

Approved: 2-17-97
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 February 4, 1997 in Room 519-S of the Capitol.

All members were present except: Representative Doug Mays, Excused
Representative Edward Pugh, Excused
Representative Dale Swenson, Excused

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

Conferees appearing before the committee: Myron Scafe, Executive Director, Kansas Racing and Gaming Commission
Kathy O'Donnell, Kansas Racing & Gaming Commission

Others attending: See attached list

The Chairperson announced the committee members would meet at the Lottery Office on February 5 and meet at the Kansas Racing and Gaming Commission on February 6 for the committee meeting and tour.

Staff distributed a chart showing the FY96 lottery sales per capita that was requested at the February 3 meeting. (Attachment 1)

Myron Scafe, Executive Director, Kansas Racing Commission, introduced the staff announced the names of the Commissioners. There are 3 major horse and dog tracks in Kansas. Camptown in Frontenac is going through Chapter 11 and that case has been dismissed and is now going through foreclosure in District Court. There were hearings last week. It is uncertain what the next step is or the time frame. The second track is Wichita Greyhound Park and they report to the Commission. The attendance and the handle are both down and they are experiencing problems and lost money for the first time in 1996. They had given 1% of the net to charity; however, because of the financial problems they are experiencing, they requested from the Commission to reduce that amount to 1/2 of 1% which means this year there will be about \$200,000 to charity and the other \$200,000 will be spent for advertising and promotion to increase the attendance at the track. They are trying to draw back the old customers and attract some new customers. The Woodlands reported to the Commission in December that they had a pretty good month. They are doing better than what they had projected to the banks and better than what the banks thought they would do. They are running both dogs and horses. They ran a 20 day horse meet in 1996, and people in the industry feel it is the best year ever as far as horses. The purses were higher because of the shorter season. They had more entries than they had stables for and there are 1300 stables. The Woodlands has been purchased by W. M. Grace who lives in St. Joseph, Missouri and has experience in gaming. He owns the riverboat in St. Joseph, Missouri and a Native American Casino in Arizona. He also has a contract with the Iowa Tribe in Kansas for a casino. A complete background was done on Mr. Grace as with any other institution attempting to purchase the loans. Mr. Grace was approved by the Commission after a background investigation was completed by the KBI. There are 41 employees, 10 work at the Woodlands Racetrack, 10 work at the Wichita Greyhound Park and the remainder work in the Topeka office. (Attachments 2, 3, 4, & 5)

Kathy O'Donnell reviewed the graphs of the WGP live/simulcast handle 95/96 by month, WGP % change for 94 to 95 & 95 to 96, pari-mutuel & attendance tax comparison 96, 95 WGP for the Woodlands and Wichita Greyhound Park. (Attachments 6, 7, 8, 9, 10, 11, 12, 13, 14, & 15)

The meeting adjourned at 2:00 p.m. The next meeting will be February 5, 1997.

