST UNITED METHODIST
Richard Joyler	Topeka	Life at Best
TUCK DUNCAN	Topeka	KWSWA



April 3, 1989

The Honorable Edward F. Reilly, Jr.  
Chairperson  
Federal and State Affairs Committee  
State Capitol  
Topeka, KS 66612

Dear Senator Reilly:

Due to a routine medical checkup that has been scheduled for months, I am unable to attend this important Federal and State Affairs Committee meeting today. However, I do wish to make a few comments regarding Bill No. 347 and its implications in the racing industry in Kansas.

We are in total support of the bill because we feel it is to the benefit of race track customers, the state, the breeding industry, and the kennels and stables who will be residing at Kansas tracks. Additionally, we are in favor of the bill because it gives the decision-making power totally to the Kansas Racing Commission, the only body who is in position to make the proper judgment decisions for the good of all involved.

Will simulcasting be a financial boon to Sunflower Racing? No. What it will do for Sunflower Racing is to give it an additional marketing tool to attract customers to its tracks. Let me give you one example: Can you imagine the potential extra customers that the Woodland Kennel Club would attract on Saturday, May 5, if we were able to simulcast into our facility the Kentucky Derby? We could have as many as two or three thousand more people coming to the greyhound track, even though they were horse players, just so they could place wagers on the Kentucky Derby. Sunflower and our kennels would have the added bonus of converting new customers to the sport of greyhound racing.

Most of the states have not had the imagination that Kansas has displayed in moving ahead with constructive programs in the pari-mutuel area. We ask your same consideration for Bill No. 347. Why wait until track owners, horsemen, and greyhound people or whomever come in and throw themselves at the mercy of the legislature and say "We have to have this to survive."

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KANSAS CITY, KS 66112  
(913)299-9797

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SUITE 1100  
TOPEKA, KS 66612  
(913)234-0566

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Attachment 1

TI Honorable Edward F. Keilly, Jr. -2-

April 3, 19

This is an intelligent piece of legislation because it enhances the total pari-mutuel program in the state. Let's give the Kansas Racing Commission the option of putting simulcasting in place as they see fit.

If customers in Nebraska, Oklahoma, Arkansas, and Colorado can do simulcasting, it is logical and basic for Kansas to give the track operators this additional marketing tool.

Thank you for your consideration.

Very truly yours,



Richard J. Boushka  
President

RJB/nmh

Gary Smith  
Kansas Thoroughbred Association  
Board of Directors 1989  
Testimony to Kansas Senate

I wish to thank you for giving me this opportunity to speak on Senate Bill addressing simulcasting.

My name is Gary Smith. I am a member of the board of directors of the Kansas Thoroughbred Association. Horse Racing in Kansas is in it's infancy. If we are to allow it to grow into adulthood we must look at the advantages that can be offered if we would develop simulcasting.

The televising of races to bettors not at the track where the races are run--is prevalent in virtually every racing jurisdiction in North America (The Blood-Horse of March 26, page 1780; April 2, page 1950; and April 9, page 2102).

This marriage of racing and television has opened the door to new markets for the sport. As Mike Steele, the national president, Horsemen's Benevolent and Protective Association states: "Simulcasting is a boom to the industry...." (April 16, 1988 The Blood-Horse page 2211)

For example Nebraska has just had it's first season of televised racing. It has proven to be a major economic impact on the face of racing in Nebraska. Ak-Sar-Ben, which is receiving simulcasts of racing from Fonner Park, reported average daily attendance of 2,338 and average daily handle of \$228,316 for the first four programs. Lincoln Park, another Nebraska track, also is receiving the simulcast from Fonner Park, which is in Grand Island, Neb.(February 27, 1988 The Blood-Horse page 1165.)

Of the first four programs that were simulcast, the best aggregate figures were attained on Feb. 20 (Saturday). Following are attendance and handle figures for the intertrack network on that day: Ak-Sar-Ben, attendance 2,714, handle \$268,050; Lincoln, 818, \$94,061; and Fonner Park, 5,835, \$527,083. The one-day totals: Attendance, 9,367; handle, \$889,194.(February 27, 1988 The Blood-Horse page 1165).

Let us look at Fonner Park, a small track in Grand Island Nebraska, very much comparable to Eureka Downs and other small secondary track markets in Kansas. Through the first 24 days of the 1988 Fonner Park meeting, attendance and handle were up 56 and 52 percent, respectively, and purses distributed to horsemen were up 20 per cent from last year. The increases are due to the successful implementation of simulcast wagering in Nebraska.(April 9, 1988 The Blood-Horse page 2102).

