

Approved: March 10, 1997
Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Garry Boston at 1:00 p.m. on February 27, 1997 in Room 519-S of the Capitol.

All members were present except: Cliff Franklin, Excused
Steve Lloyd, Excused
William G. Mason, Excused

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

Conferees appearing before the committee: Tim Madden, Department of Corrections
Leonard Ewell, Department of Corrections
Roy Berger, Executive Vice President, Wichita Greyhound Park
Wayne Stringer, Fort Scott
Leon Gregory, Buhler
Bill Morris, Wichita
Reverend Claude Patterson, Leavenworth

Others attending: See attached list

The Chairperson opened the hearing on **HB 2103**.

HB 2103 - Disposition of Unclaimed Bodies Of Deceased Inmates In Custody of the Department of Corrections.

Tim Madden, Department of Corrections, testified as a proponent for **HB 2103**, stating the bill authorizes the cremation of the unclaimed body of a deceased inmate in the custody of the Secretary of Corrections. Additionally, it would delete the requirement that a search for relatives and friends of the deceased be conducted by telegraph. (Attachment 1)

The Chairperson closed the hearing on **HB 2103**.

The Chairperson opened the hearing on **HB 2149**.

Leonard Ewell, Department of Corrections, testified as a proponent for **HB 2149**, stating the bill would authorize additional options of disposing of surplus property: direct sale to a junkyard, donation to a 501 © (3) not-for-profit organization, donation to entities eligible to receive federal surplus property, such as public health, education and social services agencies. Donation of state surplus property could only occur after the director of the State Surplus Property program has determined that the property has a current value of less than \$500 and has given the state agency permission to dispose of the property locally. (Attachment 2)

The Chairperson closed the hearing on **HB 2149**.

The Chairperson asked what the committee's pleasure was on **HB 2103** and **HB 2149**.

Representative Vickrey moved and Representative Gilbert seconded to move **HB 2103** to the Consent Calendar. The motion carried.

Representative Mays moved and Representative Dahl seconded to amend to "only after a period of 30 days items valued at \$500 or less be offered to state agencies".

Representative Mays and Representative Dahl withdrew their motion and second.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE FEDERAL AND STATE AFFAIRS, Room 519-S
Statehouse, at 1:30 p.m. on February 27, 1997.

Representative Mays moved and Representative Ruff seconded to move **HB 2149** out favorably. The motion carried.

The Chairperson opened the continuation of the hearing on **HB 2174**.

HB 2174 - Lotteries, providing for the operation of certain state-owned and operated lottery games at certain racetracks.

Roy Berger, Executive Vice President of Wichita Greyhound Park testified in support of **HB 2174**, stating insults and inaccuracies were made earlier about the track's business and character and would like to clear the record. This issue is about an industry that, due to competitive disadvantages both within our state control and outside of our control, is in deep trouble. This issue is about hundreds of thousands of tourists and tourism dollars that used to visit the tracks and the tracks want them back. This industry does need some help. (Attachment 3)

Wayne Stringer, Fort Scott, testified as an opponent to **HB 2174**, stating family, friends and neighbors opposing gambling would like to make two points, one is relative to our opposition to the gambling industry and the other is relative to the nature of this particular bill. It is felt this bill is obviously being presented by people who have only their own interests in mind. (Attachment 4)

Leon Gregory, Gregory, Inc., testified in opposition to **HB 2174**, urging the committee to vote NO on this bill. The expansion of gambling in any form or by any media methods would not bring an improved quality of life for Kansas citizens. It would in all likelihood be a very negative influence on many adults and especially on the youth of our state. (Attachment 5)

Bill Morris, testified in opposition to **HB 2174**, stating the gambling forces would have one believe that these slot machines would only appear at the racetracks. No so! If **HB 2174** is understood correctly, as long as the machine is controlled by a central computer, operated by the lottery, the machines could be placed in any business that sells lottery tickets. That means every convenience store, grocery store, bar, etc. would (or could) have these machines. This would open a "Pandora's box" as far as young people are concerned. (Attachment 6)

The Reverend Claude Patterson, Ph.D., First Church of the Nazarene, Leavenworth, testified opposing **HB 2174**, stating the results of gambling has been disastrous. Gambling is seductive. (Attachment 7)

The Chairperson announced the hearing would be continued on **HB 2174** on Monday, March 10.

The following testimony was distributed: Derrick Reicheneker, a proponent for **HB 2174** (Attachment 8)

The meeting adjourned at 2:00 p.m.

The next meeting is scheduled for March 5, 1997.

