

Approved June 26, 1992

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Sen. Edward F. Reilly, Jr. at 11:00 a.m. on February 13, 1992 in Room 254-E of the Capitol.

All members were present except:
Sen. Daniels was excused

Committee staff present:
Mary Torrence, Office of Revisor of Statutes
Mary Galligan, Legislative Research Department
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:
See attached list for Proponents
Ralph Decker, Executive Director, Kansas Lottery

Others attending: See attached list

Sen. Reilly announced the committee will conduct a hearing on SCR 1632 today and introduced the following proponents:

Rob Gaskell, Chairman, People Against Casinos,
(Attachment 1);
Mr. Gaskell presented a Petition with 1,030 signatures,
opposing casinos;
Ruth Picton, Democratic Committee, Silver Haired
Legislator, (Attachment 2);
Rev. Richard Taylor, Kansans for Life at Its Best,
(Attachment 3);

Sen. Sallee requested to be heard as a proponent and made a statement to the committee, urging it pass SCR 1632. (He did not submit written testimony.) Sen. Reilly stated Mr. Taylor had requested he be shown as a Proponent and Opponent, but he did not present additional testimony as an Opponent.

The Chairman and committee asked questions of Mr. Gaskell, specifically relating to the northeast part of the state and published newspaper polls. Sen. Reilly then introduced Ralph Decker, who provided additional information (Attachment 4) to the committee. The committee discussed that information and questioned Mr. Decker on the relationship of the lottery to casinos and the Indian's involvement in gambling, as well as the impact which the riverboat could have on gambling operations.

Sen. Reilly asked the committee for action on this Resolution, and Sen. Walker stated he was having amendments drafted and requested the committee postpone action on the bill until next week. Sen. Reilly announced the committee will take action on this Resolution on Monday.

Meeting adjourned at 12:00.

(Attach. 1)

13

TESTIMONY TO SENATE JUDICIARY COMMITTEE-----Monday, 2/10/92

By: Rob Gaskell, Chairman
People Against Casinos (N. E. KS ad hoc group)---P.O. Box 294
R. 1 Box 14 Hiawatha, KS 66434
Horton, KS 66439 (my address)

Home # 913-872-3280
Work # 913-872-3212

Represented by: Senate- Don Sallee
House- Joan Adam

Mr. Chairman and distinguished members of the Judiciary Committee:

I come today in support of HR 1632. Under what I would consider normal circumstances, this would indeed be highly unusual for me. I voted in 1986 not to allow the lottery to become part of daily life here in Kansas. It did, however and now it is up to all of us to deal with it. An important first step would be the approval of this resolution.

As never before, the family unit as we have known it has come under attack from all quarters. At home my wife and I try to impress upon our three children that acceptable, right behavior should not be based on that which they see in their peers only.

Likewise the legislature, our elected representatives, hold a responsibility to the people of Kansas. That responsibility includes, wherever possible, the prevention of difficulties experienced in other states, such as New Jersey and Arizona, as well as California in both legalized and reservation type gambling. It is evident through various studies, excerpts of which I have looked at, show that young people far exceed older age groups in susceptibility to the often slick advertising and excitement which goes with it. These studies, conducted by compulsive and pathological gambling

Att. 1
/

councils in New York, Minnesota, and Maryland, shed much needed light on this issue. Some key points are;

- 1) There are somewhere between One and Two Million teenage gambling addicts in this country. These will likely need professional help in quitting.
- 2) St. Johns University sociologist H. Lesieur found that students were eight times more likely, in college to become addicted than adults.
- 3) When alcohol or drugs are used in conjunction with compulsive gambling, and often this is the case, that person is Three Times more likely to physically abuse his or her children.

We have witnessed locally, quite an increase in the level of violence with much of it being domestic-related. Violence in our schools nationwide has many of our teachers and administrators running for cover, or altogether too afraid to teach. One lawmaker has equated this area as being a zoo, recently. Without these new compulsive habits to feed, some additional violence could be prevented.

If Kansas is truly great, and I believe that it is; and if Kansas holds within its borders a quality of life which surpasses that of most other places, which I believe that it does; and we are proud of what Kansas stands for, we should distance ourselves from those things which tear at its very seams.

Kansas is renowned for its places of treatment in response to various ailments and conditions. We have, though, an opportunity through this *resolution* which I have characterized as a positive first step, not only to respond but to lead.


Att. 1
2

Here is the opportune time for us to say loud and clear that this is what we as a state meant by lottery.

It is my strongly held view that given the fact lottery and pari-mutual were all which were legalized in the 1986 amendment, and I.G.R.A. still two years hence, that no one could legally assume casinos to be a possibility at the time of the statewide vote.

Please take this "step in the right direction" by approval of this resolution I respectfully thank you for kind attention, Mr. Chairman, and senators on this committee.

Sincerely,



Robert L. Gaskell

(ATTACH 2)

February 10, 1992

I am Ruth Picton, Hiawatha, Kansas, Route 3.

My Grandfather came to Kansas in the 1860's - a civil engineer who helped to lay out the first railroad into Northeast Kansas and across Brown County. In order to make this a better place to live. He then went back home and married his sweetheart, bringing her back to Brown County to live.

They put their hands to the plow and turned under the sod. Grandfather passed a petition to lay out a school in our community. They then purchased a farm (The farm on which I now live) and raised a family. My father then married my mother. She taught school and gave music lessons at our local school. All to make this a better place to live.

I am chairman of the Brown County Services for the Elderly Board, I am on the Northeast Kansas Area on Aging Board, and I am the Silver Haired Legislator for Brown County. I have been a 4-H Club leader, a Sunday School teacher, and the Democratic Committee woman for Hamlin Township. My husband served on School Boards, my father was on School Boards, and my brother served on School Boards; all to make this a better place to live.

Now, at our back door, the Kickapoo leaders propose to build a casino which would be just over a mile from our High School. God Forbid! Has all our hard work been for naught? I do not believe the Kickapoo children's ancestors would have wished this for their people either.

