

Approved 3-2-90  
Date

MINUTES OF THE Senate COMMITTEE ON Federal and State Affairs

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

11:05 a.m./pm. on March 1, 1990 in room 254-E of the Capitol.

All members were present ~~except~~

Committee staff present:

Emalene Correll, Legislative Research  
Mary Galligan, Legislative Research  
Deanna Willard, Committee Secretary

Conferees appearing before the committee:

Senator Michael Johnston  
Joyce Wolf, Legislative Liaison, Kansas Audubon Council  
Jerry Simpson, Kansas Lottery  
Rev. Richard Taylor, Kansans for Life at Its Best

Hearing on: SCR 1636 - Proclaiming Parsons the Purple Martin Capital of Kansas

Senator Johnston said that the city of Parsons has gone to a lot of work to create an environment suitable for the purple martin. They are hoping to promote tourism through these efforts.

Joyce Wolf, Kansas Audubon Council, said she was representing the promoters from Parsons who have been snowed in and are unable to appear. She presented testimony wholeheartedly endorsing SCR 1636. (Attachment 1)

Neal Whitaker, Kansas Beer Wholesalers Association, Inc., made a request for a bill introduction pertaining to allowing liquor retailers to sell "near beer" without a cereal malt beverage license. (Attachment 2)

A motion was made by Senator Vidricksen and seconded by Senator Anderson that the bill be introduced. The motion carried.

Hearing on: HB 2844 - Concerning the Kansas sunset law; making certain agencies and offices subject to abolition thereunder

Staff briefed the committee that this bill would place the Kansas lottery under the Kansas sunset law and provide for its abolition on July 1, 1992. It would only have any effectiveness if HCR 5038 is passed.

Jerry Simpson, Kansas Lottery, said they would support this bill. At the current level of sales, the percentage spent on administration costs is in the area of 18-19%, but he is hoping to get it down around 15%.

Rev. Richard Taylor, Kansans for Life at Its Best, gave testimony in opposition to the bill, saying it was being used to win votes for HCR 5038. (Attachment 3)

Action on: SCR 1636 - Proclaiming Parsons the Purple Martin Capital of Kansas

A motion was made by Senator Daniels and seconded by Senator Walker

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Federal and State Affairs,  
room 254-E, Statehouse, at 11:05 a.m./~~p.m.~~<sup>XX</sup> on March 1, 19<sup>90</sup>.

that SCR 1636 be reported favorably. The motion carried.

The minutes of the February 27 meeting were approved.

The meeting was adjourned at 11:55 a.m.

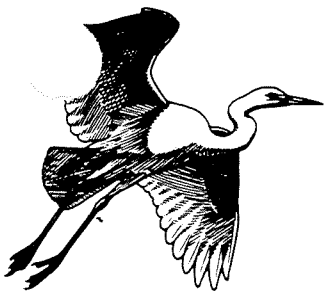


SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

VISITORS

Date: \_\_\_\_\_

Name	Address	Organization	Wish to testify?	Bill No.	Proponent or Opponent
RICHARD TAYLOR	TOPEKA	LIFE AT ITS BEST	YES	2844	OPP.
DON MONROE	TOPEKA	SELF	NO		
VIRGINIA NORDSTROM	TOPEKA	WCTU	NO	2844	OPP.
Mary Louise Taylor	Berryton	WCTU	NO	2844	OPP
Maxine Liberson	Topeka	W. C. T. U.	NO	2844	OPP.
Jesse A. Why	Lawrence	Ks. Audubon Council	Yes	S.P. 1636	proponent
Steve Goodman	Topeka	Sen Demo Leader	NO	S.P. 1636	PRO



# Kansas Audubon Council

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SCR 1636, March 1, 1990  
Senate Federal and State Affairs Committee

Through the combined efforts of Mr. Bill Brewer, other members of the Southeast Kansas Audubon Society and members of civic organizations (Rotary, Lions and Kiwanis) in the City of Parsons, Purple Martin houses have been installed throughout the city. During 1989, ten houses with twelve compartments each were put in place; one hundred forty (140) young Martins were fledged from the nests. In recent weeks Mr. Brewer has added six (6) more houses. He reports he is taking daily phone calls from citizens eager to join in the campaign to designate Parsons as the Purple Martin Capital of Kansas.

On behalf of all ten Audubon chapters in Kansas, I am delighted to support Senator Johnston's Senate Concurrent Resolution 1636. We believe it is particularly appropriate to choose this year, the twentieth anniversary of Earth Day, to pass this resolution to draw attention to these kinds of efforts which help mitigate some of the birds' habitat that has been lost through human actions. Southeast Kansas Audubon's efforts also set a fine example of using natural predators to solve a pest problem -- in this case, mosquitoes.

Mr. Brewer asked me to point out that the City of Parsons will designate March 16-22, 1990 as Purple Martin Week, and that they plan to commemorate the week with an annual celebration each year thereafter. They will be celebrating the return of the Purple Martins by distributing "It's Purple Martin Time" buttons, as well as having that message on signs all around the city. The highlight of this year's event will be when Governor Hayden will be present to raise another Purple Martin house in Parsons on March 17th.

The Kansas Audubon Council wholeheartedly endorses SCR 1636 and urges you to vote favorably on the measure.

