

.Approved: \_\_\_\_\_

Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Lana Oleen at 8:00 a.m. on April 25, 1996 in Room 254-E of the Capitol.

Members present were: Senator Oleen, Chair  
Senator Tillotson, Vice Chair  
Senator Jones, Ranking Minority Member  
Senator Gooch  
Senator Hensley  
Senator Jordan  
Senator Papay  
Senator Praeger  
Senator Ramirez  
Senator Vidricksen  
Senator Walker

Members not present:

Committee staff present: Mary Galligan, Legislative Research  
Mary Torrence, Revisor  
Nancy Wolff, Committee Secretary

Conferees Appearing Before the Committee:

Steve Montgomery, Kansas Greyhound Kennel Operators  
Dave Schneider, Kansans for Life At Its Best  
Jim Edwards, KCCI  
Greg Ziemack, Kansas Lottery Association  
Glen Thompson, Stand Up For Kansas  
Rebecca Rice, Kansas Coalition for Gaming Equity

Senator Oleen reviewed the history of **SB754** Kansas Lottery authorized to operate certain games at racetracks; disposition of revenues; payment of certain racing expenses by Racing Commission as previously passed by the committee. As hearings had been held prior to this date, she requested that anyone having additional comments, please make their presence known so that they could be recognized.

Steve Montgomery, representing the breed groups, stated that the proposed substitute bill addresses what the breed groups have been requesting since it became obvious that the legislature would not pass a bill allowing them to use slot machines as revenue producing entities. What they have been requesting and are still requesting are games that would be legal under current statutes and the opinion issued by the Attorney General allows the usage of the pull-tab dispensers (Attachment 1 & 2). Although the substitute bill is not a panacea, it will permit games to be played on machines at the racetracks. He did request that a change be made in the effective date of the bill to allow it to become law when published in the state register. He also said there was an error in the draft copy that had been previously changed in the original **SB754** which would correct the number of racing days and should be changed in the current proposed **Sub for SB754**.

Senator Oleen questioned Mr. Montgomery with regard to the expenses for the machines and who would be paying those expenses. She stated that the amount going to the breed groups would be reduced in the currently proposed substitute bill. Mr. Montgomery replied that reducing their amount going to the breeds from 20% to 15% was a situation that they could live with but should these amounts could not be reduced any further.

Senator Oleen then said that in **SB754** there would have been a centralized computer system for one-line gaming. The definition section of **Sub for SB754** on Page 1, Section 2, does not require it to be online. Senator Vidricksen replied that the machine currently on display in his office is not an on-line machine, although the capability does exist for the machine to be incorporated into an on-line system. She then asked which Keno games were referenced in the bill. There are currently machines available that are classified as Keno which would utilize a video terminal and questioned if these games would be legal under the current language. Mary Galligan stated that the language would not prohibit such games. Senator Vidricksen said

that he had never seen the information that Senator Oleen was distributing and it was not his intent in working with Bruce Rimbo to include such a machine (Attachment 3).

Senator Vidricksen handed out a document (Attachment 4) which gives the breakdown of where a \$1 bet would go. After the 80-95% is returned to the public as prizes and the lottery then takes out any funds needed for the administration and operation of the Racetrack Lottery, the balance is distributed as 15% to the Breeds, 1% to the non-profits for distribution to Kansas Charities, 15% to the State Gaming Fund and 69% to the tracks. The tracks would be responsible for the purchase/lease of machines and the cost of maintenance for such machines.

Dave Schneider, representing Kansans for Life at its Best, testified in opposition to Sub for SB754 and the concern over the employees of the industry losing their jobs. He quoted from an article in the Thursday, April 25, Topeka Capital Journal that gave the unemployment statistics that show that there is a very low unemployment rate in Kansas and people that lost their jobs could be absorbed into other industries. His other thought on the gambling issue is that although people are arguing that it is a limited expansion of gambling, that any expansion of gambling is too much.

Senator Jones responded that the comment with regard to unemployment is inaccurate when applied to Wyandotte County and the personnel that would be losing their jobs. The employees that would lose their jobs are industry people that would not be willing to work food service or other types of employment that are available.

Jim Edwards, representing KCCI, testified in support of the bill (Attachment 5). Senator Tillotson asked Mr. Edwards if the KCCI has ever taken a stand on this issue in the past and if not, what is different this year that caused them to do so. He replied that the issue over jobs what the reason KCCI had chosen to support the legislation. Senator Praeger asked Mr. Edward if the KCCI had originally supported the creation of the Lottery and he said that was true.

Glen Thompson on behalf of Stand Up For Kansas, testified in opposition to Sub. For SB754. He said that the bill is clearly an expansion of gambling and that Stand Up For Kansas is opposed to any expansion of gambling.

Senator Oleen requested that Jim Conant of the ABC and someone from the Attorney General's office be present at the next meeting of the committee to clarify issues relating to the bill.

Rebecca Rice, Kansas Coalition for Gaming Equity, testified in opposition to the bill.