Att. 2
1

I now have Great Grandchildren. I would like for them to learn the work ethic which made this state great. I want them to get a good education, and to have high goals. We do not need or want gambling, drugs, and crime in our community or in the state of Kansas.

Please! Help us to have a good place to live and raise our families.

We in Brown County are so proud of what we have produced - young people who have aspired to do higher things.

Grandfather

Five Star General Bernard Rogers Chief of Staff for the
Commander of Allied Forces Armed Services

Lt General USAir Force Keith Snyder Pentagon

Dr David Byer M.D. Mayo

Dr Elmer Hinton M.D. Heart Specialist Boston

Dr Joe Meek M.D. K.U. Medical Center also a Dean

Dr Agnes Hinton Ph.D. Bacteriology Cancer Research

Judge Bob Gernon attorney at Law Topeka

Clarence Dimmock attorney at Law, Associate of
John Foster Dulles

Gary Gilbert Engineer in Space Program Houston

Duane Heise Engineer Space Program Cape Kennedy

Dr. Robert Hinton Ph.D. Chemical Engineering Houston

James Kohland Witt Registrar at K.U.

Dale Byer F.B.I. Washington D.C.

major Ronald Meyers U.S. Airforce

Dr Gene Heise Ph.D. Bacteriology

Dr ^{Mike} M.C. Coy M.D. Topeka Orthopedic Surgeon

Dr Stephen Phillips M.D. Denver

Dr Dirk Meyer M.D. Urologist Boston

Mary Ann Eisenbiss - associate Vice Chancellor and
Director of Nursing, K.U. Medical Center

Representative Glee Jones in the Kansas Legislature

Att. 2

2

Marshall Mc Williams, Bell Telephone Official, C^o.
C^o.
C^o.
C^o.

Lawrence Fuvozel B.S., Internal Revenue

Capt. Jim Meyer, Annapolis (Navy)

Dr Arnold Dowell M.D., Omaha

Dr Thomas Duckett M.D., Optometrist

Dr. David Lambertson Phd. Ambassador, Thailand

Dr. Lane Sunderland Phd. National Education Chairman
Centennial Congress

Dr Robert Hoban D.D.S. Falls City, Nebr.

Dr John Hoban D.D.S. Wymore, Nebr.

Harold Sweezy Dr. Divinity

Thomas Shannon Dr. Divinity

Dean Schowengert Dr. Divinity Missionary South Korea

Gerald Paul Stone Phd Electrical Engineer
Installation Nuclear Powered Electrical
Plants

Floyd Lambertson Shaffer, attorney at Law Chicago

Dr Allan Weide, M.D. Zoologist

Dr James Schroff, M.D.

Larry Milne, Dean School Pharmacology Fayette, Ark.

Bernard Martin, Artist

William Martin, Educator of the Decade, Reading Association

Diles Lambertson Editor and Chief, Charlotte North Carolina
News paper

Dr Stewart M.D. Highland, Harry Truman's personal physician

Dr Morris Jones Phd. Speech Therapy and an Author

Att. 2
3

Wendell Byer Inspector and Built Guided Missile (Con in co.)
Dr Barbara Lukert M.D. K.U. Medical Center
Dr Ketter M.D. Hiawatha
Dr Larson M.D. Hiawatha

Charles Thomas, Secret Service. for Pres of U.S. (Body Guard)

Jack Weaver Chicago Board of Trade

Eric Dussing, Teacher K. U.

and of course a former Governor of Kansas.

Gov. Merrill

and Congressmen -

William F. Lamberson

Howard S. Miller

There so many more - Nurses, Teachers,

Highway Patrolmen and the list goes

on and on. People on the front lines

of Society trying to help make for a

better World.

This rural community is away from the big
City problems; where a young person can grow
up without the influences to be pulled down and
away, from ideals and standards; so ^{that} they can
aspire to Great things. "We don't need Casinos".

Senate Resolution 1632

Att. 2

(Attach. 3)

February 13, 1992 11:00 a.m.
Hearing on SCR 1632
Senate Federal & State Affairs Committee

Rev. Richard Taylor
KANSANS FOR LIFE AT ITS BEST

If this measure will help prevent casino gambling all over Kansas, please approve it quickly. Look at the map of Minnesota. Do we want casinos at Garden City, Goodland, Wichita, Salina, Topeka, Lawrence, Kansas City, and any other place Indians choose to buy land?

Bingo gambling was a step in the wrong direction. Parimutuel gambling was a bigger step in the wrong direction. Our current lottery was our biggest step in the wrong direction. Casino gambling will cause more social, personal, and economic suffering than caused by all three of our current forms of gambling.

In 1982 when parimutuel gambling was being promoted in Minnesota, Catholic Bishops there presented a three page detailed study and said, "A society experiences social decay with the legalization of gambling. Such decay affects all of us and the duty to respond to this erosion cannot be dismissed as a responsibility of others."

Time magazine has explained how teen age addiction to gambling will soon be a greater problem for youth than alcohol and other drug addiction has been. Why? Because lawmakers promote gambling as a "normal form of entertainment."

Some believe rape and prostitution are normal forms of entertainment. Like gambling, prostitution is a dirty business, not matter how clean the operation.

We have tried to get the 1986 lottery amendment to the Kansas Supreme Court for a declaratory judgment. We do not have standing.

Kansas could have been spared this problem with casino gambling if ONE more Representative OR ONE more Senator had voted for the CONSTITUTIONAL sunset of the lottery in 1990. I pleaded with lawmakers that session to let the lottery die an unmourned death so casino gambling could never come to Kansas unless voted in by the people.

Lawmakers laughed at me. In scorn and ridicule they said casinos will never be promoted in Kansas.

