

Approved: 4-27-95
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 27, 1995 in Room 526-S of the Capitol.

All members were present except: Representative Les Donovan, Absent

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:

SCR 1606 - Convening of a conference of the states.

The Chairperson stated there were joint hearings earlier on SCR 1606 so this will not constitute hearings. Staff will give a briefing. There are some people in the audience that will be available to answer questions: Representative Darlene Cornfield, Jim Concannon, Dean of Washburn Law School and David Ryan who is the Constitution expert at Washburn. These people will be the only ones able to respond to questions that the Committee might have.

Staff gave a briefing on **SCR 1606** and a status report of action other states have had in regard of a resolution calling for a federal constitutional convention. (See Attachments #1 & 2)

It was asked what other states have done regarding the resolution. As of March 21, 12 states passed in both chambers, 14 states passed in 1 chamber. It was introduced but not passed in 13 states, introduced and pending in 5 states. It was defeated in 6 states. (See Attachment #3)

Representative Cornfield stated this is on a fast track and Nebraska just passed the legislation so there are now 12 states that have passed in both chambers. The 12 states that passed the resolution passed it before February 22nd and in 7 of those states there was no public hearing and believe that is significant - this was on a fast track and moved without public debate. Once the public has learned about the legislation it has been defeated in 10 states and Maryland defeated in one chamber and this has been since February 22nd so the tide is turning once the public has been made aware of this conference. It is hoped that Kansas will be on that list.

Representative Aldritt moved and Representative Swenson seconded to amend SCR 1606 by replacing it with a concurrent resolution revoking 1978 Senate Concurrent Resolution No. 1661 concerning a request to the United States Congress to call a constitutional convention relating to balancing federal financing. (See Attachments #4 & 5)

There was discussion.

Representative Swenson moved and Representative Graeber seconded to move SCR 1606 out as amended. The motion carried.

Representative Cox, Chairperson of the Subcommittee **HB 2547** reported on the Subcommittee and stated he had just been handed an Agreement between Hollywood Park, Inc., R. D. Hubbard and Richard J. Bouska waiving the rights of payment and supersedes any prior agreement or understanding among the parties. (See Attachment #6)

Representative Cox stated that the report had been distributed and asked if members would have amendments ready for the meeting on Tuesday, March 28, and would give the Committee Report and asked members to have amendments at that time. The amendments approved during the subcommittee meetings centered on a county-by-county referendum permitting slot machines only by a vote of the people. State proceeds from the proposal are tentatively set at 15%. The other amendment moved that percentage up to 20% and targeted the additional funds to the Kansas Educational Building Fund. That fund at \$288 million includes infrastructure

improvements at the state's Regent schools. (See Attachments #7, 8 & 9)

Representative Adkins offered a comparison of video lottery at tracks -- state laws. (See Attachment #10)

The Chairperson stated that **HB 2547** would be worked on March 28.

The meeting adjourned at 2:20 p.m. and the next meeting will be March 28.

HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE: March 27, 1995

NAME	REPRESENTING
Donna Weiss	Greyhounds
Jamie Ditto	Greyhounds
Helen Stout	RGA
Ben Stout	Kennel Owner
L. Panchard	CP
Charlotte Paulsen	10th Amend + VWSA
Roxie Mundy	^{Kans.} 16th Amendment Soc.
Glen Burdine	Self and KS 10th Am. Soc.
Daniel King	United We Stand Am.
Sharon M. Brumby	me
Mark Barcellona	KDOG//
Daniel S. Clark	10 TH AMENDMENT SOCIETY
James P. von Feldt	Wichita - Self
Stanley P. Lane	10 TH Amendment Society
William Bohn	16 TH Amendment Society
Allen Jones	Topeka
Dave Schneider	Kansas For Life At Its Best
Mike Meacham	self
Walter Myers	CNC

M E M O

To: Mary T.

From: Renae

Date: February 23, 1995

Re: Research Issues:

(1) If the state passes a resolution calling for a federal constitutional convention, does the call expire after a period of time?

(2) Does it matter what the resolution specifies as the subject matter of the convention?

DISCUSSION:

Issue 1: There is no clear answer. A review of the appropriate U.S.C.A. annotations indicates that if Congress had proposed the requested amendment and sent it to the states, Congress could set a reasonable time limit for ratification. See Coleman v. Miller, 307 U.S. 433, 83 L.Ed. 1385, 59 S.Ct. 972 (Kan. 1939); Dillon v. Gloss, 256 U.S. 368, 65 L.Ed. 994, 41 S.Ct. 510 (Cal. 1921). Presumably, if Congress proposed the requested amendment Kansas would have received a copy for ratification. (In reference to resolution para. 6.)

No time limit was found where Congress need respond to the resolution by calling a constitutional convention. (Resolution para. 7.) Nor is there any indication of a prescribed response time to paragraph 8 of the Kansas resolution.

Issue (2): The subject matter of a resolution calling for a constitutional convention may well affect its viability as time lapses.

When a proposed amendment springs from a conception of economic needs, it would be necessary, in determining whether a reasonable time had elapsed since its submission, to consider the economic conditions prevailing in the country, whether these had so far changed since the submission as to make the proposal no longer responsive to the conception which inspired it or whether conditions were such as to intensify the feeling of need and the appropriateness of the proposed remedial action. In short, the question of a reasonable time in

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many cases would involve, as in this case it does involve, an appraisal of a great variety of relevant conditions, political, social and economic.... [T]hese conditions are appropriate for the consideration of the political departments of the Government. The questions they involve are essentially political.... They can be decided by the Congress with the full knowledge and appreciation ascribed to the national legislature of the political, social and economic conditions which have prevailed during the period since the submission of the amendment.

Coleman, 307 U.S. at 453-454. Accord, State of Idaho v. Freeman, 529 F.Supp. 1107, 1133-1135 (1981). (Attached) Thus, it may be advisable to review the resolution to determine whether the political, social and economic conditions are such that the proposed amendment is still viable.

Suggestion: Perhaps an inquiry should be sent to the appropriate Congressional entity, or perhaps the U.S. Secretary of State, requesting a status report regarding Kansas Senate Concurrent Resolution No. 1661. That entity might also be able to furnish or direct us to any Congressional "in house" procedures regarding the processing of state resolution requests.

Efforts to Call a Constitutional Convention in the 1970s and 1980s-

Efforts to call a constitutional convention to propose a balanced budget amendment to the states began in the 1970s. The federal deficit grew from \$6.1 billion in 1974 to \$73.7 billion in 1976, or from 0.4 percent of gross domestic product (GDP) to 4.4 percent of GDP in 1976. Some politicians and economists blamed the federal deficit for the high inflation rates prevalent in the 1970s, and called for a balanced budget amendment as the best way to control inflation.