Senator Hensley asked what the fiscal note was on the original SB754. Senator Oleen said that it was approximately \$600,000.

Senator Vidricksen remarked that should a machine, such as the one under discussion, be hooked to the computer at the Lottery, there would be a constant tabulation of the amount of money being generated by the machine. Greg Ziemack stated that obviously, a dial up line would be the preference of the Lottery to maintain controls over the machines. He did comment that the expenses of the lottery would be to purchase equipment to monitor how many tickets were sold, the prizes paid out at the end of the week.

Senator Tillotson asked if the equipment needed was the manner in which the \$600,000 figure on the fiscal note was arrived at. Mr. Ziemack responded that a portion of that figure was to pay for an accountant or two and to take care of expenses and to monitor the equipment. The majority of the \$600,000 would be a one-time cost. In four to six years it would be necessary to replace the equipment.

Senator Oleen asked Mr. Ziemack if the current lottery retailers were aware of the machine. He said that he had received a letter from one gentleman who stated that he felt he should have the same opportunity to the games as the racetracks. Mr. Ziemack also indicated that the state of Nebraska sold \$172 million in pull-tabs sales last year compared with \$12 million sold in the state of Kansas. He said there is no doubt that if the Lottery were in a position to place the dispensers, the revenues of the Lottery would increase.

Senator Gooch asked Mr. Ziemack if the Lottery received any funds from the non-profits. He replied that the Lottery received 1% enforcement tax from the non-profits so that if \$100 were sold, the Lottery would receive \$1.00.

There being no other business before the committee, the meeting was adjourned at 9:37 a.m.

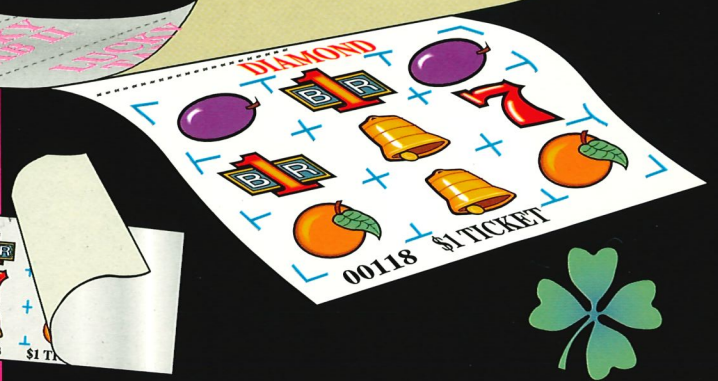


**NEW**

# PULL TAB DISPENSER

## LUCKY TAB II

PATENTED



- The first dispenser to read Pull Tabs as dispensed, and display them on a video screen.
- Dispenser uses a roll of Pull Tabs in place of a box of Pull Tabs.
- Dispenses a normal pre-printed, covered Pull Tab every time.
- Dispenser doubles the sales of ordinary Pull Tab dispensers.



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*Attachment 1  
Federal and State Affairs  
4/25/96*





*INCREASE PULL TAB SALES OVERNIGHT*

*Patented* **Pull Tab Dispenser**

**An Audio and Visually Enhanced Game**

**Presented by  
Diamond Game Enterprises**

**For further information and a demonstration contact: Donald Loudon 717-766-7221**

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**Competition**

Gaming competition is coming from all areas today. The casino industry is growing by leaps and bounds, whether it be Las Vegas, Atlantic City, Riverboat Casinos or state lotteries. Their advertising and promotions has impacted on your sales.

**Player Appeal**

Diamond Game Enterprises of Chatsworth, California has developed, designed and is currently manufacturing **the new Pull Tab Dispenser with Audio and Visual Enhancement**. See the excitement build and sales build as the game appears to be played on the screen, yet is controlled by the ticket.

**Full Service Manufacturer**

Diamond Game Enterprises manufactures the Pull Tab and Dispenser at it's locations in Chatsworth, California. It's product development engineers can accommodate almost any requirements that will require. Diamond Game Enterprises can **install, service and maintain** the systems or we can train your support staff.

## Innovative Financing

We offer a financing package that requires no budget dollars to purchase the dispensers.

## Accountability

Diamond Game Enterprises introduces the latest record keeping technology. **Our Bar Code Technology includes winner verification.**

The bookkeeping screen display will tell all. We have the following information:

- Dollars in**
- Dollars won**
- Total Tickets Dispensed**
- Winning Tickets Dispensed**
- Tickets left on roll**

## Security

We have built in quality security features into our Pull Tab Dispenser. The cabinet has been constructed to industry standards and has features such as an inside piano hinge to prevent tampering.

Our advanced software tells you the following information:

- Number of Main Door Opens**
- Number of Cash Door Opens**
- Number of Power ups**

Ask for a complete list of security features. The unit also has the capability of integrating into an on line system.

## Infinite Variety

We can create instant games that suit your market from **small stakes to megabucks.**

## Randomization

Our ticket manufacturing process is state of the art. All games are created on a computer and the tickets are laved out in our software program. The software places the winning tickets randomly based on a computer program from within the software routine.