The Attorney General could have spared us this problem with casino gambling if his opinions would have said, "Since 1861, lottery has been interpreted by the courts to technically include every form of gambling. But in 1986, legislative intent and the common understanding of the masses was for a Genoese or numerical lottery only."

Please read my letter of December 20, 1991, to members of the Kansas Legislature.

Because more gambling will bring more personal, social, and economic decay to Kansas, we must fight casino gambling from every direction.

- (1) SB 521 defines what the legislature and people thought they were approving in 1986.
- (2) Change sales tax from 4.25 to 4.35¢ on the dollar OR change income, beer, cigarette, or any other tax to raise \$21 million yearly, sunset the lottery, no longer take \$84 million from the public in order to distribute \$21 million, and get Kansas out of the gambling business. State-owned and operated casinos would not longer be legal.
- (3) Demand the Attorney General ask for a court ruling on the 1986 amendment. If the court rules a Genoese or numerical lottery was approved and nothing more, state-owned and operated casinos have NEVER been legal in Kansas.
- (4) If SCR 1632 will help keep casino gambling out of Kansas, pass it quickly but delete lines 40-43. Only a society in social decay would encourage more people to lose more money gambling so education could have a few pennies more. If ALL current lottery revenue of \$20 million were earmarked for education, that is but a drop in the bucket!

Att. 3
/

Compulsive Gambling: Addiction Without Drugs

By Sheila B. Blume, MD

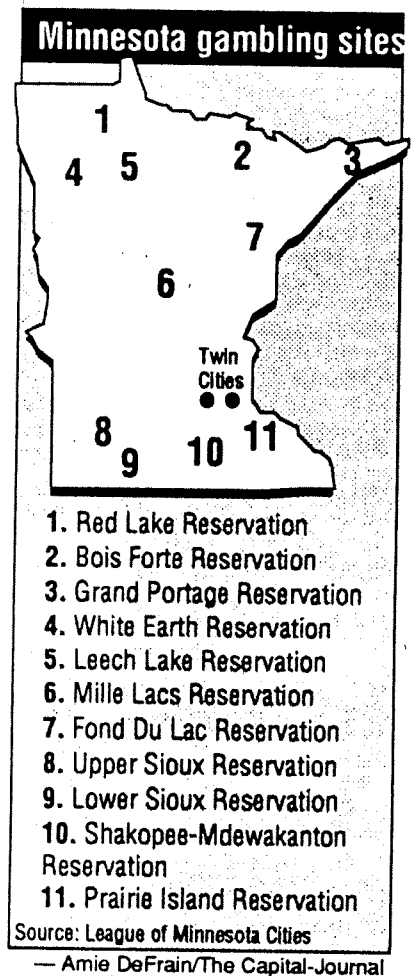
Frank nearly died of gambling. He had gone to the roof of his office building and made a survey of the best possible place for a jump. If he didn't win at the casino tonight, he would kill himself tomorrow. In the end, he did neither. Instead he found a way out through treatment and Gamblers Anonymous.

Frank is a married corporate lawyer with three children. He grew up in a middle-class neighborhood, where he placed bets on sporting events in school. He was a natural leader with a flair for business. He was soon running betting pools in his high school, earning enough to buy whatever he liked. Throughout college and law school a trip to the race track or casino continued to be a welcome relief from tension. After graduation he slowly began to feel that he needed to bet more, more often, and at higher odds. He always dwelt on his wins and explained away his much greater losses, even as he began to borrow heavily to cover them. It didn't really matter; he was sure he would win the money back.

As his marriage began to disintegrate and he had more and more trouble keeping up with his work, he found that he really felt himself only while "in action." Of course he had his gambling under control. He stopped for short periods to prove it. But he was restless, he slept poorly, and he had vague chest pains and an "irritable bowel." Finally his losses became so great he could no longer deny them. He began to embezzle from accounts he managed at his law firm, although he felt guilty and hated himself for it. Life had become a nightmare both for him and for his family.

The problem gambler usually starts betting during adolescence for pleasure and often wins at first. (Women, who account for only a third of compulsive gamblers, tend to start later in life than men, often because they are seeking escape from a specific problem, such as marriage to an alcoholic or abusive husband.) In about half of cases the habit intensifies after a big win—one equivalent to half-a-year's income or more. Self-esteem comes to depend more and more on making smart or lucky bets. It gradually takes more and more betting to produce the desired relief or euphoria. Much time and effort are devoted to handicapping, studying the sports page, or following the stock market. The gambler spends less and less time at work and with friends and family.

Pathological gamblers make excuses for their losses or even deny them. A large loss of the kind any gambler should expect is an intolerable injury to their self-esteem, and they stake more and more to recoup. Losses increase erratically; the gambler's mood follows his luck, with ups and downs that can be compared to the alternating depression and hypomania of bipolar disorder. The gambler's family life and work situation deteriorate as debt grows and personal possessions, savings, and legitimate loan sources are exhausted. Lying, embezzlement, and forgery are rationalized. Eventually the gambler may ask for a "bailout," a large loan or gift to pay off debts, usually in return for a promise to give up gambling. Like detoxification without rehabilitation for a heroin addict, the bailout merely enables the addiction to renew itself and continue.



Att. 3
2

The Rise of Teenage Gambling

A distressing number of youths are bitten early by the betting bug

By RICARDO CHAVIRA WASHINGTON

Amid the throngs of gamblers in Atlantic City, Debra Kim Cohen stood out. A former beauty queen, she dropped thousands of dollars at blackjack tables. Casino managers acknowledged her lavish patronage by plying her with the perks commonly accorded VIP customers: free limo rides, meals, even rooms. Cohen, after all, was a high roller. It apparently did not disturb casino officials that she was also a teenager and—at 17—four years shy of New Jersey's legal gambling age.

Finally, Kim's father, Atlantic City de-

on Problem Gambling, based in New York City. "Now we are finding that adolescent compulsive gambling is far more pervasive than we had thought."