Senate F&SA  
3-1-90  
Att. 1

SENATE BILL No. \_\_\_\_\_

AN ACT relating to the distribution and sale of certain cereal malt beverages; amending K.S.A. 1989 Supp. 41-307, 41-308 and 41-2702 and repealing the existing sections.

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

Section 1. K.S.A. 1989 Supp. 41-307 is hereby amended to read as follows: 41-307. A beer distributor's license shall allow:

- (a) The wholesale purchase, importation and storage of beer.
- (b) The sale of beer to:
  - (1) Licensed caterers;
  - (2) beer distributors licensed in this state;
  - (3) retailers, clubs and drinking establishments, licensed in this state, except that such distributor shall sell a brand of beer only to those retailers, clubs and drinking establishments of which the licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410 and amendments thereto; and
  - (4) such persons located outside such territory or outside this state as permitted by law.
- (c) The sale of cereal malt beverage to:
  - (1) Beer distributors licensed in this state;
  - (2) clubs and drinking establishments, licensed in this state, and retailers licensed under K.S.A. 41-2702 and amendments thereto, except that such distributor shall sell a brand of cereal malt beverage only to those such clubs, drinking establishments and retailers of which the licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410 and amendments thereto; and

(3) such persons located outside such territory or outside this state as permitted by law.

(d) The purchase of cereal malt beverage in kegs or other bulk containers and the bottling or canning thereof in accordance with law.

(e) The sale of cereal malt beverage containing not more than .5% of alcohol by weight to retailers.

Sec. 2. K.S.A. 1989 Supp. 41-308 is hereby amended to read as follows: 41-308. (a) A retailer's license shall allow the licensee to sell and offer for sale at retail and deliver in the original package, as therein prescribed, alcoholic liquor for use or consumption off of and away from the premises specified in such license. A retailer's licensee shall permit sale and delivery of alcoholic liquor only on the licensed premises and shall not permit sale of alcoholic liquor for resale in any form, except that a licensed retailer may:

(1) Sell alcoholic liquor to a temporary permit holder for resale by such permit holder; and

(2) sell and deliver alcoholic liquor to a caterer or to the licensed premises of a club or drinking establishment, if such premises are in the county where the retailer's premises are located or in an adjacent county, for resale by such club, establishment or caterer.

(b) The holder of a retailer's license shall not sell, offer for sale, give away or permit to be sold, offered for sale or given away in or from the premises specified in such license any service or thing of value whatsoever except alcoholic liquor in the original package, except that a licensed retailer may:

(1) Charge a delivery fee for delivery to a club, drinking establishment or caterer pursuant to subsection (a); and

(2) sell lottery tickets and shares to the public in accordance with the Kansas lottery act, if the retailer is selected as a lottery retailer.

(c) No licensed retailer shall furnish any entertainment in such premises or permit any pinball machine or game of skill or chance to be located in or on such premises.

(d) A retailer's license shall allow the licensee to store wine in refrigerators, cold storage units, ice boxes or other cooling devices, and

the licensee may sell such wine to consumers in a chilled condition.

(e) A retailer's license shall allow the licensee to sell and offer for sale at retail and deliver in the original package, for use or consumption off of and away from the premises specified in the retailer's license, cereal malt beverage containing not more than .5% of alcohol by weight

Sec. 3. K.S.A. 1989 Supp. 41-2702 is hereby amended to read as follows: 41-2702. (a) No retailer shall sell any cereal malt beverage without having first secured a license for each place of business as herein provided, except that a license shall not be required of the following retailers for the sale of cereal malt beverage containing not more than .5% of alcohol by weight: (1) A "retailer" as defined by K.S.A. 1989 Supp. 41-102(u)(1), and amendments thereto; (2) a "club," as defined by K.S.A. 1989 Supp. 41-2601(g), and amendments thereto; and (3) a "drinking establishment," as defined by K.S.A. 1989 Supp. 41-2601(h), and amendments thereto.

~~In case such~~ If a retailer's place of business is located within the corporate limits of a city, the application for license shall be made to the governing body of such city. In all other cases, the application for license shall be made to the board of county commissioners in the county in which such place of business is to be located, except that the application for license to sell on railway cars shall be made to the director as hereinafter provided.

(b) A board of county commissioners shall not issue or renew a retailer's license without giving the clerk of the township where the place of business is to be located written notice by registered mail of the filing of the application for licensure or renewal. The township board may within 10 days file advisory recommendations as to the granting of such license or renewal and such advisory recommendations shall be considered by the board of county commissioners before such license is issued. If an original license is granted and issued, the board of county commissioners shall grant and issue renewals thereof upon application of the license holder, if the license holder is qualified to receive the same and the license has not been revoked as provided by law.

(c) An application for a retailer's license shall be verified and upon a form prepared by the attorney general of the state and shall contain:



- (1) The name and residence of the applicant;
- (2) the length of time that the applicant has resided within the state of Kansas;
- (3) the particular place of business for which a license is desired;
- (4) the name of the owner of the premises upon which the place of business is located; and
- (5) a statement that the applicant is a citizen of the United States and not less than 21 years of age and that the applicant has not within two years immediately preceding the date of making application been convicted of a felony, any crime involving moral turpitude, drunkenness, driving a motor vehicle while under the influence of intoxicating liquor or violation of any other intoxicating liquor law of any state or of the United States.