The data is compiled in individual data files that are loaded into the printing software at the printing plant. The games are printed and quality verified. The data file automatically erases the game once printed. **No two games have the same sequence of winners and losers.**

The roll is packaged with security tape that will not allow tampering, then shrink-wrapped and boxed for added security protection.

## Americans with Disabilities Act

Our instant Pull Tab and Instant Ticket Lottery Dispenser with Audio and Visual enhancement can possibly help you comply with some regulations required by Federal Acts. See your legal counsel for further information.



State of Kansas

## Office of the Attorney General

301 S.W. 10TH AVENUE, TOPEKA 66612-1597

CARLA J. STOVALL  
ATTORNEY GENERAL

April 23, 1996

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### ATTORNEY GENERAL OPINION NO. 96- 39

The Honorable Ben Vidricksen  
State Senator, 24th District  
State Capitol, Room 143-N  
Topeka, Kansas 66612

Re: Taxation--Bingo--Definitions; Instant Bingo Dispensing Machines

Synopsis: Instant bingo pull tab dispenser machines, as described herein, are not prohibited by the provisions of the bingo law if used in accordance with the bingo act and any properly adopted rules and regulations of the department of revenue. Cited herein: K.S.A. 1995 Supp. 79-4701; 79-4706.

\* \* \*

Dear Senator Vidricksen:

You request our opinion regarding the legality of instant bingo vending machines under the provisions of the Kansas bingo act, K.S.A. 79-4701 *et seq.* and amendments. You had previously requested our opinion with regard to this issue, but because of time constraints we issued an informal opinion letter rather than a formal opinion. You now seek a formal opinion. You state that the information regarding the exact machines in question remains the same as what we reviewed for purposes of the letter opinion.

As described in the literature provided, the instant bingo vending machine (the Sequoia Lucky Tab II) would dispense random preprinted pull tabs that have been purchased in a deal from a bingo card distributor. The deal would be in all respects the same as if purchased for sale without use of a vending machine/dispenser [*e.g.* the number of winners and amount of winnings are predetermined (the machine has no effect on whether a player wins or loses, that determination is made solely by the ticket) and the security of

*Attachment 2  
Federal ; State Affairs  
4/25/96*

the deal is otherwise the same], except they come in a roll, not individually separated until played. The vending machine does not generate the tickets, but would merely dispense the next ticket on the roll upon insertion of cash in the machine by a player. The ticket is dropped into a tray for the player to retrieve and pull open the front covering to reveal the symbols on the ticket and determine whether the ticket is a winner. If the ticket is a winner, it must be presented to a cashier or an attendant for redemption. The distinguishing feature of the particular vending machine you question is that it is capable of scanning tickets as they are dispensed (tickets would have a bar code on the back) and flashing on a video screen within seconds of dispensing the ticket the symbols that purportedly are on the ticket. However, the machine may be used with or without the video display at the player's option. Should the video display not correspond with the ticket regarding whether it is a winner, the ticket controls. It is our understanding that the player must break the ticket to redeem it; the cashier/attendant will not scan the ticket thereby alleviating the need to break it open. The machine does not credit the winnings of a player, allow the player to "bet" those winnings for more tickets, pay out, or in any way "play" the game for the player. Again, the machine merely dispenses a preprinted ticket that must be played by the player just as any other instant bingo ticket for any winnings to be collected.

Instant bingo is defined at K.S.A. 1995 Supp. 79-4701(c) as follows:

"(c) 'Instant bingo' means a game: (1) In which each participant must pay a charge; (2) in which a prize or prizes are awarded to the winner or winners; (3) in which each participant receives one or more disposable pull-tab or break-open tickets which accord a participant an opportunity to win something of value by opening or detaching the paper covering from the back of the ticket to reveal a set of numbers, letters, symbols or configurations, or any combination thereof; (4) which is conducted by a licensee under this act; (5) the conduct of which must be in the presence of the participants; and (6) which does not utilize any dice, normal playing cards, instant ticket with a removable latex covering or slot machines. 'Instant bingo' does not include any game utilizing electronically generated or computer-generated tickets."

If conducted by a licensee in accordance with all the provisions of the bingo act, sale of instant bingo tickets from the described vending machine appears to fall within the definition of instant bingo: the player must pay to play; winners are entitled to a prize; a ticket meeting the description in (c)(3) is dispensed and must be broken by the player to allow redemption; there are no dice, playing cards latex covered instant tickets or slot machines involved; and the vending machine does not generate the tickets, it merely dispenses them. Therefore such machines would be permissible under the instant bingo act. The tickets sold in such machines would be subject to the requirements of the bingo act and properly adopted rules and regulations of the department of revenue. For instance, K.S.A. 1995 Supp. 79-4706 provides in part:



"Games of bingo managed, operated or conducted by organizations licensed under the provisions of this act shall be managed, operated or conducted subject to rules and regulations adopted by the secretary of revenue and the following restrictions:

.....