Just 10 years ago, teenage gambling did not register even a blip on the roster of social ills. Today gambling counselors say an average of 7% of their case loads involve teenagers. New studies indicate that teenage vulnerability to compulsive gambling hits every economic stratum and ethnic group. After surveying 2,700 high school students in four states, California psychologist Durand Jacobs concluded that students are 2½ times as likely as adults to be-

bookies threatened me. One said he would cut off my mother's legs if I didn't pay." Still Greg continued to gamble. Now 23, he was recently fired from his job after his employer caught him embezzling.

Why does gambling fever run so high among teens? Researchers point to the legitimization of gambling in America, noting that it is possible to place a legal bet in every state except Utah and Hawaii. Moreover, ticket vendors rarely ask to see proof of age, despite lottery laws in 33 states and the District of Columbia requiring that customers be at least 18 years old. "You have state governments promoting lotteries," says Valerie Lorenz, director of the National Center for Pathological Gambling, based in Baltimore. "The message they're conveying is that gambling is not a vice but a normal form of entertainment." Researchers also point to unstable families, low self-esteem and a societal obsession with money. "At the casinos you feel very important," says Rich of Bethesda, Md., a young recovering addict. "When you're spending money at the tables, they give you free drinks and call you Mister."

Efforts to combat teen problem gambling are still fairly modest. Few states offer educational programs that warn young people about the addictive nature of gambling; treatment programs designed for youths are virtually nonexistent. In Minnesota, where a study found that more than 6% of all youths between 15 and 18 are problem gamblers, \$200,000 of the expected income from the state's new lottery will go toward a youth-education campaign. That may prove to be small solace. Betty George, who heads the Minnesota Council on Compulsive Gambling, warns that the lottery and other anticipated legalized gambling activities are likely to spur youth gambling.

Security guards at casinos in Atlantic City and Nevada have been instructed to be on the alert for minors. But it is a daunting task. Each month some 29,000 underage patrons are stopped at the door or ejected from the floors of Atlantic City casinos. "We can rationally assume that if we stop 29,000, then a few hundred manage to get through," says Steven Perskie, chairman of New Jersey's Casino Control Commission. Commission officials say they may raise the fines imposed on casinos that allow customers under 21 to gamble.

Counselors fear that little will change until society begins to view teenage gambling with the same alarm directed at drug and alcohol abuse. "Public understanding of gambling is where our understanding of alcoholism was some 40 or 50 years ago," says psychologist Jacobs. "Unless we wake up soon to gambling's darker side, we're going to have a whole new generation lost to this addiction."

SHE'S
ONLY SIXTEEN.
SHE
DOESN'T DO DRUGS.
BUT SHE
DOES HAVE A DEALER.

TWENTY-ONE IS NOT JUST A GAME, IT'S THE LAW

PLEASE ASK TO SEE A LICENSE. IF YOU DON'T WE COULD LOSE OURS.



THE ADVERTISING BALTIMORE

Harrah's

21

In Atlantic City, billboards warn parents and youths of the lurking danger

Of the estimated 8 million compulsive gamblers in America, fully 1 million are teenagers.

tective Leonard Cohen, complained to authorities. Kim was subsequently barred from casinos. But by then the damage had been done. "She was an addicted gambler," Cohen says of his daughter. Moreover, Kim had squandered all her money, including funds set aside for college. Officials at the five casinos where she gambled claimed that her case was an anomaly.

On the contrary, Kim's sad case is only too common. Gambling researchers say that of the estimated 8 million compulsive gamblers in America, fully 1 million are teenagers. Unlike Kim, most live far from casinos, so they favor sports betting, card playing and lotteries. Once bitten by the gambling bug, many later move on to casinos and racetrack betting. "We have always seen compulsive gambling as a problem of older people," says Jean Falzon, executive director of the National Council

come problem gamblers. In another study, Henry Lesieur, a sociologist at St. John's University in New York, found eight times as many gambling addicts among college students as among adults.

Experts agree that casual gambling, in which participants wager small sums, is not necessarily bad. Compulsive betting, however, almost always involves destructive behavior. Last fall police in Pennsauken, N.J., arrested a teenage boy on suspicion of burglary. The youth said he stole items worth \$10,000 to support his gambling habit. Bryan, a 17-year-old from Cumberland, N.J., recently sought help after he was unable to pay back the \$4,000 he owed a sports bookmaker. Greg from Philadelphia says he began placing weekly \$200 bets with bookies during his sophomore year in college. "Pretty soon it got to the point that I owed \$5,000," he says. "The

A.H. 3
3

Is it right for casino gambling to come to Kansas without a vote of the people?

Is it right for the Attorney General and the Governor to go all out promoting casino gambling and never question if it should first be knowingly approved by the people? Because "state-owned and operated lottery" technically includes all forms of gambling, our Attorney General and Governor claim state-owned and operated casinos are legal.

Did the Revisor of Statutes office in 1986 know the constitutional amendment approved STATE-OWNED AND OPERATED CASINOS? If so, who did they tell?

Did one reporter in 1986 tell one newspaper that the constitutional amendment approved STATE-OWNED AND OPERATED CASINOS?

Did one lawmaker in 1986 know the constitutional amendment approved STATE-OWNED AND OPERATED CASINOS? If so, who was that lawmaker?

Did the Attorney General in 1986 know the constitutional amendment approved STATE-OWNED AND OPERATED CASINOS? If so, why was he silent?

Did the Governor in 1986 know the constitutional amendment approved STATE-OWNED AND OPERATED CASINOS? Was he ignorant of that fact?

686

Last Summer I found this in Black's Law Dictionary, Sixth Edition, 1990.

Genoese lottery /jènówiyz lóteri/. Also known as the "numerical" lottery. As distinguished from the "class" lottery (see the title Dutch lottery), it is a scheme by which, out of 90 consecutive numbers, five are to be selected or drawn by lot. The players have fixed on certain numbers, wagering that one, two, or more of them will be drawn among the five, or that they will appear in a certain order.