(d) In addition to the fee provided by subsection (e), each application for a retailer's license to sell cereal malt beverages for consumption on the licensed premises shall be accompanied by a fee as follows:

- (1) For licensure of a place of business other than a railway car, a fee of not less than \$25 nor more than \$200, as prescribed by the board of county commissioners or the governing body of the city, as the case may be; and
- (2) for licensure to sell on railway cars, a fee of \$100.

(e) Each applicant for a retailer's license or renewal of such a license shall submit to the director a copy of the completed application for such license or license renewal, together with a fee of \$25. Upon receipt of such application, the director shall authorize a state stamp to be affixed to the license. No such stamp shall be affixed to any license except such stamps as provided by the director and no retailer's license shall be issued or renewed unless such stamp has first been affixed thereto.

(f) The director shall remit to the state treasurer all fees collected by the director hereunder, and the state treasurer shall credit the same to the state general fund, except that the director may provide for the deposit in the cereal malt beverage tax refund fund of such amounts as necessary for the refund of any license fees collected hereunder.

(g) The board of county commissioners of the several counties or the governing body of a city shall issue a license upon application duly made as otherwise provided for herein, to any retailer engaged in business in such

county or city and qualified to receive such license, to sell only cereal malt beverages in original and unopened containers, and not for consumption on the premises. The annual license fee for such license, which shall be in addition to the fee provided by subsection (e), shall be not less than \$25 nor more than \$50.

(h) No license issued under this act shall be transferable.

Sec. 4. K.S.A. 1989 Supp. 41-307, 41-308 and 41-2702 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.

March 1, 1990  
Hearing on HB 2844  
Senate Federal & State Affairs Committee

Lottery sunset  
Rev. Richard Taylor  
KANSANS FOR LIFE AT ITS BEST!

Concerned citizens who love Kansas more than gambling revenue are strongly opposed to House Bill 2844. They remember the lottery gambling constitutional amendment was killed by the legislature time and time again, year after year. Finally in 1986, gambling promoters agreed to a sunset provision in order to win 84 House votes. When the amendment came to the House floor, for the third or fourth time, it still did not have enough green lights for approval. House members were held in their seats for an hour or two with a phony call of the House. A member who was promoting the lottery conveniently disappeared and could not be found.

This gave powerful gambling promoters in high places all the time they needed to get on the phone. House members with red lights were intimidated and coerced until 84 green lights came on. That was a sad day for the democratic process in Kansas.

Gambling promoters told lawmakers in 1986 that the 1990 session would take a hard look at the lottery and vote to continue or end it on its merits. Now those gambling promoters claim lawmakers from Districts where voters approved the lottery must vote to continue it. Because it required a majority vote of the people to bring lottery gambling to Kansas, if lawmakers from districts where lottery was approved are required to vote YES on HCR 5038, the lottery will automatically continue, making the sunset provision a cheap trick to win legislative approval in 1986.

HB 2844 is a repeat of 1986. This is an attempt by gambling promoters to win YES votes for HCR 5038. Mr. Simpson may clean up the mess left by Mr. Montgomery, but the PERFORMANCE AUDIT indicates a bleak future for the lottery unless sales can be significantly increased. Do you want more Kansans to gamble away more money?

A vote for HB 2844, to delay the sunset for two more years, is a vote for more Kansans to become compulsive gamblers. Dr. Valerie Lorenz, head of the National Center for Pathological Gambling, said "We used to see nothing but middle-aged, middle-class white businessmen, but the compulsive gambler no longer fits into a nice, neat category. Since the lotteries started, we are seeing more women, blacks and teenagers." The longer a lottery operates in any state, the greater the number of compulsive gamblers - a burden on their family and on society.

A vote for HB 2844 to delay the sunset for two more years, is a vote to send 160 million consumer dollars to Topeka from home town main streets when an equal amount of revenue could be raised with any alternative tax and at the same time make the home town public richer with 120 million additional consumer dollars not spent for lottery tickets.

A vote for HB 2844, delay the sunset for two more years, is a vote to put millions of dollars into pockets of G-Tech, ticket printers, and others who get rich from operating and promoting the lottery. Why do lawmakers want to help gambling promoters at the expense of home town merchants?

(Please read Wall Street Journal article from REASONS) A vote for HB 2844 is a vote to raise revenue for two more years from citizens who are voluntarily swindled by Kansas. Many of them are our poorest and least educated citizens.

A vote for HB 2844 is a vote to allow lottery tax collectors another two years to pocket \$1 for each \$1 additional revenue the state receives. Lawmakers who vote for HB 2844 ought to vote to allow sales tax collectors to pocket \$1 and send \$1 to Topeka for every \$2 collected in state sales tax.

Senate F&SA  
3-1-90  
Att. 3

A vote for HB 2844 is a vote for two more years of increased tax burden on citizens for projects funded by the lottery. Kansas must collect \$80 million in gross revenue from lottery ticket sales for the state to receive \$20 million net additional tax dollars. (30% less 5% lost sales tax or 25% of ticket sales) Kansas must collect \$20 million in gross revenue from a one-tenth cent sales tax, or any other tax now in place, for the state to receive \$20 million net additional tax dollars. (NO cost of collection) Why collect \$80 million revenue when you can fund the same projects by collecting \$20 million revenue? For projects funded by the lottery, the tax burden on Kansans, especially the poor and least-educated, is four times greater than if those projects were funded by any alternative tax now in place. A vote against HB 2844 is a vote to reduce taxes for the next two years!

