

Approved 3-26-92

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 26, 1992 in Room 254-E of the Capitol.

All members were present except:
Sen. McClure was excused

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

Conferees appearing before the committee:
See attached list

Others attending: See attached list

Senator Reilly asked the committee to turn its attention to SCR 1639, amending section 3b of article 15 of the Constitution, relating to parimutuel wagering. He introduced Kenda Bartlett, Area Representative for Concerned Women for America, who gave testimony (Attachment 1) as a proponent.

Senator Reilly introduced the following who presented testimony to the committee as opponents of SCR 1639:

Jim Edwards, Kansas Chamber of Commerce and Industry and Kansas Industrial Developers Association, (Attachment 2);
David Isabell, City Administrator, Kansas City, Ks. on behalf of Mayor Joseph Steineger, Jr. (Attachment 3);
Whitney Damron of Pete McGill & Associates, on behalf of Wichita Greyhound Park, (Attachment 4);
Denny Burgess, who delivered a statement from Richard Boushka, Sunflower Racing, Inc., who is out of town (Attachment 5).

Referring to another bill in committee (SB 639), Sen. Reilly asked Mr. Burgess what recourse the owners have, and Mr. Burgess answered that litigation is their only recourse. Senator Reilly went on to comment that many people feel the gambling issue should be submitted to the voters and that many of them are talking of repealing all forms of gaming in Kansas.

Sen. Reilly introduced Dana Nelson, Director of the Racing Commission, who presented testimony to the committee (Attachment 6). Sen. Reilly asked Mr. Nelson to furnish a parimutuel map showing election totals to the committee.

The committee briefly discussed putting this question to the voters and the confusion surrounding voting on referendums.

The meeting adjourned at 11:40.

GUEST LIST

COMMITTEE: Senate Federal & State Affairs

DATE: Feb. 26, 1992

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Jim & Sonia Yount	RT 1 ^{Valley Falls} Box 158 Ks	Q H R A
Derieth L. Sutton	Topeka	Kansas Lottery
Ralph Decker	Topeka	Kansas Lottery
Denny Burgess	Topeka	Sunflower Racing
BRAD MEARS	TOPEKA	COMMERCIAL
Michelle Lester	Topeka	KBC
Jim KEELE	PAOLA	B.L.E.
Jim Edwards	Topeka	KCET
Judy Tuckwood	Wichita	CCB
Kenda Battlett	Leavenworth	CWA of Ks
Bill Kinyung	Recreation Center	CWA of Ks
Art Brown	KC	Ks Lumber Dealer
FRANK MARRIS	LAURENCE	KPR
SHARP SMITH	TOPEKA	ARTIST
Tom Burgess	Topeka	Sunflower
Bob Sherburne	Topeka	Topeka Inc
Jim Youvalley	Overland Park	TRAK - East
Cathy Whiteaker	TOPEKA	KQHRA
Nice Roach	Topeka	IGT
DANA NELSON	TOPEKA	KRC
Georgann Smith	Topeka	KRC
Janet A. Child	Topeka	KRC
John D. Pirogan	Topeka	Pirogan and Smith
Frankie Hubbell	K 7 K	Liberal KRC
Whiskey Damon	Topeka	City Administration McMillan Associates WHP

CONCERNED WOMEN FOR AMERICA
OF KANSAS
P. O. BOX 46
LEAVENWORTH, KANSAS 66048
913-682-8393

Attach 1

BEVERLY LAHAYE
PRESIDENT

FRAN RIEDEMANN
PAC COORDINATOR

KENDA BARTLETT
AREA REPRESENTATIVE

BEVERLY COFFMAN
RECORDS CORRESPONDENT

26 February 92

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
Edward F. Reilly, Jr., Chairman
SCR 1639

Mr. Chairman and members of the Committee, Concerned Women for America of Kansas rises today in support of SCR 1639.