Congressional inaction led five states to pass resolutions in 1975 calling for a constitutional convention. Thirty did so by 1980, but the drive then stalled as concern grew that a convention would not be limited to the budget issue and might instead open the entire Constitution to revision. Thirty-two states have adopted resolutions calling for a convention, but Congress has not ruled on their validity. Nor has it ruled on the validity of the action of three states in rescinding their calls (see Table 1).

Table 1. States Whose Legislatures Have Passed a Resolution Calling For a Constitutional Convention on a Balanced Federal Budget Amendment

<u>State</u>	<u>Year Passed</u>	<u>State</u>	<u>Year Passed</u>
Alabama ¹	1976	Nevada	1979,1977
Alaska	1982	New Hampshire	1979
Arizona	1979,1977	New Mexico	1976
Arkansas	1979	North Carolina	1979
Colorado	1978	North Dakota	1975
Delaware	1975	Oklahoma	1976
Florida ²	1976	Oregon	1977
Georgia	1976	Pennsylvania	1976
Idaho	1979	South Carolina	1978,1976
Indiana	1979	South Dakota	1979
Iowa	1979	Tennessee	1977
Kansas	1978	Texas	1978,1977
Louisiana ³	1979,1978,1975	Utah	1979
Maryland	1975	Virginia	1976
Mississippi	1975	Wyoming	1977
Missouri	1983		
Nebraska	1976		

1. Alabama voted to rescind in April 1988.

2. Florida voted to rescind in May 1988.

3. Louisiana voted to rescind in July 1990.

Source: National Taxpayers Union.

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Billigan

Status Report on 3-21-95 -- 1:30 p.m. EST.

Party control

■ States that have passed a resolution in both chambers: (12 states)	Party control		
	Governor	Senate	House
Arizona	Rep.	Rep.	Rep.
Arkansas	Dem.	Dem.	Dem.
Delaware	Dem.	Dem.	Rep.
Idaho	Rep.	Rep.	Rep.
Iowa	Rep.	Dem.	Rep.
Kentucky	Dem.	Dem.	Dem.
Missouri	Dem.	Dem.	Dem.
Ohio	Rep.	Rep.	Rep.
South Dakota	Rep.	Rep.	Rep.
Utah	Rep.	Rep.	Rep.
Virginia	Rep.	Dem.	Dem.
Wyoming	Rep.	Rep.	Rep.

■ States that have passed the resolution in at least one chamber: (14 states)

- Alaska House
- Colorado Senate
- *Indiana House
- Michigan Senate
- Minnesota House
- Montana Senate
- New Jersey Senate
- New York Senate
- Oregon Senate
- Pennsylvania Senate
- Tennessee House
- Texas Senate
- Kansas Senate
- Mississippi Senate

*Indiana SCR22 has been superseded by a new resolution which must be passed by the Senate

■ States that have introduced the resolution in at least one chamber: (13 states)

- California Senate
- Florida House
- Hawaii House
- Illinois House
- Maryland House and Senate
- Nebraska Unicameral
- Nevada Assembly
- North Carolina House
- Rhode Island House
- South Carolina House
- Vermont Senate
- Washington House
- Wisconsin Senate

■ States where introduction is pending: (5 states)

- Alabama convenes (4/18/95)
- Connecticut
- Louisiana convenes (3/27/95)
- Maine
- Massachusetts

■ States where the resolution has been defeated or was not considered: (5 states)

- New Hampshire
- North Dakota
- Oklahoma
- West Virginia
- Georgia
- New Mexico

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Amend SCR 1606 to read as follows:

A CONCURRENT RESOLUTION revoking 1978 Senate Concurrent Resolution No. 1661 concerning a request to the United States Congress to call a constitutional convention relating to balancing federal financing.

WHEREAS, 1978 senate concurrent resolution had a title as follows: "A CONCURRENT RESOLUTION requesting and applying to the Congress of the United States to propose, or to call a convention for the purpose of proposing, an amendment to the Constitution of the United States which would require that, in the absence of a statutorily defined national emergency, total federal appropriations shall not exceed total estimated federal revenues in a fiscal year."; and

WHEREAS, It appears that at such a convention various amendments to the United States constitution might be proposed, and that some might be quite dangerous or destructive; and

WHEREAS, The congress and the president are deemed to be capable of conducting our government properly, without the aid of a constitutional convention: Now, therefore,

Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected (or appointed) and qualified to the House of Representatives and two-thirds of the members elected (or appointed) and qualified to the Senate concurring therein: That 1978 Senate Concurrent Resolution No. 1661 is hereby revoked, expunged, nullified and held for naught; and

Be it further resolved: That the Secretary of State be directed to transmit copies of this resolution to the Clerk of the United States House of Representatives, the Secretary of the United States Senate and each member of the Kansas delegation in the United States Congress.

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the Kansas legislature, as here and before modified shall become effective as modified on May 1, 1978.

Be it further resolved: That the secretary of state be directed to transmit an enrolled copy of this resolution to the Kansas Commission on Civil Rights.

Adopted by the House April 26, 1978.

Adopted by the Senate April 25, 1978.

CHAPTER 475

Senate Concurrent Resolution No. 1661

A CONCURRENT RESOLUTION requesting and applying to the Congress of the United States to propose, or to call a convention for the purpose of proposing, an amendment to the Constitution of the United States which would require that, in the absence of a statutorily defined national emergency, total federal appropriations shall not exceed total estimated federal revenues in a fiscal year.

