

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Senator Nancey Harrington at 10:45 a.m. on January 21, 2003 in Room 245-N of the Capitol.

All members were present.

Committee staff present: Russell Mills, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Theresa Kiernan, Office of the Revisor
Nikki Kraus, Committee Secretary

Conferees appearing before the committee: Tracy Diel, Executive Director, Racing and Gaming Commission

Others attending: Please see attached.

Chairperson Harrington opened the meeting by welcoming back both committee members and staff. The chair congratulated Senator Vratil for becoming Vice-President of the Senate, Senator Teichman for chairmanship of the FI&I committee, Senator Gilstrap for the new democratic governorship, and Russell Mills for the success of his son's academic and sports scholarships to Washburn University.

Chairperson Harrington opened the discussion on parimutuel racing and breakage. She asked Tracy Diel, Executive Director of the Kansas Racing and Gaming Commission, to speak to the committee on these issues.

Mr. Diel requested the introduction of a bill and submitted testimony and a bill draft. (Attachment 1)

Senator O'Connor asked Mr. Diel how many owners were included in the eight to nine-thousand dollar figure. Mr. Diel stated that he would have to check, but that there were probably between 500-600 greyhound owners, meaning approximately \$100 per owner.

Ms. Kiernan asked if this bill would be applied in the future, then shouldn't she cross out the second paragraph, because it would limit it to racetracks that were conducting races on or before the 31st of 2001, and she wondered if that was necessary.

Mr. Diel stated that it may no longer be necessary. He stated that hopefully they would know enough in advance if the track were closing to be able to run a final open stakes race, but even in that case, there would still be a small amount of money that would not be distributed.

Senator O'Connor stated that she questioned the language of the bill. Mr. Diel suggested the language reflect the fact that this was an option in which 50% would go to open stakes, and 50% would go to the Kansas-whelped Program. He stated that in the state of Kansas, there are two organizations that deal with racing at racetracks: the person who owns the racetrack, known as facility manager, and the organization licensee, which is a charitable organization that remains whether the ownership changes or not; the latter maintains the breakage funds.

Senator O'Connor made a motion to introduce the bill. Senator Gilstrap seconded the motion. The motion passed.

Chairperson Harrington asked the committee for any other bill introductions.

Senator Barnett stated that he would like to ask the committee for the introduction of a bill concerning impoundment of certain vehicles in response to a request made to him by a family in Atchison whose son had been killed by an eight-time convicted drunk driver.

CONTINUATION SHEET

Senator Barnett made a motion to introduce the bill. Senator Vratil seconded the motion. The motion passed.

Chairperson Harrington briefly reviewed the committee's schedule for the upcoming week, noting Tuesday, January 28, for the impoundment hearing, and Thursday, January 30, for a joint meeting with House Federal and State Affairs for a tribal update on gaming.

Chairperson Harrington reminded the committee that it would be meeting at 11:00 a.m. tomorrow, and that Bob Longino, Director of Alcoholic Beverage Control, would be giving them an update.

The meeting was adjourned at 11:12 a.m. The next meeting will be held at 11:00 a.m. on January 22, 2003 in Room 245-N.

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KANSAS RACING AND GAMING COMMISSION

TO: Senate Federal and State Affairs Committee
FROM: Tracy Diel, Kansas Racing and Gaming Commission
SUBJECT: Bill Introduction - Amending K.S.A. 74-8821
DATE: January 21, 2003

I am appearing today before the Committee to request the introduction of a bill which will amend K.S.A. 74-8821. This amendment is necessary due to the closure of Camptown Greyhound Park in November 2000.

The charitable organization licensee which conducts parimutuel racing is responsible for dispersing "breakage" funds in accordance with K.S.A. 74-8821. Breakage as defined by statute means the odd cents by which the amount payable on each dollar wagered exceeds a multiple of \$.10, for parimutuel pools from races conducted in the State of Kansas and as provided by law of the host jurisdiction where simulcast races are involved. Currently, K.S.A. 74-8821 allows 50% of the breakage proceeds to be used as a supplement to open stakes races conducted at the racetrack facility from where these funds are derived. The remaining 50% of the breakage proceeds are to be dispersed to owners of Kansas-whelped greyhounds in accordance with the rules and regulations of the Kansas Racing and Gaming Commission.

