

Approved: 3-20-95  
Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Garry Boston at 1:30 p.m. on March 14, 1995 in Room 526-S of the Capitol.

All members were present except:

Committee staff present: Mary Galligan, Legislative Research Department  
Lynne Holt, Legislative Research Department  
Mary Ann Torrence, Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee: Helen Stout, Switzler Oak Greyhound Farm  
Jim DeHoff, Executive Secretary-Treasurer, Kansas AFL CIO  
Rebecca Rice, Legislative Counsel for Wyandotte County  
Private Clubs and Associates  
Dave Schneider, President, Kansans For Life At Its Best

Others attending: See attached list

The Chairperson stated that minutes had been distributed and would be approved later in the meeting.

**HB 2547 - Kansas lottery authorized to operate electronic games of chance at racetracks where parimutuel betting is allowed.**

The Chairperson stated the hearing on **HB 2547** would be continued, starting with the remaining proponents then hearing the remaining opponents.

Helen Stout, Switzler Oak Greyhound Farm, testified in support of **HB 2547**, stating they have a small greyhound farm, a contract kennel at The Woodlands, and run a number of greyhounds at Wichita Greyhound Park. The greyhounds were received by the public even better than expected. At the beginning the handles were good, running over \$95.00 per point, since then they have hit a low of under \$30.00 per point. Each kennel earns points according to how their greyhounds finish in the top four places of each race. It seems unreal that through no fault of the greyhounds or their owners and kennel owners that purses could get this low this quickly. Trainers and kennel help have had to take cuts in wages. Many kennels and farms have had to let help go. **HB 2547** would bring life back to our markets of live racing in Kansas. (See Attachment #1)

Jim DeHoff, Executive Secretary-Treasurer, Kansas AFL CIO, testified as a proponent for **HB 2547**, stating it would help provide good paying construction jobs as well as add additional permanent positions at each gaming facility after slot machines are in use. (See Attachment #2)

Rebecca Rice, Legislative Counsel for Wyandotte County Private Clubs and Associates, testified as a qualified opponent of **HB 2547**, stating there is depressed economic conditions in Wyandotte County and this is important for jobs in Wyandotte County.

It is confusing as to the rationale supporting the idea of placing slot machines only at parimutuel tracks. Therefore, are requesting expansion of the number of locations where slot machines may be placed and played as games of the Kansas Lottery. Obviously, all Lottery retailers would not want to have slot machines in their retail businesses. In fact, most Lottery retailers, due to the type of business run -- convenience stores, grocery stores, retail liquor stores -- would not benefit from the addition of a slot machine as it would cause far more problems than the income received would justify. However, private clubs and fraternal and veterans organizations are perfectly structured for slot machines. They have restricted access for members only and, in the case of private clubs, restricted access for individuals over the age of 21 unless accompanied by an adult member. The premises are usually contained in a relatively small space, making it simple for both the ABC

and the Lottery to check on compliance for both age and revenue.

The only reason for placing lottery slot machines in parimutuel track facilities and in no other location is to restrict the lottery slot machine profits to the tracks. Why is that economic development? It props up the tracks but there are, apparently, lots of dollars which can be shared with everyone receiving enough profit.

If we are approaching this from an economic development standpoint, why is it best to limit access and restrict the amount of revenue the state collects? The benefit of restriction goes only to the few individuals who own the parimutuel tracks. The benefit of restriction does not go to the state of Kansas, does not go to the small businesses that are the fabric of every local community, and there is no benefit to society, in general, as restricted locations will not reduce any potential harm. (See Attachment #3)

Dave Schneider, President, Kansans For Life At Its Best, testified opposing **HB 2547**, stating if this bill is passed there will be Indian casinos in Kansas and full blown casinos at the racetracks soon thereafter. The parimutuel tracks promised big things back in 1986, but now they want to be bailed out by giving them this golden goose. Why just single out the tracks? There are plenty of other businesses around the state who have had trouble making it. Why this special treatment? If this vote is passed into law and signed by the governor without a vote of the people on the issue of whether the state can get into the casino business, a political firestorm will be created which will burn through the 1996 elections. (See Attachment #4)

The following attachments were distributed: Fiscal Note (See Attachment #5) Jean Barbee, Executive Director, Travel Industry Association of Kansas (See Attachment #6) Gaye Rundberg, Adoption by Gentle Shepherd, Inc. (See Attachment #7) Terry D. Hamblin, Assistant Attorney General Counsel, Kansas Racing Commission (See Attachment #8) Lee Strieb, Hotel Employees and Restaurant Employees Union (See Attachment #9)

There was discussion and the Chairperson closed the hearing on **HB 2547**.