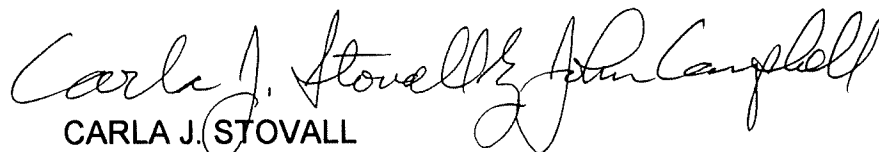
"(y) All instant bingo tickets sold or distributed to licensees shall bear on the face thereof a unique serial number which shall not be repeated on the same manufacturer's form number less than every three years. All instant bingo tickets shall be sold or distributed in boxes, and each box shall be sealed by the manufacturer with a seal which includes a warning to the purchaser that the box may have been tampered with if the box was received by the purchaser with the seal broken. Each box of instant bingo tickets shall contain tickets printed in such a manner as to insure that at least 60% of the gross revenues generated by the ultimate sale of all tickets from such box shall be returned to the final purchasers of such tickets. No box of instant bingo tickets may be opened by a licensee unless all tickets contained in a previously opened box with the same form number have been sold.

"(z) Each box of instant bingo tickets sold or distributed to licensees shall be accompanied by a flare which contains the following information: (1) The name of the game; (2) the manufacturer's name or logo; (3) the game form number; (4) the ticket count in the game; (5) the prize structure for the game, which includes the number of winning tickets by denomination and their respective winning symbol or number combinations; (6) the cost per ticket; (7) the game serial number; (8) the winning numbers or symbols for the top three winning tiers set out in such a manner that each prize may be marked off as the prize is won and awarded; (9) the business name of the bingo card distributor; and (10) the Kansas bingo license number of the licensee to which the game is sold."

Similarly, the organizations selling instant bingo tickets via such machines would be subject to the limitations and requirements of the bingo act and properly adopted rules and regulations of the department of revenue. Among other requirements, the licensee must be a nonprofit organization as defined by K.S.A. 1995 Supp. 79-4701(e), (f), (g), (h), or (i), the instant bingo games must be played in the presence of the participants and the entire roll must be played before the licensee may open a new roll with the same form number.

In conclusion, instant bingo pull tab dispenser machines, as described herein, are not prohibited by the provisions of the bingo law if used in accordance with the bingo act and any properly adopted rules and regulations of the department of revenue.