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Attachment 2

The economic impact is felt in every city that televised the races. The horsemen have benefited with higher purses but each track is also able to continue the employment of a number of employees that would normally be layed off during the down time for their track. It involves cashiers, concessionaires, parking attendants, maintenance crews and let us not forget the added tax dollars that are added to the state treasury.

If the state of Kansas is to have top quality racing and compete with its neighboring states in horse racing, we must create an atmosphere that offers quality racing throughout the year and keeps our horsemen in this state. Simulcasting can be the catalyst that bonds quality horsemen to our state.

Both Nebraska and Oklahoma currently have simulcasting, which gives them a true advantage in attracting tourist dollars. Another important market that will not be allowed to develop to its fullest will be agribusiness. Kansas will miss out on attracting the wealthy investor who wants to develop breeding and racing farms. If our racing industry is not solid and able to compete with our neighboring states, the Kansas Bred program will suffer and our state will be the loser.

One of the reasons that Kansas voters choose to have pari-mutuel in our state was because they want to be able to wager on horses and not travel a long distance to other states. If we are going to take horse racing to the people of our state we must have a vehicle that will allow residents from all areas of the state to benefit from racing seasons across the state. Simulcasting allows for this equal access to racing to happen in our state.

The research done at other locations supports the fact that people will participate in simulcasting. A Harness Tracks of America study revealed that about one-third of each pari-mutuel wagering dollar was bet at simulcast site away from the host race track. The study, which included Thoroughbred and Standardbred racing, included the 1987 figures from the following racing jurisdictions; New York, California, Canada, New Jersey, Illinois, and Louisiana. Total live handle in those jurisdictions for 1987 was 66.8 per cent of all pari-mutuel handle. Total non-primary handle (simulcast sites) accounted for 33.2 per cent of the money wagered. (November 19, 1988 The Blood-Horse page 6624.)

Simulcasting is good for the horsemen, the public, and the economic development of our state. Kansas voted in pari-mutuel so that we could have a first class racing program in our state. If we are to have this first class program we must take the second step and guarantee that we can compete with our neighboring states. Simulcasting is a step into the future of first class horse racing for Kansas.

On behalf of the Kansas Thoroughbred Association I urge you to support this bill.

TESTIMONY  
Before the Senate Committee  
on Federal and State Affairs

Mr. Chairman and members of the committee, my name is Jim Yonally, representing TRAK East, the non-profit licensee for the greyhound and horse racing facility now under construction in Wyandotte County.

On behalf of our corporation, and the dozens of charitable causes which we hope to assist in funding in the near future, we are pleased to appear today in support of Senate Bill 347, to allow simulcasting at licensed paramutuel racing facilities in Kansas.

As you probably know, "simulcasting" is simply allowing wagering at a facility in Kansas, on races actually being conducted at a different facility. Most of us probably know people who wager, sometimes illegally, on major racing events such as the Kentucky Derby and others. Passage of this bill will simply allow us to offer wagering on these events at our track. It will allow that wagering to be taxed by the state, allow us to participate in profits from that wagering, and increase the amount that we can make available to the many charitable causes which we hope to fund from our profits.

We believe simulcasting is the next "logical step" in the development of paramutuel wagering in Kansas, and urge your approval of Senate Bill 347.

I thank the committee for listening to our comments, and would try to answer any questions.

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Attachment 3



**TESTIMONY**  
**TO**  
**SENATE FEDERAL AND STATE AFFAIRS COMMITTEE**  
**ON**  
**SENATE BILL 347**  
**APRIL 3, 1989**

Mr. Chairmen - Members of the Committee:

My name is Pete McGill of Pete McGill & Associates. I appear here today on behalf of the owners of Wichita Greyhound Park. They are the people to whom the license has been granted to construct and operate a greyhound track near the Kansas Coliseum on the northside of Wichita. They plan to have the track open and operating in late summer, sometime around September 1 of this year.

These people are all experienced or knowledgeable about parimutuel wagering and they are equally knowledgeable about the simulcasting industry - an industry totally separate of the racing industry.

As each of you know, there have been simulcasting of boxing events,

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automobile racing, the Olympics and other sporting events for many years. The people involved may very well be people totally removed from the licensing restrictions, provisions and jurisdiction of the Kansas Racing Commission.

The officials of Wichita Greyhound Park are not necessarily opposed to simulcasting. They are opposed to this particular bill at this particular time.