WHEREAS, Annually the United States moves more deeply in debt as its expenditures exceed its available revenues and the public debt now exceeds hundreds of billions of dollars; and

WHEREAS, Annually the federal budget demonstrates the unwillingness or inability of the federal government to spend in conformity with available revenues; and

WHEREAS, Proper planning, fiscal prudence and plain good sense require that the federal budget be in balance absent national emergency; and

WHEREAS, A continuously unbalanced federal budget except in a national emergency causes continuous and damaging inflation and consequently a severe threat to the political and economic stability of the United States; and

WHEREAS, Under Article V of the Constitution of the United States, amendments to the Constitution may be proposed by the Congress whenever two-thirds of both Houses deem it necessary or, on the application of the legislatures of two-thirds of the states, the Congress shall call a constitutional convention for the purpose of proposing amendments: Now, therefore,

Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected to the Senate and two-thirds of the members elected to the House of Representatives concurring therein: That the Congress of the United States is hereby requested to propose and submit to the states an amendment to the Constitution of the United States which would require that within five years after its ratification by the various states, in the

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absence of a national emergency, the total of all appropriations made by the Congress for a fiscal year shall not exceed the total of all estimated federal revenues for such fiscal year; and

Be it further resolved: That, alternatively, the Legislature of the State of Kansas hereby makes application to the Congress of the United States to call a convention for the sole and exclusive purpose of proposing an amendment to the Constitution of the United States which would require that, in the absence of a national emergency, the total of all appropriations made by the Congress for a fiscal year shall not exceed the total of all estimated federal revenues for such fiscal year. If the Congress shall propose such an amendment to the Constitution, this application shall no longer be of any force or effect; and

Be it further resolved: That the legislature of each of the other states in the Union is hereby urged to request and apply to the Congress to propose, or to call a convention for the sole and exclusive purpose of proposing, such an amendment to the Constitution; and

Be it further resolved: That the Secretary of State be directed to transmit copies of this resolution to the Clerk of the United States House of Representatives, the Secretary of the United States Senate, each member of the Kansas delegation in the United States Congress and the secretary of state and presiding officers of each house of the legislature of each state.

Adopted by the Senate March 7, 1978.

Adopted by the House April 26, 1978

AGREEMENT

This AGREEMENT is made as of this 23d day of March 1995 by and among Hollywood Park, Inc. ("HPI"), R. D. Hubbard ("Hubbard") and Richard J. Boushka ("Boushka") ("Hubbard and Boushka are sometimes referred to collectively as the "Stockholders").

Whereas, pursuant to sections 2.1 and 2.2 of that certain Agreement of Merger ("Merger Agreement") dated as of February 24, 1994, as amended, made by and among HPI, HP Acquisition, Inc. ("Sub"), Sunflower Racing, Inc., ("Sunflower"), Hubbard and Boushka, the Stockholders received contingent rights to additional consideration payable by HPI (the "Rights");

Whereas, the Stockholders desire to sell to HPI and HPI desires to buy from the Stockholders the Rights;

Now, therefore, in consideration of the representations, warranties and covenants contained herein, the parties agree as follows:

1.1. Payment. Contemporaneously with the execution of this agreement, Parent has paid to Hubbard forty dollars (\$40) and to Boushka ten dollars (\$10).

1.2. Assignment. Each of the Stockholders hereby transfers and assigns to HPI all of such Stockholder's right, title and interest in the Rights, free and clear of any liens, charges, options, adverse claims or security interests.

1.3. Representation and Warranty. Each of the Stockholders represents and warrants that they are the owners of the Rights and that they have not (nor have they purported to have) assigned, conveyed, encumbered, or in any manner transferred all or any of a portion of the Rights. The Stockholders agree to indemnify and hold Parent harmless from any and all claims (including, without limitation, all attorneys fees and costs) resulting from or arising out of any breach of this representation and warranty.

1.3. Waiver. For the purpose of the transfer of the Rights pursuant to this Agreement, and for that purpose only, each party waives the benefit of section 12.8 of the Merger Agreement.

1.4. Miscellaneous. This Agreement constitutes the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes any prior agreement or understanding among the parties. This Agreement may not be amended, modified or altered except by an express writing executed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which

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independently shall be deemed to be an original and all of which taken together shall constitute one instrument. Each party to this Agreement shall bear of all of its expenses in connection with the execution, deliver and performance of this Agreement and the transactions contemplated thereby. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

HOLLYWOOD PARK, INC.

By: *G. Michael Finnigan* 23 MAR 95
G. Michael Finnigan,
Executive Vice President
and Chief Financial Officer

R.D. Hubbard
R.D. Hubbard

Richard J. Boushka
Richard J. Boushka

Sunflower, for itself and as successor in interest to Sub, hereby agrees to be bound by section 17.8 of this Agreement as if Sunflower were a party to this Agreement.

Sunflower Racing, Inc.

By: *G. Michael Finnigan*
23 MAR 95
Secretary

Memorandum

TO: House Federal and State Affairs Committee

FROM: Representative Ray Cox, Chairperson

DATE: March 21, 1995

RE: Sub Committee Report on HB 2547

Representative Cox opened the meeting and stated that questions had been requested from the Kansas Racing Commission and the Kansas Lottery and we will go over them and anyone that has any questions may ask them at the time. Also, there is a letter from the Kansas Racing Commission dated March 16, 1995 and the Commission discussed this issue on March 10 and was the consensus of the Commission that they would remain neutral on this bill. The Racing Commission came up with a series of questions and those were passed on to Mr. Rimbo and asked him to answer those questions so we could get a better understanding and report back to the Committee on Thursday.

Bruce Rimbo, Kansas Racetrack Alliance, reviewed questions provided by the Kansas Racing Commission and the Kansas Lottery concerning **HB 2547**. (See Attachment #1)

Mr. Rimbo stated there is no \$40 million bonus agreement between Hubbard/Boushka and Hollywood Park and stated they would sign a waiver as it is meaningless and they would start the paperwork.

Mr. Rimbo further stated the Governor has no problem with the bill and would not have a problem with amending **HB 2547** on to **SB 27**.

It was stated that Anthony Downs has 6 races a year. Could they operate slots and if so, would they be a racetrack or a casino?

Mr. Rimbo stated, it might increase their live racing. I would think it would be a casino

if more slots than race dates.

It was stated county-wide referendum would take care of this.

It was asked if the Woodlands would be open for slots when there is no racing?

Mr. Rimbo stated, yes, to compete with the riverboats, they would simulcast the days there is not live racing.

The Chairperson asked Art Neudehel, Executive Director, Kansas Racing Commission, how the Kansas Racing Commission could remain neutral since it was their livelihood.

The Chairperson stated a list of questions provided by the Racing Commission was provided to the Chairperson of Federal and State Affairs Committee. (See Attachment #2)

The Chairperson questioned why a meeting was called at the Racing Commission on such short notice this morning and asked how many were able to be contacted for the conference telephone meeting?

Mr. Neudehel stated it was felt there needed to be a meeting and 3 of 5 members were present.

The Chairperson stated a letter had been sent to Representative Garry Boston from Kenneth D. Francisco, Vice chair of the Kansas Racing Commission to emphasize his understanding of the commission's neutral stand on HB 2547. (See Attachment #3)

Greg Ziemak, Executive Director, Kansas Lottery, stated that Bruce Rimbo had contacted him 5-6 weeks ago and stated then that the Lottery is neutral on HB 2547 because of the abolishment. Representative Garry Boston requested information from the lottery and those questions were reviewed. Mr. Ziemak stated the Lottery was not involved in drafting the bill and would like to see the bill tightened up in lieu of Rules and Regs. (See Attachment #4)

Carl Anderson, Attorney General's Office, stated some things can be done by contract and some left to the lottery, just for administrative purposes helps.

