

Approved: \_\_\_\_\_ 3-17-93  
Date

## MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Clyde Graeber at 1:30 p.m. on March 11, 1993 in Room 526-S of the Capitol.

All members were present except: Representative Blaise R. Plummer, Excused  
Representative Kathleen Sebelius, Excused

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

Conferees appearing before the committee: Representative James Lowther  
Janet Chubb, Executive Director, Racing Commission  
Roy Berger, Executive Vice President, Wichita Greyhound Park  
Richard LaMunyon, Executive Director, Wichita Greyhound Charities  
Dana Nelson, Kansas Thoroughbred Racing  
Bruce Rimbo, Executive Vice President, Woodlands  
Tim Schultz, Kansans for Life At Its Best  
Perry Johnson, Birmingham, Alabama  
Jim Yount, Kansas Quarter Horse Racing Commission

Others Attending: See Attached List

The Chairperson stated the order of the hearings would be reversed today because Representative Lowther wished to appear in support of HB 2519 and he had another meeting at 1:30 PM.

The Chairperson opened the hearing on HB 2519.

Representative Lowther testified in support of HB 2519, requiring an annual financial-compliance audit of the Kansas Racing Commission.

Representative Empson moved and Representative Wilk seconded to move HB 2519 out of committee favorably.

Representative Lahti moved and Representative Cornfield seconded to amend HB 2519 and strike "and an assessment of the financial condition of each race track facility and facility manager licensee regulated by the commission." lines 19 and 20.

After discussion, the committee decided to table HB 2519. The Chairperson stated that HB 2519 would be brought back on March 15.

The Chairperson opened the hearing on SB 78.

Mary Torrence, Revisor of Statutes, gave a briefing on SB 78.

A Kansas Lottery Financial Summary was distributed to the committee (See Attachment #1)

Roy Berger, Executive Vice President, Wichita Greyhound Park, testified in support of SB 78 seeking an incremental parimutuel tax scale. (See Attachment #2)

Richard LaMunyon, Executive Director, Wichita Greyhound Charities, testified in support of SB 78 stated that during the development of the management agreements between Wichita Greyhound Charities and Wichita Greyhound Park, it was agreed that one percent (1%) of the total betting handle would be paid to Wichita Greyhound Charities to provide money for Kansas based charitable organizations. To date over \$2M had

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 526-S  
Statehouse, at 1:30 p.m. on March 11, 1993.

been provided to not-for-profit organizations across Kansas. Due to the competitive pressures in place millions of dollars provided to charities and the millions paid in taxes and payroll are at risk. Mr. LaMunyon distributed the 1992 Annual Report for the Wichita Charities, Inc. (See Attachments #3 and 4)

Dana L. Nelson, Kansas Thoroughbred Association, testified in support of SB 78 stating this bill creates a sliding scale tax rate for greyhound tracks in Kansas, based on the philosophy that if the track does extremely well, that the state should benefit to a greater extent as well. (See Attachment #5)

Bruce Rimbo, Executive Vice President, The Woodlands and President of Hubbard Enterprises, testified in support of SB 78, stating the Woodlands has paid the state of Kansas \$46M in taxes since opening. An average of \$47,000 taxes are paid every race day. (See Attachment #6)

Tim Shultz, Kansans for Life At Its Best, testified opposing SB 78, stating the current handle levels, or pools as they are referred to in the bill, are not appropriate. It is felt that if the legislature adopts the bill it is essentially subsidizing a single industry to the detriment of all Kansas citizens and all other Kansas industry. (See Attachment #7)

The Chairperson closed the hearing on SB 78.

Representative Robinett moved and Representative Empson seconded to move SB 78 out of committee favorably. The motion carried

The Chairperson opened the hearing on HB 2513.

Dana Nelson, Kansas Thoroughbred Association, testified in support of HB 2513, stating this bill is designed to establish a procedure to fund the activities of the recognized horseman's group at a parimutuel racetrack. Mr. Nelson stated this procedure is automatic in other states and when owners/trainers are asked to sign a paper for this deduction they are confused. (See Attachment #8)

H. Rick Henson, General Manager, The Woodlands Racetrack, Kansas City, Kansas, testified in support of HB 2513, stating the Woodlands works as a team with the Kansas Affiliate of the Horsemen's Benevolent & Protective Association, the duly elected and recognized horsemen's organization as defined by Kansas Racing Commission Rules. (See Attachment #9)

Perry Johnson, President of Alabama Horsemen's Benevolent & Protective Association, testified in behalf of HB 2513 stating the tracks like to take care of their own personnel. Many of these people are transients and do not have any insurance coverage. (See Attachment #10)

Ralph Lilja, Chairman of the Ad Hoc Committee for the Kansas Affiliate of the Horsemen's Benevolent & Protective Association (KHBPA), testified in support of HB 2513, stating many of the employees are unskilled and untrained and not able to provide themselves with or afford medical and other types of insurance. (See Attachment #11)

Jim Yount, The Kansas Quarter Horse Racing Association, testified in opposition of HB 2513, stating this bill provides for an automatic 2% deduction from the horsemen's earned purse for each live horse race run in the State of Kansas. The horseman's group has not represented quarter horses. The funds are to be paid to the recognized horsemen's group for administration and benevolent expenses. At present the provision for the deduction of these funds is handled strictly on a voluntary basis by the horsemen involved, which is the correct procedure. Each owner/trainer has the option to contribute to this horsemen's association if he so chooses. HB 2513 mandates horsemen participation, unless the horsemen executes a written instrument requesting that the deduction not be taken out of the earned purse.

Karen Tolle, Executive Secretary, The Kansas Quarter Horse Racing Association, sent written testimony opposing HB 2513 stating their basic disagreement with the bill lies in the fact that the recognized horseman's group in Kansas has not represented all breeds racing at the Woodlands on a fair and equal basis. (See Attachment #12)

Chairperson Graeber requested that the Woodlands furnish a report showing funds donated to charitable organizations.

The following attachments were received: Gary J. Smith, President, Kansas Thoroughbred Association, supported HB 2513. (See Attachment #13) Bill Alexander, Alexander Quarter Horses, Leavenworth, Kansas, opposed HB 2513, stating it is unfair to award a portion of these race purses to a group, specifically the H.B.P.A., which does not represent quarter, paint and appaloosa horses and their owners. (See

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 526-S  
Statehouse, at 1:30 p.m. on March 11, 1993.

### Attachment #14)

After discussion, Dana Nelson, Kansas Thoroughbred Association, stated they would work with the owners of the other breeds of horses and work this out.

The Chairperson closed the hearing on HB 2513.

The meeting adjourned at 3:30 PM.

The next meeting is scheduled for March 15, 1993.

Date: 3/11/93

FEDERAL and STATE AFFAIRS COMMITTEE

NAME	ORGANIZATION	ADDRESS
RANDY TONGIOR	POST AUDIT	TOPEKA
Brian Nordin	Pat H. Well Assoc	Lawrence
Frances Snell	Kansas Racing Comm	Topeka
Janet Chubb	Kansas Racing Comm.	Topeka
Pat Hubbell	wgp	Topeka
Richard L. Morgan	Wichita Greyhound chieft	Wichita
Ray Buge	Wichita Greyhound Park	Wichita
Tom Burgess	Sunflower	Topeka
Jim & Sonia Yount	K.O.H.R.A	Topeka
Karen Tolle	K.O.H.R.A.	Shawnee Missions
Bruce Rimbo	Sunflower Racing	KC
Kick Henson	Sunflower Racing	KC
Cathy McDougle	Mirage, Inc.	Topeka
Larry Johns	National HKPA	New Orleans
Dr. Bob Herndon	H B PA.	Wichita

Date:

FEDERAL and STATE AFFAIRS COMMITTEE

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# KANSAS LOTTERY FINANCIAL SUMMARY

