

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 18, 1992 in Room 254-E of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

Relph Decker, Executive Director, Kansas Lottery
Dana Nelson, Executive Director, Kansas Racing Commission
Pete McGill, Wichita Greyhound Park, Inc.
Gary Stotts, Secretary, Dept. of Corrections

Others attending: See attached list

Sen. Reilly referred to a proposal (Attachment 1) requested by Sen. Oleen, which defines military discrimination and provides penalties. Sen. Daniels made a motion the committee recommend it as a bill, and it was seconded by Sen. Walker. The motion passed.

The Chairman introduced Ralph Decker, who requested the committee introduce a video lottery bill (Attachment 2). Sen. Morris made a motion the committee introduce it as a bill, and it was seconded by Sen. Vidricksen. The motion passed. Sens. Daniels and McClure requested they be recorded as voting "no".

Sen. Reilly explained SCR 1614, which provides that state records be printed on acid-free paper and stated its provisions are in another bill. Sen. Morris made a motion the committee report it adversely, and it was seconded by Sen. Bond. The motion passed.

Sen. Reilly recalled the committees' discussion on SB 516 last week and asked Dana Nelson if he had feedback from the Racing Commission and additional figures as the committee had requested. Mr. Nelson responded he did and stated the commissions' desire is to keep the committee informed. He presented additional information (Attachment 3) and emphasized the fact that the figures represent future potential revenue. The Chairman recognized Pete McGill, who suggested amending the bill, leaving the percentage as it is now for one year to see what impact video lottery, the riverboat and casinos has on racing. He stated no one anticipated, in the beginning, competition with other forms of gambling. He also reminded the committee that the Wichita Greyhound Park voluntarily donates one percent of its revenue to charities. After discussion, Sen. Walker made a motion to report the bill adversely, and the motion was seconded by Sen. Daniels. Sen. Vidricksen made a substitute motion that the bill be amended to delay the increase for one year - it would remain at 3/18 for one year, then go up to 4/18. That motion was seconded by Sen. Strick. Discussion followed and a clarification that the increase would take effect in 1993 was emphasized. A division was called on the vote for the substitute motion: Yes - 4; No - 5. The motion failed.

In voting on the original motion, a division was called. Vote on the original motion: Yes - 5; No - 4. The motion passed, and the bill will be reported adversely.

Sen. Reilly introduced Gary Stotts, who presented information to the committee on SB 616 (Attachment 4). Mr. Stotts explained the consolidation has taken place over the last two years, and the bill is necessary to clear up some technicalities. Questions were raised relating to the cost of changing names repeatedly, and Sen. Morris suggested using generic names to alleviate the problem in the future and stated the department should be able to do that by setting rules and regulations. Mr. Stotts stated this is the final step to accomplish the consolidation, and if the committee wishes, the department can review the generic suggestion and report back to the committee. It was pointed out there is no fiscal note on this bill; however, there are costs involved when a facility's name changes. Sen. Reilly asked Mr. Stotts to bring additional information to the department for further discussion.

Sen. Daniels introduced pages from her district, and Sen. Reilly announced the committee will discuss SCR 1632 and SB 567 and 616 tomorrow.

Meeting adjourned at 11:55.

Introduced 2/19/50

1 RS 2487

Attach. 1

SENATE BILL NO. _____

By Senator Oleen

AN ACT defining military discrimination and providing penalties for violations.

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

Section 1. The legislature finds and declares that military personnel in Kansas vitally affect the general economy of this state and that it is in the public interest and public welfare to ensure that no discrimination against military personnel is practiced by any business.

Sec. 2. No person shall discriminate against any officer, warrant officer or enlisted person of the military or naval forces of the state or the United States because of their membership therein. No member of these military forces shall be prejudiced or injured by any person, employer, officer or agent of any corporation, company or firm with respect to their employment, position or status or denied or disqualified for employment by virtue of their membership or service in the military forces of this state or of the United States.

Sec. 3. No officer or employee of the state, or of any county, city and county, municipal corporation, school district or other district shall discriminate against any officer, warrant officer or enlisted person of the military or naval forces of the state or of the United States because of their membership therein. No member of the military forces shall be prejudiced or injured by any officer or employee of the state, or of any county, city and county, municipal corporation, school district or other district with respect to their employment, appointment, position or status or denied or disqualified for or discharged from their employment or position by virtue of their membership or service in the military forces of this state or of the United

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States.