The Chairperson asked, do you want this passed out as is or do you want to work with revisions and get what you want?

Mr. Anderson stated, don't want to delay the legislative process, but some technical balloons would help.

Representative Lawrence stated it needs to be written down. The central computer system, just calling on line game rather than VLT. To be state-owned and operated need a contract. Not sure this meets the Constitutional mandate. The state has total control over all of the machines now. There is no definition of on-line games in the statute.

The Chairperson recessed the meeting and stated the Sub-Committee would continue discussion on March 22 at 1:00 p.m. and will finish up tomorrow.

House Federal and State Affairs

Subcommittee Report

March 27, 1995

Staff and legislative input needed to bring slot machines to Kansas were explored during two days of subcommittee hearings on HB2547. Lawmakers sought answers to a host of questions put to them by state gaming staff and the Attorney General's office.

Allowing slots machines to operate in Kansas was decided by a Kansas Supreme Court ruling. Placed under electronic games of chance, slot machines are carried in the provisions of Class Three Gaming. HB 2547 would allow the Kansas Lottery Commission to enter into contracts with the state's para-mutuel racing tracks to allow the operation of slot machines at the race tracks. So far, according to track owners, the breed groups are on board and actively support slot machines.

Despite harmony within the racing industry, the Kansas Lottery Commission and the Kansas Racing Commission are remaining neutral. Representatives from both appeared at the hearings, yet they were somewhat hesitant to speak fully about the slot machine proposal.

Commission staffers did not feel it was their place to address the policy. Their responsibilities center on carrying out law by following the direction of the Legislature. Yet, both had reviewed the proposed bill, had given it some thought, had talked with fellow employees and had put together questions to seek further input from lawmakers.

In questioning gaming staffers, both admitted implementing the slot machine proposal would not be too difficult. Once lawmakers decided who would own the slot machines (either the state or the track), costs and employee estimates could be determined. Either way, the state's responsibility would not be insurmountable.

Fiscal note projections stood at \$105,000 in one-time cost (excluding slot machines and the central computer system) to include \$85,000 for background checks of track employees hired 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.

Amendments approved during subcommittee meetings centered on a county-by-county referendum permitting slot machines only by a vote of the people. State proceeds from the proposal are tentatively set at 15 percent. The other amendment moved that percentage up to 20 percent and targeted the additional funds to the Kansas Educational Building Fund. That fund at \$288 million includes infrastructure improvements at the state's Regent schools.

Concerns about the breed organizations brought reassurances that current law will cover the split in revenues. What will be done with additional revenue going to the breed organizations will follow current law with no need of further legislation. What may be done with other revenues coming from slot machines is the decision of lawmakers.

Whether the proposal meets the "state owned and operated" provision of the lottery was also reassured. Other concerns, however, will need to be addressed in the Federal and State Affairs Committee. Those included the scope of race tracks available. Where there are three commercial tracks in the state, there are two tracks associated with state fairs. Should those fair tracks also be open to slot machines will be a matter of further discussion with the possibility of an amendment to exclude those tracks.

Other decisions will be the final decision of the percentage the state takes (the proposal is now set at 15 percent), location of slot machines within the existing track or at a new or separate location nearby, and letting slot machines to operate when the track is not running.

Those appearing before the committee in support of slot machines emphasized the financial and employment benefit Wyandotte County would receive. With the introduce of casinos on river boats in neighboring Missouri, the Woodland's operation was hit with a nearly lethal result.

Supporters pointed to the county having the highest unemployment rate in the state, suffering from the highest taxes in the state and represented one of the most culturally diverse populations in the state.

Detractors spoke of the moral deterrent gaming has on individuals and the subsequent cost to family and society. Some concern about the impact slot machines would have on neighboring communities and a referendum on gaming that crossed county lines was suggested.

Full committee action will take place next week.

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CAMPTOWN
GREYHOUND PARK



KANSAS RACETRACK ALLIANCE

9700 Leavenworth Road, Kansas City, Kansas 66109 • (913) 299-9797

MEMORANDUM

March 21, 1995

To: Federal & State Affairs Committee

From: Bruce Rimbo

Re: Questions concerning HB 2547

1. Should a percentage returned to players be spelled out in the bill?

It is not necessary since that will be handled on the administrative level by the Kansas Lottery Commission. KSA 74-8720 of the Kansas Lottery act requires that "an amount equal to not less than 45% of the total sales of lottery tickets or shares....shall be allocated for payment of lottery prizes." Historically, electronic games of chance will return between 88 and 96% which is greater than 45%.

2. Should a percentage for horse and dog owners be spelled out in the bill?

Again, it is not necessary since it has been handled contractually. This mirrors the legislation that was passed in Iowa. As stated in the hearing, all parts of the pari-mutuel industry are united behind this bill and so obviously are pleased with the contractual arrangements made. All contracts will need to be filed with both the Kansas Racing Commission and Kansas Lottery Commission.

3. How have revenue splits between horse and dog owners been handled in other states?

As previously mentioned, Iowa has handled its revenue splits through contractual basis. As mentioned in the public hearing, horse and dog interests will receive 20% of net machine income as purse and breed supplement awards. Of the four other states that have instituted electronic games of chance at tracks, the 20% will be among the highest in the country for assisting pari-mutuel and the agricultural economic development that comes with it.

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4. Who will collect and distribute horse and dog revenue? Is this going to lead to a rerun of the simulcasting revenue distribution disputes of the past?

Decisions as to distribution of the money will be determined by each individual breed organization. And since contracts have been negotiated ahead of time, the disputes of the past will not arise.

5. Do horse and dog groups get a percentage from VLTs as well as electronic games of chance?

Under Kansas law, as determined by the Kansas Supreme Court, only games of chance are permitted in the state under the lottery. Consequently, any game that the Lottery Commission would authorize would have to be determined to be a game of chance. Consequently, yes, horse and dog groups get a percentage from any and all machines--no matter that they are actually called--because any game that would be installed at the track would have to be an electronic game of chance..