	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
<b>REVENUES (MILLIONS)</b>	<b>\$ 66.2</b>	<b>\$ 68.8</b>	<b>\$ 65.2</b>	<b>\$ 70.2</b>	<b>\$ 77.8</b>
<b>EXPENSES AS % OF SALES:</b>					
PRIZES (45% OR MORE)	45 %	49 %	44 %	47 %	48 %
STATUTORY TRANSFERS TO GAMING REVENUE FUND (AFTER '88, 30% OR MORE)	17	31	30	30	30
OTHER EXPENSES	<u>25</u>	<u>29</u>	<u>22</u>	<u>22</u>	<u>21</u>
TOTAL EXPENSES	87 %	109 %	96 %	99 %	99 %
<b>NET OPERATING INCOME</b>	<b>\$ 8.3</b>	<b>\$ -6.6</b>	<b>\$ 1.9</b>	<b>\$ 1.1</b>	<b>\$ 0.7</b>
OTHER TRANSFERS (MILLIONS)					
STATE GENERAL FUND				\$ 1.5	
GAMING REVENUE FUND					\$ 2.8
<b>ENDING FUND BALANCE</b>	<b>\$ 8.1</b>	<b>\$ 1.6</b>	<b>\$ 3.4</b>	<b>\$ 3.0</b>	<b>\$ 1.0</b>

- ◇ Although not required by statute, in fiscal year 1988, the Lottery transferred \$11.4 million to the State Gaming Revenue Fund.
- ◇ In fiscal year 1989, prize payments and operating costs reached their highest levels compared to sales, and the Lottery lost \$6.6 million.
- ◇ In fiscal year 1990, prize payments and operating costs were reduced, and, in spite of decreased revenues, the Lottery showed a net income of almost \$2 million.
- ◇ Since 1990, prize payments compared to revenues have gradually increased, and operating costs have remained relatively stable.
- ◇ During this five-year period, the Lottery has transferred almost \$100 million to the State Gaming Revenue Fund.

NOTE: Based on the audited annual financial statements prepared by the Kansas Lottery.

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Atch #1



Roy Berger Remarks RE: Substitute for SB 78  
March 11, 1993  
House Federal and State Affairs Committee

Mr. Chairman and Members of the Committee:

My name is Roy Berger and I'm the Executive Vice President of Wichita Greyhound Park. On behalf of Wichita Greyhound Park I thank you for the opportunity to speak before you today and to ask for your support of Substitute for Senate Bill 78 seeking an incremental pari-mutuel tax scale.

The pari-mutuel racing industry nationally has seen a rather dramatic downturn over the past few years and unfortunately Kansas has not been immune to the trend. In the three plus years of racing in Kansas the business level at the racetrack has declined due to many of the factors that affect the industry nationally: a soft economy, severe competition for the discretionary dollar and the advent of competitive forms of gaming.

Nationally, casinos have proliferated in many pari-mutuel markets over the past few years having a nasty impact on the profitability of racetracks. In fact, the State of Wisconsin, which began pari-mutuel racing in 1990 with five greyhound tracks



has seen four of those tracks lose money the past couple of years and in imminent danger of closing. Iowa, with four racetracks, has seen one close and two lose money over the past three years.

With casino gambling seemingly headed to Kansas on the Reservations, recent history in Iowa, Wisconsin and Minnesota tell us the picture for pari-mutuel racing in our state is gloomy at best.

In Wichita, we've been adversely affected not only by the economy but the State lottery with their national Lotto America jackpots and most recently with video keno, which has established a niche in the marketplace. Competition every day for the leisure and discretionary dollar is becoming more and more fierce. In addition, the Wichita economy and discretionary spending levels have been rocked by the recent news from Boeing and Sears.

Wichita Greyhound Park was financed and built upon projections of an annual pari-mutuel handle of between \$90 and \$100 million. As the attached sheet entitled "Wichita Greyhound Park Statistics and Economic Impact" illustrates the mutuel handle in our three full years of racing has never approached that level and indeed is headed in the wrong direction.

Obviously, with business levels not reaching forecast, the bottom line profitability that our ownership group projected to justify a \$20 million investment has never been and probably never will be realized.

A quick review of the supplement shows Wichita Greyhound Park reaching a mutuel handle of over \$74 million in 1990; in 1991 with

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the addition of 24 programs our handle topped \$77 million and then last year we fell to just over \$69.5 million. Presently in 1993 attendance is running about 17% behind the 1992 pace. Even more troubling is our total mutuel handle was down 10% in 1992 from 1991 and our average handle decreased 7% in that same period. There was a 9% decrease comparing the 1990 average with the 1992 average.

On the bright side however, is a review of the monetary impact Wichita Greyhound Park has had on the local Wichita, Sedgwick County and Statewide economy.

Since our inception in 1989 through the end of 1992 WGP has paid:

- Over \$2.4 million in charitable contributions making us number one in the country in charitable grants.
- over \$12 million in purse money to greyhound owners and breeders.
- our total payroll in three plus years has reached \$14 million
- In State pari-mutuel tax we've paid over \$8 million. That doesn't include the \$250,000 that we pay annually to the Racing Commission for judges and veterinarians nor the \$61,000 we pay annually for license fees.
- WGP has paid in excess of \$1.1 million in State sales and liquor taxes.
- To Sedgwick County we've paid in excess of \$1.6 million in real estate and property tax.

- We've paid over \$340,000 in admission tax to the State treasury and over \$5.1 million in taxes to Federal and State government on customer winnings.
- The total taxes paid by Wichita Greyhound Park has exceeded \$16.5 million to date.

Members of the Committee, we're certainly proud of our contribution to the local economy and State of Kansas over the past three plus years. However, if the pari-mutuel tax increases the level of contribution will be significantly lessened and the very viability of Wichita Greyhound Park jeopardized in the coming years.

There's no place for us to overcome that revenue loss; instead the only avenues for us to offset the loss to a degree would be substantial reduction in our advertising and marketing budget and a reduction in payroll.

The trickle down impact of cutting advertising, marketing and payroll unfortunately is felt on business levels and customer service and reduces substantially all the economic impact categories that we are so proud to have made major contributions.

Representatives we very much need and would like your support on Substitute for SB 78 incrementally increasing, not reducing, the pari-mutuel tax rate.

I'd like to conclude by referencing two of the new states in pari-mutuel wagering that have made recent legislative adjustments to their pari-mutuel tax structures.

Iowa, where I helped inaugurate the industry in 1985, passed

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legislation in 1989 that took the State tax rate from a straight 5% of handle to incremental levels of 3% to 4% and finally back to 5% at a certain handle thresholds.

Texas just passed a similar bill answering the racetracks need for consideration from a newly passed state lottery.

Texas took their pari-mutuel tax from a flat 6% and reduced it to 2% of the first \$100 million wagered; 3% for the next \$100 million; 4% up to \$300 million; and then 5% over \$300 million wagered.

The pari-mutuel industry applauds Iowa, Texas and other states that have passed legislation to help the racing industry stay viable. The incremental approach taken by Iowa and Texas is something we very respectfully ask you to consider.

I thank you for your time and attention today and Wichita Greyhound Park respectfully asks for your support on Substitute for SB 78.

I'll be glad to answer any questions you might have. Thank you.

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# Wichita Greyhound Park Statistics and Economic Impact

## September 7, 1989 - December 31, 1992

TOTAL ATTENDANCE - 2,439,871  
TOTAL MUTUEL HANDLE - \$246,261,820

### BY CALENDAR YEAR

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Performances:	133	424	448	435
Attendance:	306,525	762,661	740,663	630,022
Mutuel Handle:	\$25,104,320	\$74,280,861	\$77,231,268	\$69,645,371
Average Attendance:	2,304	1,799	1,653	1,448
Average Handle:	\$188,754	\$175,191	\$172,391	\$160,104

### ECONOMIC IMPACT

Charitable Contributions	\$2,462,616
Purse Money to Greyhound Owners & Breeders	\$12,030,927
Total Payroll (approximately 380 jobs)	\$13,820,609
State Pari-Mutuel Tax Paid	\$8,234,679
State Sales and Liquor Tax Paid	\$1,178,522
County Real Estate and Property Tax Paid	\$1,617,981
Admissions Tax	\$341,580
Taxes on Customer Winnings	
Federal - \$4,126,349	
Kansas - \$1,028,577	
Total:	\$5,154,927
	<hr/>
TOTAL TAXES	\$16,527,688

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House Federal and State Affairs Committee  
March 11, 1993

Richard E. LaMunyon  
RE: Substitute for Senate Bill #78

Mr. Chairman and Members of the Committee:

I am Richard LaMunyon, Executive Director for Wichita Greyhound Charities, Inc. I am speaking to you today on behalf of the Wichita Greyhound Charities Board of Directors. I thank you for this opportunity.