"State Lotteries: The Only Legal Swindle" from the Wall Street Journal explains how a vote for HB 2844 is a vote for two more years of the big lie from Lotto America. Kansas winners of \$11.4 million and \$6.0 million actually received around half the advertised prize. For example, if the winner of a "one million dollar lottery prize" received one million dollars, that person could put the money in the bank and at 10% interest draw payments of \$100,000 a year. At the end of 20 years the winner would still have one million dollars in the bank. But gambling promoters deal in the big lie. For a "one million dollar prize", if interest is 10%, the lottery will put \$468,246 in the bank. Payments of \$50,000 a year for 20 years will use up all principle and interest.

A vote for HB 2844 is a vote for two more years of watching poor people use food stamps and then pull out a few dollars for lottery tickets. Many lawmakers proudly tell me they do not buy lottery tickets. I immediately say, "You should buy all the tickets, you can afford to lose." Lawmakers support the lottery so others can gamble away grocery and rent money. When a house committee member asked the KCCI lobbyist if their members bought tickets, he did not know. When asked if they would take a survey of their members to find out, he said no. How sad it is that economic development dollars are taken from the poor to help the rich. That is Robin Hood spelled backwards.

According to the Kansas Supreme Court, every form of gambling is a lottery. If we do not sunset the lottery this year, our constitution will allow the legislature to permit any and every form of state owned and operated gambling without a vote of the people. If we sunset the lottery as provided for in HB 2844, our constitution will allow the legislature to permit any and every form of state owned and operated gambling without a vote of the people. Should casino gambling be permitted in Kansas without a vote of the people? If you respond NO vote NO on HB 2844 so lawmakers can not use a two year sunset provision to justify their YES vote on HCR 5038.

HB 2844 carried big on the House floor because members opposed to the lottery thought this would give them an opportunity to end it in two years. But this information was not given to House members because I just prepared it. I am one person trying to follow all sorts of drinking driving, alcohol, cigarette, and gambling measures. It is not possible to do all that needs to be done. Please ignore the House vote and make your decision on facts presented to you. I believe Senators are capable of thinking for themselves and will not let the House tell them how to vote.

LOVE KANSAS

H. GAMBLING

LET THE LOTTERY DIE

"... such state-owned lottery shall not be operated after June 30, 1990, unless authorized to be operated after such date by a concurrent resolution approved by a majority of all of the members elected (or appointed) and qualified of each house and adopted in the 1990 regular session of the legislature."

- Kansas Constitution

Gambling is an activity criminal in nature.

Gambling is technically a swindle, theft by deception.

When sunset legislation in the state would end their lottery in 1987, a Seattle Times editorial said, "Washington would gain a touch of class by being one of the first to abandon a tacky and highly unreliable method for meeting budget responsibilities." This was the headline, "LET THE LOTTERY DIE AN UNMOURNED DEATH." May Kansas succeed where Washington failed.

With a personal letter, send one of these to the home addresses of your Representative and your Senator. Ask how they plan to vote on lottery during the 1990 session. Do it now.

Phone (913) 235-1866

Love Kansas!

Box 888, Topeka, Kansas 66601

# REASONS

Why I want  
my lawmakers  
to love Kansas  
more than  
gambling revenue  
and let the  
lottery die  
an unmourned  
death  
in 1990.

Respectfully yours,  
A Concerned Voter

There would seem to be an inconsistency in demands for consumer protection agencies, coupled with demands for legalized gambling. As professor Irving Kristol pointed out on this page several months ago, gambling is "technically a swindle: the payoffs on bets must be less than fair, and the overwhelming majority of the 'investors' must eventually lose their money, if the gambling enterprise is to survive and prosper." Therefore, he noted, the case for legalized gambling is "simply an argument in favor of the government raising revenues by swindling its citizens rather than by taxing them." GAMBLING AND THE GOVERNMENT (The Wall Street Journal, Jan. 4, 1974)

Thomas E. Kelly, Director of the Kansas Bureau of Investigation, in his 1980 report on THE IMPACT OF PARI-MUTUEL WAGERING ON LAW ENFORCEMENT, quoted from an Illinois Legislative Report that called legal gambling "an activity which is otherwise criminal in nature."

Under Kansas law, three elements are present in a gambling activity - payment, chance, and prize. Gambling promoters claim the lottery is just like a TV game show. If all lottery tickets were given away, this claim would be true. Money needed for utility bills, groceries, and rent is not spent by persons to be on a TV game show, a non-gambling activity because payment is not required. The same is true for Reader's Digest Sweepstakes.

Lottery promoters want the public to believe that RISK, CHANCE, and GAMBLE have the same meaning. They claim farming and all sorts of legitimate activities are a GAMBLE.

GAMBLING is a swindle, theft by deception, an attempt to gain wealth by taking it from others. The farmer takes a RISK when he tills the land, buys the seed, and hopes for a good harvest. He works hard to feed the world and earn a profit.

He knows there is a CHANCE that rain will not come, hail may hit, or weeds and insects could hurt his crops. But he does not gamble. He does not seek financial gain by stealing it from someone else.