The Chairperson asked what action the committee wished on **SB 27**.

Representative Swenson moved and Representative Nichols seconded to amend SB 27, Section 1. and add "(3) all major procurement contracts in effect on December 31, 1995, shall expire on that date and after December 31, 1995, no major procurement contract shall be for a term of more than four years." and under Section 2 (a) "change the date from July 1, 1996 to 2000."

It was questioned if these two items could be separated and voted on separately? The Chairperson stated the two items would be separated.

Representative Nichols moved and Representative Donovan offered a substitute motion in Section 1. (3) to change date in amendment to "July 1, 1996 from December 31, 1995." The Chairperson asked for a vote and a Division was called for: 7 Yeas and 14 Nays. The motion failed.

It was asked when the contracts were to expire - do any of them go beyond July 1996?

Greg Ziemak, Executive Director, Kansas Lottery, stated, yes, GTEC expires June 30, 1997; Advertising contract expires October, 1995; and an instant ticket contract expires in the fall of 95. There is a clause in these contracts that states that governmental intervention can be ended at any time. The contracts states if the lottery were abolished the contract would end.

It was stated that competitive bids should be taken on all contracts and contracts do need to be reviewed and every 10 years is reasonable.

Representative Nichols moved and Representative Lloyd seconded in Section 2. "change the date to sunset the lottery in 2006". The Chairperson asked for a vote and a Division was called for: 8 Yeas and 13 Nays. The motion failed.

Representative Aldritt moved and Representative Vickrey seconded a conceptual motion "as long as the lottery lives all major contracts upon expiration shall be submitted with competitive bids, when those in effect expire, for term of not more than every 4 years." The Chairperson asked for a vote and a Division was called for: 7 Yeas and 13 Nays. The motion failed.

Representative Donovan recommended changing conceptual motion period to every 5 years.

Representative Standifer stated this committee should not micro manage the lottery and urge voting against the conceptual motion.

Representative Franklin stated he felt it was appropriate to set up competitive bidding as this is good policy.

Representative Packer stated that in his private business it is cost effective to submit bids for 5-10 years.

The Chairperson stated the hearing would be continued on Wednesday, March 15.

Representative Cox moved and Representative Lloyd seconded that minutes of February 15, 16, 17, 21 and 22 be approved. The motion carried.

The meeting adjourned at 3:10 p.m. and the next meeting will be March 15, 1995.

HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE  
GUEST LIST

DATE: March 14, 1995

NAME	REPRESENTING
Greg Ziemak	Kansas Lottery
Carl Anderson	Kansas Lottery
McHellebrust	Tobacco Free Kansas Inc.
Jim Edwards	KOCT
Doug [Signature]	KBH - KCMO
DAVE SCHNEIDER	Kansas For Life At Its Best
Steve Montgomery	Ks. Greyhound Kennel Owners Assoc.
Jim DeHoff	KS AFK-CIO
James D. Lambert	Kansas Racing Commission
David Johnson	K.P.C.
Bill Denny	Ks Thoroughbred Assn
Nicholas Turpin	K.T.A.
JONATHAN TURPIN	K.T.A.
Teal Clark	KBT
Ben Stout	Kennel Owner
Helen Stout	KBA
Kathy Peterson	Ks Racing Alliance
Dave Timbo	The Woodlands
Pat Shubert	WGP





SWITZLER OAK GREYHOUND FARM

Ben and Helen Stout - Route 2, Box 173 - Burlingame, Ks. 66413 - 913-654-3350

March 13, 1995

Members of the Kansas House Federal and State Affairs Committee:

I'm Helen Stout from Burlingame, Kansas. We have a small greyhound farm near Burlingame and we have one of the contract kennel at The Woodlands. We also have a number of greyhounds running at Wichita Greyhound Park. I belong to the National Greyhound Association and have served on the Kansas Greyhound Association board of directors for several years. I'm presently vice-president of that group.