6. Would passage of this bill trigger the \$40 million bonus to Mr. Hubbard and Mr. Boushka?

There is no \$40 million "bonus"! The original stock transfer agreement between Hubbard/Boushka and Hollywood Park called for the previous two owners to share in 25% of any after tax profits if those profits are above the "pre-riverboat" levels of 1993. All involved recognize how far the track will have to come back to pre-riverboat levels that this provision in the stock transfer can be waived should this legislation become law.

7. What is the lottery's position on the bill?

The Kansas Lottery has remained neutral on the bill.

8. What is the governor's position on the bill?

It is not in my place to give the governor's position but he has been quoted as saying he would not stand in the way of such machines at race tracks.

9. Does this proposal meet the "state owned and operated" provision of the lottery?

Attorney general opinions dating back as far as 1987 reference state owned and operated as meaning the state owns the "business". In opinion 92-1 (see attached opinion issued on January 2, 1992) the attorney general says that "the constitution does not require that the state actually own the building or equipment used in a lottery operation" just that it owns the business and has ultimate control of the operation. In opinion 94-26 (see attached opinion issued on February 23, 1994) the AG says "the state of Kansas may license private entities to place and maintain privately-owned casino gaming equipment as long as the state retains ownership and control of, and responsibility for, the gaming operation." All of these rulings are consistent with the Supreme Court decision of 1994.

This committee's own staff in a memorandum dated July 16, 1993 and updated on January 17, 1995 (see attached) wrote "the lottery is not a licensing agency and conditions on third-party actions are primarily included in contracts." It further wrote the "Kansas Lottery Commission is also authorized to enter into written agreements with one or more states or corporations for joint lottery activities."

Finally, this legislation was reviewed by the attorney general's office prior to introduction and, if handled on a contractual basis with the lottery, it is believed to meet the test of state owned and operated.

10. Will the games of chance be housed in the same facility as the race track?

It is the intention of all pari-mutuel license holders to include the additional games within the framework of the existing buildings so that the same accessibility to both machines and pari-mutuel wagering windows is available to all fans. Some remodeling may be necessary but within the current framework of the current race tracks. I do not know where the Kansas Racing Commission received its information that Mr. Hubbard is proposing a separate building for gaming at Ruidoso Downs. That has not and is not his position.

11. Can the legislation allow for only one live race in any given year yet no restriction on operation of machines?

The legislation requires that tracks have a pari-mutuel license. The Kansas Racing Commission has to approve race dates every year. Should a licensee attempt to "sham" the legislation by running one race a year so as to have machines, the Racing Commission simply would not approve dates. In addition, guarantees for live race dates will be included in contracts with breed organizations. Once again, they have all unified behind HB 2547 which must mean they are satisfied with the commitments to live racing they have received.

12. How will this effect the charitable organization licensees?

It will keep them in business to continue to distribute funds. Each currently has a binding contract with facility owners and managers for operation of the facilities. These contracts will have to be amended to include provisions for new forms of gaming.

Memorandum

TO: House Federal and State Affairs Committee

FROM: Representative Ray Cox, Chairperson

DATE: March 21, 1995

RE: Sub Committee Report on HB 2547

Representative Cox opened the meeting and stated that questions had been requested from the Kansas Racing Commission and the Kansas Lottery and we will go over them and anyone that has any questions may ask them at the time. Also, there is a letter from the Kansas Racing Commission dated March 16, 1995 and the Commission discussed this issue on March 10 and was the consensus of the Commission that they would remain neutral on this bill. The Racing Commission came up with a series of questions and those were passed on to Mr. Rimbo and asked him to answer those questions so we could get a better understanding and report back to the Committee on Thursday.

Bruce Rimbo, Kansas Racetrack Alliance, reviewed questions provided by the Kansas Racing Commission and the Kansas Lottery concerning HB 2547. (See Attachment #1)

Mr. Rimbo stated there is no \$40 million bonus agreement between Hubbard/Boushka and Hollywood Park and stated they would sign a waiver as it is meaningless and they would start the paperwork.

Mr. Rimbo further stated the Governor has no problem with the bill and would not have a problem with amending HB 2547 on to SB 27.

It was stated that Anthony Downs has 6 races a year. Could they operate slots and if so, would they be a racetrack or a casino?

Mr. Rimbo stated, it might increase their live racing. I would think it would be a casino

if more slots than race dates.

It was stated county-wide referendum would take care of this.

It was asked if the Woodlands would be open for slots when there is no racing?

Mr. Rimbo stated, yes, to compete with the riverboats, they would simulcast the days there is not live racing.

The Chairperson asked Art Neudehel, Executive Director, Kansas Racing Commission, how the Kansas Racing Commission could remain neutral since it was their livelihood.

The Chairperson stated a list of questions provided by the Racing Commission was provided to the Chairperson of Federal and State Affairs Committee. (See Attachment #2)

The Chairperson questioned why a meeting was called at the Racing Commission on such short notice this morning and asked how many were able to be contacted for the conference telephone meeting?

Mr. Neudehel stated it was felt there needed to be a meeting and 3 of 5 members were present.

The Chairperson stated a letter had been sent to Representative Garry Boston from Kenneth D. Francisco, Vice chair of the Kansas Racing Commission to emphasize his understanding of the commission's neutral stand on HB 2547. (See Attachment #3)

Greg Ziemak, Executive Director, Kansas Lottery, stated that Bruce Rimbo had contacted him 5-6 weeks ago and stated then that the Lottery is neutral on HB 2547 because of the abolishment. Representative Garry Boston requested information from the lottery and those questions were reviewed. Mr. Ziemak stated the Lottery was not involved in drafting the bill and would like to see the bill tightened up in lieu of Rules and Regs. (See Attachment #4)

Carl Anderson, Attorney General's Office, stated some things can be done by contract and some left to the lottery, just for administrative purposes helps.

The Chairperson asked, do you want this passed out as is or do you want to work with revisions and get what you want?

Mr. Anderson stated, don't want to delay the legislative process, but some technical balloons would help.

Representative Lawrence stated it needs to be written down. The central computer system, just calling on line game rather than VLT. To be state-owned and operated need a contract. Not sure this meets the Constitutional mandate. The state has total control over all of the machines now. There is no definition of on-line games in the statute.

The Chairperson recessed the meeting and stated the Sub-Committee would continue discussion on March 22 at 1:00 p.m. and will finish up tomorrow.