FEDERAL & STATE AFFAIRS COMMITTEE

DATE: 2/27/97

NAME	REPRESENTING
Wayne Stringer	Friends + Family
Ralph Snyder	Ks. AMERICAN LEGION
Lester Lamm	Breith's
Rebecca R	Ks Coalition for Gaming Equity
Rev. Jim Kisse	1st Mt. Nazarene, Lawrence
Wm "Bill" Morris	STAND UP FOR KANSAS
John Clis	Self
Pam Evans	Kansas Lottery
Steve Blank	Hubbell Assoc.
Aleg Ziemak	Kansas Lottery
Christy Stetter	Lawrence
Dave Schneider	Kansans For Life At Its Best
Marsha Strahm	CWA of Ks.
Rakud N McFarland	Citizen
Georgia W. McFarland	Citizen
Leon Gregory	Gregory Inc + Friends
Andrew Gregory	CITIZEN
Glenn Thompson	Stand Up For Ks.
Bethie	" "
Patrick Hurley	ORCA
Leonard Ewell	Dept. of Corrections
Dan Hamer	Visitor
Tom Burgess	Sunflower
Derrick Reichender	The Woodlands
Steve Montgomery	Ks. Greyhound Kennel Owners
L. Leigh Anne Horton	Division of Budget
Keith Horton	Self
Roy Berger	Wichita Greyhound Park Inc.
Jim O'Hea	Wichita Greyhound Charities



DEPARTMENT OF CORRECTIONS
 OFFICE OF THE SECRETARY
Landon State Office Building
 900 S.W. Jackson — Suite 400-N
 Topeka, Kansas 66612-1284
 (913) 296-3317
 M e m o r a n d u m

Bill Graves
 Governor

Charles E. Simmons
 Secretary

DATE: February 27, 1997

TO: House Federal and State Affairs Committee

FROM: Charles E. Simmons
 Secretary of Corrections *CES*

RE: HB 2103

The Department of Corrections supports HB 2103. HB 2103 amends the provisions of K.S.A. 22a-215 and 65-904 regarding the disposition of unclaimed bodies of persons who die in the custody of the Secretary of Corrections. Additionally, HB 2103 would delete the requirement that a search for relatives and friends of the deceased be conducted by telegraph.

HB 2103 authorizes the cremation of the unclaimed body of a deceased inmate in the custody of the Secretary of Corrections. Mortuary services itemized in state contracts provide for cremation, however, cremation is not currently authorized for deceased inmates. HB 2103 would result in savings to the department in the range of \$1,125.00 to \$1,625.00 per deceased inmate depending on the correctional facility involved.

HB 2103 would also clarify the department's responsibility for paying the cost for the disposition of unclaimed bodies of persons who die in the department's custody. In 1996, there were six inmate deaths where the body remained unclaimed. One of the bodies was donated to the University of Kansas Medical Center. Burial expenses for the other five averaged approximately \$2,225.00. The department has historically paid the costs for internment.

Current law is ambiguous in regard to the fiscal responsibility for the burial of indigents. K.S.A. 22a-215 provides for burial costs for indigent persons eligible to receive public assistance to be paid by the Department of Social and Rehabilitation Services. However, K.S.A. 39-713d limits payment for internment by SRS to persons receiving public assistance at the time of death. This difference creates a conflict between the state and county's obligation regarding indigent inmates which is resolved by HB 2103 requiring the Department of Corrections to pay disposition costs.

The department urges favorable consideration of HB 2103.

CES/TGM/jm

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DEPARTMENT OF CORRECTIONS
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Bill Graves
Governor

Charles E. Simmons
Secretary

MEMORANDUM

Date: February 27, 1997
To: House Federal and State Affairs Committee
From: Charles E. Simmons, Secretary
Subject: House Bill 2149

I am appearing today in support of HB 2149, a bill introduced at the department's request which authorizes donation of state surplus property under certain circumstances.

The operation of the State Surplus Property program, which is located at Forbes Field, is the responsibility of Kansas Correctional Industries. It is a self-supporting program employing nine inmates and five employees.

Surplus property disposition options became an issue in September 1996 when publicity was generated in Wichita regarding property being thrown away from the Wichita State Office Building. The property at issue was being disposed of in accordance with state law, because statutory authority does not exist for state agencies to donate property of little or no monetary value. Under current law, if state surplus property is determined to have re-use value, it is offered for sale to eligible agencies for a period of 30 days. If no eligible agency wishes to re-use the property, it is next offered for sale to the public at large. If the property cannot be sold, or it is determined from the outset to have no re-use value, donation to public or non-profit agencies is not currently an option. The property must be discarded.

HB 2149 would authorize the following additional options for disposing of state surplus property:

- direct sale to a junkyard;
- donation to a 501(c)(3) not-for-profit organization;
- donation to entities eligible to receive federal surplus property, such as public health, education and social services agencies.

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Senate Ways and Means Committee

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Donation of state surplus property could only occur after the director of the State Surplus Property program has determined that the property has a current value of less than \$500 and has given the state agency permission to dispose of the property locally.

The Department of Corrections supports HB 2149 and requests that the committee report the bill favorably. This bill is the same as SB 124, which passed the Senate yesterday by a vote of 40-0.

CES:jj



February 27, 1997

Mr. Chairman, Mr. Vice Chairman & Members of the Committee:

Good afternoon, my name is Roy Berger and I'm the Executive Vice President of Wichita Greyhound Park. Originally, my intent was not to testify on this matter instead letting Doug Lawrence of K-RACE testify on our behalf. However, after sitting through the two previous sessions of testimony on HB 2174 and hearing insults and inaccuracies made about our business and about our character, I thought perhaps it was time to come forward and clear-up the record. Therefore I thank you for your time today.

This legislation is not about alleged bad food at racetracks nor about somebody from grade school that got into trouble with the law nor about different bottles of wine coolers nor about out of state ownership. This issue is about an industry that, due to competitive disadvantages both within our state control and outside of our control, is in deep trouble. We come to you asking for help with a solution. This issue is about thousands of Kansans, good, honest, hard working family people that make a living in pari-mutuel racing and are in need of your help to continue to earn that living. This issue is about hundreds of thousands of tourists and tourism dollars that used to visit our front door and we want to seek a way to get them back.