After much hard work and time spent getting pari-mutuel up and running in Kansas, we were in high spirits when The Woodlands and WGP opened in September of 1989. The greyhounds were received by the public even better than any of us expected. You could feel the electricity in the air as the greyhounds were led on the track for that first stakes race, each spotlighted in their shiny blankets. The handles were good and the best of the best of the country's greyhounds were in Kansas City. We were running for over \$95.00 per point in those days. Since then we have hit a low of under \$30.00 per point earlier this year. Each kennel earns points according to how their greyhounds finish in the top four places of each race. Last weeks points were \$45.48. It seems unreal that through no fault of the greyhounds or their owners and kennel owners that purses could get this low this quickly. Trainers and kennel help have had to take cuts in wages. Many kennels and farms have had to let help go. Of course purchases of any equipment is postponed as long as possible. As you see the "trickle

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down" of money from racing hurts the economy in many areas. Three kennels racing at The Woodlands elected not to renew their contracts in December due to low purses. Another kennel left last month.

Did you know that money generated by The Woodlands and WGP is used for research and tourism promotion? In August of 1991, over 350,000 dollars was allotted to research projects in Kansas schools, primarily KSU in Manhattan. In 1994, the tracks generated over 105,000 dollars for promotion of tourism within our state. They also help support the county fair circuit meets. Over 500,000 dollars will be used at the upcoming 1995 Eureka and Anthony Downs fair meets. Again you can see the "trickle down" is very significant to some entities. Also with smaller amounts available for stakes races the quality of racers will decrease.

Kansas is home to the Greyhound Hall of Fame and The National Greyhound Association in Abilene. The Hall of Fame is recognized as one of the best Hall of Fames along with the Cowboy Hall of Fame in Oklahoma and the Ag Hall of Fame in Bonner Springs.

We have greyhound farmers in many areas of the state. I know many enjoy seeing their greyhounds run close to home so they can attend races. Now with low purses here, they must look to other out of state tracks at which to race. I grew up on a farm not far from where we now live. I've lived nearly all of my life on a farm or working in ag business. I've always said that a greyhound farm is like any other farming operation. We greyhound farmers just produce a little different type of product. But like all farmers, our investment is all in the product before we know what the market will pay us.

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All this brings us to why we're here today. That is to ask you for your support of HB 2547 to bring life back to our markets of live racing in Kansas. We ask for your support so we can compete with some of the games that Missouri's boats are offering our former Kansas pari-mutuel players. In closing, I feel that if we don't get this bill passed in positive support of our industry, The Woodlands and the kennels racing there will all be going down the river and it won't be on Missouri boat. Last, I want to thank you for your attention and your consideration of House Bill 2547.

Respectfully submitted,

A handwritten signature in cursive script that reads "Helen Stout". The signature is written in dark ink and is positioned below the typed name.

Helen Stout



# Kansas AFL-CIO

110 W. 6th St.

Topeka, KS 66603

(913)357-0396



President  
**Dale Moore**

Executive Secretary  
Treasurer  
**Jim DeHoff**

Executive Vice  
President  
**Wayne Maichel**

Executive Board  
*Walt Bernhardt*  
*Mike Bellinger*  
*Bill Brynds*  
*Eugene Burrell*  
*Jessie Cornejo*  
*Ken Doud, Jr.*  
*Scott Dyson*  
*David Han*  
*Jim Hastings*  
*John Hoover*  
*Greg Jones*  
*Frank Mueller*  
*Dwayne Peaslee*  
*Craig Rider*  
*Wallace Scott*  
*Debbie Snow*  
*Tony Stattelman*  
*John Weber*

March 13, 1995

House State and Federal Affairs Committee

Representative Gary Boston, Chairman

Chairman Boston and Committee Members:

I am Jim DeHoff, Executive Secretary of the Kansas AFL CIO.

I appear before you today in support of HB 2547.

HB 2547 would allow slot machines to be added to the facilities of existing parimutuel locations within the State of Kansas.

HB 2547 would help provide good paying construction jobs for the construction workers of Kansas, as well as add additional permanent positions at each gaming facility after slot machines are in use.

We urge Committee members to pass HB 2547 favorably.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Jim DeHoff".

Jim DeHoff  
Executive Secretary-Treasurer  
Kansas AFL CIO



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TESTIMONY PRESENTED TO THE  
HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

Re: HB 2547

March 13, 1995

by: Rebecca Rice

Legislative Counsel for Wyandotte County Private Clubs and Associates

Thank you Mr. Chairman and members of the committee. My name is Rebecca Rice and I appear before you today on behalf of Wyandotte County Private Clubs and Associates. We appear before you as a qualified proponent of HB 2547. We are only too aware of the depressed economic condition in Wyandotte County. We understand the importance of the Woodlands for jobs in Wyandotte County, but we would also remind the committee that Wyandotte County has hundreds of small locally owned important businesses, which have never deserted Wyandotte County and which will continue to try to exist should the Woodlands meet its demise as is continually predicted.