Sec. 4. No person shall prohibit or refuse entrance to any officer, warrant officer or enlisted person of the military or naval forces of this state or of the United States into any public place of entertainment, of amusement or accommodation because the officer or enlisted person is wearing the uniform of the organization to which they belong or because of their membership or service in the military forces of this state or of the United States.

Sec. 5. No employer or officer or agent of any corporation, company, firm or other person shall discharge any person from employment because of the performance of any emergency military duty by reason of being an officer, warrant officer or enlisted person of the military or naval forces of this state or of the United States.

Sec. 6. Violation of this act is a class C misdemeanor. Each violation shall constitute a separate and distinct offense.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.

V I D E O L O T T E R Y B I L L

As Executive Director of the Kansas Lottery, I request that the Senate Federal and State Affairs Committee introduce the video lottery bill which has previously been provided to the Revisor of Statutes. The proposed bill basically follows the general provisions of the highly successful video lottery act adopted in South Dakota in 1989, although we reviewed and considered segments of bills from other jurisdictions concerning video lottery.

Since the mission of the Lottery is to generate as much revenue as possible for the State of Kansas through the sale of lottery products, we believe that legislation which would allow the Kansas Lottery to introduce video lottery games would generate more income for the State than any other game about which we have knowledge. We recently met with South Dakota Lottery officials and found that after nine months of operation, video lottery was receiving net video machine income which averaged \$2.28 per capita per week. The average for the past year was \$3.55 per capita per week. Just to have an idea as to the revenues that can be generated in calculating a net video machine income of \$1.00 per capita per week, sales would amount to \$130 million per year. At the 40% share for the State in the current draft of the bill, this would amount to \$52 million (based upon the \$1.00 per capita per week) and a population base of 2,500,000 people.

The following represent the major provisions of the bill:

1. Video lottery terminals will be placed primarily in bars and taverns, although they may also be placed in liquor stores and in pari-mutuel racing facilities.
2. The maximum amount a player can wager per play is \$2.00 and the maximum amount that can be won is \$1,000.
3. There will be a limit of ten video lottery terminals per location, except at pari-mutuel facilities, which may have an unlimited number.
4. Players must be 21 years of age to play.
5. Games will pay out an average of not less than 85%, no more than 95%, of the amount wagered. Of the net video machine income (cash put into the video lottery machine minus credits redeemed for cash), the State shall receive 40%, the operator or owner of the machines will receive 30% and the retailer where the machines are located will receive 30%.

6. All video lottery terminals will be tied to a central computer, either through dedicated telephone lines, or a dial-up telephone system.
7. This is a multi-tier system with essentially four divisions -- manufacturer, distributor, operator and licensed establishment (retailer). Although a manufacturer and distributor may be one and the same, no manufacturer or distributor may be an operator or a licensed establishment. An operator may not be a manufacturer, distributor or a licensed establishment. A licensed establishment may not be a manufacturer, distributor or operator.
8. All machines characterized as "gray machines" must be eliminated before video lottery machines certified by the State can be placed in operation. A licensed establishment seeking to be a video lottery retailer must first be an instant ticket retailer to qualify for a certificate.
9. The video lottery system we envision would be conducted under very tight security measures including background investigations for manufacturers, distributors, operators and retailers.

In addition to the three states in which video lotteries are currently operating (Montana, South Dakota and West Virginia), there are 20 other states either implementing video lottery or considering video lottery legislation.

There are no other lottery products on the horizon which could generate more than a fraction of the revenues which can be realized from a video lottery program. We urge early introduction and action on this bill. Upon adoption we believe that we could have a video lottery program in operation in less than six months.

74-8823. Tax on parimutuel wagering. (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 $\frac{3}{18}$;

(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) $\frac{3}{18}$ during the first four years when racing with parimutuel wagering is conducted at such facility; (B) ~~$\frac{4}{18}$~~ during the fifth year when racing with parimutuel wagering is conducted at such facility; and (C) ~~$\frac{5}{18}$~~

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) $\frac{3}{18}$ during the first seven years when racing with parimutuel wagering is conducted at such facility; (B) ~~$\frac{4}{18}$~~ during the eighth and ninth years when racing with parimutuel wagering is conducted at such facility; and (C) ~~$\frac{5}{18}$~~ 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 treasury and credit it to the state racing fund created by K.S.A. 1987 Supp. 74-8826.