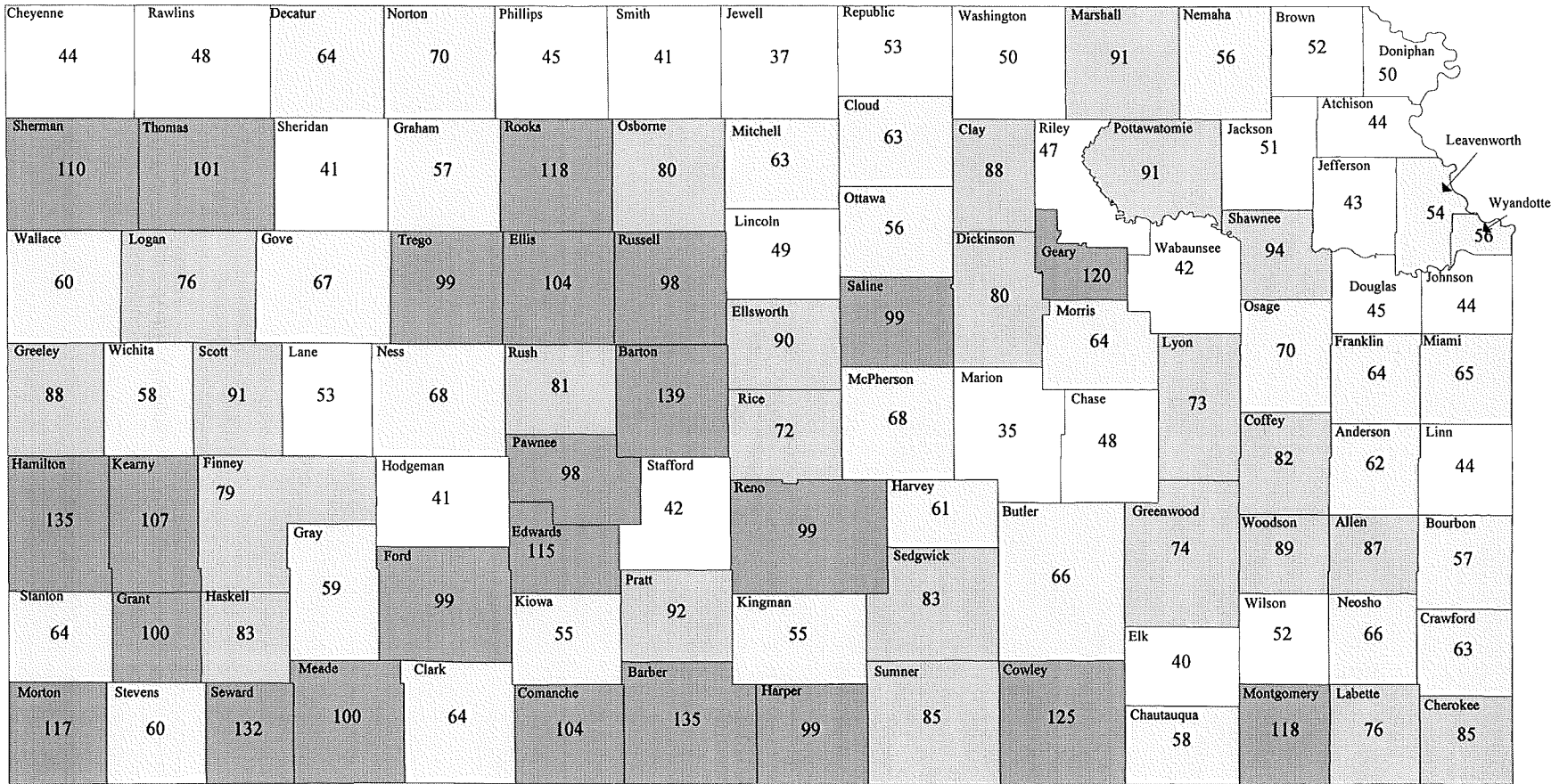
FEDERAL & STATE AFFAIRS COMMITTEE

DATE: 2/4/97

NAME	REPRESENTING
Glen Thompson	Stand Up For KANSAS
Jan Powell	Ks. Assoc. EVANGELICALS
Frances Wood	Kansas Assoc. of Churches of the Nazarene Women's Christian Temperance Union
Dave Schneider	Kansas For Life At It's Best
Dave Johnson	K R & C - Topeka
Frances Snell	" "
D BRUCE PECKHAM	
Terry D. Hamblin	ATTY GEN'L / KRCC
Myron E. Kopp	Ks Racing & Gaming Comm.
Kathy O'Donnell	Ks Racing & Gaming Comm.
Alan Steppat	Pete McCoy & Associates
Carl E. Frieda Pimm	Johnson Co. Farm Bureau
Carol Bollin	" " " "
John A. Andrew	" "
Tom Crumpher	McPherson Co Farm Bureau
Dawn Crumpher	McPherson McPherson Co. Farm Bureau
Cynthia Wulf	Kansas Farm Bureau
Carolyn Michael	Crawford Co. Farm Bureau
CAEDYND BURNS	CAEROLEE Co. FARM BUREAU
Denise Ewerhart	K-RACE
Susan Paxon	American Environmental
Warren Minear	K-RACE
Steve Montgomery	Ks. Greyhound Kennel Owners
Dan Hames	Visitor
TRACY Dief	State Gaming Agency
RICHARD FODERWALD	TAXPAYERS
Steve Black	Hubbell + Assoc.
Don Rosenow	Clay Co. Farm Bureau
Phyllis Rosenow	Clay Co. Farm Bureau
Tom Burgess	Sumner

FY 1996 Lottery Sales per capita

Fed & State
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Atch #1



Per capita Sales
 (xx)= Number of Counties

- ☐ >=\$35 to <\$54 (26)
- ☐ >=\$54 to <\$72 (31)
- ☐ >=\$72 to <\$98 (24)
- ☐ >=\$98 to <\$139 (24)

KANSAS RACING AND GAMING COMMISSION

3400 S.W. VAN BUREN

TOPEKA, KS 66611-2228

OFFICE 913-296-5800

FAX 913-296-0900

COMMISSIONERS

Gene M. Olander
Chair
1811 S.W. Westwood Drive
Topeka, KS 66604
Home Phone: 913-357-7484
Term Expires: 1-15-01*

Leroy Hayden
Commissioner
601 Wichita Street
P.O. Box 458
Satanta, KS 67870
Office Phone: 316-649-2458
Term Expires: 1-15-00

Keith Palmer, D.V.M.
Commissioner
21105 Nall Ave.
Bucyrus, KS 66013
Home Phone: 913-681-2173
Office Phone: 913-681-3636
FAX: 913-685-3948
Term Expires: 1-15-99

Bob Miller
Commissioner
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Home Phone: 316-326-3159
FAX: 316-326-7019
Term Expires: 1-15-99

Ed Nazar
Commissioner
Redmond & Nazar
9th Floor
200 W. Douglas
Wichita, KS 67202-3009
Home Phone: 316-685-4709
Office Phone: 316-262-8361
Term Expires: 1-15-00

*Pending confirmation by 1997 Kansas Senate

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2-4-97
Atch #2

BUSINESS PLAN

November 1, 1996 - June 1, 1997

W. M. Grace, an individual and Woodlands Redevelopment Corporation I and Woodlands Redevelopment Corporation II acquire the debt obligation of Sunflower Racing owed to First Union (\$19,000,000), InTrust (\$1,400,000) and Bank One Lexington (\$3,400,000) all subject to the approval of the Kansas Racing Commission.

At this time the individual and the companies are Lenders. They have no interest in the management of "The Woodlands".

The companies will not be active in either promoting or discouraging any gaming issue with the Kansas Legislature.

June 1, 1997 - December 31, 1997

On June 1, 1997 the Standstill Agreement between the various banks and Sunflower Racing expires. There are two (2) alternatives at this point in time:

1. If gaming legislation has passed, the debtor will file a plan of reorganization which must include a proposed payment of the debt. This matter would be concluded in and by the Bankruptcy Court.
2. If no gaming legislation is passed, the banks will initiate foreclosure and attempt to gain control of the Woodlands. The banks will work with the non-profit company and the Kansas Racing Commission to gain the necessary license in order to keep both horse and dog racing operational during this time period. In order to assure the continuing operation, the bank group will actively seek an equity partner with sufficient assets to ensure the tracks can continue to operate. This process will begin immediately.
3. Once foreclosure is complete, we will continue to operate the horse and dog track and will actively seek legislation for gaming. If we see no possibility that gaming will be approved in a reasonable period of time, then we will use Grace Development Co. and Grace Construction Co. to develop the available land to enhance the value of the property and to create a viable Real Estate Development.

Should you have any further questions about our plans for this project, please advise.

Very truly yours,


W. M. Grace

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Atch #3

Wichita Greyhound Park Statistics and Economic Impact

September 7, 1989 - December 31, 1996

*Received 1/24/97
9:30 AM*

TOTAL ATTENDANCE - 4,203,442
TOTAL MUTUEL HANDLE - \$482,309,159

BY CALENDAR YEAR

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995*</u>	<u>1996*</u>
Performances:	133	424	448	435	415	415	415	385
Attendance:	306,525	762,661	740,663	630,022	527,287	497,000	424,083	315,201
Mutuel Handle:	\$25,104,320	\$74,280,861	\$77,231,268	\$69,645,371	\$66,040,344	\$62,923,902	\$59,805,764	\$47,277,329
Average Attendance:	2,304	1,799	1,653	1,448	1,271	1,198	1,021	819
Average Handle:	\$188,754	\$175,191	\$172,391	\$160,104	\$159,133	\$151,624	\$144,110	\$100,955

ECONOMIC IMPACT

Charitable Contributions	\$5,051,461
Purse Money to Greyhound Owners & Breeders	\$22,881,832
Total Payroll (approximately 250 jobs)	\$25,233,950

Taxes:

State Pari-Mutuel Tax	\$18,073,616
State Sales and Liquor Tax	\$2,008,652
County Real Estate & Property Tax	\$3,762,512
Admissions Tax	\$596,945
Taxes on Customer Winnings	
Federal: \$5,246,758	
State: \$1,339,692	<u>\$6,586,450</u>
Total Taxes	\$31,028,175