We believe that it is always good operating procedure to periodically stop and evaluate public policy. The sunset procedures that the state has are a good example of this. SCR 1639 affords the people of the state of Kansas the opportunity to evaluate the outcomes, consequences and effects of their vote to allow parimutuel wagering in the state. Normally this would be done by the Legislature, but since this has become an issue of some contention for the people of the state, we feel that allowing them to evaluate the results of their vote is good public policy. The people will be the final judge of parimutuel wagering.

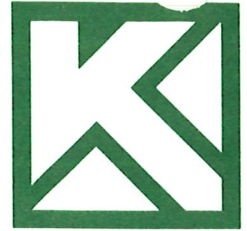
We would ask that you report this resolution favorably and allow the people of Kansas to speak on the issue of the continuation of parimutuel wagering. Thank you.

Kenda Bartlett
Kenda Bartlett
Area Representative

Att. 1
1

Attach.

LEGISLATIVE TESTIMONY



Kansas Chamber of Commerce and Industry

500 Bank IV Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321

A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

SCR 1639

February 26, 1992

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
Senate Federal and State Affairs Committee

by

Jim Edwards
Director of Chamber and Association Relations

Mr. Chairman and members of the Committee:

I am Jim Edwards, Director of Chamber and Association Relations for the Kansas Chamber of Commerce and Industry. I appreciate the opportunity to appear before you today to express KCCI's opposition to SCR 1639, which proposes to amend the Kansas Constitution and prohibit pari-mutuel wagering on horse and dog races.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

Att. 2
1

After the Legislature approved the issue in 1986 and presented it to the voters in Kansas, approximately 60 percent of those voting said "Yes, we want pari-mutuel wagering in Kansas." Since that time, more than \$50 million has been generated for the EDIF, one of the elements of the State Gaming Revenue Fund. In addition, many millions were also made available for Kansas counties to assist them with their costs of reappraisal as well as helping to fund a state prison building fund.

What pari-mutuel wagering, along with the lottery has basically done is provide funding for various worthwhile projects in Kansas that otherwise would have been competing for existing or new General Fund revenues.

I thank you for the opportunity to appear before you today and would urge you to kill this resolution. I would stand for questions.

Attach. 3



Executive Chamber
One McDowell Plaza

City of Kansas City, Kansas

Joseph E. Steineger Jr., Mayor



Kansas City, Kansas 66101
Phone (913) 573-5010

February 25, 1992

Senator Ed Reilly
Chairman
Federal and State Affairs Committee
State Capitol
Topeka, Kansas

Dear Chairman Reilly and Committee Members:

While I am unable to be with you this morning for the hearing on SCR 1639 - Kansas constitutional amendment to repeal the authority for parimutuel wagering on horse and dog racing, I would like to express my strong opposition to this measure.

As you know, the Woodlands opened in Kansas City, Kansas in September of 1989 and has been one of the most valuable economic development initiatives for our city in many years. Since the opening, the Woodlands has impacted our local economy by nearly \$20 million in salaries and wages to 750 employees and \$5.2 million in local property tax to schools, city and the county. Additionally, revenue to the State of Kansas includes parimutuel taxes, payroll taxes, sales and liquor tax, admission tax, daily license fees, State Tourism fund monies, charities and purses to dog and horse owners, many who are in Kansas, all in the amount of approximately \$42 million.

We are extremely proud of the Woodlands and enjoy the benefits of 3.8 million visitors (40-50% from outside the State). The proposed amendment to repeal authority for parimutuel wagering on horse and dog racing would, of course, close the Woodlands, which would have devastating effects on our community and our local economy.

I trust your good judgment will prevail.

Sincerely,

A handwritten signature in cursive script that reads "Joseph E. Steineger, Jr." followed by a flourish.