Very truly yours,

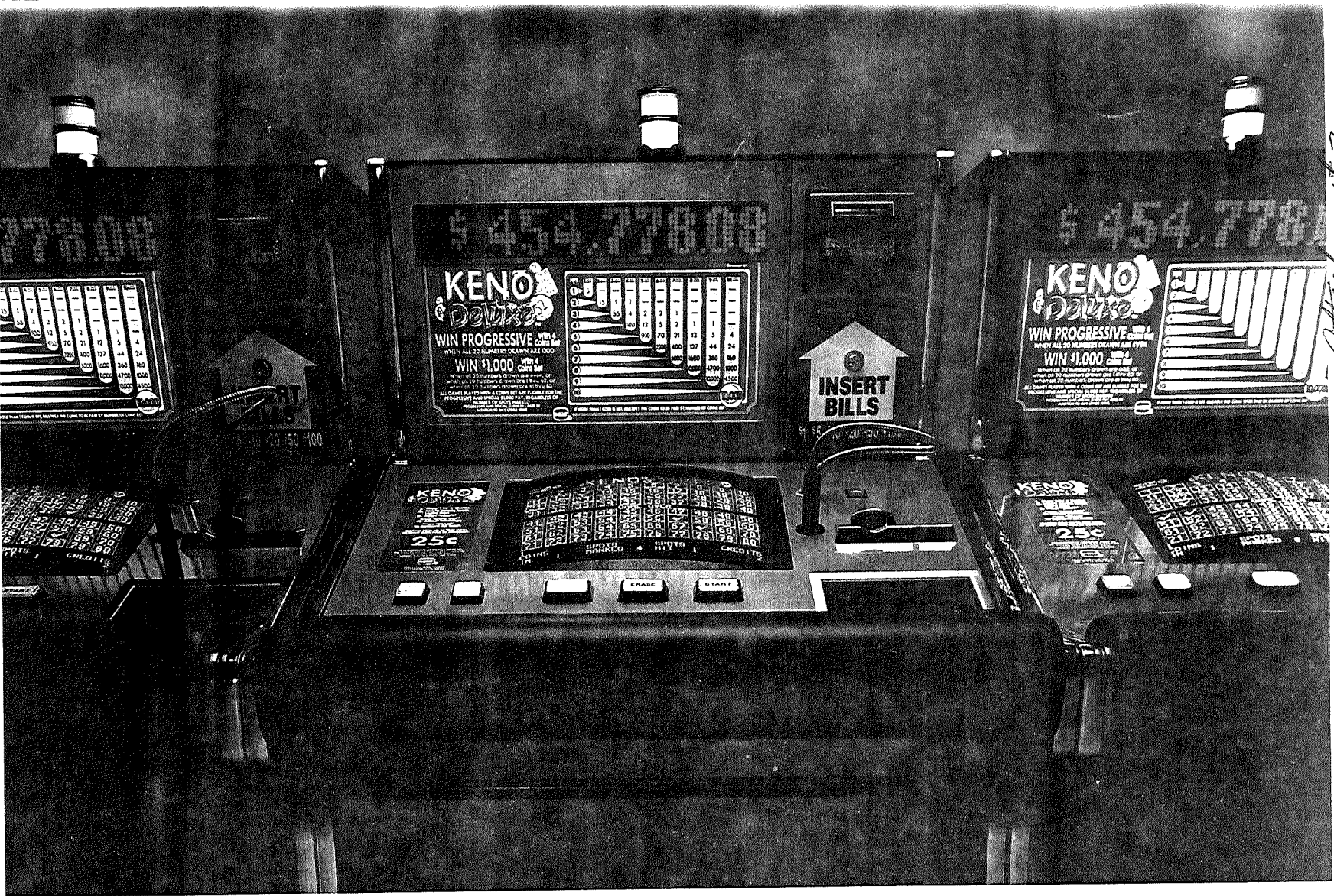


CARLA J. STOVALL  
Attorney General of Kansas



Julene L. Miller  
Deputy Attorney General

CJS:JLM:jm



*Attachment 3  
Federal State Affairs  
11-25-96*

*Introducing Keno Deluxe*, the first wide-area progressive video keno game. It's from IGT, the company that invented the wide-area progressive games that have captured the imagination of players across America. With a jackpot starting at \$200,000, Keno Deluxe is destined to follow in the highly successful footsteps of Megabucks, Quartermania, High Rollers, Fabulous 50's and the rest of IGT's mega-hits.

Here's how it works. Keno Deluxe offers four distinct machines, each with a different way to win the top jackpot. A player can win on one machine if all 20 numbers selected are odd; on another if all 20 numbers selected are even; on a third if all 20 numbers selected are from 1-40; and on a fourth if all 20 numbers selected are from 41-80. 120 Keno Deluxe machines are now installed in 19 Nevada casinos.

For a closer look, call your IGT sales representative now at 1-800-688-7890.



We Make The Games People Play  
And Play And Play

*Attachment 3  
Federal State Affairs*

TOP JACKPOT PAID IN ANNUAL INSTALLMENTS

Senate Bill 754  
(As Amended)

What does the bill do?

1...It permits the Executive Director of the Kansas Lottery to negotiate contracts with Kansas pari-mutuel race tracks to operate certain defined games under the lottery at the tracks. **Any contract would need the approval of both the Kansas Lottery Commission and Kansas Racing Commission and any games would need the approval of the Governor.**

2...It creates a division of retailers titled Racetrack Retailers. Racetrack retailers would be allowed to conduct the defined games under the lottery.

3...It calls for **the defined games only** to be paid out in a different fashion than present lottery. Currently, the Kansas Lottery returns approximately 45% of every dollar wagered in the form of prizes to customers. The defined games at racetracks will call for payouts to the public of approximately 80-95% in prizes. It **does not** affect the current payout procedures for games the Kansas Lottery currently conducts, such as Powerball, Club Keno, etc.

4...From the remaining money left after prizes are paid out from these defined games, all entities share in the amount in the following fashion:

a...**The Kansas Lottery receives 15%** of the retainage which goes directly to the state's Gaming Fund. The Gaming Fund, which receives monies from the existing lottery, racing and now racetrack lottery games, funds EDIF up to \$50 million; thereafter, all monies go to the general fund.

b...**Another 15% is designated for purses and breed awards** for racing animals to assist the state's agri-business sector. The bill specifically spells out the breakdown between greyhounds, thoroughbreds, quarter horses and, even earmarks funds for other breeds of horses, including Arabians and Appaloosas.

c...**Another 1% is designated to the non-profit groups** at each of the race tracks for continued funding to bonafide Kansas charities.

d...**The remaining amount goes to the track** from which all expenses are paid.

*John To*  
*Bryan Thompson*  
*913 8254600*  
*SB 754*

*913 8254600*

*Attachment 4*  
*Federal; State Affairs*  
*4/25/96*



5...The bill spells out expenses, **requiring the tracks to pay all expenses**. The tracks will provide all the necessary equipment, including any machines, central computers, telephone lines, etc. that are necessary as determined by the Kansas Lottery for constant communication for the purposes of security, monitoring, auditing and the execution of activation and disabling programs. The tracks must reimburse the Kansas Lottery for any direct expenses, such as additional personnel required for auditing purposes, etc. The tracks are responsible for all of its own advertising, additional personnel, rent, etc.