KANSAS LOTTERY - Nov. 1987 through June 1989  
133.8 Million consumer dollars spent for tickets  
\$ 35.7 Million gross revenue received  
\$ -2.8 Million paid for start up money  
\$ 32.9 Million net revenue state received from 20 months of lottery sales, or some \$1.6 million per month. This money was distributed by law - 60% for State Economic Development Initiatives, 30% to help counties with reappraisal, and 10% for youth and adult correctional facilities.

State receipts total nearly \$4.8 billion a year or about \$400 million a month.

To prove the lottery is a big swindle, consider those gullible persons who swallow slick lottery advertising and think the more tickets you buy, the greater your chances of winning. Some join lottery clubs to pool their money and buy thousands of tickets. Push that childish belief to the limit and see how dumb it is. If 100 million one dollar tickets will be sold for one lottery game, and if a lottery club buys all the tickets, that group of people will win all the prize money. The news media will gleefully report the group just won \$45 million. Intelligent persons will say the group just lost \$55 million. Smart lottery gamblers would buy one ticket once a month. They could lose very little and might win a lot. Of course the lottery would quickly die if all players were smart.

Gambling promoters say the poor and under-educated spend very little for lottery tickets. That claim is rejected by persons who experience great sadness as they watch ticket buyers in grocery stores, quick shops, and filling stations - people gambling away dollars needed for food and rent and utilities.

Young mothers are rewarding their children for good behavior with lottery tickets. Lawmakers who vote for the lottery must be held responsible for such sick education.

The motive for shoplifting and for buying a lottery ticket is the same, enrich yourself from the losses of others.

If lottery is a voluntary tax, why are millions and millions of dollars needed for advertising?

3-3

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GAMBLING PROMOTERS SAY -  
We need the revenue.

CONCERNED CITIZENS RESPOND -

The Kansas lottery dollar is divided this way: 30% for the state, 25% for lottery gambling promoters, 45% player prizes. For Kansas to receive \$30 million revenue, 100 million consumer dollars must be spent for lottery tickets.

If lottery revenue is replaced with \$30 million from a one-tenth cent sales tax, people will have an additional 70 million consumer dollars in their pockets to spend on main street.

State sales tax is 4½ cents. Cities and counties may each add 1 cent. Therefore a person may pay from 4½ to 6½ cent sales tax on every dollar. Because sales tax is not collected, when 100 million consumer dollars are spent for lottery tickets, there is a sales tax loss of 4½ to 6½ million dollars. If that loss is rounded off to \$5 million, the net revenue gain from lottery is \$25 million for each \$100 million in ticket sales.

When Kansas receives 25 million dollars net lottery revenue, lottery salaries and expenses receive 25 million dollars. Lawmakers who vote to continue the lottery are voting to allow gambling promoters to pocket \$1.00 for every \$1.00 revenue turned in.

If they believe in being honest and fair, and do not believe in double standards, those same lawmakers will vote for new legislation that will allow merchants to pocket \$1.00 and turn in \$1.00 for each \$2.00 collected in sales tax.

Lottery is a cents-less way to raise revenue. When the media proclaims millions of dollars lottery revenue has been raised, remember an equal number of millions of dollars has been pocketed by gambling promoters.

Persons who go to Las Vegas can probably afford to lose what they are sure to lose. Poor people in Kansas go to the corner grocery store and lose what they can not afford to lose. Persons who love others hate lottery gambling because Kansas is hurting those it should be helping.

LOTTERY PROMOTERS CLAIM -  
Gambling is just harmless recreation.

CONCERNED CITIZENS RESPOND -

When the rent money, grocery money, and car payment money is spent for lottery tickets, gambling is more than harmless recreation. For the former governor of Illinois, Otto Kerner, gambling was more than harmless recreation. In 1973, after he helped race track gambling promoters, he was the first U.S. Court of Appeals Judge to be indicted, tried, and convicted in the 189 year history of the nation's second highest court. Pete Rose, who has been barred from professional baseball for life, knows gambling is more than just harmless recreation. \$100,000 given to former Lt. Governor Dave Owen by Alabama gambling track promoter Paul Bryant Jr., shortly before Owen funneled \$32,000 to Governor Hayden's 1986 campaign, makes gambling more than just harmless recreation.

LAWMAKERS PROMOTING GAMBLING SAY -

Because voters approved lottery gambling, I will vote YES to continue it, but I will demand it be run properly.

CONCERNED CITIZENS RESPOND -

Edmund Burke said, "Your representative owes you, not his industry only, but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion."

Voters approved lottery gambling because they believed it would reduce property taxes, build highways, and help pay teacher salaries. It has not done and will not do any of these.

It was the opinion of uninformed voters that lottery gambling would lower their tax burden. Lawmakers who serve Kansas will use good judgment and correct this voter error.

Lottery gambling makes the state a con artist, promoting fraud on the gullible, using fast talk and an appeal to human greed to bilk citizens out of millions of dollars. Those dollars make gambling promoters rich - persons who print the tickets, sell the computers, and get big pay checks. Rev. Jim Bakker and others go to jail for doing what Kansas lottery promoters do.

LAWMAKERS PROMOTING GAMBLING SAY -

Because a majority in my District voted for lottery, I must vote for it in 1990.