We are confused as to the rationale supporting the idea of placing slot machines only at parimutuel tracks. Therefore, we are asking the committee to consider expanding the number of locations where slot machines may be placed and played as games of the Kansas Lottery.

There are very few members of this committee who were legislators when the original parimutuel bill was debated. I, however, was lobbying at that time, and represented owners of the dogs to be raced at the tracks. During the deliberations, I do not recall any talk that, as Kansas included more games under the definition of Lottery, the parimutuel track facilities would be the sole outlet for those additional games. As I recall, the primary discussions during that time were whether a dual dog and horse track would be viable over the long run, and whether the State of Kansas would have to continue to offer tax breaks, reduce the number of horse-racing days and provide other incentives to keep the tracks financially viable as had been the experience of other states.

I was also lobbying during the time the Kansas Lottery was being debated although I did not represent anyone in that issue. However, as I recall, continual assurances - bordering on promises - were given to retail businesses regarding who would qualify as Lottery retailers. It appears this legislation would be renegeing on some of those assurances.

Obviously, all Lottery retailers would not want to have slot machines in their retail businesses. In fact, most Lottery retailers, due to the type of business run -- convenience stores, grocery stores, retail liquor stores -- would not benefit from the addition of a slot machine as it would cause far more problems than the income received would justify. However, private clubs and fraternal and veterans organizations are perfectly structured for slot machines.

- They have restricted access for members only and, in the case of private clubs, restricted access for individuals over the age of 21 unless accompanied by an adult member.
- The premises are usually contained in a relatively small space, making it simple for both the ABC and the Lottery to check on compliance for both age and revenue.

We recognize the Legislature is still attempting to decide whether Kansas will be a "gambling" state. However, Kansas made that decision when it adopted the Lottery and pari-mutuel. Apparently, what this Legislature will face from now on is this piece-meal approach of who will get to take what cut of the gambling dollar. For some reason, there seems to be a bias towards making the parimutuel tracks the

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“gambling centers”. That was not how the Lottery or pari-mutuel was sold to the Legislature when the Lottery was adopted, nor to the public when they voted on both amendments.

The only reason for placing Lottery slot machines in parimutuel track facilities and in no other location is to restrict the Lottery slot machine profits to the tracks. Why is that economic development? It props up the tracks but there are, apparently, lots of dollars which can be shared with everyone receiving enough profit.

Yes, it will not be as easy for people to play slot machines if you restrict the machines to certain geographic locations. However, if we are approaching this from an economic development standpoint, why is it best to limit access and restrict the amount of revenue the State collects? The benefit of restriction goes only to the few individuals who own the parimutuel tracks. The benefit of restriction does not go to the State of Kansas, does not go to the small businesses that are the fabric of every local community, and there is no benefit to society, in general, as restricted locations will not reduce any potential harm.

Both chambers of this Legislature, a few short weeks ago, addressed the issue of pull-tab bingo. That issue has been sold as a mechanism for fraternal organizations and other non-profits to raise money. It is another form of gambling that this Legislature has sanctioned but concurrently attempted to restrict access. If this Legislature wants to assist the fraternal and veteran’s associations in raising money, certainly allowing slot machines would accomplish that end, possibly, in a spectacular manner.

Mr. Chairman and members of the committee, I respectfully request serious consideration of this request for amendment. It has been suggested we should refrain from offering this amendment this year. However, it is possible this legislation would actually benefit from the addition of private clubs and fraternal and veterans organizations being added. The organizations can mount effective campaigns when they so choose as evidenced by the progress of “instant bingo” legislation.

Additionally, should we wait until after the tracks have slot machines to make our request, we are doubtful of the legislation’s outcome. We anticipate that if this legislation is adopted specifying pari-mutuel tracks as the sole location for Lottery slot machines, it will be nearly impossible to extend the privilege to other Lottery retailers. Although such extension would be of benefit to the state, there is no benefit to the tracks to allow slot machines to be placed at these additional facilities.

Thank you for allowing me to appear before you and for considering this testimony.



Testimony on HB 2547  
House Federal & State Affairs Committee  
March 13, 1995

Dave Schneider, President  
Kansans For Life At Its Best

Chairman Boston, Members of the Committee,

I'd like to make a few observations in opposition to House Bill No. 2547.

1. The significance of this bill.

If this bill is passed by the Legislature, we will have Indian casinos in Kansas and full-blown casinos at the racetracks soon thereafter.