6...**The bill clearly defines the games** a racetrack lottery retailer can conduct. They include **bingo, keno, instant pull tab bingo and racing games**. Racing games are nothing more than races conducted on a television screen like the current simulcasting. More importantly, **the bill specifically prohibits slot machines, video lottery machines, video poker, video blackjack, video keno, etc.**

7...**The bill limits operation of these games only to days when live racing or simulcast racing is being conducted at the tracks** with the exception of Eureka, which is permitted to operate games on twice as many days as it is permitted to simulcast. Eureka is presently permitted to simulcast up to 40 days per year, which means Eureka which be permitted to operate the lottery games 80 days per year.

8...**The bill** requires that the major greyhound tracks in the state must operate 250 live greyhound days per year and the major horse track from 45 to 55 live horse days per year. This **ensures live racing in order to conduct these lottery games**.

9...The bill subjects racetrack lottery retailers to all the same provisions as current lottery retailers and maintains the Lottery Commission's ability for oversight of the games conducted at racetrack locations.

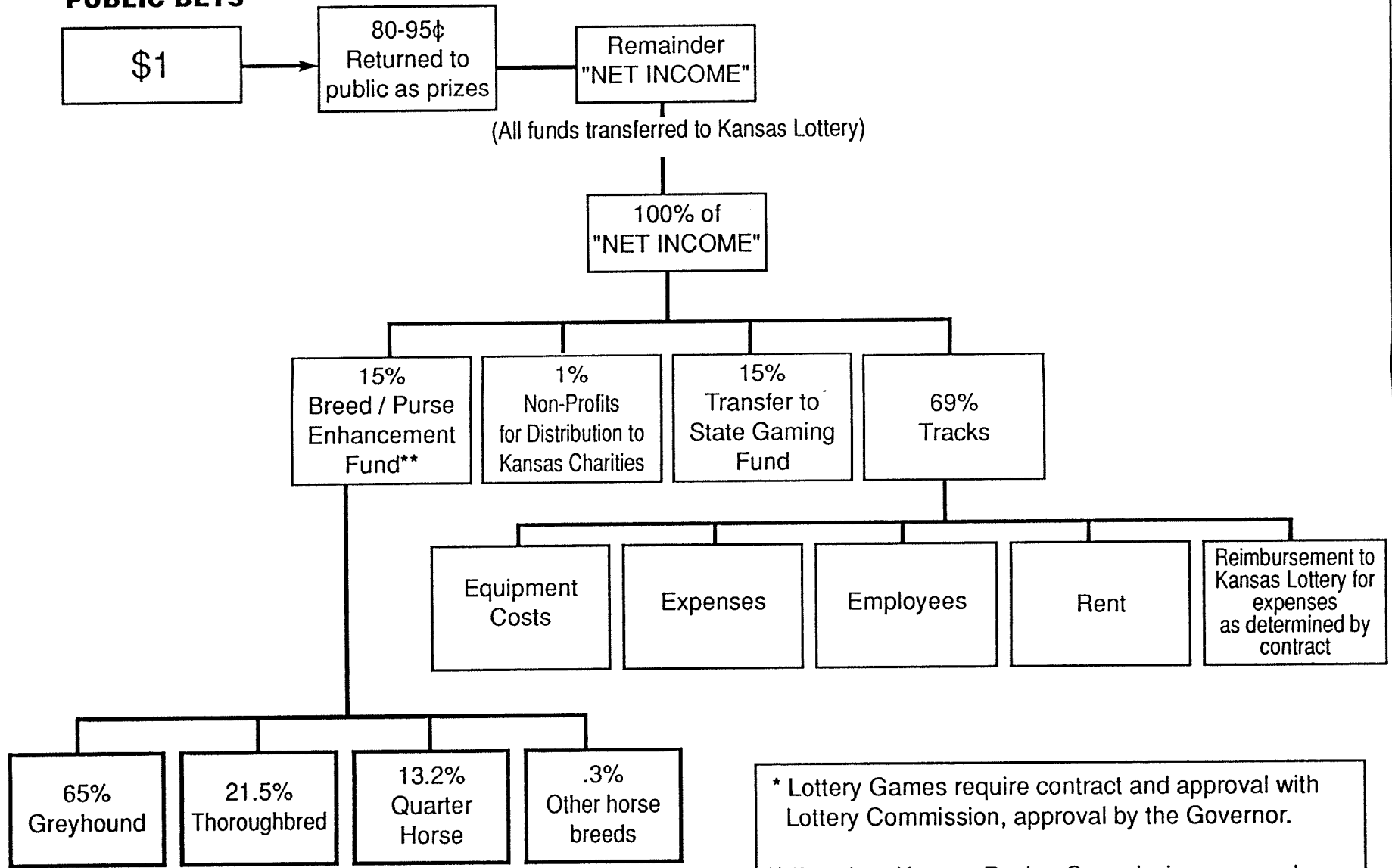
10...**The bill amends the racing act to call for the Kansas Racing Commission to pay for its own employees, including vets, stewards and judges**. Currently, tracks reimburse the Commission for these expenses. The law currently allows for the Commission to pay these expenses but since the tracks opened in 1989 the Commission has received reimbursement. This amends the racing act so that those expenses would be paid out of the State Gaming Fund.

