

Approved \_\_\_\_\_

4. 9. 91  
Date

MINUTES OF THE Senate COMMITTEE ON Federal and State Affairs

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

11:00 a.m./~~p.m.~~ on April 5, 1991 in room 254-E of the Capitol.

All members were present ~~except~~

Committee staff present:

Emalene Correll, Legislative Research Department  
Mary Galligan, Legislative Research Department  
Mary Torrence, Office of Revisor of Statutes  
Deanna Willard, Committee Secretary

Conferees appearing before the committee:

Joe Norton  
Ralph Decker, Executive Director, Kansas Lottery  
Dana Nelson, Executive Director, Kansas Racing Commission

The minutes of March 29 and April 1 were approved. The minutes of April 2 were approved as amended, recording Senator McClure as voting "no" on the motion to recommend SB 384 as amended.

Hearing on: SB 432 - Amending the local residential housing finance law; relating to certain bonds.

Senator Yost said the bill was introduced at the request of Sedgwick County. He introduced Joe Norton, attorney, Stinson, Mag & Fizzell, Bond Counsel to Sedgwick County.

Mr. Norton said the purpose of the bill is to amend the portion of the state residential housing finance law which authorizes cities and counties to issue revenue bonds to finance housing programs which make mortgage loans available. K.S.A. 12-5222(i) also authorizes cities and counties to issue bonds for the purpose of refunding bonds previously issued. They have the opportunity to refund a second time, which will make available about \$15 million for the county's housing program, but are uncomfortable in doing so without this technical clarification that they can refund more than once.

A motion was made by Senator Yost and seconded by Senator Strick to report the bill favorably. The motion carried.

Action on: SB 375 - Kansas Racing Act; mechanical lures, stewards and judges, civil fines, purses, breeders' awards.

Senator Vidricksen gave the subcommittee report with suggested amendments. (Attachments 1 & 2)

Dana Nelson, Executive Director, Kansas Racing Commission, said judges and stewards would hold occupational licenses, as opposed to the facility owner license, and would not be accepting bets. He explained that fourth place on P. 13, Ln. 4 refers to the superfecta.

A motion was made by Senator Vidricksen and seconded by Senator Strick to adopt the subcommittee report. The motion carried.

A motion was made by Senator Vidricksen and seconded by Senator Strick to recommend the bill favorably as amended. The motion carried.

Action on: SB 410 - Require reports to the secretary of health and environment of abortions performed.

Action was taken on the motion from the previous meeting to adopt

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Federal and State Affairs,  
room 254-E, Statehouse, at 11:00 a.m./~~p.m.~~ on April 5, 1991

the balloon amendment to the bill. The vote was 5-5. The amendments were not adopted.

A motion was made by Senator Morris and seconded by Senator McClure to report the bill adversely. The vote was 5-5. The motion did not carry.

Action on: SB 385 - Kansas lottery; retailers, nonmonetary prizes, multi-state lotteries.

The Chairman enumerated the changes this bill would make to the Kansas Lottery Act.

A motion was made by Senator Walker and seconded by Senator Bond to insert the words "on line" on P. 6, Ln. 29 after "sales of" and to strike Lns. 30 - 33. There was no action on the motion.

Concern was expressed that the lottery was only intended to finance a small percentage of the state general fund. The Chairman said if we intend to keep it a viable business, we need to provide it the means to thrive.

Staff pointed out that the percentages are different in the Ways and Means bill; their intention was apparently to arrive at a percentage that would provide the same number of dollars going into the gaming fund as are currently going in.

Ralph Decker said he could provide a chart to show how administrative costs come down as this percentage is lowered.

The meeting was adjourned at 12:05 p.m.



**SUBCOMMITTEE REPORT**

The Senate Federal and State Affairs Subcommittee on Senate Bill No. 375 recommends the following amendments to the bill:

--on page 2, addition of language requested by the Racing Commission that would allow stewards and racing judges to be licensed, despite the fact that they would, under other provisions of the bill, be regular employees of the Racing Commission (existing law prevents appointees or employees of the Commission from being licensed by the Commission);

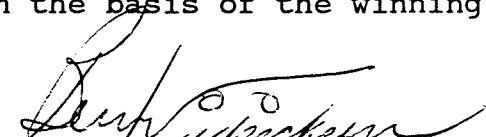
--as requested by the Racing Commission, on page 8, line 9, leave the "may" in the statute thereby continuing to allow the Commission discretion regarding suspension or revocation of facility owner and facility manager licenses for failures or violations that cannot be cured;