Wichita Greyhound Charities, Inc. is a not-for-profit organization. It's Board is comprised of eleven volunteer business men and women who reside in the Wichita and Topeka areas. Wichita Greyhound Charities, Inc. was granted the "organizational license" for a greyhound track in Wichita by the State in 1987. By statute, Wichita Greyhound Charities has the oversight responsibilities of all track operations and is specifically responsible for the racing and mutuels departments.

Through management agreements, which were approved by the Kansas Racing Commission, Wichita Greyhound Charities contracted with Wichita Greyhound Park to build and operate the greyhound facility.

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The present Park management team, lead by Mr. Roy Berger, is performing in an outstanding manner. I can confidently report to you that Wichita Greyhound Park is fulfilling their management and statutory responsibilities in a highly professional manner, providing the State and it's citizens an important source of revenue.

During the development of the management agreements between Wichita Greyhound Charities and Wichita Greyhound Park, it was agreed that one percent (1%) of the total betting handle would be paid to Wichita Greyhound Charities to provide money for Kansas based charitable organizations. To date we have provided well over two million dollars (\$2,000,000.00) to not for profit organizations all across Kansas. There is no racing facility in the country that can match these figures. These dollars are a direct result of Wichita Greyhound Park's ability to manage, market and operate in a profitable environment.

But the millions of dollars provided to charities and the millions paid in taxes and payroll as previously enumerated by Mr. Roy Berger are at risk!! As you are aware, there are numerous competitive pressures already in place, and more on the horizon, that seriously affect the pari-mutuel industry. In order for the State, it's citizens and the numerous charitable organizations to continue to benefit at the current level, your assistance is required. We are not asking for your support in reducing taxes, only for incremental increases based on the pari-mutuel handle.

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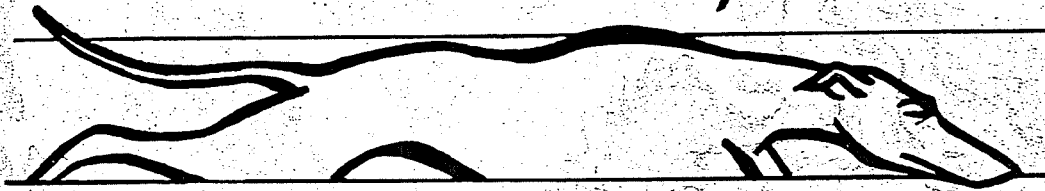
On behalf of the Board of Directors of Wichita Greyhound Charities, Inc. I solicit your support of Substitute SB 78. Thank you for this opportunity to speak and for your attention. I will be glad to respond to any questions regarding my testimony.

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WICHITA GREYHOUND  
**CHARITIES, Inc.**



**PEOPLE • ARTS • TOURISM**

1992  
**ANNUAL REPORT**

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# CATEGORY HISTORY

	1990 <sup>89</sup>	1991	1992	3 Year Totals
People	315,962	405,800	314,500	1,036,262
Arts	158,000	194,000	172,800	524,800
Tourism	187,980	159,200	154,200	501,380
Disaster	10,000	25,000 5,000	8,500	48,500
	(Hesston)	(United Way)	(Cowtown)	
		(Trees for Life)		
TOTALS	\$671,942	\$789,000	\$650,000	\$2,110,942

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OrganizationAmount

Project Awareness for Major Mental Illness	\$ 7,200
Rainbows United, Inc.	10,000
Salina Emergency Aid/Food Bank, Inc.	2,500
Senior Services, Inc.	4,000
Spina Bifida Association of Kansas	2,000
United Cerebral Palsy of Kansas	5,000
United Methodist Youthville	5,000
Wichita Area Girl Scouts	4,000
Wichita Area Sexual Assault Center	5,000
Wichita Children's Home	8,000
Wichita Council for the Preschool Blind	3,500
Wichita Crime Stoppers	2,500
Wichita Public Library Foundation	1,800
Wichita-Sedgwick Co. Regional Prevention Center	3,500
Wichita-Sedgwick Co. Regional Prevention Center	1,000
Wichita-Sedgwick Co. Cities in Schools, Inc.	15,000
Y.W.C.A. of Wichita	8,000
Total	<u>\$314,500</u>

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# WICHITA GREYHOUND CHARITIES, INC.

People - 1992

<u>Organization</u>	<u>Amount</u>
Accent on Kids, Inc.-Ronald McDonald Houses	\$ 4,000
Adult Day Healthcare Center	2,000
Alliance for the Mentally Ill in Sedgwick Co.	1,200
American Diabetes Association	1,000
American Red Cross - Midway Kansas Chapter	5,000
Assistance League of Wichita	4,700
Association for Retarded Citizens of Sedgwick Co.	2,000
Big Brothers/Big Sisters of Sedgwick Co.	3,000
Boy Scouts of America - Kanza Council	1,000
Boys and Girls Club of Wichita, Inc.	4,000
Care and Share	1,000
Donald J. Allen Memorial Huntington's Disease Clinic	1,900
Elm Acres Youth Home, Inc.	5,000
Family Crisis Center	3,000
Four Winds Girl Scout Council	1,000
Fresh Start Shelter	4,000
Gerard House, Incorporated	5,000
Goodwill Industries-Easter Seal Society of Ks.	10,000
Greenwood Co. Child Care Center	3,000
Hunter Health Clinic	12,300
Institute of Logopedics	10,500
Jolly Junction Child Care Center, Inc.	1,000
Kansas Child Abuse Prevention Council	4,000
Kansas Children's Service League	4,000
Kansas Elks Training Center	10,000
Kansas Foodbank Warehouse	13,500
Kansas Jaycees Cerebral Palsy Foundation	3,500
Kansas Shrine Bowl	5,000
Kansas Special Olympics	10,000
Kansas Specialty Dog Service	10,000
Literacy Volunteers of America - Wichita Area	9,000
Lutheran Social Service	7,000
Make-A-Wish Foundation of Kansas, Inc.	8,500
Maude Carpenter Children's Center	7,500
Medical Service Bureau, Inc.	3,000
Mental Health Association - Residential Care	2,000
Mental Health Association of So. Central Kansas	2,700
Mental Health Association in Reno County	1,500
Mid-America All Indian Center, Inc.	5,000
Mid-Kansas Community Action Program	5,000
Neurofibromatosis, Kansas Inc.	700
Newton Meals on Wheels	3,000
Northwest Kansas Family Shelter, Inc.	3,000
Occupational Center of Central Kansas, Inc.	3,000
Parkside Homes, Inc.	15,000
Professional Care	5,000

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WICHITA GREYHOUND CHARITIES, INC.

The Arts - 1992

<u>Organization</u>	<u>Amount</u>
Ark City Arts Council	\$ 2,400
Arts Council of Dickinson County	2,500
Association of Community Arts Agencies of Kansas	2,100
Augusta Arts Council	3,000
Decatur Area Theatre Association	5,000
Dodge City Area Arts Council	1,400
Friends of Wichita Art Museum	8,500
General Federation of Women's Clubs of Kansas	3,000
Hutchinson Symphony Association	6,000
Hutchinson Theatre Guild, Inc.	1,000
Kansas Bluegrass Association	1,500
Kansas Public Telecommunications Service, Inc.	10,000
Kansas Watercolor Society	1,300
Metropolitan Ballet of Topeka	10,000
Metropolitan Ballet of Wichita	8,000
Music Theatre for Young People	5,000
Music Theatre of Wichita, Inc.	20,000
Neodesha Arts Association	1,200
Radio Kansas	5,800
Salina Arts and Humanities Commission	2,000
The Opera Kansas Society	2,000
The Wichita Art Association	10,000
Topeka Civic Theatre	1,500
Wichita Asian Association	1,000
Wichita Chamber Chorale, Inc.	2,000
Wichita Children's Theatre and Dance Center	3,000
Wichita Jazz Festival Council, Inc.	5,000
Wichita Park Alliance	15,000
Wichita Symphony Society, Inc.	20,000
Wichita/Sedgwick County Arts and Humanities Council	2,000
Winfield Arts and Humanities Council	1,500
Total	<u>\$162,700</u>

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Wichita Greyhound Charities, Inc.