This sounds close to what Kansas lawmakers and voters understood when the word "lottery" was used in 1986. News stories promoted what was a "numerical" lottery.

For those who love Kansas more than they love casino gambling, do we have these options?

1. Let our state-owned and operated lottery die an unmourned death in 1992. The Indian Gaming Regulatory Act permits every form of gambling on Indian lands located in any state which "permits such gaming." If STATE-OWNED AND OPERATED CASINOS are no longer legal in Kansas, can they be permitted on Indian land?

2. Take the issue to the Kansas Supreme Court. The Court has ruled many times that constitutional provisions are restricted to permitting that which conforms with the common understanding of the masses when they adopted the amendment.

VOL. 225

JULY TERM, 1978

21

State *ex rel.* Schneider v. Kennedy

Courts do not strike down legislative enactments on the mere ground they fail to conform with a strictly legalistic definition on technically correct interpretation of constitutional provisions. The test is rather whether the legislation conforms with the common understanding of the masses at the time they adopted such provisions and the presumption is in favor of the natural and popular meaning in which the words were understood by the adopters. *Hunt v. Eddy*, 150 Kan. at 2, Syl. ¶ 6; *Leek v. Theis*, 217 Kan. at 793; *State, ex rel., v. Highwood Service, Inc.*, 205 Kan. 821, 825, 473 P.2d 97 (1970); *Wall v. Harrison*, 201 Kan. 600, 603, 443 P.2d 266 (1968); *Higgins v. Cardinal Manufacturing Co.*, 188 Kan. 11, 360 P.2d 456 (1961).

Do you think these are valid options? Can you support these options? Do you love Kansas more than gambling revenue?

Respectfully yours,
Richard Taylor

Att. 3
4

(Attach. 4)



Joan Finney
Governor

Kansas Lottery

Ralph W. E. Decker
Executive Director

LOTTERY FACTS -- FROM DAY 1

1. The Kansas Lottery was voted in on November 11, 1986, with 64% of the Kansas voters approving.
2. Majority approved in 90 of the states 105 counties.
3. Governor signed into law on March 12, 1987.
4. Director appointed on April 16, 1987.
5. Kick-off of the Kanss Lottery was November 12, 1987.
6. Sales (See Attached Figures)

Att. 4
1

KANSAS LOTTERY

To Date Activity 01/31/92

Net Sales

FY 88	\$65,804,532
FY 89	68,188,022
FY 90	64,530,640
FY 91	70,340,632
FY 92	<u>45,086,384</u>
To Date Total	\$313,950,210

Retailer Commissions

FY 88	\$3,618,110
FY 89	3,602,985
FY 90	3,318,244
FY 91	3,665,904
FY 92	<u>2,384,325</u>
To Date Total	\$16,589,568

Game Prizes

FY 88	\$30,123,006
FY 89	33,755,427
FY 90	28,941,942
FY 91	33,048,686
FY 92	<u>21,361,081</u>
To Date Total	\$147,230,142

Transfers To State

FY 88 *	\$11,343,321
FY 89	24,500,950
FY 90	19,259,917
FY 91	21,096,425
FY 92	<u>13,525,915</u>
To Date Total	\$89,726,529

* Includes \$2,843,321 Loan & Interest Payback

FY 91 & 92 UNAUDITED

Projected Sales & Transfers

Through Fiscal Year 1992

Sales	\$343,863,826
Transfers	98,700,614

Att. 4
2

FY '92 LOTTERY SALES - KANSAS

WEEK	INSTANT LESS FREE TICKETS	PULLTABS	ON-LINE TICKETS	TOTAL SALES FOR WEEK
<i>July 1 - July 6</i>	\$227,325	\$23,724	\$788,045	\$1,039,094
<i>July 7 - July 13</i>	\$449,817	\$41,940	\$1,218,588	\$1,710,345
<i>July 14 - July 20</i>	\$752,710	\$34,416	\$606,255	\$1,393,381
<i>July 21 - July 27</i>	\$905,295	\$32,040	\$748,641	\$1,685,976
<i>July 28 - August 3</i>	\$410,503	\$39,312	\$655,020	\$1,104,835
<i>Aug 4 - Aug 10</i>	\$557,400	\$33,744	\$611,803	\$1,202,947
<i>Aug 11 - Aug 17</i>	\$515,716	\$34,464	\$702,157	\$1,252,337
<i>Aug 18 - Aug 24</i>	\$892,073	\$34,248	\$675,780	\$1,602,101
<i>Aug 25 - Aug 31</i>	\$1,100,726	\$48,540	\$710,139	\$1,859,405
<i>Sept 1 - Sep 7</i>	\$333,454	\$28,236	\$749,428	\$1,111,118
<i>Sept 8 - Sept 14</i>	\$545,785	\$40,123	\$807,432	\$1,393,340
<i>Sept 15 - Sept 21</i>	\$740,457	\$40,908	\$939,360	\$1,720,725
<i>Sept 22 - Sept 28</i>	\$917,137	\$44,184	\$1,233,842	\$2,195,163
<i>Sept 29 - Oct 5</i>	\$357,165	\$47,562	\$591,280	\$996,007
<i>Oct 6 - Oct 12</i>	\$570,241	\$47,304	\$618,515	\$1,236,060
<i>Oct 13 - Oct 19</i>	\$537,460	\$40,332	\$656,336	\$1,234,128
<i>Oct 20 - Oct 26</i>	\$547,293	\$41,802	\$714,396	\$1,303,491
<i>Oct 27 - Nov 2</i>	\$486,435	\$38,454	\$704,713	\$1,229,602
<i>Nov 3 - Nov 9</i>	\$1,055,801	\$44,208	\$870,164	\$1,970,173
<i>Nov 10 - Nov 16</i>	\$847,382	\$36,360	\$1,153,014	\$2,036,756
<i>Nov 17 - Nov 23</i>	\$793,875	\$40,950	\$1,922,709	\$2,757,534
<i>Nov 24 - Nov 30</i>	\$231,680	\$22,620	\$662,991	\$917,291
<i>Dec 1 - Dec 7</i>	\$764,066	\$41,202	\$763,348	\$1,568,616
<i>Dec 8 - Dec 14</i>	\$981,915	\$40,530	\$737,563	\$1,760,008
<i>Dec 15 - Dec 21</i>	\$1,098,968	\$39,204	\$639,410	\$1,777,582
<i>Dec 22 - Dec 28</i>	\$178,415	\$17,592	\$621,183	\$817,190
<i>Dec 29 - Jan 4 '92</i>	\$597,920	\$37,860	\$774,871	\$1,410,651
<i>Jan 5 - Jan 11</i>	\$605,818	\$49,044	\$899,594	\$1,554,456
<i>Jan 12 - Jan 18</i>	\$624,915	\$43,530	\$657,823	\$1,326,268
<i>Jan 19 - Jan 25</i>	\$687,902	\$30,636	\$912,104	\$1,630,642
<i>Jan 26 - Feb 1</i>	\$1,023,783	\$42,192	\$744,728	\$1,810,703
<i>Feb 2 - Feb 8</i>	\$473,333	\$51,888	\$883,781	\$1,409,002
<i>Feb 9 - Feb 15</i>	\$573,147	\$49,824	\$869,437	\$1,492,408
FY TOTAL	\$21,385,912	\$1,278,973	\$26,844,450	\$49,509,335