It's obvious from the past couple of legislative sessions that this has become a very emotional issue, but our opposition delights in confusing matters with innuendoes that have no bearing on the pari-mutuel industry in Kansas. Let's stick to the issue – an industry you created that comes back to you for help.

I'll be happy to answer any questions anyone may have about our industry, the competition, the marketing or anything else. I will tell you though that ours is an industry that hasn't had a base price increase in over 100 years. A \$2 bet in 1897 is still a \$2 bet today; a 2¢ pack of chewing gum in 1897 is \$1 today! I can stand here and recite economic impact figures and all related advantages to our industry, but it has all been said before. Instead I'd like to challenge this committee to help our pari-mutuel industry; in fact, your pari-mutuel industry!

Betcha have a good time!

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HB 2174 is a product of our experiences from the three past legislative sessions. Hopefully it is a compromise that all can agree with. With HB 2174, we sincerely believe everybody wins – the state, the public, the racetracks, the charities and the anti-slot machiners. In fact, we thought prior to this piece of legislation we had an idea that would please everyone – one giant slot machine facility at the Woodlands to benefit the entire industry and keep money from flowing to Missouri. But we were told by those in the know, if it has slot machines in it, it has no chance. Ironic, because you've previously approved slot machines in Kansas on Indian Reservations with no monies going to the state. However, we took our eraser, scratched that proposal and now give you "racetrack lottery retailers." By the way, if you haven't visited an Indian casino in Kansas yet you should, it's a real eye opener!

I guess the bottom line is this – so many states over the past couple of years have come to the aid of the pari-mutuel industry in our time of need – Iowa, Rhode Island, Delaware, Oregon, Ohio, West Virginia, Michigan, California, Texas and most recently Florida. They have all recognized the economic hard times of our sport and in one way, shape or form passed legislation to help the industry get back on its feet.

We come to you in 1997 with the same request. We hope HB 2174 is something that meets with your approval but if it doesn't, please don't discard us – please extend a hand to work with us and come up with something viable we all can live with. We're not ashamed or embarrassed to turn to you for help; the only shame would be saying Kansas once had pari-mutuel racing.

Thank you.

Wichita Greyhound Park Statistics and Economic Impact

September 7, 1989 - December 31, 1996

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

923

My name is Wayne Stringer. I live near Fort Scott in Bourbon County which is in the southeast corner of our state. I rise in behalf of my family and my friends and neighbors who oppose gambling as we know it today. I would like to make two points, one is relative to our opposition to the gambling industry, and the other is relative to the nature of this particular bill.

First, we all know that gambling is nothing new. For many years veterans groups and churches have used this means as a way to raise funds. I, myself, have helped the boys down at the Legion Hall raise funds for nursing scholarships, and what could be less innocuous than Grandma raffling off a quilt? These initiatives however, while looked upon by many with a jaundiced eye, were locally controlled and the proceeds stayed in the communities and facilitated the great middle class of people that has made this nation the greatest in the world and the richest in history.

Now things are changing at an alarming rate. Middle Class America is under siege by big world class business, big world class governments, canned entertainment, and by the world class gambling cartels. We won't even mention the drug cartels, or O.P.E.K., or N.A.F.T.A., or what is legal or what is not, we will hold, however, that the drug cartels and the gambling cartels can be shut out of Kansas.

As Kansans we hold to the strength and virtues of our world class middle class. Our agrarian forefathers have given rise to the most versatile people on earth. We produce real products: hardware, if you please. It is said that one farmer now feeds 102 people. Let the entertainment business stay in places where folks have limited talent, where all they grow is cactus and all they know is whiskey. We'll go there when we want to waste our time.

Point two: This particular bill is obviously being presented by people who have only their own interests in mind. Casual review of the bill has yielded at least 20 "flash points" to us. I can go over these with you on a one to one basis if you like,

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but please consider it carefully for it has many flaws.

Two major objections should come under focus. First, the wording of the bill, and secondly, the inordinate "responsibilities" relegated to the Executive Director and his agents.

I am considerably stricken by the non-defined reference to a "fair association". We wonder who would serve on the fair board. And wouldn't it be wonderful if the now defunct Camptown Racetrack could suddenly become a Crawford County Fairground? I wonder where the 4-H kids would be allowed to show their swine? I'm being cynical of course. Notice also on page 5 the use of the words "except" and "unless" and "seeks".

We are also worried about the multitude of funds that must be accounted for, and consider the multiplicity of personalities who would handle these funds. Then consider the awesome punishment of some "non-person" misdemeanor victim.

We also wonder if the authority granted the Executive Director could impede the work of any Post Audit investigations which might be made. As you know, Post Audit investigations in the past have revealed a multitude of unresolved problems in gaming activities.

In conclusion, we respectfully request that you consider all Kansans as you ponder the gambling initiative. Don't allow a few people in a few counties to tarnish the image of all of the people in the state. Productive middle class Kansans must serve as a model throughout the midwest. Don't let the gaudy lights of the so-called riverboat casino's, which have blinded a few, hamper the ideals of the majority of people who know of the hazards and addictive qualities related with gambling. Indeed, the nature of the beast and the wording of this bill should cause us to recoil in such wrath and to react with such vigor that the dragon of gambling will be driven from amongst us forever.