Memorandum

TO: Chairman, House Federal and State Affairs Committee
FROM: Representative Ray Cox, **HB 2457** Subcommittee Chairman
DATE: March 22, 1995
RE: **HB 2457** Subcommittee

After discussion and testimony from Mr. Bruce Rimbo, Kansas Racetrack Alliance, Art Neudehel, Executive Director and Terry Hamblin, Assistant Attorney Counsel, The Racing Commission and Greg Ziemak, Executive Director, Kansas Lottery the subcommittee came to the following conclusion:

Representative Lawrence moved and Representative Ruff seconded a conceptual motion to have a county commission option vote placed on the ballot if there should be electronic games of chance and not be irreversible. The motion carried.

Representative Adkins moved and Representative Ruff seconded to amend on line 37, page 7, by inserting "except as provided by section 8, shall" between "and" and "credit" and on line 28, page 8, add "and less amount paid to the lottery pursuant to section 8" after tickets, change "15%" to "20%" on line 9, and add "(f) Moneys received by the Kansas lottery pursuant to subsection (c) shall be deposited in the state treasury and credited as follows: (1) An amount certified to the Director of Accounts and Reports by the Executive Director as equal to the expenses of the lottery attributable to contracts entered into pursuant to section 8 through 11 shall be credited to the lottery operating fund; and (2) the remainder shall be credited to the Kansas Educational Building Fund provided for by K.S.A. 76-6b02" on page 10. The motion carried.

The Chairperson asked the Lottery and Racing Commission if they could make this work.

Mr. Ziemak stated the bill needed a little more direction before it would work.

The Chairperson requested that Mr. Ziemak furnish the subcommittee with that information.

Mr. Hamblin stated the Racing commission would concur.

Representative Ruff asked if this would be a large financial obligation for either the Lottery or the Racing Commission?

Mr. Ziemak stated it is estimated there would be 13 new positions and it depends on who purchased the machines. The machines will be between \$13 and \$14 million.

Mr. Hamblin stated the only cost the Racing Commission would have is additional security and auditing issues which is minimum.

The Chairperson thanked the subcommittee for their attention and will report back to the committee.

Ray Cox
Chairman
Subcommittee on HB 2547

House Federal and State Affairs

Subcommittee Report

March 27, 1995

Staff and legislative input needed to bring slot machines to Kansas were explored during two days of subcommittee hearings on HB2547. Lawmakers sought answers to a host of questions put to them by state gaming staff and the Attorney General's office.

Allowing slots machines to operate in Kansas was decided by a Kansas Supreme Court ruling. Placed under electronic games of chance, slot machines are carried in the provisions of Class Three Gaming. HB 2547 would allow the Kansas Lottery Commission to enter into contracts with the state's para-mutuel racing tracks to allow the operation of slot machines at the race tracks. So far, according to track owners, the breed groups are on board and actively support slot machines.

Despite harmony within the racing industry, the Kansas Lottery Commission and the Kansas Racing Commission are remaining neutral. Representatives from both appeared at the hearings, yet they were somewhat hesitant to speak fully about the slot machine proposal.

Commission staffers did not feel it was their place to address the policy. Their responsibilities center on carrying out law by following the direction of the Legislature. Yet, both had reviewed the proposed bill, had given it some thought, had talked with fellow employees and had put together questions to seek further input from lawmakers.

In questioning gaming staffers, both admitted implementing the slot machine proposal would not be too difficult. Once lawmakers decided who would own the slot machines (either the state or the track), costs and employee estimates could be determined. Either way, the state's responsibility would not be insurmountable.

Fiscal note projections stood at \$105,000 in one-time cost (excluding slot machines and the central computer system) to include \$85,000 for background checks of track employees hired 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.

Amendments approved during subcommittee meetings centered on a county-by-county referendum permitting slot machines only by a vote of the people. State proceeds from the proposal are tentatively set at 15 percent. The other amendment moved that percentage up to 20 percent and targeted the additional funds to the Kansas Educational Building Fund. That fund at \$288 million includes infrastructure improvements at the state's Regent schools.

Concerns about the breed organizations brought reassurances that current law will cover the split in revenues. What will be done with additional revenue going to the breed organizations will follow current law with no need of further legislation. What may be done with other revenues coming from slot machines is the decision of lawmakers.

Whether the proposal meets the "state owned and operated" provision of the lottery was also reassured. Other concerns, however, will need to be addressed in the Federal and State Affairs Committee. Those included the scope of race tracks available. Where there are three commercial tracks in the state, there are two tracks associated with state fairs. Should those fair tracks also be open to slot machines will be a matter of further discussion with the possibility of an amendment to exclude those tracks.

Other decisions will be the final decision of the percentage the state takes (the proposal is now set at 15 percent), location of slot machines within the existing track or at a new or separate location nearby, and letting slot machines to operate when the track is not running.

Those appearing before the committee in support of slot machines emphasized the financial and employment benefit Wyandotte County would receive. With the introduce of casinos on river boats in neighboring Missouri, the Woodland's operation was hit with a nearly lethal result.

Supporters pointed to the county having the highest unemployment rate in the state, suffering from the highest taxes in the state and represented one of the most culturally diverse populations in the state.

Detractors spoke of the moral deterrent gaming has on individuals and the subsequent cost to family and society. Some concern about the impact slot machines would have on neighboring communities and a referendum on gaming that crossed county lines was suggested.

Full committee action will take place next week.

FvSA
3-27-95
Atch #8

STATE OF KANSAS



KANSAS RACING COMMISSION

3400 Van Buren
Topeka, Kansas 66611-2228
(913) 296-5800
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March 27, 1995

Representative Ray Cox
Vice-Chairman House Federal & State Affairs Committee Room
156-E, Capitol
Topeka, KS 66612

RE: Proposed Amendments to HB 2547

Dear Chairman:

Thank you for asking the Kansas Racing Commission for its input on HB 2547. Pursuant to your request the Kansas Racing Commission met this morning to discuss possible amendments to HB 2547. After a majority of the commission first reiterated its neutral stance on HB 2547 the commission, in light of its duty to promote and protect the Kansas parimutuel industry, is pleased to offer the following amendments that the commission believes to be necessary to make HB 2547 workable in the event that HB 2547 should pass, to wit:

1. Presently all persons entering Kansas racing facilities for occupational purposes must be licensed by the Kansas racing commission. Many of these licenses require KBI background investigations. The Racing Commission believes that an amendment to clarify that the Racing Commission will continue to have jurisdiction over who receives occupational licensure to come and go in parimutuel facilities is essential. As this bill is now structured, the lottery and any contractors and agents and employees thereof providing services to operate electronic games of chance would have to be licensed as class I concessionaires and receive the appropriate occupational licenses issued by the commission in order to come and go in the restricted areas of parimutuel facilities.

