

Approved \_\_\_\_\_  
Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Representative Kathleen Sebelius at  
Chairperson

1:30 ~~am~~/p.m. on Saturday, April 11, 1992 in room 526-S of the Capitol.

All members were present except:

Committee staff present:

Lynne Holt, Kansas Legislative Research Department  
Mary Galligan, Kansas Legislative Research Department  
Mary Torrence, Office of the Revisor of Statutes  
Connie Craig, Secretary to the Committee

Conferees appearing before the committee:

**SB 703**

Chair Sebelius called the meeting to order, and gave Representative Long the floor.

Representative Long stated that there are two policy questions in this, and two amendments have been handed out to all Committee members. He explained the one with the stricken language does away with the increase in the graduated tax on dual racing facilities and facilities racing greyhounds, that was done several years ago, and locks it into 3/18th's, Attachment #1.

Representative Long made a motion that to adopt the balloon amendment, Attachment #1. Representative Lane made a second to the amendment.

One Committee member asked if this was at the request of the Racing Commission.

Representative Long explained that this amendment would only affect county racing benefit fund deals, and he left in the freeze on the tax because that was in the first draft. He added that he had not looked at that real closely, and so the reason for the second draft which would keep the graduated tax as it is today, Attachment #2. He stated that both amendments do not need to be passed; just one or the other, and he preferred the one with the stricken language, Attachment #1.

One Committee member asked if this will help the county fairs. Representative Long stated that this is what a lot of people in rural Kansas thought of when they voted for parimutuel wagering in the 1986 election. With the passage of simulcasting it creates additional revenues, but does not take any additional revenues away from the state gaming fund. Because you have a new 3/18ths' tax on those bets cast at simulcasting, you have additional revenues that would allow you to do this.

Another Committee member asked why we are freezing it at 3/18ths?

Representative Long stated that what he would really like to have the Committee adopt is the new Section 14, Attachment #1.

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 HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS  
room 526-S, Statehouse, at 1:30 p.m. on Saturday, April 11, 1992.**

One Committee member pointed out that the last page is something that could be supported presently, and the 3/18ths would be something that we could come back and examine next year, if they're only in their third or fourth year.

A Committee stated that he assumed there are county fair associations that do not have enough races to meet the minimum number of races per year in order to have simulcasting, is that correct?

Representative Long replied to make it worthwhile to go through the expense, that would be correct.

A Committee member pointed out that what this does is taking money that would otherwise go to EDIF and sending one-third of it back to the county fair association to pay for their operating expenses so they can run enough races so that they can have simulcasting at the county fair associations. This member stated that he would oppose the motion on those grounds, and the bottom line is that this is the key to putting simulcasting at the local county fair association level. Furthermore, if it is our intent to encourage races and commerce that those create and the help to agriculture we have always heard about, but what you are actually encouraging and creating the electronic media market at the local county fair association. So this does not do one thing to promote the racing of horses by the use of public funds.

Representative Long closed on his motion.

Upon a voice vote for the adoption of Attachment #1 as an amendment to SB 703, the motion **passed**.

Representative Long made a motion to report SB 703 as amended favorable for passage. Representative Ramirez made a second to the motion.

One Committee member stated on page 5 of the bill where it talks about final orders and administrative hearings departing from Administrative Procedures. He added that for a matter of policy this Legislature should adopt these changes that allow them to proceed under a different appeals statute from an order of the Commission.

Representative Smith made a substitute motion to strike on page 5 of SB 703, subsection m and n, lines 28 through 36. Representative Charlton made a second to the motion.

Committee discussion was about the Interim Committee's decision several years ago to be sure that this agency was under the KAPA.

On the substitute motion to strike on page 5 of SB 703, subsection m and n, lines 28 through 26, the substitution motion **passed** on a voice vote.

## CONTINUATION SHEET

**MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS**  
room 526-S, Statehouse, at 1:30 p.m. on Saturday, April 11, 1992.

Representative Baker made a motion to change shall to may on line 18th so that it is consistent with line 14, subsection K, SB 703. Representative Empson made a second to the motion.

Representative Smith made a substitute motion to strike all of subsection K, SB 703, on line 12 through line 19, and all of subsection L. Representative Hamilton made a second to the motion, which passed on a voice vote.

Representative Long made a motion to report SB 703 as amended favorable for passage. Representative Douville made a second to the motion. Division is called after voice vote. Upon a show of hands, the motion carries.

### **HB 3205**

Representative Lane made a motion to report HB 3205 favorable for passage. Representative Lawrence made a second to the motion.

One Committee member asked if the Department of Human Resources testify on this or make any comment, and are they aware of the bill. This Committee member expressed concerns about the law regulating private employment agencies, and changing the law to fit one circumstance.

Representative Roy made a substitute motion to table HB 3205. Representative Gilbert made a second to the motion, which failed on a voice vote.