February 20, 1997

Presentation by Leon Gregory, Gregory Inc

Honorable Members of House
Federal and State Affairs Committee,
Ladies and Gentlemen:

I respectfully appear before this committee to go on record as opposing the proposed House Bill 2174 and urge you to vote NO on this bill.

The expansion of gambling in any form or by any media methods will not bring an improved quality of life for Kansas citizens. It would in all likelihood be a very negative influence on many adults and especially on the youth of our state. We are already overburdened with social problems in our state and now we are debating whether or not to allow escalated gambling. We already know from experience and from the many documented reports that gambling is addictive, it brings more crime, more broken homes, and more tax burdens to deal with these social problems that accompanies gambling.

A majority of the people of Kansas are employed by small companies such as mine. We are all experiencing a burden of dealing with family needs which results in absenteeism, and I feel quite confident that a great number of the small businesses of Kansas would echo my sentiments that we do not want, nor would we welcome an industry that would increase our personnel problems. I do not make this statement just because we are interested in the money side of our businesses, but we are very interested in the welfare of our employees. Any pursuits of our employees that could bring a negative addiction into their lives or into the lives of their family, is a matter of grave concern to us all.

I would also submit to this committee that to accept the idea that gambling is justifiable, because it would provide tax dollars to deal with the social issues of our state is a very questionable position to take. The reason I say this is because you would be saying "that by condoning an industry that brings social problems, we are able to solve the monetary problems of dealing with our present social problems." There is no basic logic or truth to support this kind of rational. The truth is, you only create more problems. The present costs of our social problems have only grown and grown over the years and money has not solved the problems. Likewise, to justify gambling because we can meet the educational needs of our state is also very questionable. Again we have many troubles in our schools and do you want to add gambling to the list? Our schools are functioning more and more as social institutions already and the money needs only seem to escalate. In summary, it appears to me that for the state of Kansas to raise money by exploiting the weaknesses of its citizens is not a good course to take. To state it a little more emphatically, it would be immoral.

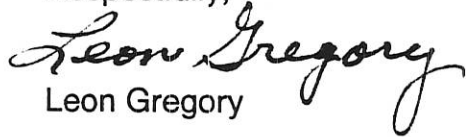
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We all know from last years legislative session that the gambling issue basically stems from the fact that the present gambling businesses are seeking a way to expand their operations because they are experiencing financial difficulties. Being a businessman I can understand their predicament and respect them as individuals and have no personal animosities toward anyone. But it is for the very reason that I do understand the business side of this issue that encourages me to be against it. Any business is always looking for a way to grow because there never seems to be a stopping place. So it is with the gambling business and I just cannot look favorably on gambling when I consider the progressive, step by step growth of this industry in Kansas and also over our whole nation. The merchandise sold by gambling does not add a favorable quality to peoples lives nor does gambling give its customers a fair exchange of value for the customers investment.

Having made these comments and in behalf of myself and the many employees and friends that I represent , I urge this committee and all other legislators to VOTE NO on house bill 2174. Please do not escalate gambling in our state with this bill or any other bill to come.

Thank you for your attention to my comments.

Respectfully,


Leon Gregory

**Testimony To House Federal and State Affairs Committee on
House Bill 2174**

by
Bill Morris
Wichita, Kansas
February 20, 1997

Good morning Chairman Boston and other members of the committee. Thank you for this opportunity to speak at this public hearing.

I am Bill Morris, a resident of Wichita since 1968. Ten years ago I retired from the life insurance business, after 45 years. My time is now devoted to three things -- working for my Lord, Jesus Christ, working against expanding legalized gambling in our wonderful state, and fishing every chance I get.

I am here to urge you to vote NO in this committee on House Bill 2174. A year ago I stood in this capitol , before the Senate Federal and State Affairs Committee, making this same plea -- please kill this gambling bill in committee.

What part of NO do the gambling forces not understand? For years now investors from Las Vegas and other states have poured money into our state for lobbyists to try to bring something into Kansas that most citizens and most legislators don't want.

The gambling forces would have you believe that these slot machines will only appear at the race tracks. Not so! If I understand HB 2174 correctly, as long as the machine is controlled by a central computer, operated by the lottery, the machines can be placed in any business that sells lottery tickets. That means every convenience store, grocery store, bar, etc. would (or could) have these machines. If this happens you will open a "Pandora's box" as far as our young people are concerned.

The gambling forces will have you believe that current "age laws" will solve this problem. Has the age laws stopped 14 year olds from buying beer? **No!** And, it won't stop them from pulling the handles on slot machines either.

If you want to know the devastating effect legalized casino gambling has on a state and it's young people, you don't have to look far. Just look at my home state, Louisiana. I can assure you most

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citizens and legislators of Louisiana rue the day they legalized video lottery machines and riverboat casinos.

Now, one final point. The race tracks are pushing you for casino style gambling because they believe it is their only hope of salvation. Of the three tracks that opened in Kansas, the track in Pittsburg has closed, the Woodlands is operating under Chapter 11, and the Wichita Greyhound Park is on the verge of bankruptcy. Now the owners want you to throw them a lifeline. Why? When my insurance agency was in financial trouble, the state wasn't standing on the sidelines waiting to throw tax dollars my way. If I couldn't make it on my own, then I didn't make it at all!