CONCERNED CITIZENS RESPOND -

It required a majority vote of the people to win approval of the sunset provision and the lottery amendment in 1986. If lawmakers from Districts that approved the amendment are required to vote YES in 1990, the lottery would automatically be continued and the sunset provision had no purpose. That would make it a sham, a cheap, meaningless trick used by gambling promoters to win legislative approval of the lottery in 1986.

Honest lawmakers know the sunset provision means the people tentatively approved lottery in 1986, subject to later approval by the legislature in 1990.

Lawmakers who vote to continue the lottery because their District voted for it make the sunset provision a big joke. Lawmakers who want lottery gambling should vote YES. Lawmakers who love Kansas more than gambling revenue should vote NO.

LOTTERY GAMBLING PROMOTERS SAY -

We will still have bingo and parimutuel gambling, so why end the lottery?

CONCERNED CITIZENS RESPOND -

Money lost on lottery, bingo, and parimutuel will cause many Kansans to become compulsive gamblers, a burden on society and their families. Ending the lottery will reduce the suffering. Total consumer dollars going to gambling promoters will decrease when grocery stores, quick shops, filling stations, and restaurants get out of the gambling business. Without the lottery, gamblers will be forced to attend bingo parlors or race tracks to lose their hard earned dollars. Some consumer dollars now lost on the lottery would probably become additional dollars lost to bingo and parimutuel, but there will be a reduction in total dollars gambled away in Kansas when there are fewer places promoting gambling.

Organized crime has always promoted gambling to raise revenue. CONCERNED VOTERS believe lawmakers should not stoop that low.

SOME LAWMAKERS SAY -

I'll vote yes because I want to get re-elected. A majority of voters in my district approved lottery gambling on November 4, 1986.

CONCERNED CITIZENS RESPOND -

291,411 Kansans voted NO on the lottery. They did not want state owned and operated gambling then and they do not want it now. In addition, many who voted YES realize a big mistake was made. Concerned citizens who want lawmakers to vote NO on lottery in 1990 may not be a majority, but they are enough to determine the outcome of the next election for every Representative and Senator, every Republican and Democrat, in every District.

Unlike other forms of wagering, lottery play is universally available and easily accessible to millions who have never before participated in any form of gambling. The sanction of the state, the depiction of lottery play as entertainment and the glamorization of winners by the media clearly broaden the pervasiveness of gambling in society. Lotteries are said to increase by about 10 percent the level of addiction to gambling. Studies show that low-income families spend their limited resources disproportionately on lottery wagering, at about 2.8 times their income share nationally. A federal study found lottery wagering to be three times as regressive as the sales tax in its impact on low-income families. As attorney general, I am very uncomfortable over the prospect of an immutable commitment to state-promoted gambling and the eternal necessity for the government of Florida to induce its citizens to bet.

December 11, 1984

Jim Smith, Attorney General, Florida

State owned and promoted gambling sends the wrong message to youth, telling them a good education is not needed. Why work hard to earn money with physical and mental effort? Just keep buying lottery tickets until you strike it rich! INTELLIGENT PERSONS to send a better message.

## State Lotteries: The Only Legal Swindle

By HERBERT L. KAHN

Before 1969, finance companies and other lenders played some deceptive games with interest rates. The company would lend you, say, \$1,000 to be repaid in 12 monthly installments of \$91.67 each for a total of \$1,100. The interest on the \$1,000 loan was thus \$100, or a "low low" 10%.

Everybody was happy. The customer was happy to get such a low rate. The lender was even happier, since he was actually getting a "high high" 18%. After six months, the customer would already have paid back \$550, which could then be lent out again.

"Where ignorance is bliss, 'tis folly to be wise," wrote Thomas Gray. Congress did not agree, and in 1969 ended the bliss by enacting the Truth-in-Lending Law, which greatly reduced the ability of lenders to misstate their interest rates. (Only a little leeway is left—credit-card companies still pretend that 1.5% per month is 18% a year, while it's really 19.6%.) Now you're protected. No one can legally swindle you except your State Lottery.

Such lotteries were common during the past century, but then fell into disrepute and died out. They were not reintroduced until 1963, starting with New Hampshire. Today, at least 17 states and most Canadian provinces have official lotteries.

Proponents say that lotteries represent the most voluntary tax imaginable, because nobody is forced to bet. Moreover, they say, the chance of a big win brings excitement into otherwise drab lives.

Opponents argue that gambling is immoral, and that government should not encourage immorality. They also say that

lotteries are a highly regressive form of taxation, because the heaviest betters will be those who can least afford it. Lotteries, they say, are a form of revenue sharing to benefit the rich.

One argument that has often carried the day is that people will gamble anyway. All that a lottery does, this argument goes, is to transfer the profits from Organized Crime to Organized Government.

Not true. Experience shows that soon after it begins, the state lottery is no longer content to sell only to betters defecting from Organized Crime, but conducts an expensive and sophisticated campaign to woo new ones. Organized Crime does not do this. You don't see the Cosa Nostra running press conferences, newspaper ads and TV commercials. Such hype does work: Recently a mania possessed otherwise sane residents of New York state as they bought more than \$24 million worth of lottery tickets.