For more than two years now, one to three members of our firm have attended every meeting of the joint legislative committee, every meeting of the Federal and State Affairs committee of both House and Senate and every meeting of the Kansas Racing Commission when parimutuel racing has been discussed.

We heard the exhaustive and careful deliberations of the legislature as they went about their task of passing enabling legislation to implement the constitutional amendment. We recall the concerns about providing the necessary controls to make certain the parimutuel racing industry was not only clean but "squeaky clean".

Isn't it reasonable to assume the public would expect nothing less when you are considering enabling legislation for a completely new but related industry.

There are two new major parimutuel racing facilities under construction in Kansas at the present time. Both are not expected to be open and operating until much later this year. Doesn't it seem reasonable to suggest we first let that happen before we start making major amendments to the parimutuel wagering act that

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could have a significant impact on all the major market areas.

I visited with Senator Vidricksen when he was considering a request for introduction of this legislation. I expressed to him the concerns of the people at the Wichita Greyhound Park. Senator Vidricksen indicated at the time it was not his intention to ask for hearings or to pass this legislation this year. He merely wanted a bill for the purpose of assembling information for possible consideration at a later date.

I fully realize the bill is drafted as so called "permissive legislation", a vehicle often used for many years in this process, and I am fully aware of the discretion granted the Racing Commission.

As I stated earlier, we have attended all the meetings of the Racing Commission since they embarked upon the awesome task of selecting and licensing appropriate applicants as provided by the parimutuel wagering statutes.

However, there has been and there still are differences of opinion among members of the commission, advisory committee members and other interested parties on legislative intent as it relates to various aspects of parimutuel wagering. There are some portions of the statute that are not explicitly clear and require interpretations. There have been numerous occasions when I have been present at Racing Commission hearings when witnesses outside the legislature have appeared before the Racing Commission and made statements about legislative intent that

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were dramatically different than what I believed you intended.

I respectfully suggest the issue of simulcasting should not be hastily decided. There is obviously no pressing need for such legislation at this particular time. The legislature will be in session again in January, just a few short weeks after the two major tracks are scheduled to open. It would seem to be in the public interest that it would be more appropriate to consider such legislation at that time if it should be determined that a need may exist for such legislation.

The investors of Wichita Greyhound Park are fully aware of the responsibilities they have to provide the people of Kansas the very best in greyhound parimutuel racing facilities. They also fully realize their responsibilities as outlined by the license granted them. They have each made a large personal commitment to the success of parimutuel racing in Kansas and share your concerns and that of the Racing Commission that the industry reflect the highest ethical and moral standards.

The Governor of Kansas, Governor Hayden, has publicly stated his opposition to enactment of simulcasting legislation at this particular time. The investors of Wichita Greyhound Park join with Governor Hayden and others that have appeared here today in respectfully asking that you not pass such legislation until everyone has had a better opportunity to review the market and determine if such legislation is in the public interest.

# REPORT TO KANSAS SENATE FEDERAL & STATE AFFAIRS COMMITTEE ON SENATE BILL 347

National Greyhound Association  
Abilene, Kansas

Gary Guccione, Sec.-Treas.

Apr. 3, 1989

By way of introduction, my name is Gary Guccione. I'm the secretary-treasurer of the National Greyhound Association, which, as the sport's official registry, is the oldest existing organization in greyhound racing in this country. The NGA was founded in 1906 and has been headquartered in Abilene, KS, for the last 45 years.

Like Peter Loriaux, who addressed you last week, I too am a member of the Kansas Racing Commission's advisory committee. And like Peter, my remarks are not necessarily those of the committee. Instead, I speak to you on behalf of the NGA's more than 6,500 members--the owners and breeders in our industry, including the several hundred from Kansas.

Today, I'm here to address the issue of simulcasting and, more specifically, Senate Bill 347. Simulcasting has probably been the most talked about issue in all of racing--horse and greyhound--in the 1980s. Recently, the NGA conducted a survey of its membership, and to the surprise of few, the No. 1 concern on their minds was simulcasting or satellite wagering. I personally have never seen greyhound owners as worried and upset over a single issue in the past 14 years as they are today over the issue of simulcasting.

Why all the concern over a system that's presumably intended to increase business, or--as a speaker told you last week--to maximize a race-track's efficiency?

We can liken simulcasting to a beautiful, new automobile, streamlined, with shiny fenders, new wheels and a fine-tuned engine. A highly coveted piece of machinery. But put that automobile on a road where there are inadequate highway laws--no speed limits or other safety guidelines--and you turn that vehicle into an instrument of destruction.