--page 8, line 14, grammatical correction;

--page 13, line 4, as requested by the Racing Commission, would allow licensees to accept bets on horses or greyhounds to finish fourth in a race, as well as to finish first, second and third (The Racing Commission told the Subcommittee that this amendment would make the statute conform with existing practice.);

--page 13, line 17, language requested by the Horsemen's Association that would require the Commission to approve the amount of minimum purse that may be paid in stakes races; and

--page 13, line 41 and page 14, line 4, add language that would allow money from the Kansas Horse Breeding Development Fund to be awarded to horses that win, place or show (under current law awards are made only on the basis of the winning horse.)

  
\_\_\_\_\_  
Senator Ben Vidricksen,  
Chair

  
\_\_\_\_\_  
Senator Roy Erlich

  
\_\_\_\_\_  
Senator Gene Anderson

SENATE BILL No. 375

Subcommittee Report

By Committee on Federal and State Affairs

3-8

8 AN ACT amending the Kansas parimutuel racing act; amending  
9 K.S.A. 1990 Supp. 74-8810, 74-8815, 74-8816, 74-8818, 74-8820  
10 and 74-8829 and repealing the existing sections.

11

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

13 Section 1. K.S.A. 1990 Supp. 74-8810 is hereby amended to read  
14 as follows: 74-8810. (a) It is a class A misdemeanor for any person  
15 to have a financial interest, directly or indirectly, in any racetrack  
16 facility within the state of Kansas:

17 (1) While such person is a member of the commission or during  
18 the five years immediately following such person's term as member  
19 of the commission; or

20 (2) while such person is an officer, director or member of an  
21 organization licensee, other than a county fair association, or during  
22 the five years immediately following the time such person is an  
23 officer, director or member of such an organization licensee.

24 (b) It is a class A misdemeanor for any member, employee or  
25 appointee of the commission, including stewards and racing judges,  
26 to knowingly:

27 (1) Participate in the operation of or have a financial interest in  
28 any business which has been issued a concessionaire license, facility  
29 owner license or facility manager license, or any business which sells  
30 goods or services to an organization licensee;

31 (2) participate directly or indirectly as an owner, owner-trainer  
32 or trainer of a horse or greyhound, or as a jockey of a horse, entered  
33 in a race meeting conducted in this state;

34 (3) place a wager on an entry in a horse or greyhound race  
35 conducted by an organization licensee; or

36 (4) accept any compensation, gift, loan, entertainment, favor or  
37 service from any licensee, except such suitable facilities and services  
38 within a racetrack facility operated by an organization licensee as  
39 may be required to facilitate the performance of the member's,  
40 employee's or appointee's official duties.

41 (c) It is a class A misdemeanor for any member, employee or  
42 appointee of the commission, or any spouse, parent, grandparent,  
43 brother, sister, child, grandchild, uncle, aunt, parent-in-law, brother-

1 in-law or sister-in-law thereof, to:

2 (1) Hold any license issued by the commission; or

3 (2) enter into any business dealing, venture or contract with an  
4 owner or lessee of a racetrack facility in Kansas.

5 (d) It is a class A misdemeanor for any officer, director or member  
6 of an organization licensee, other than a county fair association, to:

7 (1) Receive, for duties performed as an officer or director of such  
8 licensee, any compensation or reimbursement or payment of ex-  
9 penses in excess of the amounts provided by K.S.A. 75-3223 and  
10 amendments thereto for board members' compensation, mileage and  
11 expenses; or

12 (2) enter into any business dealing, venture or contract with the  
13 organization licensee or, other than in the capacity of an officer or  
14 director of the organization licensee, with a facility owner licensee,  
15 facility manager licensee or concessionaire licensee.

16 (e) It is a class A misdemeanor for any facility owner licensee or  
17 facility manager licensee, or any officer, director or employee thereof,  
18 to participate directly or indirectly as an owner, owner-trainer or  
19 trainer of a horse or greyhound, or as a jockey of a horse, entered  
20 in a race meeting conducted in this state.

21 (f) It is a class A misdemeanor for any licensee of the commission,  
22 or any person who is an officer, director, member or employee of  
23 a licensee, to place a wager on an entry in a horse or greyhound  
24 race conducted at a racetrack facility where the licensee is authorized  
25 to engage in licensed activities if the commission has by rules and  
26 regulations designated such person's position as a position which  
27 could influence the outcome of such race.