One reason why such promotion is needed is that the payout of most state lotteries is far stingier than that of other forms of gambling. In the Massachusetts Megabucks Game, for example, the bettor must guess six different numbers between 01 and 36 to win the jackpot. The odds against success are about 1.95 million to 1. The value of the prize can vary—if nobody wins in a given week, the money is added to next week's pool—but the state claims that about 50% of the money that is bet is returned in the form of prizes.

A 50% payout is little enough; in Atlantic City, N.J., or Nevada the payout in roulette is about 94%. Even worse, however, is that the claim is deliberately deceptive. A top prize of \$50,000 a year for 20 years is

not the same as \$1 million. To pay out \$50,000 a year, the state must put an appropriate sum into the bank, where it collects interest. The amount is calculated to run out at the end of the 20-year period. The higher the interest rate, the less the state needs to put in the bank. Even at low interest rates, however, the state doesn't spend close to \$1 million. Some computed figures, at different interest rates, are shown below:

Interest rate	True payoff
5%	\$654,266
10%	468,246
12%	418,289
15%	359,912
20%	292,175

To put it another way, if you receive \$50,000 a year and spend it, after 20 years you will have nothing left. If, on the other hand, you receive a true million, you can buy tax-free municipal bonds at 10% interest, spend the interest—\$100,000 a year, not \$50,000—and at the end of 20 years you will still have your million!

At an interest rate of 10%, the state pays out less than 25 cents per dollar received, not 50% as claimed. (And this is before federal income taxes.)

In order to attract financially unsophisticated people to the lottery, the state misrepresents the winnings in almost exactly the same way finance companies used to do before the Truth-in-Lending Law. It is ironic that today not even the sleaziest moneylender is permitted to do things that state lotteries do as a matter of routine.

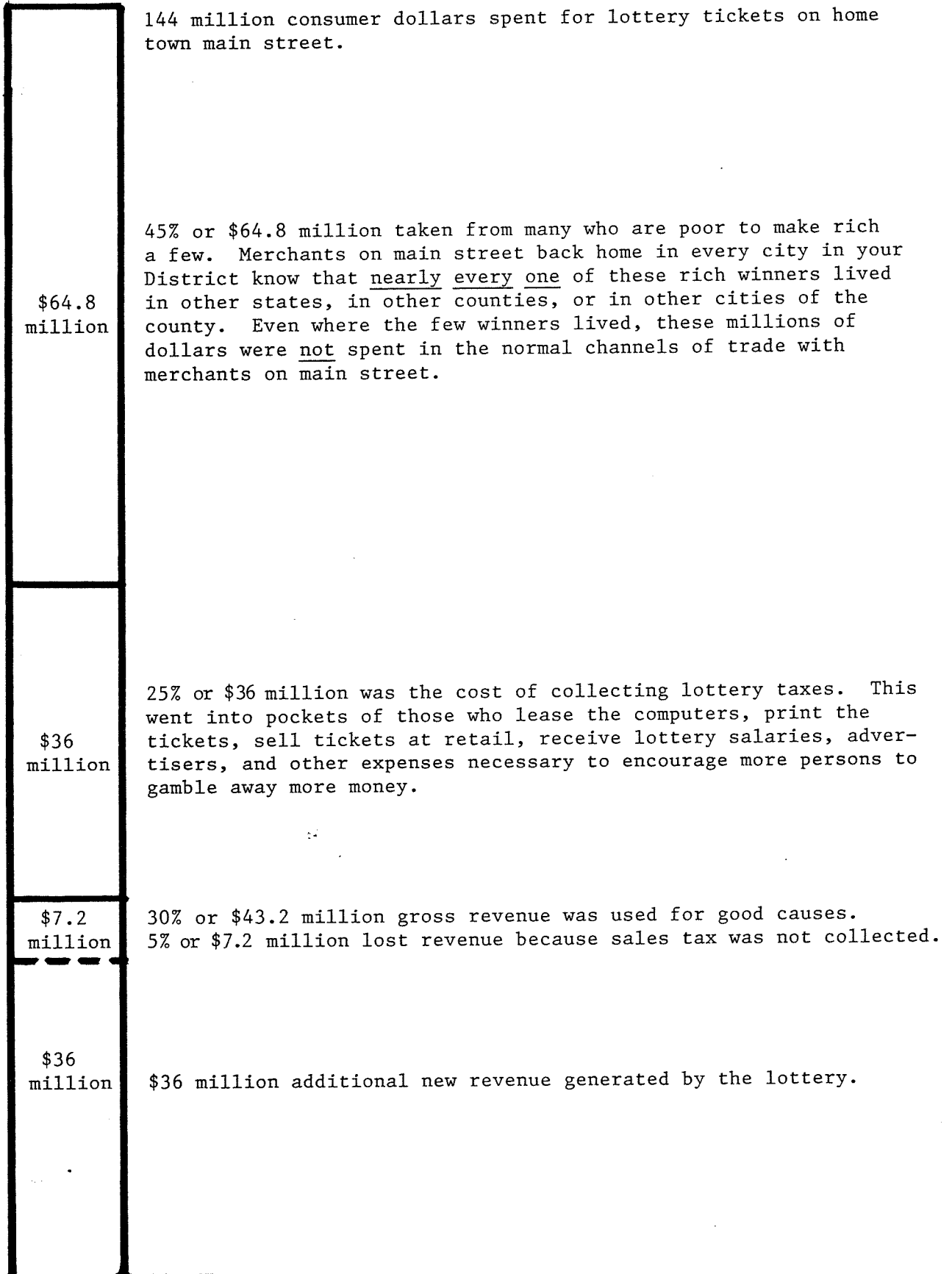
*Mr. Kahn is president of a marketing company in Weston, Mass.*

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A VOTE OF THE PEOPLE DETERMINED WHAT THE LAST TWO YEARS HAVE BEEN.