*Includes Simulcasting - \$7,698,478 - 1995
\$8,409,643 - 1996

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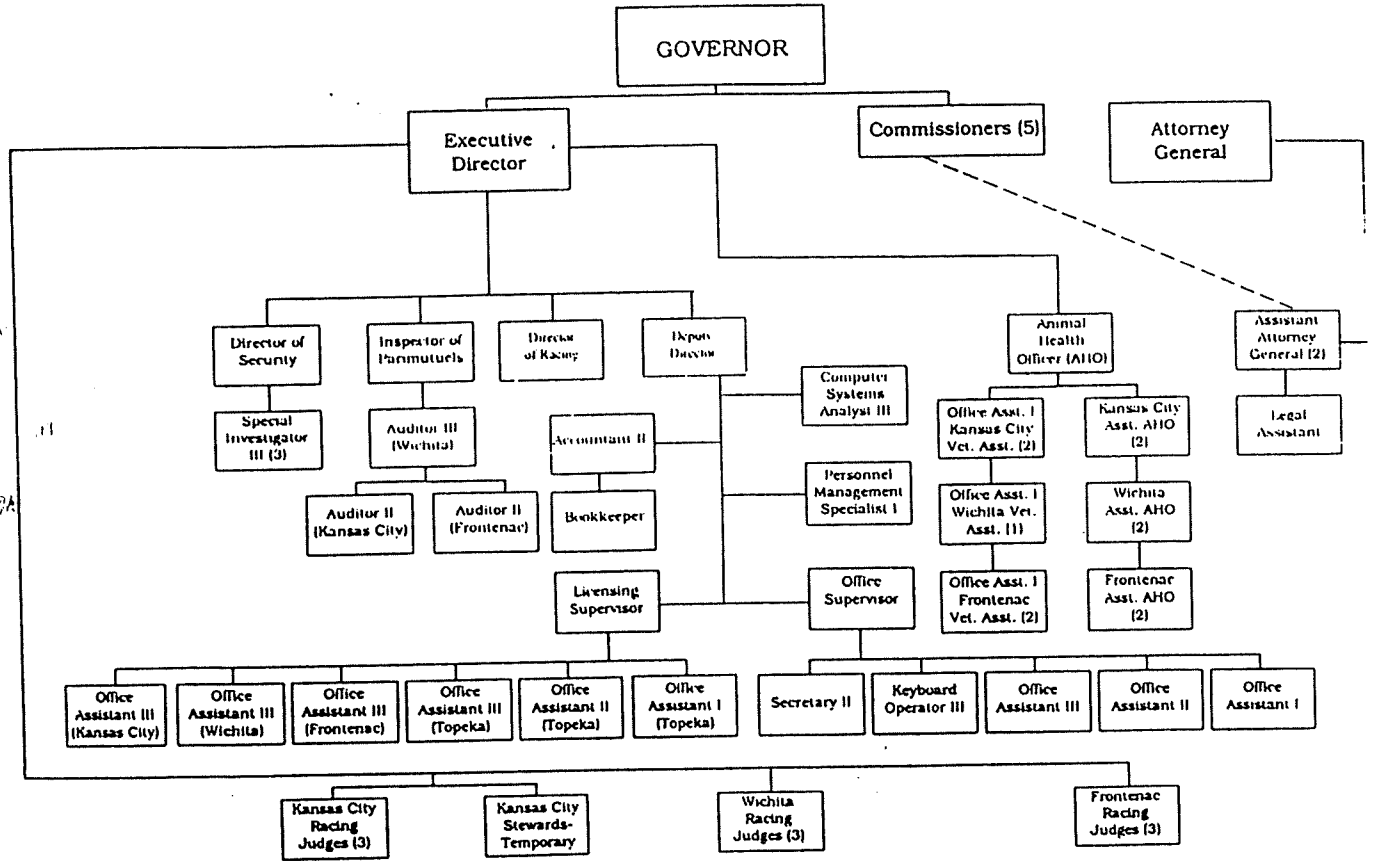
NARRATIVE INFORMATION -- DA 400

DIVISION OF THE BUDGET
 STATE OF KANSAS

AGENCY NAME Kansas Racing and Gaming Commission
 AGENCY NUMBER 553-00 FUNCTION NO. 01
 PROGRAM TITLE AND NUMBER Operations 70000
 SUBPROGRAM TITLE AND NUMBER _____

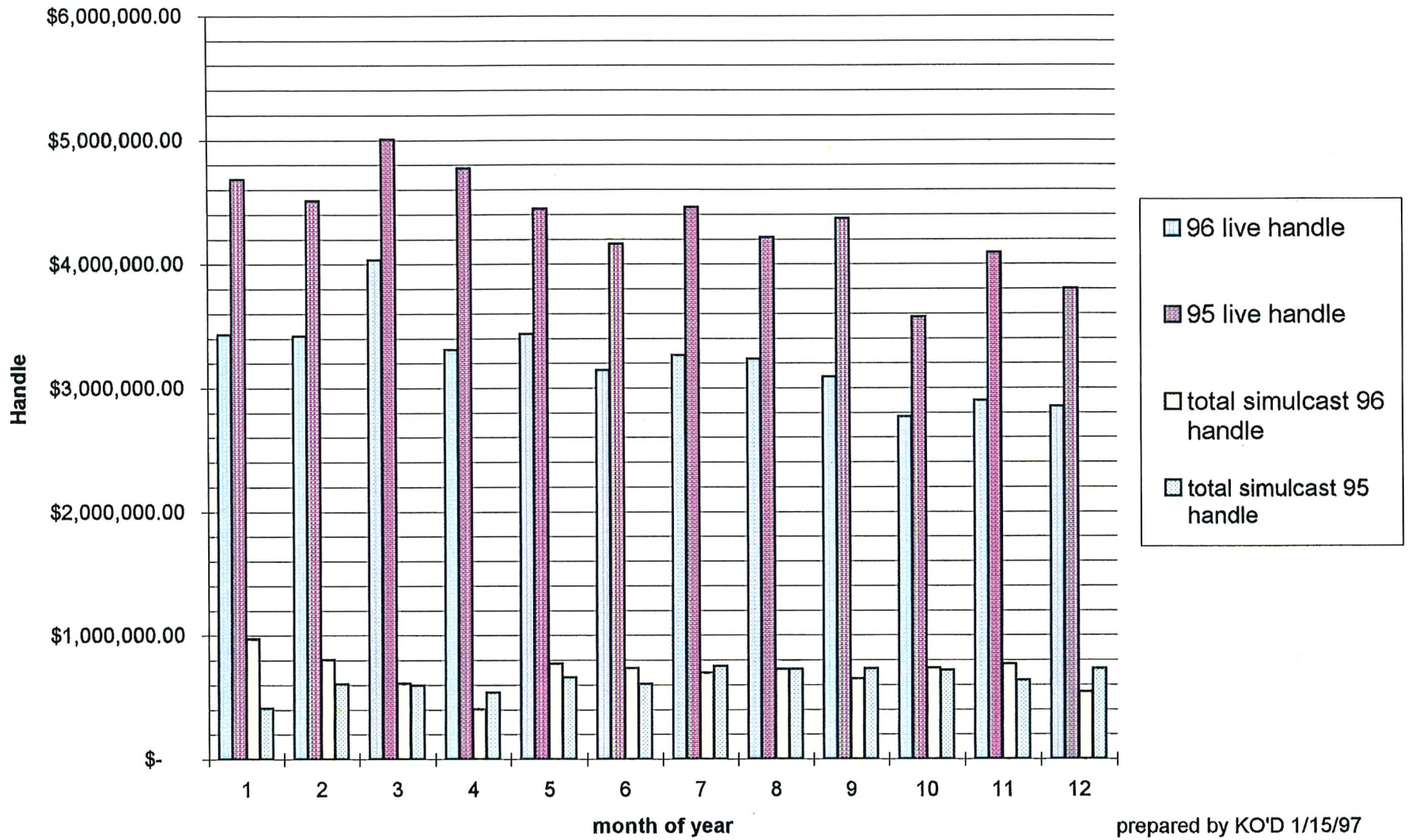
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KANSAS RACING & GAMING COMMISSION WGP Live/Simulcast handle 95/96 by month