28 (g) It is a class B misdemeanor for any person to use any animal  
29 or fowl in the training or racing of racing greyhounds.

30 (h) It is a class A misdemeanor for any person to:

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

34 (2) accept, transmit or deliver, from a person outside a racetrack  
35 facility, anything of value to be wagered in any parimutuel system  
36 of wagering within a racetrack facility, upon conviction of the first  
37 offense;

38 (3) administer or conspire to administer any drug or medication  
39 to a horse or greyhound within the confines of a racetrack facility  
40 in violation of rules and regulations of the commission, upon con-  
41 viction of the first offense;

42 (4) possess or conspire to possess, within the confines of a race-  
43 track facility, any drug or medication for administration to a horse

, except that a steward or racing judge shall hold  
an occupation license to be such a steward or  
judge

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1 (j) Prior to suspension or revocation of a license pursuant to  
 2 subsection (i), the commission shall give written notice thereof of  
 3 the reason therefor to the licensee and all other interested parties.  
 4 The licensee shall have 30 days from receipt of the notice to cure  
 5 such the alleged failure or violation, if it can be cured. If the  
 6 commission finds that such violation the failure or violation has  
 7 not been cured upon expiration of such the 30 days or upon a later  
 8 deadline granted by the commission, or if the alleged violation is of  
 9 such a nature that it cannot be cured, the commission may ~~shall~~ may  
 10 proceed to suspend or revoke the licensee's license in accordance  
 11 with the Kansas administrative procedure act pursuant to sub-  
 12 section (i). Nothing in this subsection shall be construed to preclude  
 13 the commission from imposing a fine pursuant to subsection (i) even  
 14 if the violation is cured with 30 days or such other period as provided  
 15 by the commission. within

16 (j) (k) If an applicant for a facility owner license proposes to  
 17 construct a racetrack facility and the commission determines that  
 18 such license should be issued to the applicant, the commission shall  
 19 issue to the applicant a facility owner license conditioned on the  
 20 submission by the licensee to the commission, within a period of  
 21 time prescribed by the commission, of a commitment for financing  
 22 the construction of the racetrack facility by a financial institution or  
 23 other source, subject to approval by the commission. If such com-  
 24 mitment is not submitted within the period of time originally pre-  
 25 scribed by the commission or such additional time as authorized by  
 26 the commission, the license shall expire at the end of such period.

27 (k) (l) If a facility owner licensee's license authorizes the con-  
 28 struction of a dual racetrack facility, such license shall be conditioned  
 29 on the completion of such facility within a time specified by the  
 30 commission. If, within the time specified by the commission, the  
 31 licensee has not constructed a dual racetrack facility in accordance  
 32 with the plans submitted to the commission pursuant to subsection  
 33 (e), the commission, in accordance with the Kansas administrative  
 34 procedure act, shall:

35 (1) Impose upon the licensee a civil fine equal to 5% of the total  
 36 parimutuel pools for all races held at the licensee's facility on and  
 37 after the date that racing with parimutuel wagering is first conducted  
 38 at such facility and until the date that construction of the dual  
 39 racetrack facility is completed and horse racing has begun; and

40 (2) revoke the licensee's license unless the licensee demonstrates  
 41 reasonable cause for the failure to complete the facility.

42 (l) (m) The refusal to renew a facility owner license or a facility  
 43 manager license shall be in accordance with the Kansas administrative

1 the different periods for which such licenses may be granted. The  
2 license shall be valid at all race meetings in this state during the  
3 period for which it is issued, unless it is suspended or revoked prior  
4 to the expiration of such period.

5 Sec. 5. K.S.A. 1990 Supp. 74-8820 is hereby amended to read  
6 as follows: 74-8820. (a) An organization licensee shall be required to  
7 pay a minimum purse equal to at least  $\frac{4}{18}$  of the total takeout on  
8 all parimutuel pools from greyhound races, *computed weekly*, and  
9  $\frac{6}{18}$  of the total takeout on all parimutuel pools from horse races,  
10 *computed weekly*. ~~None of the minimum purse shall be with-~~  
11 ~~held for stakes races or for any other reason for the entire race~~  
12 ~~meeting. Moneys paid for purses or stakes from breakage, from the~~  
13 ~~Kansas horse breeding development fund, from the Kansas grey-~~  
14 ~~hound breeding development fund or from owners' payments in the~~  
15 ~~form of nominations, entry fees, stakes payments or other payments~~  
16 ~~by owners shall not be considered in calculating the minimum purse~~  
17 ~~requirements of this section.~~

18 (b) Nothing contained in this section shall be construed to limit  
19 the maximum purse to be paid.