2. In spite of the 1994 Supreme Court opinion which stated that when the people voted for the lottery back in 1986, they also voted for the ability for the state to operate casino gambling, we all know that the people of Kansas have never voted to allow the State of Kansas to get into the casino gambling business.

3. If this bill is passed into law and signed by the governor without a vote of the people on the issue of whether the state can get into the casino business, you'll be creating a political firestorm which will burn through the 1996 elections.

4. Passage of this bill would signify the abandonment of key principles on the part of both the Republicans and the Democrats.

Republicans -- The party of economic growth and limited government. The plunge into casinos would be a furthering of the economic defeatism which funding state government through gambling represents. Government sponsored gambling is the real white flag of surrender on the issue of economic growth and limited government. It's the government admitting that folks are taxed to the max and won't stand for more -- but then instead of cutting spending, taxes and bureaucracy and allowing the economy to grow naturally and expand the revenue base, the government says, "It can't be done, so we'll have to find another way to milk the public for more revenue."

Democrats -- The party of compassion and sticking up for the little guy. Please take note of the following quote:

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"State gambling revenues come disproportionately from lower income residents. Problem gambling behaviors are highest among the poor and minorities."

--*Legalized Gambling As A Strategy For Economic Development*, Robert Goodman, United States Gambling Study, Center for Economic Development, University of Massachusetts, Amherst, 1994.

Have some compassion and stick up for the little guy by refusing to allow state government to further sucker its people. The Democrats ought to be the ones objecting vehemently to funding democracy by enticing the poor to waste their money on gambling. For the poor, gambling is the road to impoverishment, not empowerment.

5. The Rescuers want to be rescued. The parimutuel folks promised big things back in 1986, but now they want you to bail them out by giving them this golden goose. But why them? There are plenty of other businesses around the state who've had trouble making it. Why this special treatment?

6. There are many non-industry experts around the country who would be glad for you to call them for a second opinion on the issue of gambling -- and especially the effects of casino gambling. Here is a partial listing by subject matter:

Economics:

Professor Peter Fisher  
Urban and Regional Planning  
University of Iowa  
319-335-0032

Dean Timothy Ryan  
College of  
Business Administration  
University of New Orleans  
504-286-6954

Professor Robert Goodman  
Director, Center for  
Economic Development,  
University of  
Massachusetts-Amherst  
413-584-0855

Crime:

Mr. Frank Kelley  
Attorney General  
State of Michigan  
517-373-1110

Professor Earl Grinols  
Department of Economics  
University of Illinois  
217-333-4595

Mr. Robert Fuesel  
Executive Director,  
Chicago Crime Commission  
312-372-0101

Professor John Kindt  
University of Illinois  
217-333-6018

Mr. Jeffry Bloomberg  
Lawrence County States Attorney  
Deadwood, South Dakota  
605-578-1707



Compulsive Gambling:

Dr. Durand Jacobs  
Redlands, California  
909-792-5350

Professor Henry Lesieur  
Chair, Dept. Criminal Justice  
Sciences  
Illinois State University  
309-438-7626

Dr. Valerie Lorenz, Executive  
Director, Compulsive Gambling  
Center, Inc.  
Baltimore, Maryland  
410-332-1111

For the Government of Kansas to enter into the casino gambling business would be both highly regressive and highly controversial. You would do well to ponder this long and hard and call some of the folks listed above before rushing into an expansion of gambling unlike any other we have experienced.

STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E

State Capitol Building

Topeka, Kansas 66612-1504

(913) 296-2436

FAX (913) 296-0231

March 9, 1995

Bill Graves  
Governor

Gloria M. Timmer  
Director

The Honorable Garry Boston, Chairperson  
House Committee on Federal and State Affairs  
Statehouse, Room 156-E  
Topeka, Kansas 66612

Dear Representative Boston:

SUBJECT: Fiscal Note for HB 2547 by House Committee on  
Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note  
concerning HB 2547 is respectfully submitted to your committee.

HB 2547 would authorize the Kansas Lottery to contract with  
parimutuel licensees (horse and dog tracks licensed in Kansas) to  
allow those licensees to operate electronic game of chance machines  
at the facilities operated by the licensees. The bill defines an  
"electronic game of chance machine" as including, but not limited  
to, mechanical or video slot machines. The act provides that the  
machines could be owned by the parimutuel licensee or by a  
technology provider under contract to the licensee. The machines  
would be subject to the "ultimate control" of the Lottery.  
However, the bill also provides that the Lottery Operating Fund may  
be used for the purchase of "facilities" and "equipment." The  
Kansas Lottery would receive 15 percent of the net income from  
operation of the machines. Finally, HB 2547 repeals KSA 74-8723,  
which abolishes the Kansas Lottery, effective FY 1997.