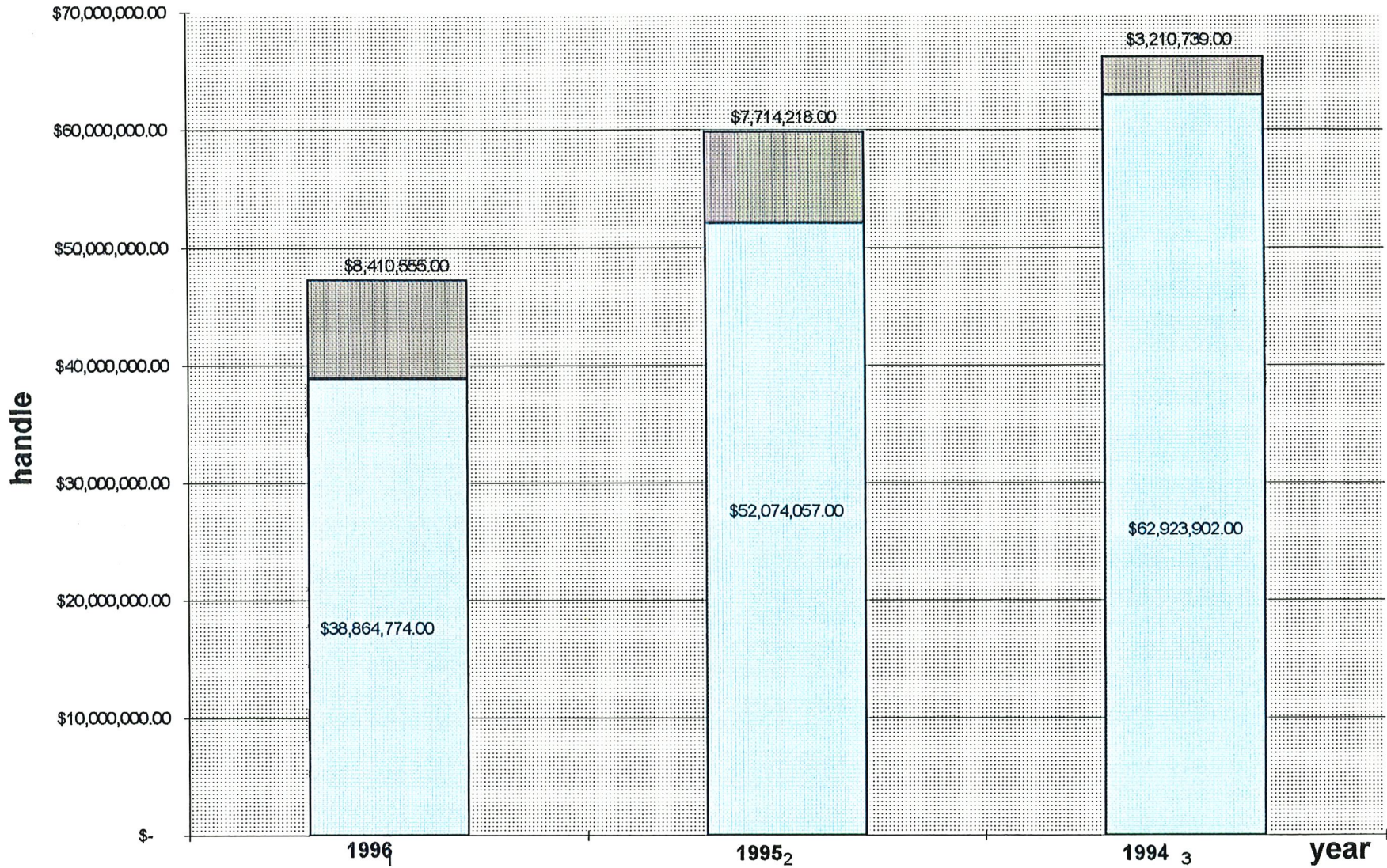
prepared by KO'D 1/15/97

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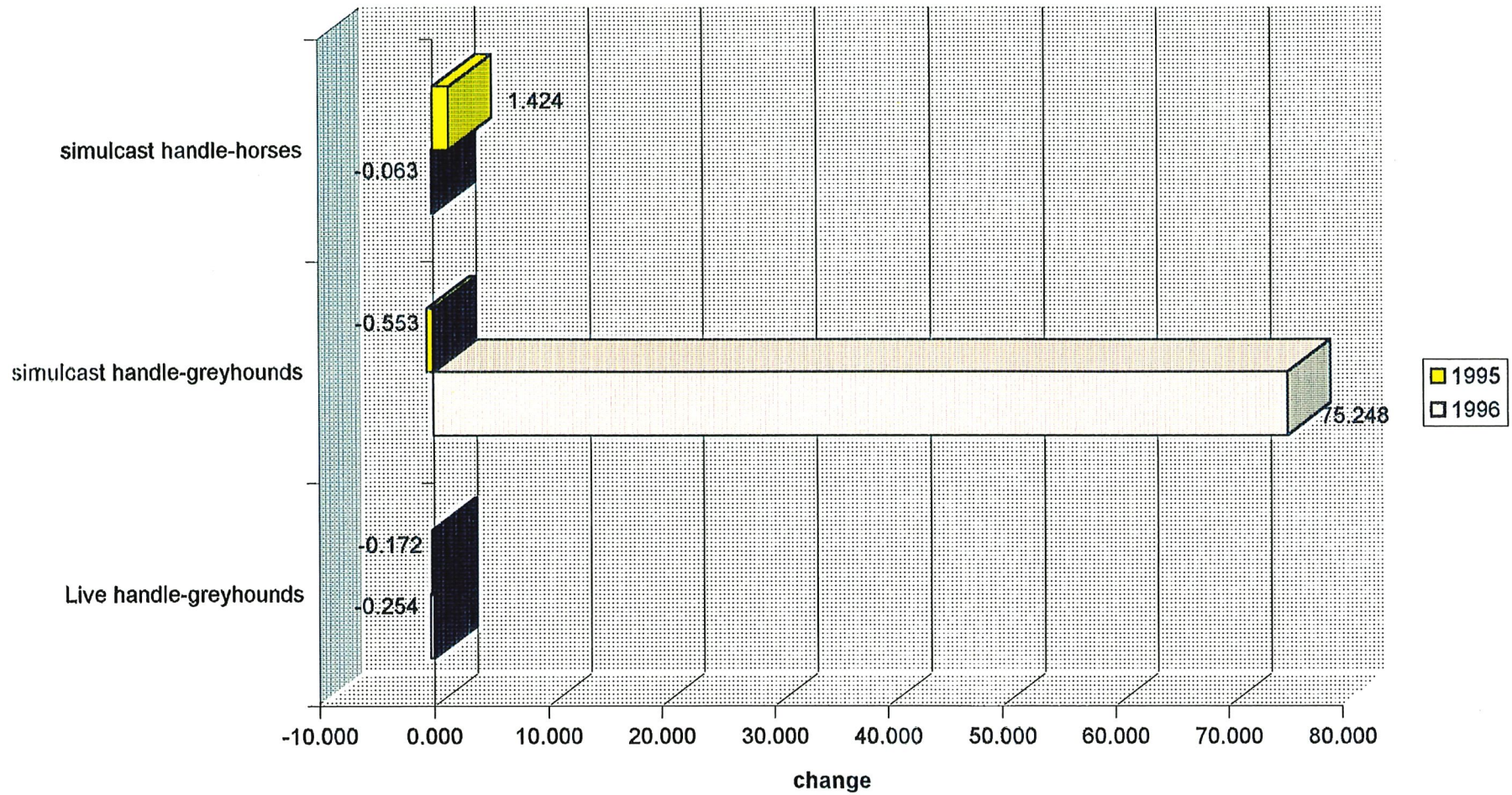
KANSAS RACING & GAMING COMMISSION