Tourism - 1992

<u>Organization</u>	<u>Amount</u>
Augusta Historical Society	\$ 3,800
Big Brutus	1,000
Botanica - The Wichita Gardens	3,000
Butler County Historical Society	2,000
Cherokee Strip Land Rush Museum	4,000
Children's Museum of Wichita (4 yrs. @ 25,000)	25,000
Civic Enterprises Foundation	5,000
Dyck Arboretum of the Plains	6,500
Greyhound Hall of Fame, Inc.	12,500
Harvey County Historical Society	1,500
Historic Midtown Citizens Association	7,500
Historical Museum of Anthony, Inc.	6,000
Kansas Cosmosphere and Space Center (3 yrs. @ 25,000)	25,000
Kiowa Historical Society	1,000
Old Cowtown Museum	14,500
Old Cowtown Museum (Emergency Relief)	8,500
Peabody Historical Society	3,000
Sedgwick County Zoo and Botanical Gardens	40,000
Warren Hall Coutts III(Memorial Museum of Art)	<u>3,000</u>
 Total	 <u>\$ 172,800</u>

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TESTIMONY OF DANA L. NELSON, KANSAS THOROUGHBRED ASSOC.  
COMMITTEE ON FEDERAL & STATE AFFAIRS  
MARCH 11, 1993

Mr. Chairman, members of the House Federal & State Affairs Committee, I am Dana L. Nelson, a registered lobbyist for the Kansas Thoroughbred Association, and I am appearing before you today in support of Senate Bill 78.

As you have heard, this bill creates a sliding scale tax rate for greyhound tracks in Kansas, based on the philosophy that if the track does extremely well, that the state should benefit to a greater extent as well. That philosophy seems logical, and fair, and has been frequently used by states and the federal government in the establishment of tax rates. The reason that a horseman's group rises to support this bill, is simply because the horse industry is vitally interested in the well being of the parimutuel industry, and it is time for the various breeds of animals to unite and work together, or as Ben Franklin said when the Declaration of Independence was signed, we can either hang together or hang separately.

A financially sound Wichita Greyhound Park is important to the horse industry because of the advent of simulcasting. We believe that eventually, a proper blend of live greyhound and simulcast horse races can be conducted at Wichita in a manner which will benefit all breeds, the track and the state. We also believe that such a schedule can also be developed at Camptown, the greyhound track scheduled to open next fall in Frontenac. Obviously, the continued prosperity of the Woodlands is paramount to the horse industry, as currently, it is the only operating horse facility. Without this tax bill, all three tracks may face financial hardship which will benefit no one.

If I may be allowed to take off my Thoroughbred hat for a moment, and regress to my former experiences as Executive Director for the Kansas Racing Commission and the South Dakota Racing Commission, I would like to reassure the committee that this kind of legislation is not uncommon in the parimutuel industry. Many tax rates were built into state laws, and established when the industry was on a high note. Today, however, the gaming world has changed. Lotteries have grown and expanded into video lottery, and multi-state lottos, states have authorized riverboats and limited gaming ventures and Indian Casinos have emerged all over the country. Even parimutuel has expanded, particularly in the midwest. What this means, is the pie is being carved up into more pieces, and everyone's piece of the pie is shrinking. In recognition of this states have established tax rates consistent with what you are considering today. Wisconsin, Iowa and Texas, three of the recent states to enter the parimutuel world have created similar philosophies for their taxation of greyhound facilities. Many other states have even lowered the tax rate on the racing industry, including Nebraska, Oklahoma, Texas, South Dakota and Colorado, to mention a few. What you are considering is a fair tax rate which would increase based on the performance of the taxed entity rather than tied to some arbitrary line in the sand.

I hope you will consider this bill favorably. Thank you Mr. Chairman, I would be pleased to respond to questions.

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WOODLANDS



RACING

*A Facility of Sunflower Racing, Inc.*

TESTIMONY OF BRUCE RIMBO  
EXECUTIVE VICE PRESIDENT  
OF THE WOODLANDS  
IN SUPPORT OF SENATE BILL 78

Thank you for the opportunity to speak before you today. My name is Bruce Rimbo. I am Executive Vice President of The Woodlands and President of Hubbard Enterprises and I am here to speak in support of Senate Bill 78.

I believe it always helps when considering legislation to look at past history. It was not that many years ago that this august body made the determination to let the people exercise their constitutional right by deciding whether the state of Kansas would authorize pari-mutuel horse and greyhound racing. The people responded by sending a clear message with their vote...a message that authorized racing and required a 3% state pari-mutuel tax.

The people were told of the economic value that the pari-mutuel industry could and would bring to the state. I must shake my head when I read uninformed editorial writers or mayors from bordering cities that call our pari-mutuel tracks in general and The Woodlands in particular as not producing the economic input to the state that was planned.

Let me briefly tell you a little of what we have meant to our community and the state of Kansas. During construction, The Woodlands created 1,810 jobs and produced a direct impact on the local economy of \$116 million according to a study completed in 1991 by Kansas University.

Since we began operations in September of 1989, The Woodlands has become the second leading entertainment attraction in the greater Kansas City area, second only to the Kansas City Royals. Kansas charities have received a total of \$2 million and the estimates put the impact of pari-mutuel on the Kansas agri-business somewhere in the neighborhood of \$600 million.

Just as significantly is the fact that The Woodlands has paid the state of Kansas \$46 million in taxes since opening. We pay an average of \$47,000 for every racing day. Racing certainly remains one of the only businesses in America that pays taxes on the gross revenues and then is taxed again on the bottom line income.

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Bruce Rimbo testimony

But perhaps what we are most proud of is the fact that we are the third largest employer in Kansas City, Kansas with more than 800 people and their families relying on The Woodlands for an annual payroll of more than \$8 million. Senators, The Woodlands is proud of these numbers and we are hurt by those that say they represent failure or unbroken promises.

I often read with interest about the many millions of dollars in Industrial Revenue Bonds that have been awarded to small and large companies throughout Kansas. I read with interest how the mayor of a bordering city offered the keys to the city on a silver platter to attract McDonald Douglas to his city. I read with interest the tax incentives and abatements that have been offered to companies that employ far, far fewer than the 800 people that work at The Woodlands. Yet The Woodlands was constructed and operates without one cent of government subsidies or incentives. I wonder what kind of incentives would be offered today to a new industry offering 800 jobs if they wanted to locate in Kansas?

We are here today not seeking a "handout" or "subsidy". We are simply here asking that a graduated stair-step approach to daily pari-mutuel taxes beginning with the constitutionally-mandated minimum of three percent be adopted as is the case in other states. The economic climate and certainly the gaming climate in this state and in this country has changed dramatically since the enabling legislation for the constitutional amendment for pari-mutuel was passed. Today, the pari-mutuel industry faces competition from bordering states all around us. For that matter, the very state that regulates us and collects its \$47,000 per racing day in taxes is one of our biggest competitors with a keno game every five minutes as part of its lottery.

SB-78 has no negative impact to the state or its Economic Development Incentive Fund. It keeps the stream of taxes at the amount that is presently paid and allows for future increases when business warrants. It is vitally important to an industry that we believe is vitally important to the state of Kansas for the many reasons I have outlined before you.

The Woodlands asks that you support Senate Bill 78 with an affirmative vote. Thank you.