The gambling forces are trying to convince you that the race tracks must be salvaged in order to save Kansas jobs. **Friends, that's just plain balderdash!** Kansans that wanted to work had jobs long before gambling ever came into this state and Kansans who want to work will have jobs long after gambling moves on.

Thank you for hearing me. Again, **I urge you vote no on HB 2174 in this committee.**

Testimony before the HOUSE COMMITTEE on FEDERAL AND STATE AFFAIRS
by Claude Patterson Ph.D., Pastor of
First Church of the Nazarene
Leavenworth, Kansas
February 27, 1997

Mr. Chairman
Honorable Members of the Committee, and
Friends:

My name is Claude Patterson. I've been a pastor for some 43 years. In addition to my ministerial background I also have a background in the fields of Human Resources Management and Counseling Psychology.

I want to thank you for the opportunity to testify against HB-2174. We believe this Bill not only could but would be used to expand gambling throughout the State of Kansas.

I've seen the results of gambling. Gambling is seductive. It so often seduces the people who can least afford it to spend money they don't have with the misleading hope of getting something most of them will never receive. The illusive hope and challenge of this behavior is both seductive and addictive. And, as one of the supporters of this bill has said, "The entertainment of the game is the possibility of winning enough to continue playing for a while."

I'd like to share with you the story of Chuck. His story is just one of many I could share. Chuck is a 51 year old CPA who was taken in by the deception of gambling. He became so addicted that he lost his personal integrity, then he lost his business. He then lost his wife, his family and his self-respect -- and was suicidal. Today, Chuck is no longer in our great State of Kansas. In Chicago, he is in the V-A program for compulsive gamblers.

Bill is another professional -- a former missionary whose wife is a nurse. He too has been victimized by the allurements of this illusion of gambling. Caught up in his gambling, Bill, like so many more, lost far more than he could afford to lose. His addiction was so consuming he too continued until he lost all his possessions, including his wife and family.

Mr. Chairman, I urge you -- I beg you -- do not expand the influence nor the practice of gambling in our State. The financial gains we are promised from such expansion is too costly -- Indeed, it is costly beyond measure. There is no way to calculate the costs of the financial, social and psychological havoc wrought upon our families by what the industry calls a "game" or "an entertainment alternative". I sincerely believe that if the industry had to pick up the tab for these costs we would not be here discussing redefinitions that would allow it's expansion. In fact, they would be running for the nearest cover.

I believe it is time to send a message to the financial vampires who would suck the financial life from our children and families -- who would rob us of our dignity and self-respect -- with no apparent compunction of conscience. Let's tell them enough is enough already -- and we do not want any more of it. I urge your defeat of HB- 2174.

Thank you.

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the
WOODLANDS



RACING

A Facility of Sunflower Racing, Inc.

**Testimony of Derrick Reicheneker
February 27, 1997
Federal State Affairs Committee
In Support of HB 2174**

Attached please find an analysis of some numbers that attempt to further explain the marketing efforts and history of The Woodlands.

I believe these charts demonstrate that the management team at the racetrack has made significant attempts to sell racing in the Kansas City marketplace, gaining great results through the first five years of operation. In looking at the information provided, you will find that the racetrack spent well over the amount that was suggested in the five-year business plan by Arthur Anderson Consulting and was successful in generating business far beyond what was expected.

You will also find that through very difficult business times, The Woodlands has remained committed to marketing. The information provided shows that The Woodlands has spent between 4% and 5.6% of revenue on marketing, more than what the lottery spends each year. The bulk of our money today is spent on a variety of direct mail promotions. We produce response rates from 6% to 18% from those offers, much higher than the industry average. We continue to do a mix of broadcast and print advertising, including an ongoing commitment on a local radio station that provides us with a two-hour time slot every Sunday in which we produce one of the only racing radio shows in the country.