Back on the original motion, motion passed to report HB 3205 favorable for passage.

Chair Sebelius adjourned the meeting.



## Proposed Amendment to S.B. 703

"Sec. 13. K.S.A. 1991 Supp. 74-8823 is hereby amended to read as follows: 74-8823. (a) There is hereby imposed a tax on the gross sum wagered by the parimutuel method as follows:

~~(1) Of the total daily takeout from parimutuel pools for horse races, a tax at the rate of 3/18;~~

~~(2) except as provided by subsection (a)(3), of the total daily takeout from parimutuel pools for greyhound races held at a racetrack facility for the racing of only greyhounds, a tax at the rate of: (A) 3/18 during the first four years when racing with parimutuel wagering is conducted at such facility; (B) 4/18 during the fifth year when racing with parimutuel wagering is conducted at such facility; and (C) 5/18 during the sixth and any subsequent year when racing with parimutuel wagering is conducted at such facility; and~~

~~(3) of the total daily takeout from parimutuel pools for greyhound races held at a dual racetrack facility or at a racetrack facility owned by a licensee whose license authorizes the construction of a dual racetrack facility, a tax at the rate of: (A) 3/18 during the first seven years when racing with parimutuel wagering is conducted at such facility; (B) 4/18 during the eighth and ninth years when racing with parimutuel wagering is conducted at such facility; and (C) 5/18 during the tenth and any subsequent year when racing with parimutuel wagering is conducted at such facility at the rate of 3/18 of the total daily takeout from parimutuel pools.~~

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

(c) The tax imposed by this section shall be remitted to the commission by each organization licensee by the next business day following the day on which the wagers took place. The commission shall promptly remit any such tax moneys received to the state

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treasurer, who shall deposit the entire amount in the state treasury and, except as provided by section 14, credit it to the state racing fund created by K.S.A. ~~1987~~ 1991 Supp. 74-8826 and amendments thereto.

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

New Section 14. (a) The state treasurer shall credit 1/3 of the taxes on the takeout from parimutuel pools for simulcast races, as certified by the executive director, to the county fair horse racing benefit fund, which is hereby created in the state treasury.

(b) Moneys in the county fair horse racing benefit fund shall be expended only for:

(1) Reimbursement of the commission for the cost of stewards and assistant animal health officers performing services at race meetings conducted by county fair associations;

(2) paying the costs of totalisator expenses incurred by organization licensees that are county fair associations;

(3) paying the costs of background investigations of members of county fair associations that are required under the Kansas parimutuel racing act;

(4) purse supplements at race meetings conducted by county fair associations;

(5)} basic operating assistance grants to organization licensees that are county fair associations; and

(6) costs to organization licensees that are county fair associations for employment of key racing officials, as determined by the commission.

(c) The commission shall adopt rules and regulations establishing procedures for distributing moneys in the county fair horse racing benefit fund to county fair associations for the purposes provided by this section.

(d) Expenditures from the county fair horse racing benefit fund related to the conduct of a race meeting shall not be

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allocated to any county fair association for a period exceeding 21 days.

(e) Expenditures from the county fair horse racing benefit fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(f) This section shall be part of and supplemental to the Kansas parimutuel racing act."

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## Proposed Amendment to S.B. 703

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(3) of the total daily takeout from parimutuel pools for greyhound races held at a dual racetrack facility or at a racetrack facility owned by a licensee whose license authorizes the construction of a dual racetrack facility, a tax at the rate of: (A) 3/18 during the first seven years when racing with parimutuel wagering is conducted at such facility; (B) 4/18 during the eighth and ninth years when racing with parimutuel wagering is conducted at such facility; and (C) 5/18 during the tenth and any subsequent year when racing with parimutuel wagering is conducted at such facility.

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

(c) The tax imposed by this section shall be remitted to the commission by each organization licensee by the next business day following the day on which the wagers took place. The commission shall promptly remit any such tax moneys received to the state treasurer, who shall deposit the entire amount in the state

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*Attachment #2*



treasury and, except as provided by section 14, credit it to the state racing fund created by K.S.A. ~~1987~~ 1991 Supp. 74-8826 and amendments thereto.

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

New Section 14. (a) The state treasurer shall credit 1/3 of the taxes on the takeout from parimutuel pools for simulcast races, as certified by the executive director, to the county fair horse racing benefit fund, which is hereby created in the state treasury.

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(c) The commission shall adopt rules and regulations establishing procedures for distributing moneys in the county fair horse racing benefit fund to county fair associations for the purposes provided by this section.

(d) Expenditures from the county fair horse racing benefit fund related to the conduct of a race meeting shall not be allocated to any county fair association for a period exceeding

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21 days.

(e) Expenditures from the county fair horse racing benefit fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(f) This section shall be part of and supplemental to the Kansas parimutuel racing act."