20 (c) Pursues shall be paid directly to the owner of a greyhound or,  
21 if a greyhound is leased, the purse shall be paid directly to the  
22 lessor and lessee as agreed in a written lease agreement on file with  
23 the organization licensee.

24 Sec. 6. K.S.A. 1990 Supp. 74-8829 is hereby amended to read  
25 as follows: 74-8829. (a) There is hereby created in the state treasury  
26 the Kansas horse breeding development fund to which moneys shall  
27 be credited as provided by this act. Expenditures from such fund  
28 shall be made in accordance with appropriation acts upon warrants  
29 of the director of accounts and reports issued pursuant to vouchers  
30 approved by the chairperson of the commission or a person desig-  
31 nated by the chairperson.

32 (b) Moneys credited to the Kansas horse breeding development  
33 fund shall be apportioned into categories corresponding with the  
34 various breeds of horses which are participating in races conducted  
35 by organization licensees in direct proportion to each category's con-  
36 tribution to the fund and shall be used in each category to provide:

- 37 (1) Purse supplements to owners of Kansas-bred horses;
- 38 (2) stakes and awards to be paid to the owners of the winning  
39 Kansas-bred horses in certain races as determined by the commission;
- 40 (3) a stallion award to each owner of a Kansas-registered stallion  
41 which is the sire of a Kansas-bred horse if such horse wins any race  
42 conducted at a Kansas race meeting, but no such award shall be  
43 paid to the owner of a Kansas stallion that served outside Kansas at

Sec. 5. K.S.A. 1990 Supp. 74-8819 is hereby amended to read as follows: 74-8819. (a) Organizations licensed pursuant to K.S.A. ~~1987~~ 1990 Supp. 74-8813 or 74-8814, and amendments thereto, may conduct parimutuel wagering on the results of horse and greyhound races held on dates and at racetrack facilities approved by the commission. All persons participating in such wagering shall be present within the confines of the approved racetrack facility.

(b) Organization licensees shall issue a ticket to each person placing a wager, which ticket shall show the date and number of the race, the amount wagered and the number of the horse or greyhound selected by the person. The licensee may receive wagers on horses or greyhounds to finish first, second, third, fourth or any combination thereof within the same race or among two or more races conducted on the same day at the same racetrack facility, as authorized by the commission.

(c) After wagering has been closed for each race, the organization licensee may deduct an amount not exceeding 18% of the total wagered in each parimutuel pool and the balance, less the breakage, shall be paid to holders of winning tickets for that pool in accordance with procedures authorized by the commission. The commission may authorize a higher amount not exceeding 22% to be deducted from the total wagered in parimutuel pools for multiple and exotic bets.

(d) From the amount deducted as provided in subsection (c), the organization licensee shall pay the purses as provided in K.S.A. ~~1987~~ 1990 Supp. 74-8820 and amendments thereto and the tax as specified in K.S.A. ~~1987~~ 1990 Supp. 74-8823 and amendments thereto. The balance of the amount deducted shall be used for the purposes of the organization licensee as such purposes have been represented to the commission.

(e) No organization licensee shall loan money or any other thing of value to any person for the purpose of permitting that person to wager on any race.

(f) All parimutuel tellers and clerks shall be employees of the organization licensee approved by the commission to conduct the parimutuel wagering at a race meeting.

The commission shall approve the amount of minimum purse which may be paid in stakes races during each race meeting. None of the minimum purse shall be used for any other purpose except as specified by this section.

or wins, places or shows in

2-4



1 any time during the calendar year in which the winning Kansas-  
2 bred horse was conceived;

3 (4) a breeder's award to each owner of a Kansas-registered mare  
4 which is the dam of a Kansas-bred horse if such horse wins, ~~places~~ or wins  
5 or shows in any race conducted at a Kansas race meeting; and

6 (5) moneys for equine research through institutions of higher  
7 education under the state board of regents.

8 Sec. ~~7~~ K.S.A. 1990 Supp. 74-8810, 74-8815, 74-8816, 74-8818, ~~74-8819,~~  
9 74-8820 and 74-8829 are hereby repealed. 8

10 Sec. ~~8~~ This act shall take effect and be in force from and after  
11 its publication in the statute book. 9

2-5