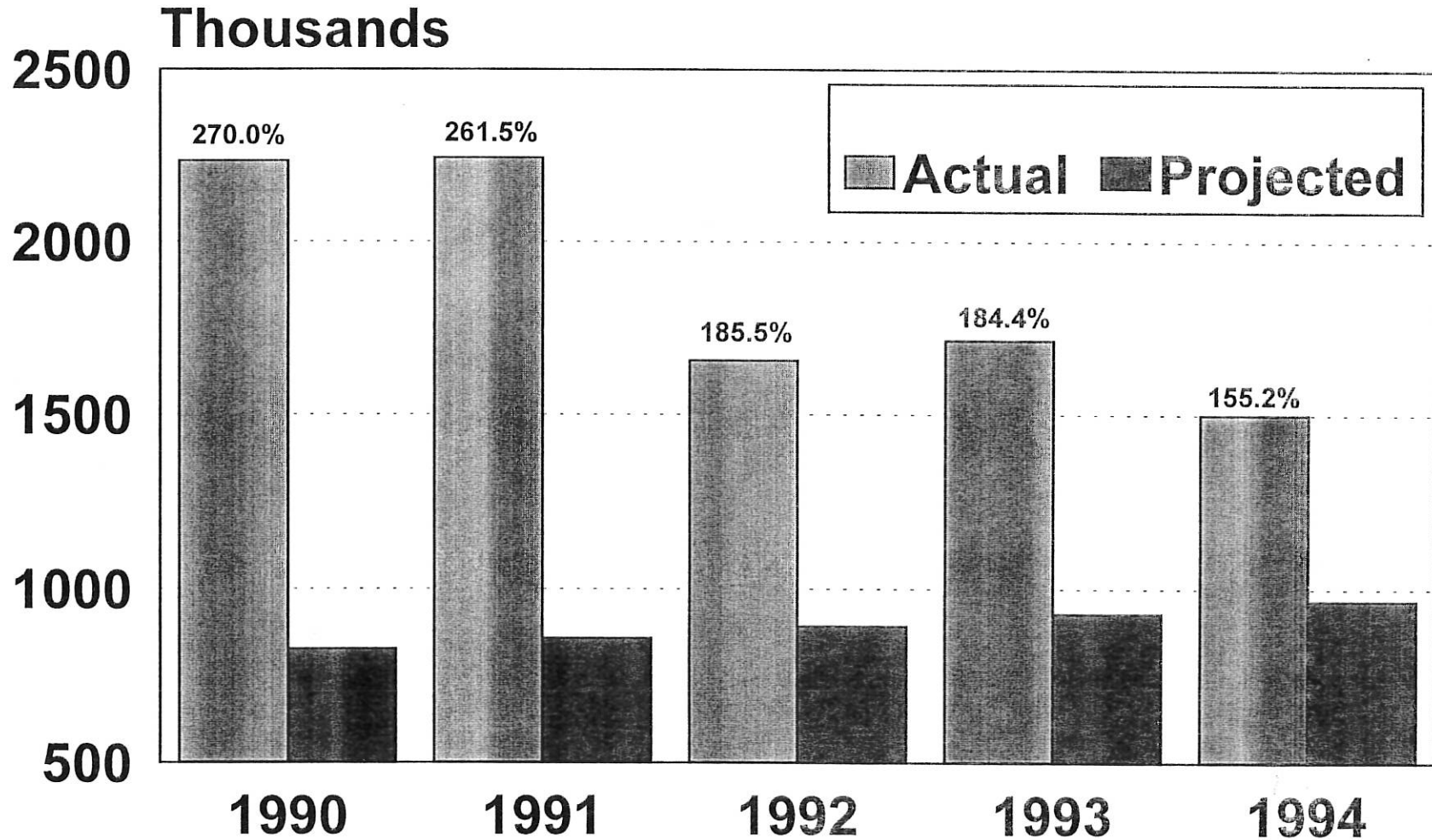
Product is the most important element of the marketing mix. In continuing efforts to make the racing industry successful in Kansas, The Woodlands, along with every other racing organization in the state, is asking the legislature for the opportunity to upgrade our product so that we may be more successful in the future.

the
WOODLANDS



Marketing

Actual vs. Projected (by Arthur Anderson)



Percentages reflect actual dollars spent compared to projected expenses.

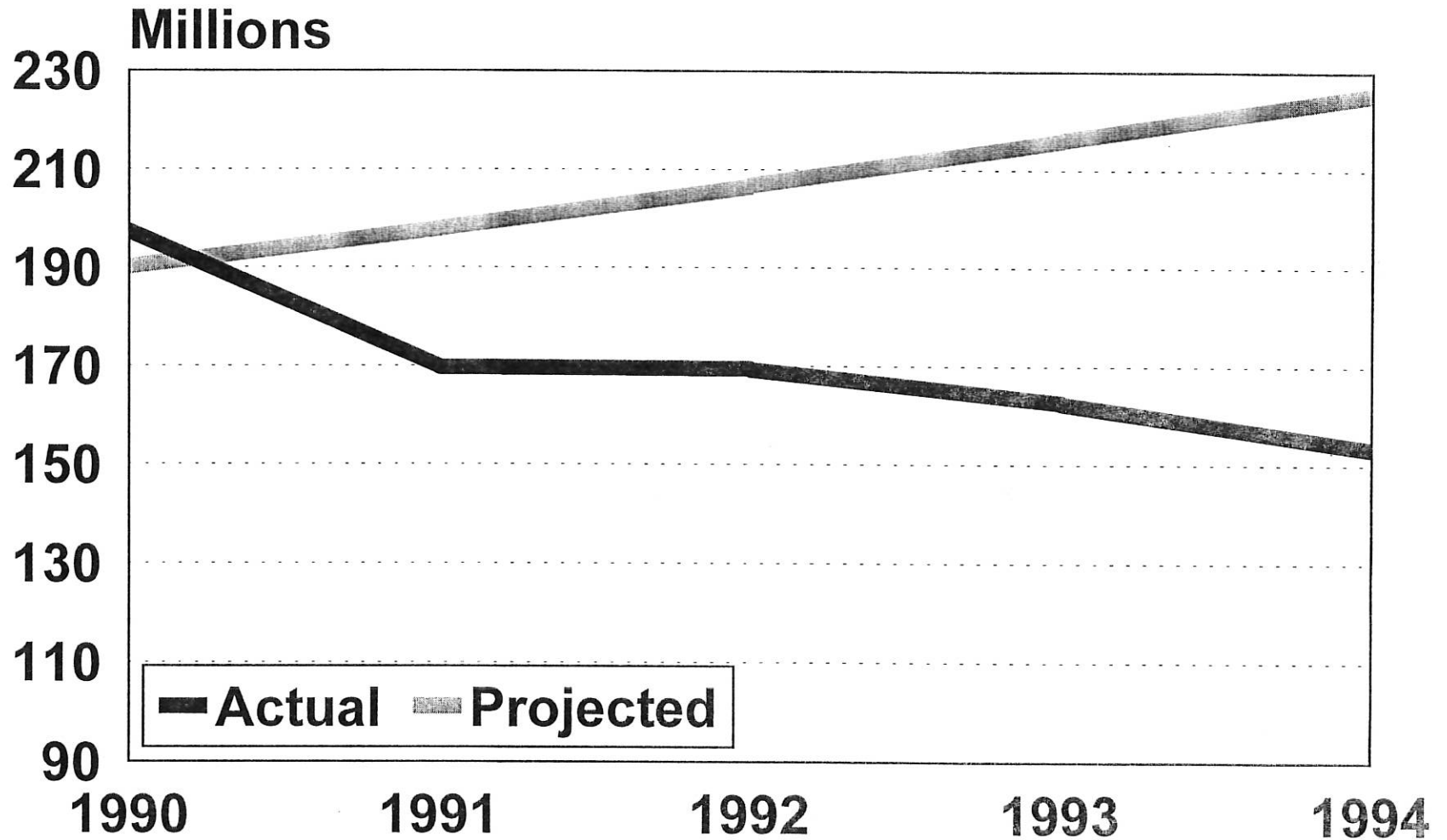
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the
WOODLANDS