Less 6% Instant \$48,226,180

Total projected for Full FY \$75,992,769

Att. 4
3

Kansas Lottery Winner Update
 January 31, 1992

	#Winners	\$ Amount WON
Instant/Pull-Tabs	39,465,301	90,770,192
Online	1,313,787	59,514,567
	-----	-----
	40,779,088	150,284,759
Lotto*America	8	90,420,000
	-----	-----
Total Won in Kansas	40,779,096	\$240,704,759

Average:	#	\$
Annual	10,194,774	60,176,190
Monthly	849,565	5,014,682
Weekly	212,391	1,253,671
Daily	30,342	179,096

=====

Roughly 10% of the total claims are processed by
 the Lottery which equates to 4,077,910 claims
 processed by the Lottery since November 1987.

Att. 4
 4

Joan Finney
Governor



Kansas Lottery

Ralph W. E. Decker
Executive Director

Kansas Lottery
Listing of Audits, Studies and Reviews
October 23, 1991

Financial and Compliance Audits (Agency)

- FY 1987 - Legislative Division of Post Audit
- FY 1988 - Arthur Andersen & Co
- FY 1989 - Arthur Andersen & Co
- FY 1990 - Wendling, Noe, Nelson and Johnson
- FY 1991 - Arthur Andersen & Co

Financial and Compliance Audits (Statewide)

- FY 1989 - Arthur Andersen & Co
- FY 1990 - Arthur Andersen & Co
- FY 1991 - Arthur Andersen & Co

Special Studies

- March 1988 - Ernst & Young
- April 1990 - Myers & Stauffer

Performance Audits (Various subject matter)

- April 1988 - Legislative Division of Post Audit
- January 1989 - Legislative Division of Post Audit
- February 1990 - Legislative Division of Post Audit

Security Audits

- February 1989 - Battelle
- February 1990 - Battelle
- August 1991 - Battelle

Many questions have been asked regarding the use of the money. Below is a detailed breakdown of allocations from the Economic Development fund for the 1992 fiscal year.

Department of Commerce	
State Operations	4,325,504
Work Force Training Programs	2,250,000
Certified Development Companies (such as SCKEDD)	475,000
Small Business Development Centers	325,000
Trade Show Assistance	200,000
Community Planning Grants	445,000
Kansas Technology Enterprise Corporation	
Operations and Assistance (Includes funding for the Centers of Excellence at the universities)	7,024,015
Agriculture Value Added Centers	647,765
Kansas Arts Commission	
Programming Grants	620,734
State Historical Society	
Humanities Grant	65,000
Historic Site Improvements	80,000
Board of Agriculture — Marketing Program	225,000
State Fair — Capital Improvements	100,000
Department of Wildlife and Parks	
Hillsdale Park Development	410,000
Land Acquisitions	90,000
Park Maintenance	150,000
State Water Plan Fund	2,000,000
Public Broadcasting Commission	
KHCC Expansion	68,000
Department of Revenue	
County Reappraisal Aid	3,000,000
Department of Education	
At Risk and Innovative Program Assistance	1,000,000
At Risk Academy	50,000
Kansas Cultural Heritage and Arts Centers	25,000
Vocational Education Capital Outlay	1,000,000
Vocational Education School Aid	500,000
Technology Innovation and Internship Program	500,000
Kansas Foundation for Agriculture	29,000
Kansas, Inc. — Salaries and Wages	99,462
Animal Health Dept. — State Operations	50,000
Kansas State University — Cooperative Extension	1,000,000
Total Allocations	26,754,480

**COST ANALYSIS OF INITIATING A
STATE-OWNED VIDEO LOTTERY OPERATION**

Central Site Computer		\$1,500,000
Purchase of VLT's (8,000)		48,000,000
Installation of Lines/system (online)		3,420,000
Additional Personnel:		958,000
Security (8)	240,000	
Accounting (5)	125,000	
Data Processing (8)	176,000	
Service Reps (15)	300,000	
Administrative (4)	117,000	
Additional Office/Warehouse Space *		500,000
Transportation for Service Reps		<u>250,000</u>
Initial Investment of State		\$54,628,000

* Additional Space Requirements:

- 1) Warehousing VLT inventory
- 2) Lab for testing VLT's before placement
- 3) Office space for additional staff



MOST COMMONLY ASKED QUESTIONS ABOUT SOUTH DAKOTA VIDEO LOTTERY



What are video lottery games?