FS&A
3-27-95

Atch #9

2. The legislation should specify that the electronic games of chance must be located inside the existing parimutuel buildings at a licensed parimutuel location not in a separate building. In order to assure that this is the case the commission believes that subparagraph (m) on page 2 of the bill commencing at line 24 should be amended to read as follows, to wit:

(m) "Parimutuel licensee location" means a facility located on the real estate of a parimutuel licensee where live horse racing or live greyhound racing is conducted and parimutuel wagers are accepted. A parimutuel licensee location may include any of the existing structures where parimutuel wagers are accepted located on the real estate where live horse racing or live greyhound racing is conducted or any structures that may be constructed on such real estate where parimutuel wagers are accepted.

3. On page 10 of the bill at line 14 subsection (d) should be amended to read:

(d) The contracts authorized by this section ~~may~~ shall include the following

In addition to the forgoing the Racing Commission believes that the amendments offered by the Kansas Lottery designed to enhance the Lottery's ultimate ownership and control of the electronic games of chance should also be made a part of this legislation.

Very truly yours,

KANSAS RACING COMMISSION



DENISE E. KOBUSZEWSKI, D.V.M.
CHAIR

FSA
3527-95
Atch #10

COMPARISON OF VIDEO LOTTERY AT TRACKS -- STATE LAWS

	KANSAS (H.B. 2547)	IOWA	WEST VIRGINIA	RHODE ISLAND	DELAWARE
Constitutional provisions	Article 11, Sec. 3c authorizes the Legislature to provide for a state-owned and operated Lottery. (Interpreted by the Kansas Supreme Court to include any kind of gambling, <i>i.e.</i> , anything including chance, consideration, and prize.)	No provision in <i>Iowa Constitution</i> . By statute, the lottery Board is prohibited from authorizing video lottery games (99E.9, Sec. 3 (b)(1)).	Article VI, Sec. 36 authorizes the Legislature to authorize lotteries (including video lottery games) which are regulated, controlled, owned, and operated by the state.	Article 6, Sec. 15 authorizes lotteries (schemes or plans with three essential elements -- consideration, chance, and prize) operated by the state subject to prescription and regulation by the Rhode Island General Assembly.	Article II, Sec. 17 authorizes lotteries (games of pure chance and games of chance in which chance is the dominant determining factor) under state control and operation for the purpose of raising funds.
Who is responsible for operating and owning slot machines?	The Lottery Commission would be authorized to contract with "parimutuel licensees" (facility managers and owners and organization licensees that own tracks, including the Greenwood and Anthony Downs licensees) to install electronic game of chance machines at the racetracks (Sec.1 (1)). Ultimate control is to reside with the Lottery Commission. Machines may be installed, operated, managed, owned, or leased by parimutuel licensees or technology providers (under contract with parimutuel licensee, not the Lottery) (Sec. 8(b)).	The Racing and Gaming Commission shall license a parimutuel dog or horse racetrack licensee to operate gambling games at a racetrack subject to rules and regulations (99F.4A). Statutes do not expressly address the ownership of gambling machines. As noted previously, the <i>Iowa Constitution</i> contains no provisions regarding lotteries.	Video lottery "games" are Commission-approved, owned, and controlled (29-22A-3(v)). The Lottery Commission requires video lottery terminals to be connected to the Commission's central control computer by an on-line or dial-up communication system (29-22A-3 (y)). The terminals must be registered with, and approved by, the Lottery Commission (29-22A-5 (a)).	The Lottery Commission shall license technology providers capable of interfacing with a central communications system controlled by the Commission. All video lottery machines must be linked under a central communications system to provide auditing program information. All aspects of games are established by Commission in rules and regulations (42.61.2-3).	The Lottery Commission must own or lease all video lottery machines and those machines must be obtained from licensed video lottery manufacturers (Title 29, Sec. 4820 (a)). Video lottery machines must be connected to the Lottery's central computer system (Title 29, Sec. 4819 (c)).
What forms of video gambling are permitted at the racetracks?	"Electronic games of chance," which are any games played on, among others, mechanical or video slot machines (Sec. 1 (d)).	Any games of chance authorized by the State Racing and Gaming Commission, excluding table games of chance, video lottery, or sports betting. (Slot machine "fruit" games are authorized) (99F.1 (10)).	Video lottery games, excluding game themes associated with casino gambling (roulette, dice, baccarat card games etc., or a video display depicting symbols that appear to roll on drums to simulate a classic casino slot machine) (29-22A-3 (v) (7)).	Any video lottery games played on video lottery terminals controlled by the Commission (42-61.2-2(a)).	Any lottery conducted with a video lottery machine (Title 29, Sec. 4803 (f)).

	KANSAS (H.B. 2547)	IOWA	WEST VIRGINIA	RHODE ISLAND	DELAWARE
What percentage of "net machine" income goes to or is retained by the state?	15 percent in bill and not less than 20 percent in proposed Subcommittee amendment. In the proposed Subcommittee amendment, any portion of the 20 percent in excess of the amount needed to reimburse the Lottery for its contractually-related slot machine expenses would be credited to the Kansas Educational Building Fund (Sec. 8(c) and proposed amendments).	Since games are not operated by the state, a tax is imposed to generate state revenue; 5 percent of first \$1 million; 10 percent of next \$2 million; 20 percent of any amount over \$3 million. Beginning January 1, 1997, from gambling games at race-tracks, 22 percent, increasing 2 percent per year to a maximum of 36 percent (99F.11). 5 percent of the state tax goes to the gamblers assistance fund; the balance to the general fund (99F.11 (3)). For FY 1995, 50 percent of revenues in excess of \$11.1 million is credited to the cash reserve fund with the first \$299,369 to the Department of Public Safety for five parimutuel law enforcement officers.	All gross terminal income is remitted to the Commission via electronic transfer. The Commission retains a maximum of 4 percent for administrative expenses. The result is net terminal income. 30 percent of net terminal income is transferred to the state general fund (Effectively, a total of 28.8 percent of "net," as defined in H.B. 2547) (29-22A-10 (b)(1)).	Not less than 38 percent of net terminal income for administrative purposes (42-61.2-7 (a)).	All net proceeds are electronically transferred daily to the State Lottery Fund, to be allocated as follows: (a) 12.5 percent of the average daily win (the amount remaining after all payouts to players) not exceeding \$25,000; (b) 15 percent of the average daily win in excess of \$25,000 to \$50,000; (c) 20 percent of the average daily win in excess of \$50,000 to \$75,000; (d) 30 percent of the average daily win in excess of \$75,000 (Title 29, Sec. 4815 (b)(2)). From that amount, the Lottery retains revenue to cover its operating expenses (including equipment costs) and associated law-enforcement and security activities of the Attorney General and Delaware State Police. The greater of \$100,000 or 1 percent of proceeds returned to the state is used for compulsive gambling programs, and the remainder goes to the state general fund.