Joseph E. Steineger, Jr.
Mayor

Att. 3
1

WOODLANDS ECONOMIC IMPACT ON KCK AND STATE OF KANSAS

The Woodlands opened September 14, 1989 and since then:

- * 3.8 million visitors to the Woodlands
- * 40-50% of visitors from outside of Kansas
- * Revenue to the State of Kansas includes:
 - \$14.2 million in parimutual tax
 - \$2.2 million payroll taxes: FICA, Soc. Sec., Unemployment
 - \$2.0 million in sales and liquor tax
 - \$433,000 in Admission tax
 - \$133,000 in daily license fee's
 - \$176,000 to the State Tourism fund
 - \$1.6 million to Charities
 - \$21 million in purses to horse and dog owners, many in Ks.
- * Impact on the local economy:
 - \$19.8 million in salaries and wages
 - 750 employees currently
 - \$5.2 million local property tax to schools, city, county

TESTIMONY

OF

WHITNEY B. DAMRON

OF

PETE MCGILL & ASSOCIATES

ON BEHALF OF

WICHITA GREYHOUND PARK

PRESENTED BEFORE

THE

SENATE FEDERAL AND STATE

AFFAIRS COMMITTEE

FEBRUARY 26, 1992

RE: SCR 1639

Good morning Chairman Reilly and members of the Senate Federal & State Affairs Committee. I am Whitney Damron of Pete McGill & Associates appearing today on behalf of our client, Wichita Greyhound Park, in opposition to SCR 1639.

In 1987 the Kansas Racing Commission granted a Facility Owner and Facility Manager license to the owners of WGP to conduct greyhound racing in the Wichita market. Pursuant to that license, the developers of WGP have constructed an \$18 million greyhound facility which has resulted in over 400 jobs at the facility and hundreds of thousands of dollars generated for Kansas charities, purses for kennel owners and payouts to our patrons.

Wichita Greyhound Park would respectfully contend that the voters of Kansas have already squarely addressed this issue when they approved the 1986 Constitutional Amendment authorizing the Legislature to enact parimutuel wagering in the State of Kansas. We would request the Senate Federal & State Affairs Committee not pass SCR 1639.

Included with this testimony is a reprint of the election results obtained from the Secretary of State's Voting Statistics book for the Parimutuel Constitutional Amendment of 1986 for the State of Kansas as well as Sedgwick and Wyandotte Counties, the locations of Kansas' two major racing facilities.

State of Kansas	483,944	Yes	59.9%
	324,143	No	40.1%
Sedgwick County	74,522	Yes	58.9%
	52,003	No	41.1%
Wyandotte County	25,399	Yes	71.5%
	10,102	No	28.5%

Thank you for your consideration of this material.



February 26, 1992

Senate, Federal and State Committee

Chairman Reilly and Members of the Committee,

We feel obligated to comment, all be it briefly, regarding the proposed bill which would outlaw the lottery and pari-mutuel in an effort to avoid casino gambling in the State of Kansas. Casino gambling, especially any near our race track in Kansas City, would be very detrimental not only to us track owners, but to horse owners, horse trainers, greyhound owners and kennel operators. Commenting on this proposal obviously puts us in a very difficult position.

Politely, we would like to suggest that it is our opinion that this is the time for legal consideration, not legislative bills. If the Wisconsin Supreme Court and subsequently the U.S. Supreme Court reverses the Wisconsin court decision, that in essence says that any form of Class III gambling in a state allows the Indians to conduct any form of gambling on Tribal land whether it be reservation or trust, it would be equal to throwing the baby out with the bathwater if legislation outlawed the lottery and/or pari-mutuel. These decisions are supposedly eminent and before we take any leaps one direction or another we are awaiting the outcome of these verdicts.

At The Woodlands, we have on a continuing basis informed the Legislature that we have 800-1,000 jobs, depending on the time of year, and pay \$11,000,000 in taxes on an annual basis to various state and local governments. When considering the economic development that is further attributable to The Woodlands, any thoughts of eliminating this business is one which will effect the lives of many people. If Indian Casino's come into our state on a large scale our total modus operandi will change in the upcoming years. Again, we reiterate these issues should be battled in the courts so that you the Legislators and we, the track owners can make better educated decisions on what to do for the State and The Woodlands future. By asking us to make a choice today, you are asking us whether we want it quick or lingering. We are obviously against the proposal, but it really isn't a choice.