Video lottery games are coin-operated games of chance played on a video screen.

When did Video Lottery start in South Dakota?

Although video lottery is a new lottery product, video gaming is not new to South Dakota. Video amusement machines offering similar games existed in virtually every community in the state. Commonly referred to as "gray machines," they were legal, provided no monetary prizes were awarded for credits won. The video lottery legislation became effective on July 1, 1989, and prohibited all "gray machines" previously operating in the state. The games began operation on October 16, 1989.

How much does it cost to play?

Quarter machines are currently authorized. Players can wager a minimum of 25 cents per game.

What is the maximum amount a player can bet?

The maximum bet that may be placed on a video lottery machine is \$2.00 per game.

How much can I win?

The maximum payout per game is \$1,000. The vast majority of prizes are paid in smaller amounts.

What types of games are available?

The games currently authorized by the Lottery Commission include draw poker, keno, blackjack and bingo.

Do the machines dispense cash?

No. Players can win credits redeemable for cash or free games. Video lottery machines are not slot machines in that they do not directly dispense money to winners. Winning video lottery players can press a button on each machine to print a voucher showing the number of credits won and the dollar amount of those credits to be paid by the retailer.

Who pays the winners?

The retailer where the machines are located is responsible for paying the winners.

Where can the games be played?

Video lottery machines are located in establishments licensed for the on-sale consumption of alcoholic beverages, including both liquor, wine and malt beverages.

What is the payout on video lottery games?

The minimum prize payout percentage is guaranteed to be at least 80%.

What about security?

As with other Lottery games, security is a top priority with South Dakota video lottery. Every manufacturer, distributor, operator and establishment applying for a license must pass stringent background and credit checks before being granted a license. The video lottery machines themselves undergo thorough testing procedures to ensure randomness of play and compliance with all game requirements. Each video lottery machine is connected to a central computer system which polls each machine daily for auditing and security compliance purposes.

What is the state's share of video lottery proceeds?

The Lottery is charged to maximize revenues to the state from net machine income (money put into a video lottery machine minus credits paid out in cash). The state's percentage of net machine income is established by the Lottery Commission at 25%.

What other games does the lottery offer?

Instant scratch and Lotto*America are also available.

How much revenue has been generated by video lottery?

In the first fiscal year, (10-16-89 to 6-30-90) video lottery generated \$10.4 million for the state general fund. In fiscal year 1991, video lottery has generated \$25.1 million for the state general fund.

Att 4
8

USA Today
2/6/92

COMMENT

Gambling offers escape from poverty

Let Indians help themselves by opening casinos on reservations.

Something miraculous and long overdue is happening for American Indians: self-sufficiency, stronger tribal governments and economic and social security.

These are the benefits from the growing success of Indian gaming, an emerging industry that in some states even competes with the glamour of Las Vegas and Atlantic City. If properly nurtured, it will provide part of the solution to decades of reservation poverty and dependence on taxpayer-funded assistance.

But even as new Indian bingo halls and casinos are being built to attract visitors and the revenue to fuel economic development, a threat is emerging: A small but growing chorus, presumably including competing non-Indian gaming interests, is clouding the issue with charges that tribal governments are somehow less competent to run their own affairs free of corruption than their non-Indian counterparts.

One widely read syndicated columnist opined that tribes are being "victimized and corrupted by promoters of organized gambling." A TV network asserted that reservation gaming successes are atypical, that shadowy figures are infiltrating tribal casinos and that tribes themselves seldom benefit from gaming proceeds. A Los Angeles Times story picked up by the wire services noted Chicago mafia figures were arrested and charged with trying to infiltrate a California Indian casino operation.

Only in the last paragraph did readers learn the attempt was unsuccessful; they never learned that tribal officials played an active role in preventing the infiltration.

The column cited no evidence. The TV report made broad generalizations relying on isolated events.

None of the stories offered Indian



LADY LUCK: The Jackpot Junction Casino in Morton, Minn., draws 20,000 people a week. Indian gaming also drew a congressional hearing this week.

gaming leaders from such reports create the impression, intended or not, that tribes need to be protected from corrupting influences that organized crime is invading Indian casinos and that reservation residents are gaining little. The stories are invariably written by non-Indians. At best they are misleading. At worst, they could seriously undermine the successes achieved by tribal governments reaching for self-sufficiency.

Non-Indian gaming recognized its interests were not well served by the involvement of criminal elements. It has worked with some success to clean up the industry. Can't non-Indians credit Indians with having the same common sense?

The history of non-Indian gaming shows that criminal elements are attracted to the gaming industry, it would be unreasonable to expect that reservation gaming could re-



By Duane Braley
Leonard Prescott, chairman of the National Indian Gaming Association and former tribal chairman of the Shakopee Mdewakanton Sioux

main absolutely unassailable. But we know it is in our interest to keep criminal elements out, and the overwhelming majority of tribal gaming operations are clean, honest and free of criminal elements. Tribal governments have sovereign power to regulate gaming on tribal lands. In most cases, their efforts are as good or better than those in surrounding states.

Finally, those who suggest gaming proceeds are not reaching reservation residents are either disingenuous or they have simply failed to look. The benefits of Indian gaming are plain for all who care to see.

In fact, the real story is that Indian gaming is working exceedingly well. From California to Minnesota to Florida, tribes are using gaming proceeds to create police and fire departments, subsidize new housing, build medical facilities, develop educational opportunities and eliminate joblessness. Roads are being paved, water and sewer lines built and, not least of all, neighboring communities are benefiting from tourism.