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**Testimony of Kansans For Life At Its Best**  
**Before the**  
**House Committee on Federal and State Affairs**  
**Sub. for S.B. 78**

March 11, 1993

Tim Shultz

Good afternoon, my name is Tim Shultz. I represent Kansans For Life At Its Best. I would like to thank the committee for the opportunity to speak to you on behalf of the constituents of Kansans For Life At Its Best regarding Substitute Senate Bill 78.

Let me begin by stating that Kansans For Life At Its Best does not support parimutuel gambling in the state of Kansas. Yet we are not here today to argue the pro's and con's of parimutuel gambling, we are here to discuss what would be best for the State of Kansas regarding the taxing of pari-mutuel gambling. With this in mind let me turn to the matter at hand, Substitute Senate Bill 78.

In 1987 Kansas Statute 74-8823 went into effect. K.S.A. 74-8823 established a state tax to be imposed on the gross sum wagered at the pari-mutuel tracks. The tax on the daily pools for greyhound racing was to be 3/18 during the first four years each greyhound racing facility operated. The tax on greyhound racing was to increase during the fifth year to 4/18 and then increase to 5/18 during the sixth and subsequent years each greyhound facility was operating.

A similar tax structure for a dual racetrack facility operating both greyhound and horse races was statutorily established in K.S.A. 74-8823, but the 3/18 tax is to be imposed for the first seven years a dual racetrack is operated; the 4/18 tax is to be imposed during the eighth and

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...th years and the 5/18 tax is to be imposed during the tenth and subsequent years. We feel that these tax structures established in 1987 are appropriate and we therefore oppose S.B. 78.

In previous testimony before the Senate Federal & State Affairs Committee, Dana Nelson, the former Executive Director for the Kansas Racing Commission stated that the State currently collects three and one-half percent of every dollar wagered. The current statutory tax increase would allow the state to collect only about four and one-half percent of every dollar wagered. These tax levels are comparable to tax levels received in other states. I have attached 1990 and 1991 racetrack monetary breakdowns to my testimony as attachments C through D-1. As you can see Colorado collects four percent of the handle and Texas previously collected six percent. Texas has subsequently gone to a staggered tax structure much like that set out in Substitute S.B. 78. Therefore, the current statutory tax levels in K.S.A. 74-8823 are not out of the norm.

It is easy to dismiss a tax increase when fractions such as 3/18 to 4/18 are the figures discussed. It is a more difficult to dismiss such a tax increase when the actual dollar figures are considered. In 1990, the combined total handle (the amount wagered) at all parimutuel racetracks including Eureka Downs in Eureka, which is not currently in operation, was over 273 million dollars according to the 1990 Kansas Racing Commission Annual Report (attachment A). The 1990 parimutuel tax collected by the State was \$8,925,923. Although the State received nearly \$9 million in 1990, the racetracks combined commission was over \$31 million. Therefore, the racetracks fared well in 1990.

In 1991, the total combined handle at all parimutuel racetracks was nearly 247 million dollars according to the 1991 Kansas Racing Commission Annual Report (attachment B). The nearly \$247 million wagered in 1991 was wagered only at the Wichita Greyhound Park and the Woodlands in Kansas City, as the Eureka racetrack was not in operation in 1991. The numbers

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may be somewhat deceiving as a slight decrease from 1990 to 1991 seems apparent. Yet, when the actual dollars wagered at the Woodlands and Wichita in 1990 are compared with the dollars wagered at these two racetracks in 1991 it is obvious that there was only a slight decrease in dollars wagered at the Woodlands in 1991 and there was an increase in dollars wagered at the Wichita racetrack. Therefore, pari-mutuel gambling is not declining and the financial viability of the racing industry in Kansas is not threatened.

The 1992 figures are similar. In 1992 the total combined handle at race tracks in Kansas was over 239 million dollars with a total parimutuel tax of \$7,968,269 (Attachment E). We concede that a slight drop in the total handle has occurred from 1990 through 1992, yet the drop is not as severe as proponents to this bill would suggest. First, the fact that the Eureka track closed between 1990 and 1991 must be taken into account when the decrease in the annual handle is considered. Therefore, using only the 1991 to 1992 figures, there was only a .39% drop in annual handle totals. The Woodlands and Wichita racetracks received over 28 million dollars in commission in 1992 even with the decline in the annual handle. This does not include the revenues received from food sales and various other income.

The parimutuel racetrack promoters are telling you that the industry has declined over the past few years and that with the rise of the lottery and the possibility of Indian gaming and casinos the decline in parimutuel gambling will continue. Lets not get ahead of ourselves. As of now the State does not have any casinos on Indian Reservations and privately owned casinos are prohibited by the Kansas Constitution. Therefore, any effect that a casino operation might have on parimutuel gambling in Kansas is highly speculative and I submit at best this proposed legislation is premature.

The substitution to the original S.B. 78 that occurred in the senate committee was to change to a staggered tax structure relative to the amount

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the daily handle rather than a tax freeze at 3/18th's as the racetracks were originally asking for. The change to a staggered tax structure rather than a tax freeze was a suggestion proposed to the Senate committee by myself. Kansans For Life At Its Best believes that if the legislature feels the need to prop-up the parimutuel gambling industry, then the staggered tax structure gives the people of the State of Kansas more protection than a tax freeze. But for the staggered tax structure to be fair to Kansas citizens, appropriate handle levels must be set for the tax structure. Otherwise, the staggered tax structure amounts to nothing more than a tax freeze which is what racetrack proponents wanted in the first place.

Kansans For Life At Its Best feels that the current handle levels, or pools as they are referred to in the Bill, are not appropriate. The threshold pool level for a track running only greyhounds, as does the Wichita track, is set at \$400,000. The tax for this threshold level will remain at the current 3/18th's. The average daily pool for the Wichita track in 1992 was only \$226,128. Therefore, it is highly unlikely that the Wichita track will ever go over the threshold pool level which in essence is giving the Wichita track a tax freeze.

The threshold pool level for a dual horse and greyhound track, such as the Woodlands, as set out in the Bill is \$600,000. Again, the tax for this threshold level will remain at the current 3/18th's level. The average daily greyhound pool at the Woodlands in 1992 was \$616,376. This means that the Woodlands could see a tax increase to 4/18th's for an average day of betting. While the Woodlands may see a tax increase, it will only be a 1/18th increase and the Woodlands would likely never reach the 5/18th's tax level called for after ten years of operation by the 1987 statute.

Yet, Kansans For Life At Its Best has a more basic reason for opposing Substitute S.B. 78, and that is that if the legislature adopts the bill it is essentially subsidizing a single industry to the detriment of all

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Kansas citizens and all other Kansas industry. The real issue before this committee is whether the legislature wants to adopt a policy of propping-up a single industry that is not essential for the ongoing financial stability of the State.

Furthermore, the parimutuel racetrack investors are all adults. They were aware of the risks involved in such investments when parimutuel racing began in Kansas. Parimutuel gambling proponents are blaming the lottery and non-existent casinos for the decline in revenues. I submit that the decline in revenues may be attributed to a lack of desire on the part of Kansans to gamble their money away. When economic forces cause business revenues to fall in other industries those businesses are not running to the legislature asking for a tax freeze. The racetrack proponents should have been prepared for a possible economic low period as are other businesses in Kansas. This is part of a free market economy.

The fact is that the Woodlands and Wichita are making a profit. They may not be making as much profit as they want to make, but who is. The question then becomes whether the State is going to accept Substitute S.B. 78 and permit the racetracks to increase their profits at the expense of the State of Kansas or is the state going to stand firm on the tax levels established in 1987.

Therefore, Kansans For Life At Its Best does not support Substitute S.B. 78 and I urge this committee not to pass this bill out favorably. I thank you for the opportunity to speak to you.