Richard J. Boushko

Attach. 6

TESTIMONY OF DANA NELSON
EXECUTIVE DIRECTOR, KANSAS RACING COMMISSION

BEFORE THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

FEBRUARY 27, 1992

Good morning Mr. Chairman, members of the Senate Federal and State Affairs Committee. My name is Dana Nelson I am the Executive Director of the Kansas Racing Commission. I appear before you today largely as a resource for information on the status of parimutuel racing in the state of Kansas. My remarks will be brief, but I will provide you with a substantial amount of factual information and be prepared to respond to questions or comments.

As a regulatory agency, it should not be the role of the Kansas Racing Commission to establish, direct, or advocate public policy. The role of establishing public policy is properly vested in the people of the state of Kansas, and implemented largely through its representatives, the members of the Kansas State Legislature. The commission does have a role, if the industry it regulates is to continue operating, it should and must do everything within its power to make sure that the industry that it regulates is healthy and sound. However, the issue before this committee today is whether or not to continue the parimutuel wagering in the state of Kansas. This issue has manifested itself in a concurrent resolution which would place the issue in front of the people in the state.

Att. 6
1

However, anytime an issue of this magnitude is presented, the people making decisions to refer such an issue to the public, and the public themselves need to be properly informed. I am of the opinion that legislators and the public will make good decisions if they are provided good, solid, and factual information.

First of all, the parimutuel racing industry in the state of Kansas is a significant contributor to the economic soundness of this state. No one can say with any amount of certainty just how significant this industry is. But it is safe to say it is a multimillion dollar industry. The cost to construct the tracks, and the payroll at the tracks alone puts the impact at over \$100 million. That says nothing for the number of backside jobs, purses paid, horse breeding and training facilities across this state, greyhound breeding and training facilities across this state, or the taxes paid by the racing facilities to the state of Kansas, to local governments, and to the federal government.

You should also be aware that racing contributes substantial amounts of money to research at the Kansas State University Veterinary School, support for greyhound tourism activities including the Greyhound Hall of Fame, significant contributions to the owners and breeders of Kansas Bred Horses and Kansas Whelped Greyhounds, rather substantial and generous charitable contributions made by the two tracks in the state and the substantial economic benefit created by the purchase locally

of food products, beverage products, paper products, and many many other supply products needed for the operation of these facilities. Finally, the legislature should recognize and understand that racing represents bona fide sports entertainment. The Woodlands is the second largest drawing entertainment facility in the

Kansas City metropolitan area trailing only the Kansas City Royals. The parimutuel racing industry is far more than simply a gaming industry. It is a very far reaching, and economically significant industry in the state of Kansas.

The legislature should also understand that not only the lottery contributes to the Economic Development Impact Fund, but racing contributes to that fund as well. The many programs funded under the EDIF program, many supported by people on this committee, and certainly by the legislature in general, will have to be cut or eliminated if parimutuel wagering is eliminated. Finally, and perhaps appropriately last, would be the elimination of 40.5 full-time equivalent positions in Kansas State Government. It is a necessary role to provide the oversight and regulation for the parimutuel industry, but the elimination of those positions should not be taken any more lightly than the elimination of the industry itself.