Handle

Actual vs. Projected (by Arthur Anderson)

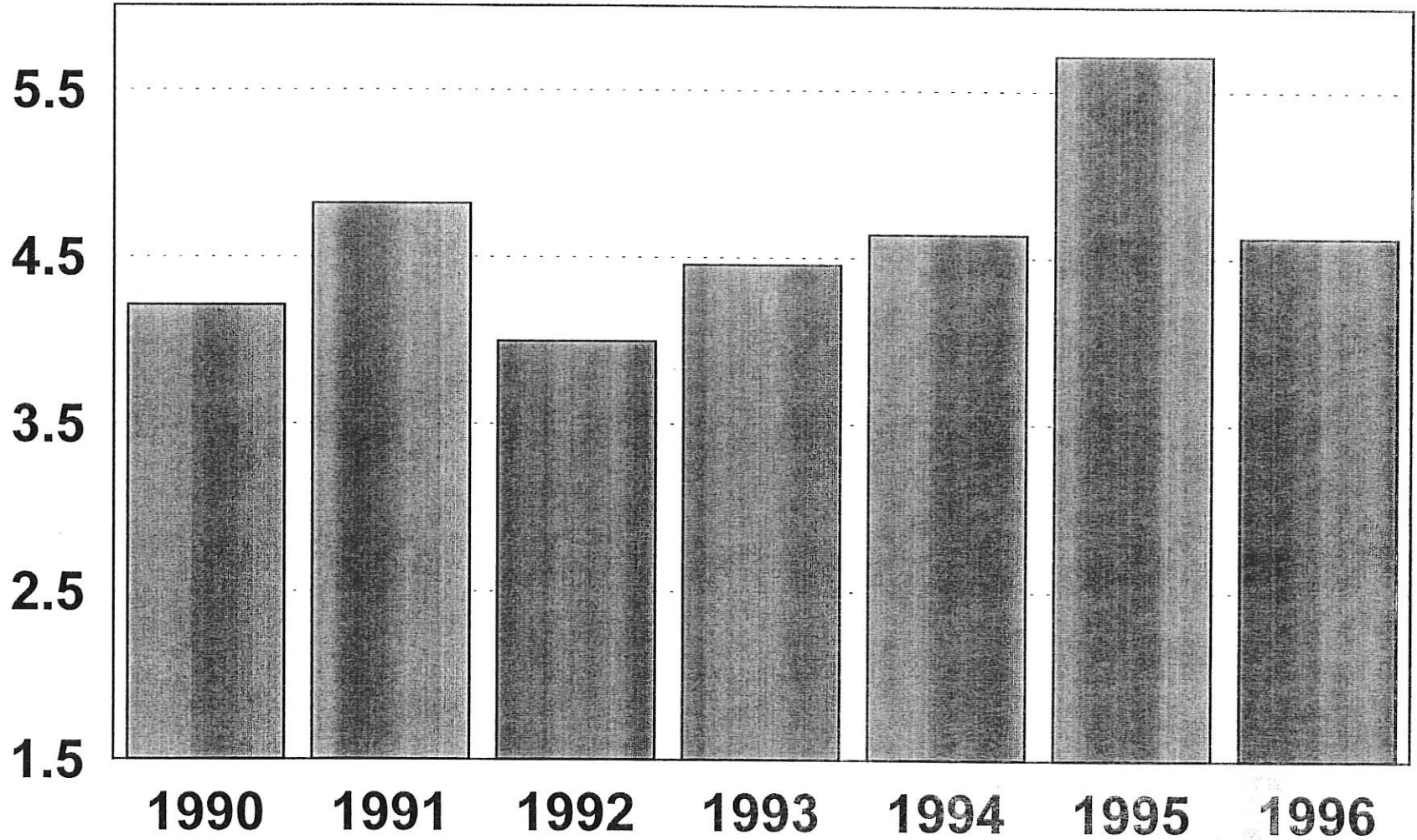


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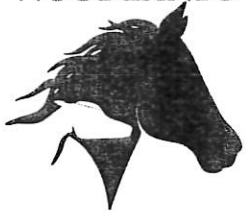
Marketing