That's basically what we have with Senate Bill 347. And the endangered passengers in the car-

-or pedestrians, if you will--are not only the greyhound owners and breeders, but the new parimutuel industry in Kansas, as well.

In brief--the bill fails to adequately spell out the equitable payment of purses to the owners of the greyhounds, both in state and out of state; nor does it provide well-defined safeguards for live racing in the state.

Proponents argue that the bill gives broad powers to the racing commission to establish rules and regulations to govern simulcasting. The breed industries have a good relationship with the current racing commission, which would undoubtedly help protect our interests. But what about racing commissions down the road? The breed industries would still be vulnerable and our destiny would ultimately be in the hands of other parties, namely the tracks, insofar as simulcasting is concerned. Past experience in other states offers us little hope for fair treatment. In the several states actively participating in interstate simulcasting for greyhounds, kennels are paid either a token purse from the satellite wagering (usually 1% while the regular purse is 3% or more) or no supplemental purse at all. Even when a token purse is paid, it's done in such a manner, through lead-out fees or deductions, that the owner back on the farm rarely sees one red cent of what income his or her greyhound has generated through simulcasting.

Last week you heard Jim Boese, general manager of Lincoln Greyhound Park, state that his track pays purse money from simulcasting, that the percentage arrived at was determined by negotiations with the kennel operators racing at their track. An understanding of the private contract-booking system used in greyhound racing underscores how much of a farce such negotiations are. Track-kennel operator negotiations--be it on satelliting or any other issue--are usually nothing more than the track dictating to the

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kennels what the rules and terms are going to be. Kennel operators silently nod in agreement, for fear their name will be absent on next year's kennel roster. (After all, there is a long list of anxious owners eager to step in and take their place by agreeing to about anything in order to acquire the coveted booking-contract.) That's the nature of the contract-booking system. It's interesting to note that no kennel operators applying for bookings in Kansas are here today to testify against this bill. Could it be because contracts are soon to be issued, and none of the applicants wants to place himself on precarious ground with track management, which issues those contracts?

The stated intent of Senate Bill 347 is to "strengthen...and promote the overall growth of the industry, resulting in additional revenue for the support of...all persons interested in and benefited by the parimutuel wagering industry." But who does the bill actually have negotiating the terms of the simulcasting? The receiving and the sending track! No representative of the greyhound breeding industry has even been invited to the table.

Sure, the bill says the two negotiating tracks should "take into consideration the best interest of the racing, breeding and parimutuel industries in Kansas." It's not difficult to imagine how much consideration kennels owners or greyhound owners would be given. The tracks would predictably act in their self-interest.

One of the purposes of the parimutuel act was to create economic development, particularly within the breed industries in Kansas. Simulcasting under Senate Bill 347 does nothing of the sort for Kansas' greyhound breeding industry. It may in the short-run give a temporary boost to the handle of a racetrack, but for how long, and at what expense to everyone else?

Let me close by reading from an article that appeared less than two weeks ago in the New Orleans Times-Picayune:

"Off-track betting and simulcasting do not belong in areas that have live racing, Tom Meeker, president of Churchill Downs, told the Association of Racing Commissioners International convention Wednesday....

"You can take your product and put it in an area where racing doesn't exist and enhance your racing program," Meeker said. But he also said, "Ultimately, if you try to draw off an existing market, you'll hurt on-track attendance."

Greyhound racing's future success in Kansas, with live racing, is a virtual certainty. And it will achieve that success without simulcasting. Simulcasting is simply not needed for our sport.

But if it is to ever be seriously considered in our state, then all parties and partners that are affected--tracks, racing commissioners, legislators, owners and breeders, anyone who has a vested interest--must be involved in establishing the terms, not just the two racetracks involved.

Simulcasting, as prescribed in Senate Bill 347, may indeed look like a beautiful, shiny new car. But this vehicle's speeding down the highway out of control, with the pedal to the floor. It should be stopped before its victims include Kansas' infant parimutuel industry and the owners and breeders that make it possible.

April 3, 1989  
Hearing on SB 347  
Simulcast race track gambling

Senate Federal & State Affairs Committee  
Richard Taylor  
KANSANS FOR LIFE AT ITS BEST!