	KANSAS (H.B. 2547)	IOWA	WEST VIRGINIA	RHODE ISLAND	DELAWARE
What is the distribution of net machine income to parties other than the Lottery?	85 percent of the net machine income would go to the parimutuel licensee (a maximum of 80 percent in the proposed Subcommittee amendment) to be further apportioned, in part, through contracts with the Kansas Thoroughbred Association, the Kansas Quarterhorse Racing Association, and the Kansas Greyhound Kennel Owners Association. Amounts would be delineated in contracts between the parimutuel licensees and the Associations. (The bill does not specify the use of those funds by the Associations) (Sec. 8(c) and (e)).	The receipts of all gambling games after expenses, taxes, fees, and allowable deductions will be distributed as prizes or for educational, civic, public, charitable, patriotic, or religious uses. However, if a parimutuel licensee has unpaid debt from the racetrack operation the first receipts, minus expenses, taxes, etc. will be used to pay annual indebtedness. After such payment has occurred, the State Racing and Gaming Commission must authorize the parimutuel dog or horse racing licensee to use receipts from games at tracks to supplement purses, pursuant to agreements negotiated between licensees and representatives of the the dog or horse owners. Purse supplements are to be used particularly for Iowa-bred horses and to facilitate the development and promotion of Iowa greyhound racing dogs (99F. 6 (Sec. 4) (a) and (b)).	The remaining 70 percent is apportioned as follows: 14 percent -- payment of regular purses; 2 percent -- counties where terminals are located; 0.5 percent -- payment for pensions of employees of licensed racing associations; 1.5 percent -- to be shared equally by West Virginia Thoroughbred Development Fund and the West Virginia Greyhound Breeding Development Fund for regular purses; 1 percent -- West Virginia Thoroughbred Breeders Classic for purses; 47 percent -- licensee; 3 percent -- Tourism Promotion Fund; and 1 percent -- Veterans Memorial Program (29-22A-10).	In addition to the 38 percent allocated to the Lottery, the remaining 62 percent is apportioned as follows: 33 percent -- licensed video lottery retailer; 10 percent -- dog kennel owners under contract with a licensee; 18 percent -- technology provider, of which no more than 3 percent should go to the communications system provider; and 1 percent -- city or town in which the licensed video retailer is licensed (42-61.2-7).	For purses to video lottery agents licensed to conduct horse racing meets and harness racing meets, a specific formula applies which is different for each; the formula also is different for agents who were licensed before and after January 1, 1993. After payment of purses, the remainder is paid to video lottery agents (tracks) as commission for a maximum of three years. (The statute specifies that this is a temporary provision and that a different distribution will be enacted before the three-year limit expires) (Title 29, Sec. 4815).

	KANSAS (H.B. 2547)	IOWA	WEST VIRGINIA	RHODE ISLAND	DELAWARE
What is the percentage paid out in prizes?	The Lottery Act provision for minimum prize payouts of 45 percent appears to apply to those games, as no other provision is specified in the bill.	The Racing and Gaming Commission makes that determination through rules and regulations (99F.4(16)).	80-95 percent of amount wagered. Special permission from the Commission is required for machines programmed for payout over 92 percent (29-22A-6(c)(1)).	The Lottery Commission is to make that determination through rules and regulations (42-61.2-3(d)).	Payouts may not be less than 87 percent on an average annual basis, and video lottery agents may return a payout greater than 87 percent but not greater than 95 percent upon ten days' written notice to the Director of the Commission (Title 29, Sec. 4805 (a) (15)).
What are the locational and scheduling requirements for tracks that have slot machines?	The bill provides that contracts between the Lottery Commission and parimutuel licensees include the times of operations of machines and the facilities in which machines will be located at the tracks. However, the bill prohibits the restriction by rules and regulations of machine operations to specific days as long as a licensee has scheduled live racing in each calendar year at the location where the machines will be operated (Sec. 8 (d)(2)).	The Commission must authorize licensees to conduct games at greyhound racetracks in Waterloo and Dubuque counties if the licensees in these counties schedule at least 130 performances of 12 live races each day during a 25-week season. The licensee at Council Bluffs may conduct games if the licensee schedules at least 290 performances of 12 live races each day during a 50-week season (99F.6, 4 (b)).	A licensee must allow video lottery games to be played only on days when live racing is being conducted at the racetrack and/or televised racing days. Video lottery terminals must be continuously monitored by closed circuit television; access to areas restricted to persons 18 years of age or older; may only be located in an area approved by the Commission; may only be located in the area of the grandstand building where parimutuel wagering is permitted; and security personnel must be present during all hours of operation (29-22A-12).	Video lottery terminals may only be installed and operated at parimutuel licensee facilities which are specifically approved by the Lottery Director subject to approval by the Commission (42-61.2-2 (b)). Video lottery games may be played at the licensed facilities with the approval of the Lottery Commission even if the facility is not conducting a parimutuel event (42-61.2-6).	Video lottery machines may only be located on existing racetrack property on which horse track meets or harness track meets were conducted in 1993. Machines may not be located in a hotel, motel, or other overnight sleeping facility. Video lottery machines may not be played on Christmas or Easter or between 2:00 a.m. and 1:00 p.m. on Sundays or between 2:00 a.m. and 8:00 a.m. on other days (Title 29, 4819)). As a precondition for maintaining video machines on licensed racetracks, the licensee must conduct live racing operations on at least 90 percent of the number of days for which live racing days were awarded for and conducted in 1992 and employ a minimum of 50 additional employees during live racing operations than the average daily number employed during the most recent racing meet held prior to July 16, 1994 (Title 3, Sec. 10048).

10-5

	KANSAS (H.B. 2547)	IOWA	WEST VIRGINIA	RHODE ISLAND	DELAWARE
Is there a local option for qualified voters of a county to vote to permit operation of slot machines at parimutuel racetracks within that county?	Not in H.B. 2547, but proposed Subcommittee amendments provide for a local option vote only to approve video gambling.	Yes. If a majority of county electorate vote for the option, the same proposition will be submitted to the voters in subsequent eight-year intervals (99F.7, (10) (c).	Yes. If a majority of county electorate vote for the option, another election on the issue may not be held for a period of five years. If a majority vote "no," another election on the question may not be held for two years (29-22A-8).	No local option.	No local option.