Indian gaming is rapidly maturing. It is well run and getting better. The vast majority of reservation residents and their neighbors are direct beneficiaries. Reports that miss these facts are missing the obvious. And one can't help but wonder why

A.T.T. 4
9

R. Deck 3

KANSAS VIDEO LOTTERY REVENUES ESTIMATES

ANNUAL: (Full 12 Months)	Prop 1		Prop 2	
Projected Net Revenue	180,438,414		180,438,414	
State Share	54,131,524	30%	72,175,366	40%
<u>Operators Share</u>	72,175,366	40%	54,131,524	30%
Retailers Share	54,131,524	30%	54,131,524	30%

Balance is the same as before

=====

First Year (9 months)	Prop 1		Prop 2	
Projected Net Revenue	135,328,811		135,328,811	
State Share	40,598,643	30%	54,131,524	40%
Operators Share	54,131,524	40%	40,598,643	30%
Retailers Share	40,598,643	30%	40,598,643	30%

FY '92 LOTTERY SALES - KANSAS

WEEK	INSTANT LESS FREE TICKETS	PULLTABS	ON-LINE TICKETS	TOTAL SALES FOR WEEK
<i>July 1 - July 6</i>	\$227,325	\$23,724	\$788,045	\$1,039,094
<i>July 7 - July 13</i>	\$449,817	\$41,940	\$1,218,588	\$1,710,345
<i>July 14 - July 20</i>	\$752,710	\$34,416	\$606,255	\$1,393,381
<i>July 21 - July 27</i>	\$905,295	\$32,040	\$748,641	\$1,685,976
<i>July 28 - August 3</i>	\$410,503	\$39,312	\$655,020	\$1,104,835
<i>Aug 4 - Aug 10</i>	\$557,400	\$33,744	\$611,803	\$1,202,947
<i>Aug 11 - Aug 17</i>	\$515,716	\$34,464	\$702,157	\$1,252,337
<i>Aug 18 - Aug 24</i>	\$892,073	\$34,248	\$675,780	\$1,602,101
<i>Aug 25 - Aug 31</i>	\$1,100,726	\$48,540	\$710,139	\$1,859,405
<i>Sept 1 - Sep 7</i>	\$333,454	\$28,236	\$749,428	\$1,111,118
<i>Sept 8 - Sept 14</i>	\$545,785	\$40,123	\$807,432	\$1,393,340
<i>Sept 15 - Sept 21</i>	\$740,457	\$40,908	\$939,360	\$1,720,725
<i>Sept 22 - Sept 28</i>	\$917,137	\$44,184	\$1,233,842	\$2,195,163
<i>Sept 29 - Oct 5</i>	\$357,165	\$47,562	\$591,280	\$996,007
<i>Oct 6 - Oct 12</i>	\$570,241	\$47,304	\$618,515	\$1,236,060
<i>Oct 13 - Oct 19</i>	\$537,460	\$40,332	\$656,336	\$1,234,128
<i>Oct 20 - Oct 26</i>	\$547,293	\$41,802	\$714,396	\$1,303,491
<i>Oct 27 - Nov 2</i>	\$486,435	\$38,454	\$704,713	\$1,229,602
<i>Nov 3 - Nov 9</i>	\$1,055,801	\$44,208	\$870,164	\$1,970,173
<i>Nov 10 - Nov 16</i>	\$847,382	\$36,360	\$1,153,014	\$2,036,756
<i>Nov 17 - Nov 23</i>	\$793,875	\$40,950	\$1,922,709	\$2,757,534
<i>Nov 24 - Nov 30</i>	\$231,680	\$22,620	\$662,991	\$917,291
<i>Dec 1 - Dec 7</i>	\$764,066	\$41,202	\$763,348	\$1,568,616
<i>Dec 8 - Dec 14</i>	\$981,915	\$40,530	\$737,563	\$1,760,008
<i>Dec 15 - Dec 21</i>	\$1,098,968	\$39,204	\$639,410	\$1,777,582
<i>Dec 22 - Dec 28</i>	\$178,415	\$17,592	\$621,183	\$817,190
<i>Dec 29 - Jan 4 '92</i>	\$597,920	\$37,860	\$774,871	\$1,410,651
<i>Jan 5 - Jan 11</i>	\$605,818	\$49,044	\$899,594	\$1,554,456
<i>Jan 12 - Jan 18</i>	\$624,915	\$43,530	\$657,823	\$1,326,268
<i>Jan 19 - Jan 25</i>	\$687,902	\$30,636	\$912,104	\$1,630,642
<i>Jan 26 - Feb 1</i>	\$1,023,783	\$42,192	\$744,728	\$1,810,703
<i>Feb 2 - Feb 8</i>	\$473,333	\$51,888	\$883,781	\$1,409,002
FY TOTAL	\$20,812,765	\$1,229,149	\$25,975,013	\$48,016,927
			Less 6% Instant	\$46,768,161
			Total projected for Full FY	\$75,998,262

Att. 4
//

KANSAS LOTTERY

To Date Activity 01/31/92

Net Sales

FY 88	\$65,804,532
FY 89	68,188,022
FY 90	64,530,640
FY 91	70,340,632
FY 92	<u>45,086,384</u>
To Date Total	\$313,950,210

NOV 12, 1991
[Signature]
[Signature]

Retailer Commissions

FY 88	\$3,618,110
FY 89	3,602,985
FY 90	3,318,244
FY 91	3,665,904
FY 92	<u>2,384,325</u>
To Date Total	\$16,589,568

Game Prizes

FY 88	\$30,123,006
FY 89	33,755,427
FY 90	28,941,942
FY 91	33,048,686
FY 92	<u>21,361,081</u>
To Date Total	\$147,230,142

Transfers To State

FY 88 *	\$11,343,321
FY 89	24,500,950
FY 90	19,259,917
FY 91	21,096,425
FY 92	<u>13,525,915</u>
To Date Total	\$89,726,529

* Includes \$2,843,321 Loan & Interest Payback

FY 91 & 92 UNAUDITED

Projected Sales & Transfers

Through Fiscal Year 1992

Sales	\$343,863,826
Transfers	98,700,614 million

Three
July 1992

\$ 30 million 30 percent of amount

ATT. 4
12