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KANSAS RACING COMMISSION  
DISTRIBUTION OF HANDLE  
CALENDAR YEAR 1990

	<u>Horse</u>			<u>Greyhound</u>			<u>Combined</u>
	<u>Woodlands</u>	<u>Eureka</u>	<u>Total-Horse</u>	<u>Woodlands</u>	<u>Wichita</u>	<u>Total-Greyhound</u>	<u>Total State</u>
Handle	\$42,152,428.00	\$1,721,494.00	\$43,873,922.00	\$155,200,855.00	\$74,280,861.00	\$229,481,716.00	\$273,355,638.00
Takeout:							
Parimutuel Tax	\$1,380,140.58	\$ 54,984.46	\$ 1,435,125.04	\$ 5,048,856.53	\$ 2,441,942.03	\$ 7,490,798.56	\$ 8,925,923.60
Purses <sup>1</sup>	2,760,457.96	110,086.58	2,870,544.54	6,734,954.77	3,255,858.84	9,990,813.61	12,861,358.15
Track Commission	4,140,598.43	165,071.07	4,305,669.50	18,542,489.78	8,224,129.38	26,766,619.16	31,072,288.66
Total	\$8,281,196.97	\$ 330,142.11	\$ 8,611,339.08	\$30,326,301.08	\$13,921,930.25	\$ 44,248,231.33	\$ 52,859,570.41
Breakage <sup>2</sup>	324,438.93	16,269.69	340,708.62	579,450.04	211,265.35	790,715.39	1,131,424.01
Return to Wagering Public <sup>3</sup>	\$33,546,792.10	\$1,375,082.20	\$34,921,874.30	\$124,295,103.90	\$60,147,665.40	\$184,442,769.30	\$219,364,643.60

<sup>1</sup> Does not include additional money added by the track or stakes awards--only minimum purse contribution from the parimutuel handle required by statute.

<sup>2</sup> The odd cents by which the amount payable on each dollar wagered in a parimutuel pool exceeds a multiple of ten cents.

<sup>3</sup> Includes winning ticket money that was never claimed.

**Calendar Year 1991**

	Kansas City		Wichita	
	Horse	Greyhound	Greyhound	Total
Handle	\$34,502,525	\$135,237,464	\$77,231,583	\$246,971,572
Attendance	360,192	1,145,192	742,040	2,247,424
Race Days	75	214	295	584
Performances	75	329	448	852

**\*Revenue**

Parimutuel Tax	\$1,154,408	\$4,491,541	\$2,544,683	\$8,190,632
Admissions Tax	\$63,060	\$108,745	\$107,296	\$279,101
Licensing	\$17,280	\$20,325	\$11,360	\$48,965
Fines	\$3,785	\$4,455	\$4,937	\$13,177
Daily Licensing Fees	\$15,000	\$42,800	\$59,000	\$116,800
Total Revenue	\$1,253,533	\$4,667,866	\$2,727,276	\$8,648,675

**Average**

Revenue Per Day	\$16,714	\$21,859	\$9,245	\$14,809
Revenue Per Performance	\$16,714	\$14,188	\$6,088	\$10,151
Handle Per Day	\$460,034	\$631,951	\$261,802	\$422,897
Attendance Per Performance	4,803	3,481	1,656	2,638

\*Revenue as reported on an accrual basis rather than a cash basis.

Attachment B

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**Greyhound Racing**  
**Colorado**  
**(On-Track and Inter-Track Wagering)**

	Win-Place-Show Wagers	2-Greyhound Wagers	Wagers on 3 or More
Takeout	15.00%	15.00%	15.00%

*Distribution:*

State Tax	4.00%	4.00%	4.00%
Purses	Not Legislated <sup>1</sup>		
Track	Balance After Purse Payments		

<sup>1</sup> Purses paid in 1988 averaged 3.1% of handle.

Breakage: \$0.10; 100% to Association

Distribution of Outs: 100% to Association; no time limit for validity of tickets

License/Franchise Fees: None

Capital Improvement Allowance Provisions: None

State Owners/Breeders Program: None

1990  
Attachment C

# **Greyhound Racing** **Colorado** **(On-Track and Inter-Track Wagering)**

	Win-Place-Show Wagers	2-Greyhound Wagers	Wagers on 3 or More
Takeout	15.00% <sup>1</sup>	15.00% <sup>1</sup>	15.00% <sup>1</sup>

**Distribution:**

State Tax	4.00% <sup>1</sup>	4.00% <sup>1</sup>	4.00% <sup>1</sup>
Local Tax	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>
Purses	Not Legislated <sup>3</sup>		
Track	Balance After Purse Payments		

- <sup>1</sup> Takeout and state tax at Mile High meeting only is applied to total handle less a one percent Commerce City tax (i.e., the 15.00% takeout and 4.00% state tax is applied to 99.00% of total handle).  
<sup>2</sup> Commerce City tax only at Mile High meeting.  
<sup>3</sup> Purses paid in 1990 averaged 3.3% of handle.

**Breakage:** \$0.10; 100% to Association

**Distribution of Outs:** 100% to Association; no time limit for validity of tickets

**License/Franchise Fees:** None

**Capital Improvement Allowance Provisions:** None

**State Owners/Breeders Program:** None

**1991 Pending Legislation:** As this report went to press, legislation was introduced which would increase the takeout to 17.50%, the state tax to 4.50%, and legislate purses at 4.00%.

## Greyhound Racing

### Texas

	Win-Place-Show Wagers	2-Greyhound Wagers	Wagers on 3 or More
Takeout	18.00%	20.00%	20.00%

*Distribution:*

State Tax	6.00%	6.00%	6.00%
Purses	3.50% (Minimum)	3.50% (Minimum)	3.50% (Minimum)
Track	Balance		

Breakage: \$0.10; 50% to State, 25% to Texas-bred and stakes races, 25% to Texas Greyhound Breeders' Association

Distribution of Outs: 100% for drug testing programs

License/Franchise Fees: License fee of \$460,000 (\$880,000 in Galveston County)

Capital Improvement Allowance Provisions: None

State Owners/Breeders Program: 50% of breakage allocated to Texas-bred purses and Texas breeders

1990  
Attachment D

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CHRISTIANSEN/CUMMINGS ASSOCIATES, INC.  
3-11-93  
7-10

## Greyhound Racing

### Texas

	Win-Place-Show Wagers	2-Greyhound Wagers	Wagers on 3 or More
Takeout	18.00%	20.00%	20.00%

*Distribution:*

State Tax	6.00%	6.00%	6.00%
Purses	3.50% (Minimum)	3.50% (Minimum)	3.50% (Minimum)
Track	Balance		

**Breakage:** \$0.10; 50% to State, 25% to Texas-bred and stakes races, 25% to Texas Greyhound Breeders' Association

**Distribution of Outs:** 100% for drug testing programs

**License/Franchise Fees:** License fee of \$460,000 in Cameron and Nueces counties, \$880,000 in Galveston county

**Capital Improvement Allowance Provisions:** None

**State Owners/Breeders Program:** 50% of breakage allocated to Texas-bred purses and Texas breeders

1991

Attachment D-1

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# ate Racing Fund Collections

Calendar Year 1992

	<u>Kansas City</u>		<u>Wichita</u>	
	<u>Horse</u>	<u>Greyhound</u>	<u>Greyhound</u>	<u>Total</u>
<b>Handle</b>				
Live	\$11,695,835	\$133,833,288	\$68,706,091	\$214,235,214
Simulcast-Horse	4,418,390	14,037,040	38,298	18,493,728
Simulcast-Dog	6,013,219	59,843	903,139	6,976,201
<b>Total Handle</b>	<b>\$22,127,444</b>	<b>\$147,930,171</b>	<b>\$69,647,528</b>	<b>\$239,705,143</b>
Attendance	177,471	1,171,236	629,216	1,977,923
Race Days	63	240	308	611
Performances	63	357	435	855
<b>Revenue</b>				
Parimutuel Tax:				
Live	\$ 388,908	\$ 4,550,095	\$ 2,436,558	\$ 7,375,561
Simulcast	229,692	341,662	21,354	592,708
<b>Total Tax</b>	<b>\$ 618,600</b>	<b>\$ 4,891,757</b>	<b>\$ 2,457,912</b>	<b>\$ 7,968,269</b>
Other Revnue:				
Admissions Tax	\$ 15,658	\$ 121,663	\$ 85,276	\$ 222,597
License Fees	14,495	20,109	13,955	48,559
Fines Paid	6,250	6,850	7,585	20,685
Daily License Fee	25,400	97,600	0 <sup>1</sup>	123,000
<b>Total Other Rev.</b>	<b>\$ 61,803</b>	<b>\$ 246,222</b>	<b>\$ 106,816</b>	<b>\$ 414,841</b>
<b>Total Revenue</b>	<b>\$ 680,403</b>	<b>\$ 5,137,979</b>	<b>\$ 2,564,728</b>	<b>\$ 8,383,110<sup>2</sup></b>
<b>Averages</b>				
Revenue per performance	\$10.800	\$14.392	\$5.896	\$9.805
Handle per performance	\$351.229	\$414.370	\$160.109	\$280.357
Attendance per performance	2.817	3.281	1.446	2.313

<sup>1</sup>Collected after January 1, 1993.