It is difficult for me to stand before you today, and not believe that, at least in part, this concurrent resolution is

motivated by the uncertainty of Indian gaming in the state of Kansas. I do not believe any of us know the precise answers to the many questions being posed on the development of Indian gaming. Nor do we know the probable outcome of the appeal of the Wisconsin case. I believe some of the motivation to repeal lottery and to repeal parimutuel is to eliminate all forms of class three gaming, because of a concern that if we leave any kind of class three gaming on the books, the Indians will be able to conduct casino gaming. If that is a motivation, I believe we may be a day late and a dollar short. I can not help but think that an action of this nature to eliminate the Constitutional provisions for lottery and parimutuel, or to repeal the statutes authorizing those gaming operations could constitute an act of bad faith by the state when presented to the federal courts. I submit to this committee, and to the legislature in general that the Kickapoos, the Potawatomies, the Sac and Fox, and the Iowas would have a very arguable case in the federal courts that the people of the state of Kansas and the legislature of the state of Kansas acted in bad faith. If the federal courts find that Kansas acted in bad faith, we could have a situation where we have no state lottery, we have no parimutuel racing, and yet the Indian tribes would be allowed to operate casino gambling within the boundaries of their reservations, or perhaps other areas of the state.

One last thought for this committee, which unfortunately I do not have an answer, but you should consider the rather

substantial equity and loan investment which the owners of the two racetracks in this state have made in the state of Kansas and its economy. Those investments were made in good faith, they were made with the belief that they would receive a twenty-five year license to operate a racing facility in this state, and they would be allowed adequate time to recover their investment. I know there is no guarantee that constitutions, laws, decisions by legislative bodies, and even administrative rules will not change to the disadvantage of a licensee in the future, but the implications and ramifications of such change should be carefully considered by this body.

My efforts today are simply to inform you as to how significant an economic impact the racing industry has had in its short history in Kansas. Those contributions should not be taken lightly, and I wish you Gods speed in your deliberations on this very difficult issue. (Highlight impacts on handout.)

92DN2-nw

Diana Nelson

STATISTICAL INFORMATION ON THE IMPACT OF PARIMUTUEL RACING

STATE TAXES PAID: KANSAS RACING COMMISSION

Parimutuel	\$20.9 Million	Total	\$22.6 Million
Admissions	\$885,000		
Per Day Fee	\$386,000		
Occupational License	\$198,000		
Fines	\$34,000		
Misc (WGP)	\$246,133		

STATE TAXES PAID: OTHER AGENCIES

Sales Tax	\$1.4 Million	Total	\$12.4 Million
State Income Tax	\$865,182		
Fed. Income Tax	\$2.6 Million		
Alcohol Taxes	\$1.2 Million		
Property Tax	\$6.3 Million		

ATTENDANCE 5.6 Million Total 5.6 Million

EMPLOYMENT FOR 1991:

Woodlands Employees	750		
Wichita Employees	393		
Woodlands Backside Employees (horses)	2,934 est.		
Woodlands Backside Employees (dogs)	680		
Wichita Backside Employees (dogs)	741	Total Licensees	6,733

PAYROLL FOR 1991:

KRC	\$1.1 Million	Total	\$13.7 Million
Woodlands	\$8.5 Million		
Wichita	\$4.1 Million		

CONTRIBUTION TO EDIF FUND (Through FY 93-Projected)

\$25.1 Million (est.)

Att. 6
6

Purses Paid:

Wichita	\$7.6 Million	Total \$30.4 Million
Woodlands - Horse	\$6.2 Million	
- Dog	\$15.5 Million	
Rooks County	\$19,971	
Eureka Downs	\$1.1 Million	

Kansas Bred Money Paid		
Horses	\$883,709	Total \$4.0 Million
Greyhound	\$3.1 Million	

Charitable Contribution		
Wichita	\$1.4 Million	Total \$2.7 Million
Woodlands	\$1.3 Million	

Research Money Committed		
Kansas State	\$476,574	Total \$509,574
Univ. of Kansas	\$33,000	

Tourism Funding:	\$174,844	Total \$174,844
------------------	-----------	-----------------

Cost to Construct Facilities

Woodlands	\$70.9 Million	Total \$85.1 Million
Wichita	\$12.5 Million	
Eureka	\$1.7 Million	

92GS8-nw

Att. 6
7