The issue is more commercial gambling, more compulsive gamblers. The Wall Street Journal has correctly defined gambling as technically a swindle. A swindle is theft by deception. Gamblers do not play for the fun of it. They are greedy for gain. The winner steals from all the losers. The winner did not earn what he won, did nothing to deserve it, and losers do not gladly turn over their losses to the winner. When parimutuel gambling is permitted in more places on more occasions with more people losing more dollars, more persons will develop into compulsive gamblers and law enforcement problems will greatly increase.

Simulcasting is just another form of legalized stealing. Gambling promoters do not produce goods and services for the basic needs of people. They are vampires feeding on the life blood of society. The motive for betting on races and the motive for shoplifting is the same - get something without earning it.

We want fewer families destroyed by gambling. But I also speak for every merchant on main street who does not want millions and millions of consumer dollars gambled away in front of the local simulcast TV set.

As one merchant said in a town with a gambling race track, "They come to town to gamble. They don't spend money anywhere except in a few hotels and restaurants near the track. When the track is running it seems to sap the energy of the town. My business is down and civic, cultural, governmental, and economic progress comes to a halt. The few dollars brought in from out of the area are nothing compared to dollars lost by local people."

Years ago I remember reading in Sports Illustrated the statement that horse and dog racing had degenerated into little more than a vehicle for gambling. That is why the nation is outraged concerning Pete Rose. We are thankful that leaders in professional sports do not want the games to degenerate into little more than a vehicle for gambling.

Like the swindlers they are, parimutuel gambling promoters do not tell the truth. They told the people in 1986 that tracks would be owned and operated "by bona fide nonprofit organizations." The profit would go for charitable, worthwhile projects. The people believed the big lie and approved race track gambling. Little did they realize these "nonprofit organizations" would be a front for greedy multi-million dollar big time gambling track builders.

We will work for an amendment that people should be allowed to vote on in 1990 that would limit parimutuel to nonprofit tracks that have not contracted with any outside group, organization, or corporation to construct, remodel, develop, or own the track. This would do what people were told they were voting for in 1986.

The 1986 amendment did not say unlimited parimutuel gambling would be permitted forever in Kansas. The people can take away by constitutional change that which they have given. No grandfather clause is required.

Today we have another situation where the people were lied to by gambling promoters. In order to win approval by the legislature, the amendment states, "No off-track betting shall be permitted in connection with horse and dog racing permitted pursuant to this section."

The people were told that persons would be permitted to gamble on the races only at the track where the live race is being run. Even the authors of this bill acknowledge the meaning of "off-track betting" so they included language saying the TV screen is deemed to be a live horse and dog race.

Concerned citizens smile at that. It is like telling a man that kissing a beautiful woman on a TV screen is just like the real thing! We also ask, where's the excitement? <sup>SF & SA</sup>  
4-3-89

Attachment 6

He s the excitement - it is in the accelerated heart beat of people promoting simulcasting who will get very rich from the losses of Kansas people who will gamble away money needed to buy groceries, make car payments, and pay the rent.

This bill acknowledges how ridiculous the whole thing is by saying simulcast gambling promoters shall obey our parimutuel law "except to the extent inconsistent" with this new law. This new law is inconsistent with the Kansas Constitution.

Not only is off-track gambling inconsistent with the Constitution, so is the provision (line 92) that a parimutuel tax shall be levied on the gross sum wagered or the total daily takeout. Our Constitution requires a tax of 3% to 6% "of all money wagered." Total daily takeout is not mentioned. Some have said I should keep quiet on this. If the bill is passed, this would help to have it declared unconstitutional.

"A pari-mutuel wager is much like a stock transaction. When you buy a \$2 ticket on a horse, you are, in effect, buying one share in the horse's performance in that race. The race track acts as the broker for the transaction and deducts its commission."

-BROCHURE OF KANSAS QUARTER HORSE RACING ASSOCIATION

If the public would "invest"\$250,000 in pari-mutuel on one day when 9 races are run, and if losers on each race would not wager additional money, here is what would happen.

\$250,000	wagered on 1st race by the public.	18% take out (\$45,000)	leaves
\$205,000	returned to public who wager it all on 2nd race.	18% take out (\$36,900)	leaves
\$168,100	returned to public who wager it all on 3rd race.	18% take out (\$30,258)	leaves
\$137,842	returned to public who wager it all on 4th race.	18% take out (\$24,812)	leaves
\$113,030	returned to public who wager it all on 5th race.	18% take out (\$20,345)	leaves
\$ 92,685	returned to public who wager it all on 6th race.	18% take out (\$16,683)	leaves
\$ 76,002	returned to public who wager it all on 7th race.	18% take out (\$13,680)	leaves
\$ 62,322	returned to public who wager it all on 8th race.	18% take out (\$11,218)	leaves
<u>\$ 51,104</u>	returned to public who wager it all on 9th race.	18% take out (\$ 9,199)	leaves
	\$41,905 returned to the public.		\$208,095 TOTAL TAKE OUT
\$1,156,085	TOTAL WAGERED OR HANDLE		\$ 34,683 3% for the state
			\$173,412 15% for the track