The estimate of fiscal effect relates to that portion of HB  
2547 which allows the operation of slot machines at Kansas horse  
and dog tracks. The Kansas Lottery bases its estimate on the  
experience of the State of West Virginia, which has three licensed  
race tracks, as does Kansas. It is estimated that the amount  
wagered per capita in Kansas would be \$10.97, 76 percent of the  
West Virginia total. Based on a Kansas population of 2.5 million,  
the agency estimates net machine revenues of \$27.4 million. Of the  
\$27.4 million, the three race tracks would retain 85 percent, or

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The Honorable Garry Boston, Chairperson  
March 9, 1995  
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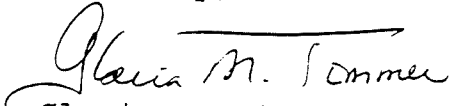
\$23.3 million, and the state would receive 15 percent or \$4.1 million. These receipts would be credited to the Lottery Operating Fund. Assuming that 30 percent of the receipts to the Lottery Operating Fund would be transferred to the Gaming Revenues Fund, annual Gaming Revenues Fund receipts would increase by about \$1.2 million as a result of the passage of this act.

The Kansas Lottery indicates that the cost to administer the program authorized by the bill would depend on whether the Lottery would be responsible for the purchase of the electronic game of chance machines and the computer system to operate and control them. If the Lottery were to purchase the machines and maintain the system, the first year cost of the program is estimated to be \$9,848,000, including \$7,800,000 for the purchase of machines and \$1,500,000 for the purchase and design of a computer system. If the race tracks were to purchase the machines and the computer system, the first year cost to the Lottery would be \$548,000.

The Lottery indicates that the FY 1996 cost would include \$105,000 in one-time costs (excluding the cost of the machines and the computer system) and \$443,000 in continuing personnel costs. Of the one time costs, \$85,000 would be for background checks of those employed by the tracks to operate the electronic game of chance machines and \$20,000 would be for office equipment. Expenditures for personnel of \$443,000 would finance 15.0 FTE positions. The personnel employed would be needed to provide security services, deal with data processing duties related to the new games, and to assist with the financial transactions required by the new games. Any expenditures or receipts would be in addition to amounts included in *The FY 1996 Governor's Budget Report*.

If that portion of HB 2547 repealing the statute that abolishes the Lottery effective in FY 1997 were not to pass, the Lottery indicates that in FY 1996 expenditures for its operation would be reduced and receipts from ticket sales would decline. These changes would be necessary to "phase out" the Lottery operation. The agency also points out that some mechanism to pay outstanding prizes at the end of FY 1996 would have to be provided for, since, depending on the type of game, ticket buyers have six to 12 months to redeem their tickets. In FY 1997 and subsequent years, no revenue would be received as a result of ticket sales, and all costs for operation of the Lottery would be eliminated.

Sincerely,

  
Gloria M. Timmer  
Director of the Budget

cc: Jim Giordono, Lottery

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Travel  
Industry  
Association of  
Kansas

Jayhawk Tower  
700 S.W. Jackson St., Suite 702  
Topeka, Kansas 66603-3758  
913 /233-9465 FAX 913 /357-6629

## STATEMENT

**DATE:** March 13, 1995  
**TO:** HOUSE FEDERAL & STATE AFFAIRS COMMITTEE  
**FROM:** Jean Barbee, Executive Director *Jean Barbee*  
**RE:** HB-2547 (ELECTRONIC GAMES OF CHANCE AT RACETRACKS)

The Travel Industry Association of Kansas (TIAK) is a statewide association of organizations, businesses and individuals who are in the business of promoting Kansas as a destination for tourism. Members include convention and visitors bureaus, hotels, motels, restaurants, attractions and other suppliers and vendors to this industry.

The mission of TIAK is to speak with one voice for the travel industry. Education of city and county commissions, Kansas legislators and the general public regarding the economic benefits of tourism development and an understanding of tourism issues is the goal of the organization.

Attached you will find the latest figures on the economic impact of tourism.