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

History: L. 1987, ch. 112, § 23; May 28.

$\frac{3}{18}$ on the first fifty million dollars of parimutuel handle, and $\frac{4}{18}$ thereafter

$\frac{3}{18}$ on the first fifty million dollars of parimutuel handle, $\frac{4}{18}$ on the next twenty five million dollars of parimutuel handle, and $\frac{5}{18}$ thereafter

$\frac{3}{18}$ on the first one hundred million dollars of parimutuel handle, and $\frac{4}{18}$ thereafter

$\frac{3}{18}$ on the first one hundred million dollars of parimutuel handle, $\frac{4}{18}$ on the next fifty million dollars of parimutuel, and $\frac{5}{18}$ thereafter

NEWEST STATES TO AUTHORIZE
PARI-MUTUEL WAGERING
GREYHOUNDS

IOWA	0 - \$30 Million	4% Tax
	\$30 - \$55 Million	5% Tax
	\$55 Million +	6% Tax
WISCONSIN	0 - \$100 Million	2% Tax
	\$100 - \$150 Million	4% Tax
	\$150 - \$250 Million	6% Tax
	\$250 Million +	8% Tax
TEXAS	0 - \$100 Million	2% Tax
	\$100 - \$200 Million	3% Tax
	\$200 - \$300 Million	4% Tax
	\$300 Million +	5% Tax
KANSAS (Greyhound Only)	3/18 of Each Dollar = 3.4%	(Years 1-4)
	4/18 of Each Dollar = 4.5%	(Year 5)
	5/18 of Each Dollar = 5.7%	(Year 6 and on)
KANSAS (Dual Facility)	3/18 of Each Dollar = 3.4%	(Years 1-7)
	4/18 of Each Dollar = 4.5%	(Years 8 + 9)
	5/18 of Each Dollar = 5.7%	(Years 10 and on)

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ANNUAL PARIMUTUEL HANDLE
NEW STATES

		<u>1990</u>	<u>1991</u>
IOWA -	Bluffs Run	\$77,832,000	\$66,832,000
	Dubuque	\$41,219,000	\$28,180,000
	Waterloo	\$29,607,000	\$25,548,000
WISCONSIN -	Dairyland	\$98,977,000*	\$170,156,000
	Geneva Lakes	\$58,065,000*	\$63,408,000
	St. Croix Meadows	--	\$40,131,000*
	Wisconsin Dells	\$35,102,000*	\$37,692,000
	Fox Valley	\$18,479,000*	\$34,057,000
TEXAS	Corpus Christi	\$7,515,000*	\$74,504,472
	Valley	\$5,915,000*	\$54,243,886
	Galveston	--	--
KANSAS	Woodlands	\$155,201,000	\$135,237,000
	Wichita	\$74,281,000	\$77,232,000

*Indicates that track was only open for part of year

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IMPACT OF SB 516 (as drafted)

	<u>Wichita Greyhound</u>	<u>Woodlands</u>	<u>Total</u>
FY 93	0	0	0
FY 94	717,000	0	717,000
FY 95	1,606,000	0	1,606,000
FY 96	1,778,000	0	1,778,000
FY 97	1,778,000	1,459,000	3,237,000
FY 98	1,778,000	1,718,000	3,496,000
FY 99	1,778,000	3,176,000	4,954,000
FY 00	1,778,000	3,435,000	5,213,000

IMPACT OF SB 516 (with performance added)

FY 93	0	0	0
FY 94	458,000	0	458,000
FY 95	1,300,000	0	1,300,000
FY 96	1,450,000	0	1,450,000
FY 97	1,450,000	916,000	2,366,000
FY 98	1,450,000	1,099,000	2,549,000
FY 99	1,450,000	2,452,000	3,902,000
FY 00	1,450,000	2,723,000	4,173,000

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HOW MUCH THE TRACKS PAY IN PARIMUTUEL TAX