# KANSAS RACETRACK LOTTERY GAMES\*

## Kansas Lottery

4-3

### PUBLIC BETS



Approximate % by breed

\* Lottery Games require contract and approval with Lottery Commission, approval by the Governor.  
 \*\* Requires Kansas Racing Commission approval.

**Senate Bill 754**  
**Questions and Answers**

*Why should we help race tracks?*

**Because the race tracks and racing industry mean jobs to this state....hundreds and hundreds of jobs at stake. This Legislature has helped and still helps industries every year because healthy industries in the state mean a healthier economy in Kansas. Helping the racing industry maintain the jobs in this state should be a "no brainer". Goals of Chambers all across this state and goals of many state agencies--including the Commerce Department--is to maintain the current jobs we have. This bill gives us an opportunity to do just that. We don't know how much good this bill can do for Camptown or The Woodlands but it gives them a chance. And we know this bill will save jobs in Wichita. A vote in favor of this bill is a vote in favor of jobs. A vote against is a vote against jobs. It's that plain and simple.**

*Are the games defined in this bill already legal?*

**Yes. Bingo, keno, pull tabs and racing is already being conducted in this state. This bill seeks no expansion of gambling, just the ability for the tracks to conduct games already in the state. For that matter, soon casino games, including slot machines, as approved by this Legislature will be conducted on Indian reservations but this bill does not seek approval of any of those games for the racing industry. As a matter of fact, the bill specifically prohibits slot machines, video lottery machines, video poker, video blackjack and video keno. Instead, it seeks to permit only games presently legal...all of which the voters of this state and/or this Legislature have previously approved.**

*If the games are already legal, why do we need this bill?*

Because this bill changes the way the money from the games is handled, distributing more money to the public and channeling funds to the racing industry and state. **This creates a "better deal" for the citizens of Kansas who will play these games. Under our current lottery, approximately 45% of the money is paid back to our citizens in prizes. Under these racetrack games, 80 to 95% of the money is returned to the public and what is left over is divided between the Lottery, purses for the breeds, non-profits and the tracks. The current Lottery games are in no way changed.**

*If we approve this bill, the tracks will just put slot machines in!*

That's nonsense. **The bill specifically prohibits slot machines.** It also continues the prohibition on video lottery machines, which include video poker, video keno and video blackjack among others.

*If we approve this bill, the tracks will eliminate live racing and just become lottery retailers!*

The bill requires that **lottery games can only be conducted on days when simulcast or live racing is conducted.** In addition, the bill requires that the major greyhound tracks conduct 250 days of live greyhound racing a year and the major horse track conduct 45 to 55 days of live horse racing a year. Eureka, which is currently permitted to operate 40 days of live or simulcast racing per year would be permitted to conduct the lottery games 80 days a year. **Passage of this bill will actually ensure live racing, not eliminate it.** Without passage of this bill, we will more than likely be eliminating live racing.

*Who will regulate the tracks...the Kansas Racing Commission or Kansas Lottery Commission?*

The **Racing Commission continues to oversee the race tracks while the Lottery Commission will oversee the lottery games conducted at the tracks.** The **Racing Commission must approve the contract** the tracks sign with the Kansas Lottery if it determines that it is in the best interests of racing in the state. Finally, the **Governor must approve the games** as well before they begin.

*This bill is going to let the tracks use a dispenser that looks like a slot machine for pull tabs!*

I have seen the pull tab dispenser and that's all it is is a pull tab dispenser. The **attorney general's office has reviewed the dispenser and determined it is legal** under present law. We should be pleased though that this dispenser exists. Pull tabs is an area that lacks much security. These **machines provide security** through accounting and monitoring capabilities that simply are not available with pull tabs used without such a device.



*Why should the state pay for the vets and judges?*

First of all, because **they are state employees!**

The Kansas Racing Commission hires them, fires them, supervises them, **determines their rate of pay and the amount of hours they work.** The tracks have no say at all in not only who is hired but in how much they are to be paid. That's ridiculous. I was involved when the pari-mutuel law was written and language was placed in the law that allowed for the tracks to reimburse the Commission for these positions in the beginning. The idea was there would not be initial funds to pay such employees during start up of the tracks. I do not believe the intent was for a blank check from the tracks for these state employees. That's why we put language in that said the Commission may require reimbursement.

**Another reason the state should pay them is because of the potential conflict of interest.** These judges and vets make decisions that affect the betting public and the tracks. They are there to police things. It's mighty hard to impartially police something when you know that the one you are policing is paying your salary.