WGP Handle Comparison 96, 95, & 94

■ simulcast handle
□ live handle

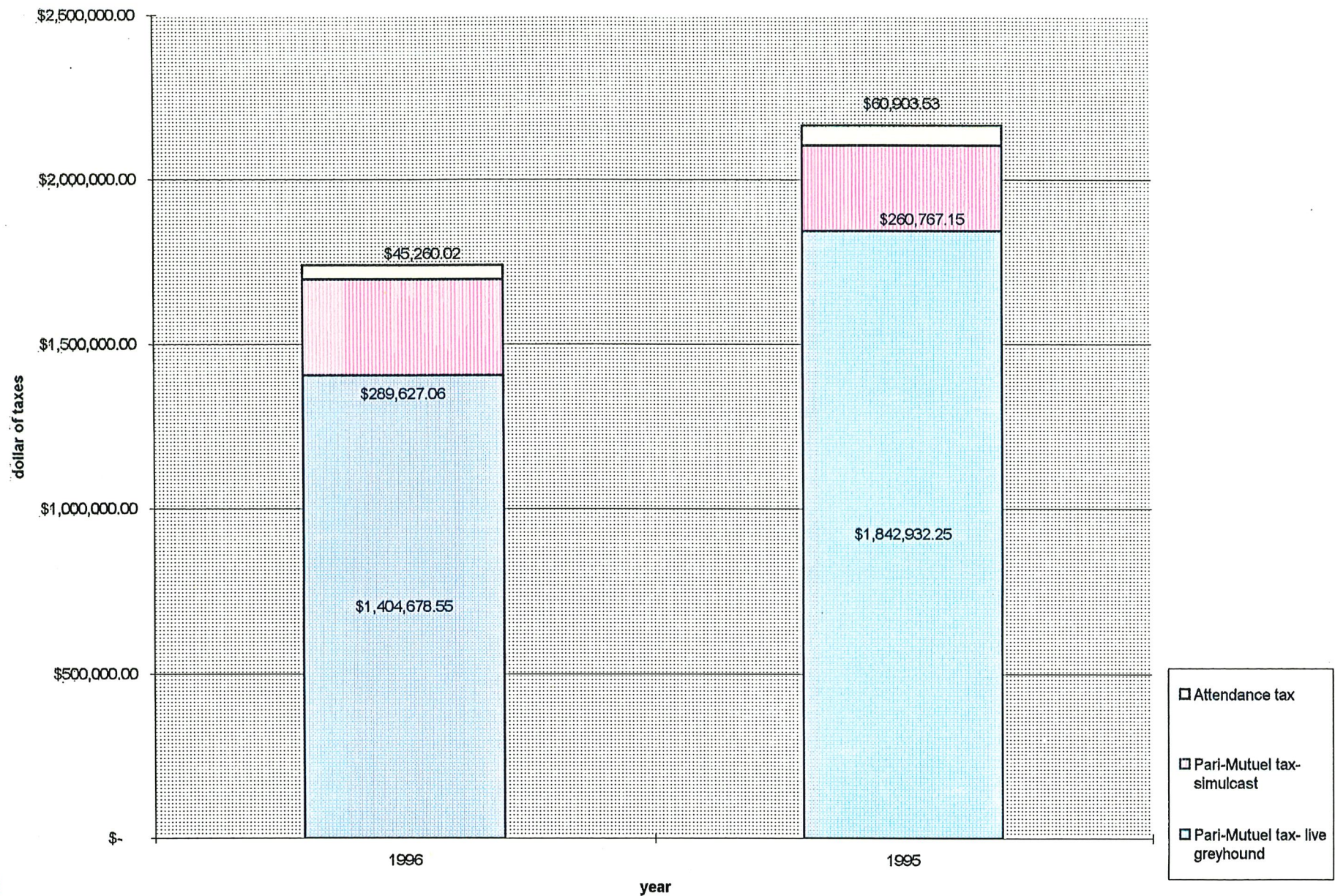


Kansas Racing & Gaming Commission WGP % change for 94 to 95 & 95 to 96



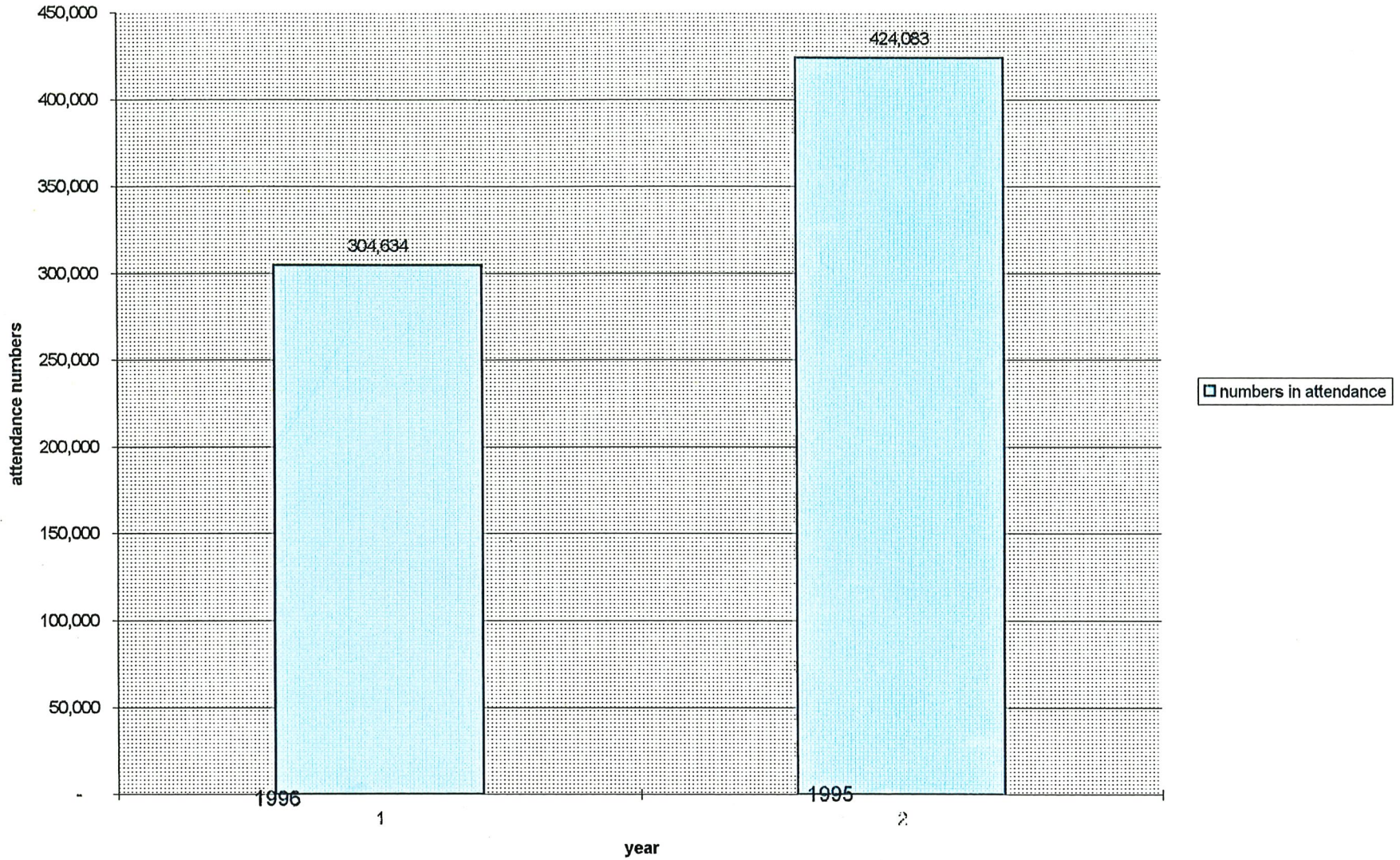