November 1987 - 1989

FOR THE FIRST TIME IN HISTORY, KANSAS HAS BEEN COMPETING FOR THE CONSUMER DOLLAR AGAINST MERCHANTS ON EVERY HOME TOWN MAIN STREET IN YOUR DISTRICT. KANSAS OPERATES A GAMBLING ENTERPRISE, A CRIMINAL ACTIVITY EXCEPT WHERE LEGALIZED. HERE ARE THE RESULTS OF THE FIRST TWO YEARS WITH KANSAS IN THE BOOKIE BUSINESS.



All the good that lottery revenue has done, could have been done with a one-tenth cent sales tax, and the home town public would have been richer with an additional 108 million consumer dollars. (144 less 36)  
Why does the Kansas Chamber of Commerce & Industry support lottery gambling when they know it robs main street merchants of millions and millions of consumer dollars?



YOUR VOTE WILL DETERMINE WHAT THE NEXT TWO YEARS WILL BE.

HEADLINES IN KANSAS NEWSPAPERS HAVE PROCLAIMED THE BENEFITS OF THE FIRST TWO YEARS OF LOTTERY, SAYING \$43.2 MILLION HAS BEEN RETURNED TO THE STATE. A ONE-TENTH CENT SALES TAX WILL RETURN \$40 MILLION ADDITIONAL REVENUE TO THE STATE DURING THE NEXT TWO YEARS. IF THE LOTTERY WERE TO RAISE AN EQUAL AMOUNT, HERE IS THE DISTRIBUTION OF CONSUMER DOLLARS, BASED ON GENERAL PERCENTAGES. IF THE LOTTERY IS CONTINUED, IT SHOULD DO A BETTER JOB IN RETURNING MONEY TO THE STATE AND TO THE WINNERS. BUT PROMOTION OF GAMBLING IS THE ISSUE AND LOTTERY WOULD CONTINUE TO BE AN INEFFICIENT AND INEQUITABLE WAY TO RAISE REVENUE.

<p>\$72 million</p>	<p>160 million consumer dollars spent for lottery tickets on home town main street.</p> <p><b>CONTINUE THE LOTTERY</b></p> <p>45% or \$72 million will be taken from many who are poor to make rich a few. Merchants on main street back home in every city in your District know that <u>nearly every one</u> of these rich winners will live in other states, in other counties, and in other cities of the county. Even in places where the few winners live, these millions of dollars will <u>not</u> be spent in the normal channels of trade with merchants on home town main street.</p>	<p>\$120 million</p>	<p>160 million consumer dollars on home town main street of which <u>only</u> \$40 million are sent to Topeka.</p> <p><b>LET THE LOTTERY DIE</b></p> <p>120 million additional consumer dollars in pockets of the home town public to spend for items other than gambling tickets. (A small part of this may go to Missouri for lottery tickets, but most people from Wichita will not drive that far to gamble.)</p>
<p>\$40 million</p>	<p>25% or \$40 million will be the cost of collecting lottery taxes. This goes into pockets of those who lease the computers, print the tickets, sell tickets at retail, receive lottery salaries, advertisers, and other expenses necessary to encourage more persons to gamble away more money.</p>		<p><b>GET KANSAS OUT OF THE GAMBLING BUSINESS.</b></p> <p>CITIZENS GIVE KANSAS ONE PENNY ON A TEN DOLLAR PURCHASE.</p> <p>REVENUE RECEIVED WILL DO ALL THE GOOD THINGS LOTTERY REVENUE WOULD DO.</p> <p>AND THE HOME TOWN PUBLIC WILL BE RICHER BY 120 MILLION CONSUMER DOLLARS!</p>
<p>\$8 million</p>	<p>30% or \$48 million gross revenue 5% or \$8 million lost revenue because sales tax is not collected</p>		<p>(\$0 million cost of collection)</p>
<p>\$40 million</p>	<p>\$40 million additional revenue to use for good causes.</p>	<p>\$40 million</p>	<p>\$40 million additional revenue to use for good causes, raised with any kind of tax, will take <u>only</u> \$40 million from the public because the cost of collecting that tax is already being paid.</p>

Will you vote for the home town public to spend 160 million consumer dollars on main street for lottery tickets? That will please those who lease the computers, print the tickets, receive lottery salaries, sell advertising, and others who make money promoting gambling. OR Will you vote to make the home town public richer with 120 million additional consumer dollars to spend on main street in the normal channels of trade for items other than gambling tickets? That will please citizens who want Kansas out of the gambling business and merchants who want to keep 120 million consumer dollars from going to Topeka. Retailers who sell tickets will benefit by ending the lottery because items they sell have a larger markup than the 5% they now receive on lottery ticket sales.

TO RAISE AN EQUAL AMOUNT OF ADDITIONAL REVENUE, THE CHOICE IS YOURS.