**The tracks are one of the few industries that is regulated that generate the funds to pay for these things.** Having the racing fund pay the costs of individuals that the state supervises and determines the level of their pay is the right thing to do. The tracks still pay for it because they generate the money going into the Racing Fund. Again, **if we are attempting to maintain jobs in this industry in this state, this is another significant part of reaching that end.**

## Hot Button Issues

### Jobs

**This bill needs to be defined as a "jobs" bill.** Hundreds, no thousands of people work in the pari-mutuel industry, either at race tracks, at race track suppliers or through the agri-business and suppliers in this state. One track (Camptown) has already gone out of business and another (The Woodlands) is on the brink. Still another (Wichita) has operated in the red since late last year. Many people have already lost their jobs. Many more could lose their jobs. Job retention at existing businesses throughout this state is a major goal of all of those involved in economic development in Kansas. Yet this Legislature has stood by and watched the pari-mutuel industry decline and lose jobs for several years while we have done nothing! The least we can do is pass SB 754 as a last ditch effort to attempt to save a few of these jobs. This is a jobs bill...nothing more....nothing less. **A yes vote is voting for jobs....a no vote is voting against jobs.**

### No Expansion of Gaming

Those legislators who have opposed a vote of the public on slot machines at race tracks because they are opposed to any expansion of gambling no longer can use that excuse to oppose this bill. There simply is no expansion of gambling! **The tracks will be able to offer bingo....we have bingo in the state. They will be able to offer keno....we have keno in every corner store. They will be able to offer pull tabs....this same body and the public approved pull tabs just last year. They will be able to wager on races on television screens....we have had betting on races whether they are live or on television for years. There is no expansion of gambling.** Yes, we are changing the amount of money returned to the public. Yes, we are providing money to go to the agribusiness. But there is no expansion of gambling!

### Tourism

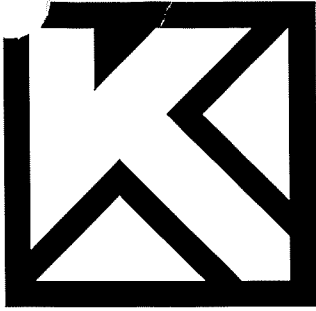
Tourism is something near and dear to my heart. Tourism is why I really became a supporter of pari-mutuel racing years ago and it worked. **The Woodlands and Wichita Greyhound Park rank 1-2 in the state among tourist attractions.** In its early years, The Woodlands was attracting more than 1.5 million per year and over 50% of them were coming from out of state. Today, competition in Missouri has diminished not only attendance but attendance from out of state. **If passage of this bill keeps one more person home or attracts just one more person from out of state, the bill will be a success.**

## **Taxes**

Combined, the racing industry has paid millions of dollars to the state. An exact amount is difficult to determine. **The tracks alone have paid over \$100 million in taxes since 1990** in Kansas. But that doesn't include the millions more paid by folks in the agribusiness or tourists that have come into the state either as caretakers of animals during a racing season or as fans to attend the races.

## **Charities**

Along with all the tax dollars paid by the racing industry, **a total of \$7 million has been donated to Kansas charities by the tracks since 1990**. These funds donated principally by Wichita Greyhound Charities from Wichita Greyhound Park and TRAK East from The Woodlands have assisted countless charities all across the state of Kansas. We could name hundreds of individual charities that have benefitted from the existence of pari-mutuel and will sorely miss the funds should more tracks close in Kansas. In addition, SB 754 provides for additional funds to go to these charities. **Surely these charities count for something and combined with the jobs, the taxes and the tourism they ought to be incentive for us to pass a bill that does not expand gambling in the state of Kansas.**



# Testimony

Sub. for SB 754

April 25, 1996

KANSAS CHAMBER OF COMMERCE AND INDUSTRY  
Testimony Before the  
Senate Federal and State Affairs Committee

by  
Jim Edwards  
Director, Chamber & Association Relations

Chairwoman Oleen and members of the Committee:

I thank you for the opportunity to stand before you today to express KCCI's support for Sub. for SB 754, a measure which would allow certain lottery games to be played at sites currently offering pari-mutuel wagering on horse and dog racing.

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

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

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

First, let me clearly state KCCI's position as it relates to additional games of chance at racetracks. Our position, adopted by our Board of Directors at their December meeting states, "The Kansas Chamber of Commerce and Industry supports allowing pari-mutuel facilities in Kansas to operate electronic games of chance." This position was taken by our Board in order to 1) allow pari-mutuel facilities in Kansas to operate on a level playing field with gaming interests in surrounding states...specifically Missouri, and 2) to help protect the existing dollars coming into the State Gaming Revenues Fund from the pari-mutuel facilities. It appears that Sub. for SB 754 would accomplish both of these concerns and therefore, KCCI lends their support to this issue.

(Over Please)

*Attachment 5  
Federal & State Affairs  
4/25/96*



You will be faced with an additional question when you pass this issue and that will be whether the games will compete with the games of existing lottery retailers. While it is hard to predict the gaming patterns of Kansas residents, it would seem that individuals playing lottery games would continue to play them at their favorite retail outlet. They probably would not drive out to the Woodlands, the Wichita Greyhound Track or any of the other licensed facility, park their car in a huge lot and then walk a good distance to buy their tickets. We suggest that common sense and limits of time and energy will be the deciding factors on when and where Kansans will participate in games of the Kansas Lottery.

KCCI joins forces with those that are asking for your support of this issue. We all respectfully request that you give your approval to Sub. for SB 754.

Thank you for the opportunity to appear before you today and I would be happy to stand for questions.