**Kansas Racing & Gaming Commission
Pari-Mutuel & Attendance tax comparison 96, 95 WGP**

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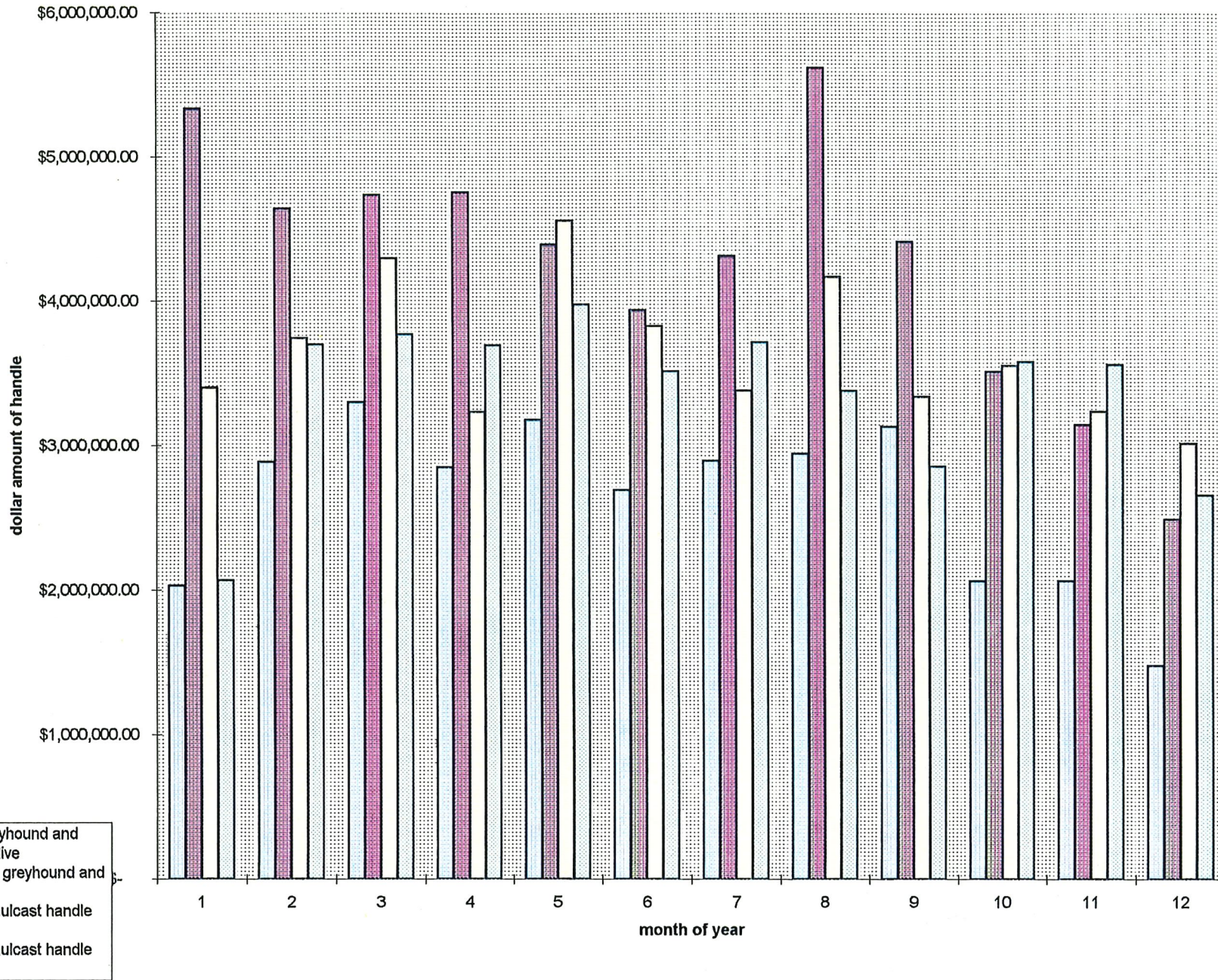
Kansas Racing & Gaming Commission WGP Attendance 1996 & 1995 comparison