WICHITA

	<u>Current Act</u>	<u>SB 516</u>	<u>A</u> <u>Years + Scale</u>	<u>A</u> <u>Scale Only</u>	<u>B</u> <u>Scale Only</u>
Year 1	\$2,626,000	\$2,626,000	\$2,626,000	\$2,626,000	\$2,626,000
Year 2	\$2,626,000	\$2,626,000	\$2,626,000	\$2,626,000	\$2,626,000
Year 3	\$2,626,000	\$2,626,000	\$2,626,000	\$2,626,000	\$2,626,000
Year 4	\$2,626,000	\$2,626,000	\$2,626,000	\$2,626,000	\$2,626,000
Year 5	\$3,475,000	\$2,626,000	\$2,925,000	\$2,952,000	\$2,626,000
Year 6	\$4,402,000	\$2,626,000	\$2,952,000	\$2,952,000	\$2,626,000
Year 7	\$4,402,000	\$2,626,000	\$2,952,000	\$2,952,000	\$2,626,000
Year 8	\$4,402,000	\$2,626,000	\$2,952,000	\$2,952,000	\$2,626,000
Year 9	\$4,402,000	\$2,626,000	\$2,952,000	\$2,952,000	\$2,626,000
Year 10	\$4,402,000	\$2,626,000	\$2,952,000	\$2,952,000	\$2,626,000
Year 11	\$4,402,000	\$2,626,000	\$2,952,000	\$2,952,000	\$2,626,000
Year 12	\$4,402,000	\$2,626,000	\$2,952,000	\$2,952,000	\$2,626,000

A - Scale: 0-50 Million = 3/18
 50-75 Million = 4/18
 75 Million + over = 5/18

B - Scale: 0-100 Million = 3/18
 100-150 Million = 4/18
 150 Million + Over = 5/18

WOODLANDS

	<u>Current Act</u>	<u>SB 516</u>	<u>B</u> <u>Years + Scale</u>	<u>A</u> <u>Scale Only</u>	<u>B</u> <u>Scale Only</u>
Year 1	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000
Year 2	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000
Year 3	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000
Year 4	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000
Year 5	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000
Year 6	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000
Year 7	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000	\$4,666,000
Year 8	\$6,085,000	\$4,666,000	\$4,986,000	\$6,259,000	\$4,986,000
Year 9	\$6,085,000	\$4,666,000	\$4,986,000	\$6,259,000	\$4,986,000
Year 10	\$7,709,000	\$4,666,000	\$4,986,000	\$6,259,000	\$4,986,000
Year 11	\$7,709,000	\$4,666,000	\$4,986,000	\$6,259,000	\$4,986,000
Year 12	\$7,709,000	\$4,666,000	\$4,986,000	\$6,259,000	\$4,986,000



DEPARTMENT OF CORRECTIONS

OFFICE OF THE SECRETARY

Landon State Office Building
 900 S.W. Jackson—Suite 400-N
 Topeka, Kansas 66612-1284
 (913) 296-3317

Joan Finney
 Governor

Gary Stotts
 Secretary

MEMORANDUM

DATE: February 18, 1992
TO: Senate Committee on Federal and State Affairs
FROM: Gary Stotts, *Gary Stotts* Secretary of Corrections
SUBJECT: Senate Bill 616

This bill formally recognizes the consolidation of the Toronto and El Dorado Correctional Work Facilities with the El Dorado Correctional Facility.

The bill further places in statute the consolidation of the Osawatomie Correctional Facility with the Lansing Correctional Facility.

These actions were taken on an administrative basis last June. They are part of a management consolidation process which began in 1990 with the consolidation of facilities in Lansing, Topeka, Stockton, and Norton, and continued in 1991 with the consolidation of facilities in Hutchinson and the further consolidation of facilities in Topeka.

The consolidations are intended to increase efficiency of operations and result in better management of the inmate population and the facilities.

The consolidations are accomplished in section 1 of the bill. Sections 2, 3, and 4 are technical amendments necessary due to the consolidations. Section 5 concerns imprest funds for the correctional facilities which, due to the consolidation, need to be adjusted. It was our intent to combine the imprest funds for the facilities being consolidated into one fund. However, the bill as drafted does not accomplish this. We propose therefore to amend

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the bill by increasing the imprest fund for Lansing Correctional Facility from \$40,000 to \$44,000 (would include \$4,000 from Osawatomie) and the fund for the El Dorado Correctional Facility from \$15,000 to \$24,000 (would include \$5,000 from Toronto Correctional Work Facility and \$4,000 from El Dorado Correctional Work Facility). This would not increase the overall amounts approved for these funds.

GS:CES:dja

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