Who would invest \$250,000 in a stock transaction that is certain to be worth \$41,905 at the end of one day, and pay a commission to the broker of \$173,412? YET THAT IS EXACTLY WHAT THE PUBLIC DOES. THE WALL STREET JOURNAL IS CORRECT. PARIMUTUEL GAMBLING IS TECHNICALLY A SWINDLE.

The public suffered a net loss of \$208,095 so the state could receive \$34,683 in revenue. The public lost \$6 for each \$1 the state received. When simulcast and race track gambling promoters brag about all the revenue they will produce, remember they will pocket \$5 for each \$1 the state receives.

Handle, number of races, amount wagered, and takeout may be changed, but the end result is the same - a rip off of the public. If the public would go to the track and bet on only one race, they would suffer a net loss of only 18%. But they bet on many races, compounding their losses.

Plenty of wage earners will lose their paycheck at a track where a live race is being run. We do not need large numbers of additional wage earners losing their paychecks at off track gambling parlors in front of a TV set where a "live race" is being run. With a live horse or dog race inside a TV set, where will all the manure go?

If a person must gamble, gamble with friends. There is no take-out. All money wagered is returned to the gamblers. If you break even, you will take home exactly what you brought. If you break even on parimutuel, you'll go home with little or nothing.

Parimutuel is a legal skimming operation. The only non-gamblers in front of the simulcast TV screen are those who own and operate it. Organized crime figures are sent to jail for doing what simulcast operators want to do in Kansas.



Some lawmakers who supported the race track gambling amendment have expressed concern that parimutuel promoters are getting obnoxious and out of hand even before the multi-million dollar tracks are in operation.

The Kansas Issue for January - February - March 1973 reports on what has happened in other states with legal race track gambling. Kansas at that time enjoyed freedom from such corruption and social problems.

To lawmakers now concerned, please remember we did our best to inform you of what would happen in Kansas. On March 5, 1983, Attorney General Stephan said on TV, "We have very little problem with public corruption in Kansas." Without parimutuel gambling "the cash flow that attracts so many problems just isn't here. And I'm glad."

Simulcast gambling will increase the gambling cash flow and all related problems.

If TV gambling is approved by the legislature when the constitution clearly prohibits off-track gambling, gambling by the public at places other than where the live race is being run, we will know the power of corruption is working well in Kansas.

If SB 347 passes and the Governor uses the word "squeaky clean" again, informed members of the public will laugh.

The Shawnee County Historical Society Bulletin for November, 1987, reports, "A horse-racing track was built at Indianola in the late 1850's and a rough element soon congregated there." Nothing has changed.

THE WICHITA EAGLE-BEACON Friday, February 20, 1981

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

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

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

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

"As Attorney General, my concern has been with commercial gambling. The losses become more extreme. The likelihood of infiltration by organized crime will increase. I prefer keeping the law as it is. We've got a healthy state and I'm very pleased with it.

"I've a lot of friends who are in favor of pari-mutuel gambling, and I have a lot of friends who are not. Some of my good friends have horses. They raise them for racing purposes and are somewhat bewildered at my position on the parimutuel question. It is just that I see no positives in opening up the state to commercial gambling. I see a lot of negatives.

"We have very little problem with public corruption in Kansas. One of the reasons for that, for example, are the difficulties involved in opening liquor stores, in regulated private clubs, in the lack of commercial gambling. The cash flow that attracts so many problems just isn't here. And I'm glad.

"The thing other than organized crime, is the fact that there is always illegal off track betting and there are many stories of the drugging of horses, and about cheating in regard to the races. And then the regulation, and the problem of people who can't afford to gamble, and gamble too much. They hurt themselves and hurt their families. We have enough problems with bingo gambling.

"My main concern about commercialized gambling, particularly parimutuel betting, is the fact that I don't see any positives. All I see are negatives. I think we can continue to have a wonderful state and enjoy our wonderful people without those negatives.

"Every law is a moral issue and that is the business of government, to determine what is best."

-Attorney General Bob Stephan  
WIBN-TV interview, March 5, 1983