<sup>2</sup>Does not include concessionaire and totalisator license applications fees of \$2,700 and miscellaneous revenue of \$499.



TESTIMONY OF DANA L. NELSON, KANSAS THOROUGHBRED ASSOC.  
COMMITTEE ON FEDERAL & STATE AFFAIRS

Mr. Chairman, members of the Federal & State Affairs Committee, I am Dana L. Nelson, a registered lobbyist for the Kansas Thoroughbred Association, and I am appearing before you today in support of House Bill 2513.

This bill is designed to establish a procedure to fund the activities of the recognized horseman's group at a parimutuel racetrack. Virtually every racetrack in this country has a horseman's group, elected to represent the views and needs of the horseman who make their livelihood on the backside of a horse track. The group traditionally represents owners and trainers, but also looks out for the well being of other backside help such as grooms/hotwalkers, farriers, jockeys and so forth.

In Kansas, at the Woodlands, the elected group is the Horseman's Benevolent & Protective Association. This is an offshoot of a national organization, but has been set up to be independent of the national agenda, and to represent Kansas horsemen's needs. There are some members of the HBPA Ad Hoc Committee here today, and if time permits, and there are questions, they may be in a better position to respond than I am. The HBPA is the group which negotiates with track management on simulcasting, horse purses, stakes races, and the condition book. It also represents horsemen who have complaints with track management, and works to improve conditions on the backside of the track. The HBPA also has a charity side, which supports many of the backside needs. Last year the HBPA set up a program for eyeglasses, which included a free eye exam, and eyeglasses at cost, a cost the HBPA picked up if the individual could not. The HBPA also assisted backside personnel with medical bills, picked up the cost of some bad checks and assisted other people with funds for gasoline, food and so forth when they were in need. They also had an office, a telephone and a secretary who in addition to clerical duties observed the procedures in the Kansas Racing Commission's test barn, a benefit to the horsemen. All of these items take money.

This bill would allow the track to deduct, not more than 2% from the purse paid to an owner for HBPA administrative and benevolent purposes. However, any owner who did not want to contribute to the HBPA could opt out. That was an important part of this bill, because there would have been considerable opposition if such language was not included. This language is not unlike the procedures in Nebraska, Oklahoma, Arkansas and many other states where our horsemen run, and generally the horse industry supports this activity, and this bill. This bill will create no regulatory or administrative requirements for the racing commission, and in fact, probably reduces the contacts the commission has with disgruntled horsemen, because the HBPA handles many of the backside problems. The Woodlands, which hires the horseman's bookkeeper, also supports this bill.

Thank you for your kind attention. I would appreciate your support, and if there are questions, I would be pleased to respond, or ask one of the Ad Hoc Committee members to respond.

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WOODLANDS



RACING

*A Facility of Sunflower Racing, Inc.*

TESTIMONY OF H. RICK HENSON

Good Afternoon. My name is H. Rick Henson. I am the General Manager of The Woodlands Racetrack in Kansas City, Kansas. At this time, the only pari-mutuel horse racing facility in the state of Kansas.

The Woodlands works as a team with the Kansas Affiliate of the Horsemen's Benevolent & Protective Association, the duly elected and recognized horsemen's organization as defined by Kansas Racing Commission Rules.

As written House Bill 2513 is in line with industry standards and The Woodlands is here to support this legislation.

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atch #9

March 11, 1993

Mr. Chairman, Members of the Committee:

Thank you for allowing me the opportunity of addressing this group on behalf of Bill #2513.

My name is Perry Johnson of Birmingham, Alabama. I am past president of Tampa Bay Downs H.B.P.A., and am currently serving as the President of Ala. H.B.P.A. I am also chairman of New Racing States for our National Organization.

Speaking on behalf of Bill # 2513. The purpose of this Legislative Act is to have a win-win situation.

THE H.B.P.A. Provides: Benevolence to all its members  
Programs: Drug and Alcohol Abuse  
Adult Literacy  
Chaplin  
Backside Clean Up and Beautification  
Community Cooperation: Recreational Activities  
Guaranteeing Providers of Services of Payment.

By having this Legislative Act, you are assuring the working people on the backside of the Racetrack of some form of a community where people help people - Horsemen helping Horsemen. Many of our Racing States have Legislative Acts declaring the percentage of purses to go to the group. representing the majority of horses racing at that Track. In this case it is Kansas H.B.P.A.

Some of the States having Legislation are: California, Louisiana, Florida, Alabama, New York, Nebraska, Minnesota, and Texas.

A worse case scenario could be where a Trainer becomes ill and has no health insurance. We will assist him with his bills up to an amount set by a committee of fellow Horsemen. But his employer (the owner) who chooses not to participate in the program, contributes nothing to his employee's health and well being.

We are a 501-C6, non-profit corporation, supplying benevolence and assistance to our members.

We want to represent and work with all Horsemen racing in Kansas, excluding **No One**, by providing **Benevolence To All**. We appreciate your support of Bill # - 2513.

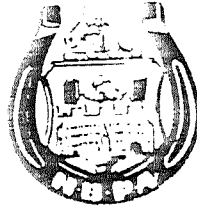
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atch #10

# KANSAS AFFILIATE OF THE HORSEMEN'S BENEVOLENT & PROTECTIVE ASSOCIATION, INC.®

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c/o THE WOODLANDS  
P. O. BOX 12036  
KANSAS CITY, KS 66112

(913) 788-8444  
FAX (913) 299-9038



## TESTIMONY OF RALPH LILJA

Good afternoon. My name is Ralph Lilja. I am the Chairman of the Ad Hoc Committee for the Kansas Affiliate of the Horsemen's Benevolent & Protective Association (KHBPA). The KHBPA is the duly elected and recognized horsemen's organization representing over 1,700 horsemen racing in Kansas. Our membership is composed primarily of thoroughbred and quarter horse owners and trainers.

I am here today on behalf of the KHBPA to support House Bill No. 2513. The passage of this legislation is crucial and necessary for all horsemen involved in the racing industry in the state of Kansas.

House Bill No. 2513 eliminates the confusion that now exists among horsemen racing in Kansas. In most other states, horsemen are automatically members and are entitled to the programs and benefits offered by the horsemen's representative.

The programs and services offered by the horsemen's representative are many and varied. Perhaps the most important benefit is a healthy and stable benevolence program assisting the owners, trainers, grooms, hot walkers, exercise people, etc. Many of these people are unskilled and untrained and not be able to provide themselves with or to afford medical and other types of insurance. House Bill No. 2513 provides the necessary funding to allow the horsemen's representative the funding to provide assistance to each and every person working on the backside of a race track. The major portion of assistance goes to help defray medical, dental and eye care expenses.

We realize and understand that some owners and trainers will not wish to participate in this program for various reasons. That is why House Bill No. 2513 provides for participation on a voluntary basis. If needed, any worker on the backside requesting help will be provided assistance as long as funding is available.

I ask you on behalf of all people involved in the racing industry in the state of Kansas represented by the KHBPA to approve House Bill No. 2513.

Thank you.