TIAK supports HB-2547 which would allow for games of chance at racetracks:

- 1) to maintain and increase our tourism competitiveness with other states
- 2) to sustain major attractions in Northeast, Southeast and Southcentral Kansas
- 3) to increase tourism growth economics

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Testimony of Gaye Rundberg  
Adoption by Gentle Shepherd, Inc.  
Before the State and Federal Affairs Committee  
Kansas House of Representatives  
March 13, 1995

My name is Gaye Rundberg and I am the Executive Director of Gentle Shepherd, Inc., a licensed, non-profit adoption agency located at 6405 Metcalf, Overland Park, Kansas. I am here today to speak on behalf of The Woodlands and the Kansas racing industry. Because of the grant money we have received from TRAK East, the Woodlands' licenseholder, many special-needs children have been placed in permanent families.

Trey is a bi-racial little boy who was born needing surgery to repair a malformed digestive tract. Joseph was born exposed to bacteria and had to spend 10 extra days in the hospital. Both boys are African-American/Caucasian, which, combined with their medical problems, made them hard to place. I am happy to report that both children have found permanent families and are thriving in loving and stable environments. Both adoptions were subsidized by the grant money we received from TRAK East.

Taran is the new name of a child who spent the first twenty months of his life locked alone in a room with only a blanket and a pillow. At a time in his life when most babies are being rocked and held and sung to and played with, he lay in his room totally isolated and without stimulation of any kind. His birth mother suffered from a mental illness and was frightened of her son. She admitted that she never held or touched him, or even spoke to him.

Taran may have problems that will affect his entire life. No one really knows whether he will be severely developmentally disabled or not, but we placed him into a family that will love and nurture him whether he is mentally retarded or not. When Taran came into our office he was lifeless. He could not walk or talk and would only take a bottle. He had never been given food. Today he laughs and giggles and is now walking and eating. His eyes sparkle with life. The financial gift we received from TRAK East was the difference between him having a real family or being lost - never being shown affection.

There is one more child I would like to tell you about today. Her name is Eva Marie and she was born to an HIV-positive mother. Most children born to HIV birthmothers become foster children with the State, and get no real commitment or love by any one set of adults. This child however, has a future. She was adopted by a loving family in Oregon who wanted to adopt a child but didn't have the finances to make it happen. Grant money from TRAK East made the adoption possible, and I will share with you the thank-you letter we received from Eva Marie's adoptive mother.

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"Dear Contributors: I want to thank you for your part in making it possible for us to adopt our daughter, Eva. We truly appreciate the people at Track East (sic) for being concerned about children who need families to love and raise them.

Evan is now 5 months old, and she has been living with us for the past 4 months. Our family includes older brother Andrew, who is 6 years old, middle brother Paul, who is 3 years old, my husband David, and me. We are thrilled to have Eva with us, and we look forward with joy to the time we will have to watch her grow and learn. Eva seems equally happy to be with us, as she has been contented and alert, with beautiful smiles when she sees us.

We had hoped and planned for several years to adopt a child, but we were also working with a limited budget. When we heard about Eva, we were convinced that this was the child for whom God had prepared our family, and we said we would be willing to accept her as our own, regardless of her risk of having HIV. This risk factor has been a challenge for us, as well as our families and friends. Thus far, Eva has shown no symptoms, and we praise God for her health and happiness at this point.

Once again, thank you for your compassion and generosity. Please see the accompanying picture of Eva for her own brand of "Thank You". Sincerely, Brenda, Portland, Oregon"

Ladies and gentlemen, these are only a few children who have been helped through the generosity of TRAK East. Without their financial intervention these families would not have been formed. There is a plaque on the wall in our office which reads:

One hundred years from now  
it will not matter  
What kind of car I drove,  
What kind of house I lived in  
How much money I had  
In my bank account  
Nor what my clothes looked like.

But the world may be  
a little better  
Because I was important in the  
life of a child.

TRAK East granted us the tool needed to change Eva's life. Whatever she may face, she will not face it alone. Please help The Woodlands by giving them the tool they need to survive. They are important to us.

Thank you for hearing my testimony today.