Kansas Racing & Gaming Commission

Woodlands handle live/simulcast 96/95

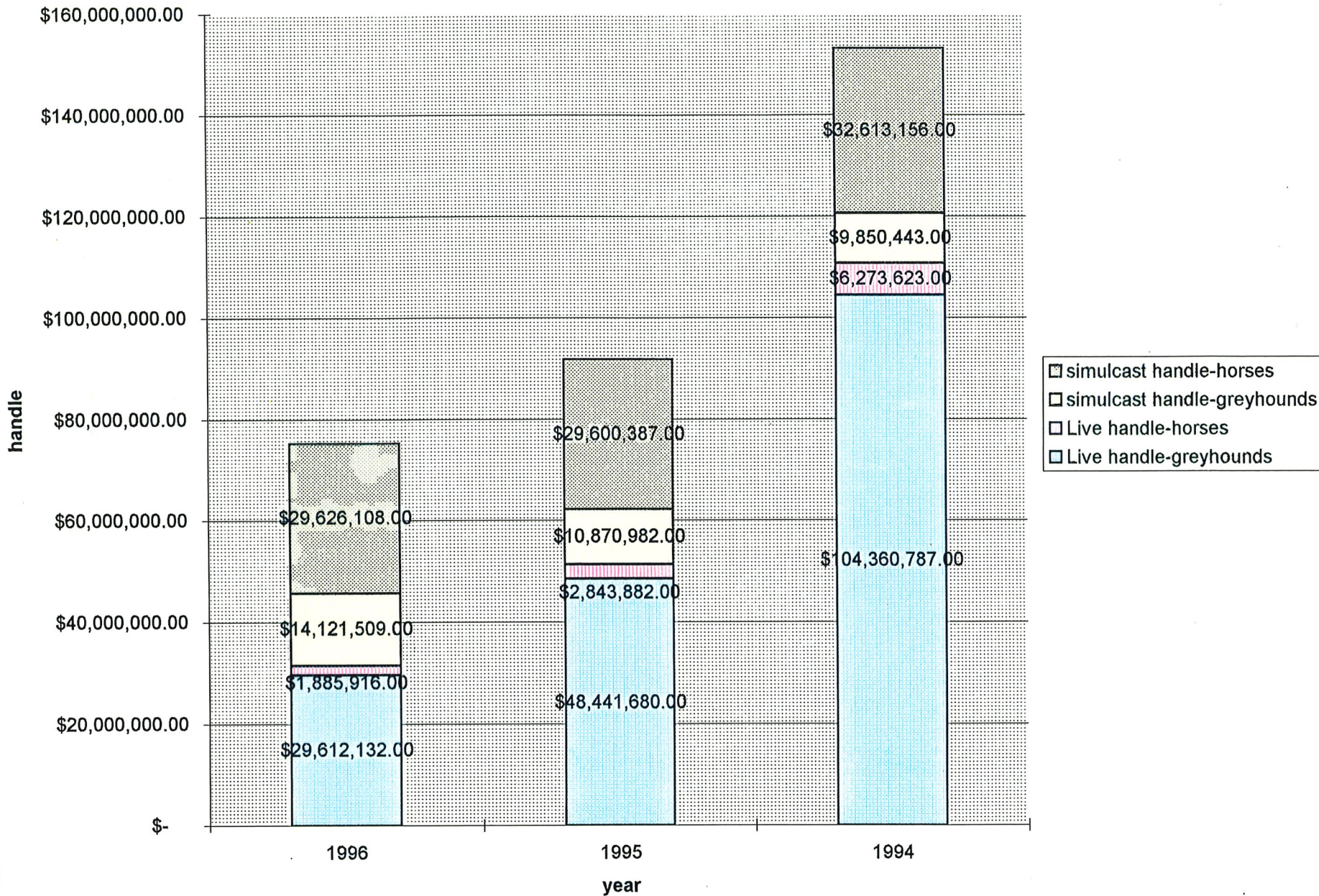
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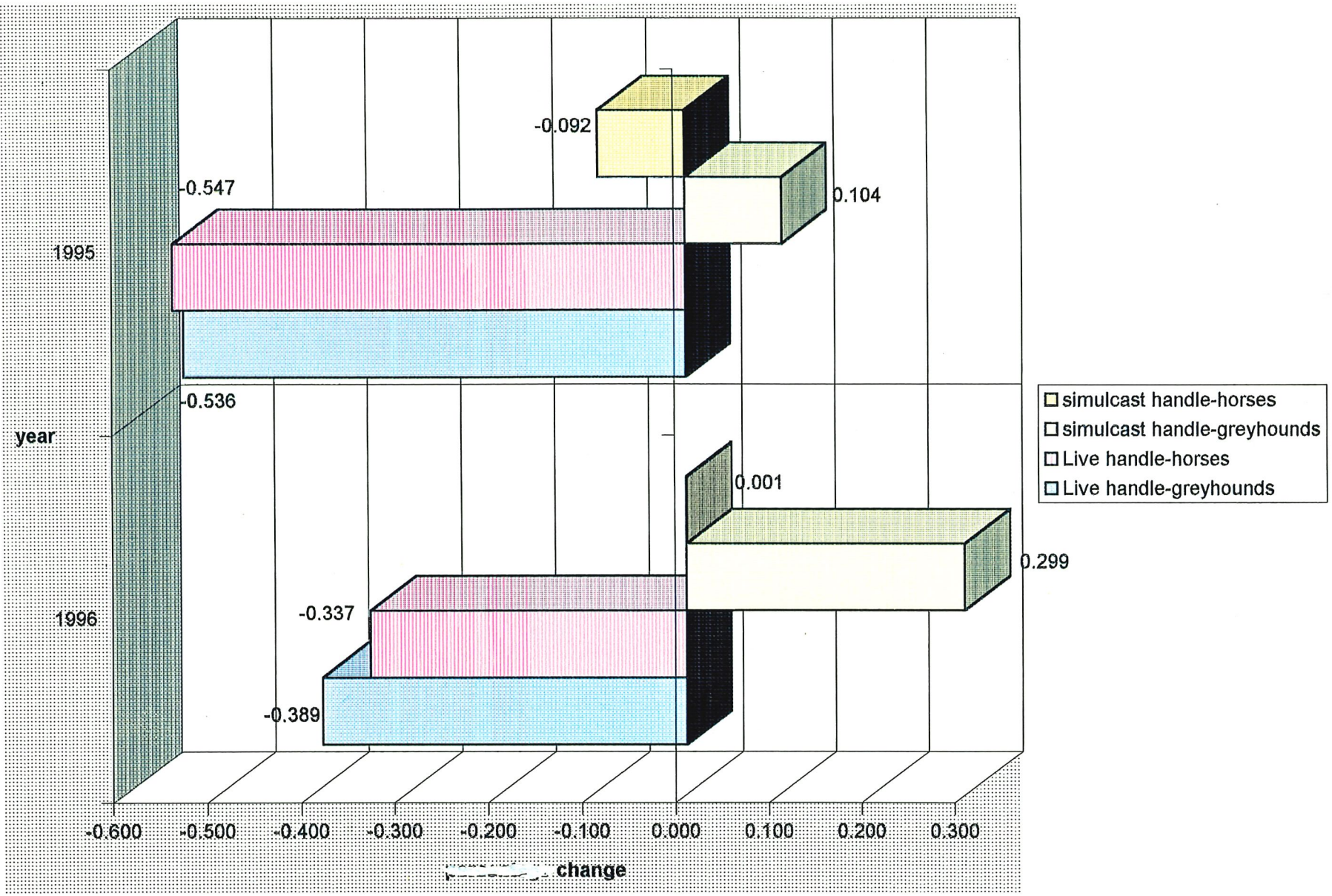
Chart4