F2 5A  
3-11-93  
Atch # 11

# The Kansas Quarter Horse Racing Association

P.O. Box 26272 • Shawnee Mission, KS 66225-6272 • 913/681-1984 • FAX 913/681-1994

March 11, 1993

Mr. Clyde Graeber, Chairman  
Members of the Committee  
House Federal and State Affairs  
State Capitol Building  
Topeka, Kansas 66612

Chairman Graeber and members of the House Federal and State Affairs Committee. My name is Karen Tolle, Executive Director of the Kansas Quarter Horse Racing Association. I am here today on behalf of the Kansas Quarter Horse Racing Association in opposition to House Bill 2513.

This bill provides for an automatic 2 per cent deduction from the horsemen's earned purse for each live horse race run in the State of Kansas. The funds are to be paid to the recognized horsemen's group for administration and benevolent expenses. At this time the recognized horsemen's group is the Kansas Affiliate of the Horsemen's Benevolent and Protective Association, Inc. (KHBPA). This group was elected in October of 1991, as the horsemen's representative at The Woodlands, representing all breeds of horses running at the track.

At present, the provision for the deduction of these funds is handled strictly on a voluntary basis by the horsemen involved, which we think is the correct procedure. Each participating horse owner/trainer has the option to contribute to this horsemen's association if he so chooses. House Bill 2513 mandates horsemen participation, unless the horsemen executes a written instrument requesting that the deduction not be taken out of the his earned purse.

Our basic disagreement with the bill lies in the fact that the recognized horsemen's group in Kansas has not, in our opinion, represented all breeds racing at the Woodlands on a fair and equal basis in the past. We are seldom consulted in the decision making process with respect to management/participant decisions and have what we feel is only a token number of representatives who are allowed minimal participation in the decisions, activities and affairs of the recognized horsemen's group. The decisions of this group are effecting the entire horse industry in Kansas.

The group has been in operation since October of 1991 and we still have not received a copy of the by-laws for this Kansas affiliate of the HPBA. We understand that the proposed by-laws will eliminate the participation of many of the major quarter horse influences as being eligible for appointment by the Kansas HBPA Ad Hoc committee to the Kansas HBPA Ad Hoc committee. The Kansas Racing Commission does not have any records and we are unaware of any accounting or record of expenses for monies

~~Albert Hogoboom~~

PRESIDENT, KQHRA

Rt. 1, El Dorado, Kansas 67042

(316) 321-1397 (O) (316) 321-3879 (H)

~~Karen Tolle~~

EXECUTIVE SECRETARY, KQHRA

P.O. Box 26272, Shawnee Mission, KS 66225-6272

(913) 681-1984 FAX (913) 681-1994 *F-2 SA*  
*3-11-93*

*Atch #12*

any records and we are unaware of any accounting or record of expenses for monies which have been donated to the horsemen's representative to this time. Our association, as well as the KHBPA designated quarter horse representatives serving on their Ad Hoc Committee, have not been consulted when most of the major decisions were made with respect to assigned racing days, assigned racing season, daily purse structures and simulcasting, etc.

We have no argument with the need for benevolence and protection of all horsemen and the employees working on the backside of the track. For those who feel that equal representation and fair treatment is presently being afforded, they have the option to sign up to participate at the present time. For those who don't, they presently are not automatically obligated.

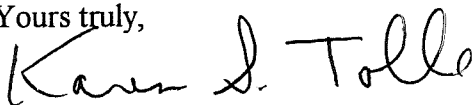
The Kansas HBPA is not strictly a benevolence organization. They are involving themselves in activities and important policy decision that effect all of us participating in the Kansas horse industry regardless of breed. These important decisions are being made by a hand full of policy makers, who we feel are not representative of the Kansas horsemen and the Kansas horse industry.

It is our feeling that if the recognized horsemen's group was presently doing its job properly, there would be no need for this bill. It seems very simple to us. The proposed bill mandates participation with the hope that many will not bother to file a written instrument to avoid participation either because they don't know about it, they are embarrassed with the thought of doing so, or they simply do not choose to go through the inconvenience of withdrawing. We prefer the present arrangement of voluntary participation in the program.

We feel that The National Horsemen's Benevolent and Protection Association with its Kansas affiliate and self appointed Ad Hoc Committee is not serving the best interests of the Kansas horsemen and the horse industry, with respect to all breeds of horses participating in the economic development of the horse racing and breeding industry in Kansas. We are asking for fair and equitable treatment by the group representing us.

Until some of the problems between the thoroughbred and quarter horse interests served by the recognized horsemen's representative can be worked out, we feel House Bill 2513 is inappropriate. Therefore, we would ask the Committee to reserve any action on this issue until such time as these matters can be resolved.

Yours truly,

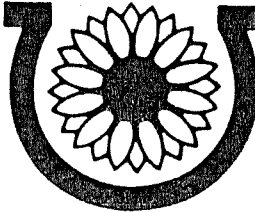


Karen S. Tolle  
Executive Director  
For The Kansas Quarter Horse Racing Association

F4 SA  
3-11-83

12<sup>2</sup>

# KANSAS THOROUGHBRED ASSOCIATION



March 10, 1993

To: Kansas Legislature

From: Gary J. Smith  
President, KTA

*g.s.*

**President**

Gary Smith  
913-764-0416

**Vice-President**

Larry Wilkerson  
316-488-3604

**Sec.-Treasurer**

Tom Bornholdt  
913-242-5593

**Directors**

Dwight Daniels  
913-738-3874

Pam Davis  
913-456-7443

Samuel Eismont  
816-455-3727

Albert Freeman  
316-624-1564

Bob Gentry, DVM  
913-738-3207

Dennis Hammersmith  
913-486-2400

Kenneth Hanson  
316-342-6390

J.D. Muench  
316-872-5331

Robert Oakson  
913-887-6030

Dr. R.W. Radke  
913-897-3600

Gary Robinson  
913-386-4500

John Watson  
316-675-8375

My name is Gary Smith, I am the current president of the Kansas Thoroughbred Association. I am here to support the bill presented by the KHBPA.

Our organization has always supported the KHBPA and worked to see them elected as the official representative of the "horsemen" at the Woodlands. We feel the work of the KHBPA is important to all horsemen and encourage your passage of this bill.

As a horseman, I have always viewed the HBPA as the horseman's safety net. I feel this organization is in many ways our "united way". It provides financial assistance in times of illness, adversity, or sudden disaster. It acts as our voice when problems arise with track management and it makes sure that we are given our "fair share".

In many ways the backside of a race track mirrors our society today. There are the owners that make the financial commitment and visit on Sunday morning to see the "show". The trainers are hard working every day but most go home when the work is done. And then you find the "workers", the ones that make sure the whole thing works. The grooms, hot walkers, feed boys and all the others who are the ones that live from pay check to pay check and have very little for those emergencies.

This past year I saw the KHBPA provide eye exams and glasses to some that would never have realized you can actually see the far side of the track. I saw them give money to some that needed to get home to Western Kansas for a family emergency and buy a hotel room for a sick man who had not seen a clean bed other than fresh hay all fall.

The KHBPA has a mission. That mission is to provide funding for backstretch health, welfare and life insurance programs. It is committed to making living and working conditions better on the backstretch. This can not be done without funding.

The KTA ask for your vote on this bill.

George L. Smith, Executive Director  
Rt. 1, Box 35, Medicine Lodge, Kansas 67104 • 316-886-9824

*F.S.A.  
3-11-93  
Atch #13*





# Alexander Quarter Horses

Bill & Lorna Alexander  
17980 McIntyre Road, Leavenworth, KS 66048  
(913) 727-3718

March 4, 1993

Representative Clyde D. Graeber  
Room 115 South  
State Capitol Building  
Topeka, Kansas 66612

Dear Representative Graeber:

Please reference House Bill Number 2513.

Sir, I am opposed to the referenced House Bill and would appreciate your help in defeating this bill.

The bill does not represent the best interest of Quarter, Paint and Appaloosa horse owners. I believe it is unfair to award a portion of these race purses to a group, specifically the H.B.P.A., which does not represent these breeds of horses and their owners.

I would like to hear from you concerning your stand on this subject.

Sincerely yours,

*Bill Alexander*

Bill Alexander



FLSA  
3-11-83  
Atch #14