In November 2000 when Camptown Greyhound Park closed its doors, the organization licensee, The Racing Association of Kansas Southeast, had breakage funds which could not be dispersed in accordance with the provisions of K.S.A. 74-8821. The Kansas Racing and Gaming Commission have taken steps to change its rules and regulations to permit some of these funds to be given out by the charitable organization. However, the Commission does not have the authority to permit the other remaining funds to be dispersed. These remaining funds are those which would be used as supplements to open stakes races.

At the present time, there is no plan for Camptown Greyhound Park to have an open stakes race at the racetrack. Camptown Greyhound Park is closed and is not scheduled to reopen. Based upon the language of the statute, the breakage funds need to be utilized as supplements for open stakes races at Camptown Greyhound Park. There is no provision in the current statute for any other use. The requested amendment would allow for an alternative method of disbursement

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Attach #1

to remedy the current situation and could be utilized in the event a racetrack is closed and all breakage funds have not been utilized.

The proposed amendment would permit the alternative option to be utilized only in the event the racetrack closed and breakage funds were left over. It would allow the charitable organization to distribute the remaining breakage proceeds equally among the owners of all greyhounds whose animals were eligible to race at the racetrack facility on the day it closed. This would permit the charitable organization to distribute the money available to those greyhound owners who were supporting the racetrack with their greyhounds. These individuals would have had the opportunity to have greyhounds participate in open stakes races at Camptown Greyhound Park had they occurred.

Thank you for your time and consideration of this request. I will answer any questions regarding this request.

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SENATE BILL NO. _____

By

AN ACT concerning parimutuel racing; relating to breakage; amending K.S.A. 74-8821 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 74-8821 is hereby amended to read as follows: 74-8821. (a) The breakage deducted from the amounts paid to winning ticket holders for each parimutuel pool shall be computed by the organization licensee and disbursed as set forth in ~~subsections (b), (c) and (d)~~ this section. An accounting of the amount and disposition of the breakage shall be made by each organization licensee as directed by the commission. Except as otherwise provided by K.S.A. 74-8836, and amendments thereto, the breakage on minus pools shall be calculated in multiples of \$.05 rather than \$.10.

(b) All breakage proceeds from parimutuel wagering conducted by the organization licensee on live horse races conducted by the licensee shall be remitted by the licensee to the commission not later than the 15th day of the month following the race from which the breakage is derived. The commission shall remit any such proceeds received to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the Kansas horse breeding development fund created by K.S.A. 74-8829, and amendments thereto.

(c) Except as provided by subsection (e), all breakage

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proceeds from parimutuel wagering conducted by the organization licensee on live greyhound races conducted by the licensee shall be distributed by the licensee not later than the 15th day of the month following the race from which the breakage is derived as follows:

(1) An amount equal to 50% of the breakage shall be used at racetrack facilities where derived to supplement open stakes races as approved by the commission; and

(2) an amount equal to 50% of the breakage shall be paid as purses directly to the breeders of Kansas-whelped greyhounds pursuant to rules and regulations of the commission.

(d) All breakage proceeds from parimutuel wagering conducted by a simulcast licensee on simulcast races displayed by the licensee shall be distributed as provided by K.S.A. 74-8836, and amendments thereto.

(e) If a racetrack facility closes or discontinues conducting races and there are undistributed breakage proceeds from parimutuel wagering conducted by the organization licensee on live greyhound races, the licensee shall distribute such proceeds equally among the owners of all greyhounds eligible to run at the racetrack facility on the day such facility was closed or such races were discontinued.

The provisions of this subsection shall apply to any racetrack facility conducting races on or before October 31, 2001.

Sec. 2. K.S.A. 74-8821 is hereby repealed.

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Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.