As a Percentage of Revenues (Actual)



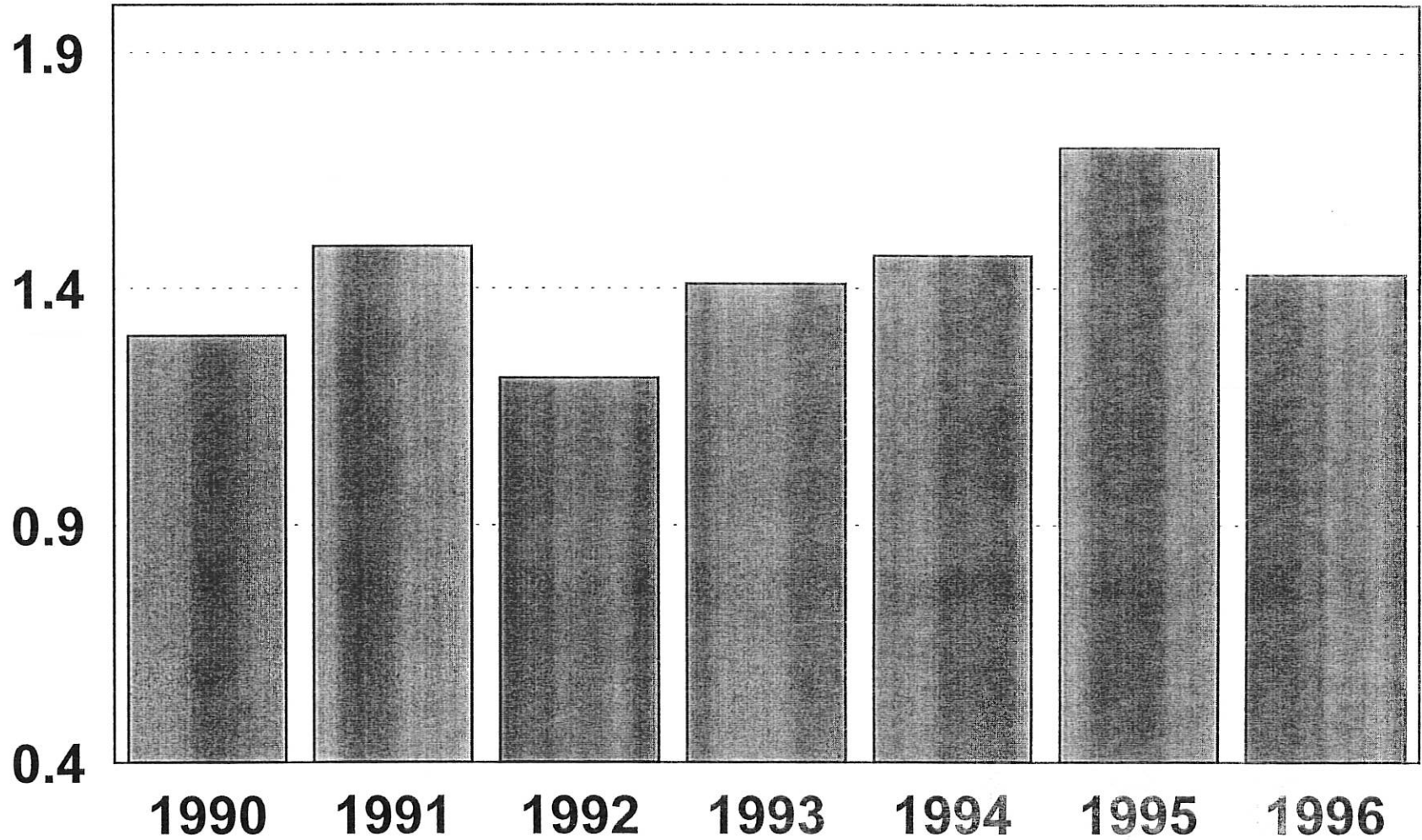
8-4

the
WOODLANDS



Marketing

Per Capita (Actual)





The Betting Dollar



To Bettors - 80.42%

**"Take Out" to State, Purse Money, Charities
and the Track for expenses and profit — 19.58%**

Source: Kansas State Statute

8-9

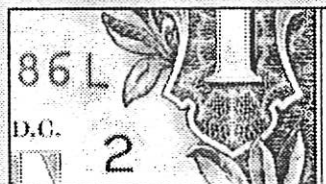


The Betting Dollar

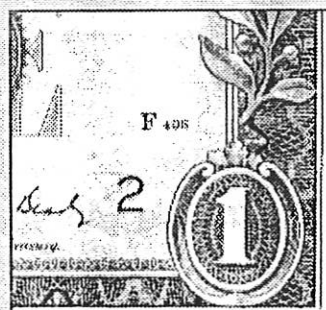
"Take Out"



To the State
17%



To Purse Money
33.2%



To Track for
Expenses, Profit
and Charities
49.8%

Source: Kansas State Statute

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