Gaye Rundberg M.S.  
Executive Director

QUESTIONS ABOUT HB 2547

1. The bill contains no provision setting the required percentage of money wagered to be returned to players of the electronic games of chance. Should such a percentage be spelled out in the bill?
2. The percentage of net machine income to be used for purse supplements or otherwise returned to horse and dog owners is not specified in the legislation. Should such a percentage be specifically set out or the formula for determining the same be set out in the statute?
3. How have the revenue splits between the tracks and horse and dog interests been handled by other states that have permitted casino gaming at parimutuel facilities?
4. Who is going to collect the horse and dog revenue splits and distribute it?
  - a. On what basis will it be distributed?
  - b. How much to purse supplements?
  - c. How much to breed funds?
  - d. How much to various horse breeds?
  - e. Is this going to lead to a rerun of the simulcasting revenue distribution disputes we have seen recently?
6. Do the horse and dog groups get a percentage from "VLT's"? All of the materials from the horse and dog groups reference "VLT's". This bill does not mention "VLT's". This bill defines "Video lottery machine" and "Electronic game of chance". Is a "VLT" the same as a "Video lottery machine"? Is a "VLT" the same as an "Electronic game of chance" or more importantly is a "Electronic game of chance" a "VLT"? If the agreements between the horse and dog groups and the tracks only mention a cut of revenues from VLT's what difference does the terminology make?
7. Would passage of this bill trigger the \$40 million bonus to Mr. Hubbard and Mr. Boushka provided for in the Hollywood Park merger agreement?

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8. What is the lottery's position on the bill?
9. What is the governor's position on the bill?
10. Does this proposal meet the Kansas constitutional requirement of a "state owned and operated" lottery?
11. The bill references "parimutuel locations" not facilities. Would the electronic game of chance machines be housed in the existing racetrack facilities or would there be a separate casino building like Mr. Hubbard is proposing at Riudoso Downs?
12. Subsection (d) commencing at line 14 of page 10 of the bill authorizes contracts to spell out accounting procedures, times of operation and other matters, including security, relating to the operation of electronic games of chance at parimutuel licensee locations. The exception noted in subsection (d)(2) starting in the middle of line 21 on page 10, "that no rule and regulations shall restrict the operation of electronic games of chance machines to specific days of operation as long as a parimutuel licensee has scheduled live racing in each calendar year at the parimutuel license location where the electronic game of chance machines will be located", would seem to allow unrestricted 7 day a week 24 hour a day operation of the electronic games of chance so long as a parimutuel licensee scheduled ONLY ONE LIVE RACE IN ANY GIVEN YEAR.
13. How will this effect the charitable organization licensees?

STATE OF  
KANSAS



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# Hotel Employees & Restaurant Employees International Union AFL-CIO, CLC

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To: Kansas Federal & State Affairs Committee Members  
From: Lee Strieb, Hotel Employees & Restaurant Employees Union  
Re: Video Lottery, House Bill 2547  
Date: March 11, 1995

We understand that you will be holding hearings Monday on House Bill 2547, which would create a dramatic expansion of gambling in Kansas by allowing race tracks there to install and operate hundreds of video lottery terminals. We are writing to urge you to OPPOSE this legislation, and to suggest issues you should consider before voting on the bill and similar measures.

Our organization represents over 60,000 casino and race track employees nationwide. We have had considerable experience dealing generally with the expansion of gambling across the country and specifically with Hollywood Park, Inc., the company which owns The Woodlands in Kansas and which is a big backer of expanding gambling there.

We will contact you soon with our specific analysis of HB 2547, along with additional information on the track record of Hollywood Park which we believe will be relevant to your debate. In the mean time, we wanted to recommend that, before your committee votes on this bill, you get satisfactory answers to the following questions related to this proposed major expansion of the types of gambling which are legal in Kansas:

- How does the percentage and/or amount of money the state, the race tracks, and other parties will receive from these machines under this bill compare with what these parties receive in other states?
- What is the track record of the major players pursuing video lottery in Kansas in: a) operating other forms of gambling, and b) lobbying for additional gambling in Kansas and in other states?
- How will allowing video lottery affect the rights of Indian tribes to set up casinos or offer expanded forms of gambling in Kansas?
- Have the race tracks which were seeking a constitutional amendment which would allow full-scale casino gambling renounced that goal, or is video lottery just a first step toward that goal?

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- What is the market demand for video lottery terminals in the cities where they would be located? What studies have been done on this issue, and what do they suggest regarding the number of machines which should be allowed?
- What will be the job-creation or job-loss impacts and tax revenue impacts from the introduction of video lottery, in light of shifts in consumer spending toward this new form of entertainment?
- What sorts of regulation and licensing requirements would be necessary to ensure that video lottery in Kansas is operated only by reputable companies and individuals and is operated in a manner which truly benefits the state's residents?

We would certainly be glad to share with you any information we have to help you with answering these questions and others regarding gambling expansion and regulation. I can be reached at the San Francisco phone number above.

Thank you for your interest.