Kansas Racing & Gaming Commission Woodlands Handle Comparison 96, 95 & 94



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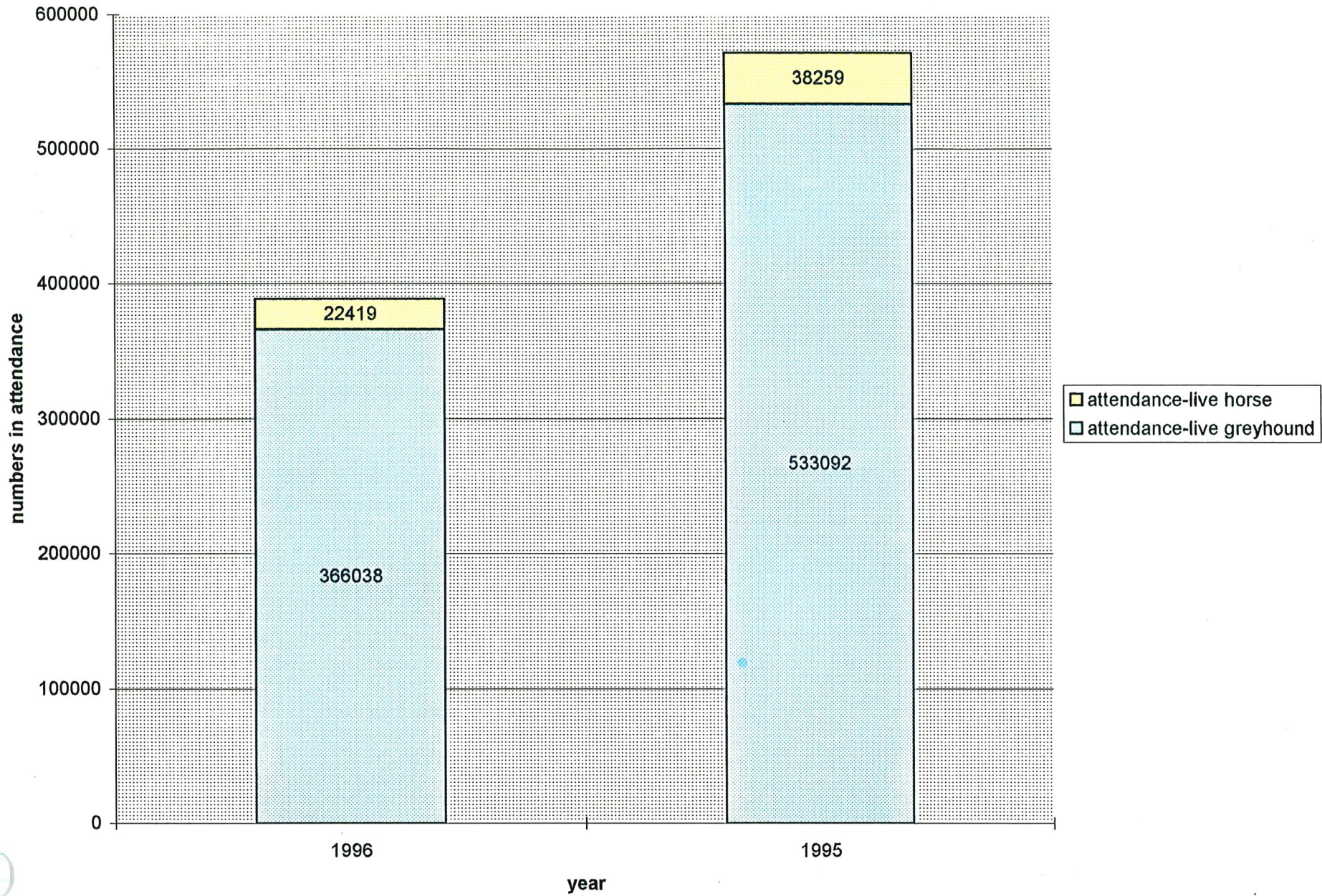
Chart6
Kansas Racing & Gaming Commission
Woodlands % change for 94 to 95 & 95 to 96 of handle



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Chart3

Kansas Racing & Gaming Commission Woodlands Attendance 1996 & 1995 comparison



**Kansas Racing & Gaming Commission
Woodlands Pari-Mutuel & Attendance tax comparison 96/95**

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