

MINUTES OF THE HOUSE COMMERCE, LABOR AND ECONOMIC DEVELOPMENT  
COMMITTEE

The meeting was called to order by Chairperson Mark Hutton at 1:30 pm on Wednesday, March 02, 2016, 346-S of the Capitol.

All members were present

Committee staff present:

Linda Herrick, Kansas Legislative Committee Assistant  
Reed Holwegner, Legislative Research Department  
Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Kansas Representative John Barker District 70  
Art Hall, Ph.D., Kansas University  
Gail Radke, Owner, Asiel Stable, LLC Thoroughbreds  
Gary Guccione, National Greyhound Association  
Whitney Damron, Kansas Entertainment, LLC/Hollywood Casino  
Carol Marinovich, Protect the Partnership Coalition and Former Mayor of Kansas City, KS  
Valerie Mussett, Chairman of the Board, KC, KS Chamber of Commerce  
Clint Patty, Attorney, Kansas Star Casino, Mulvane, KS  
Daron Hall, City Manager, City of Pittsburg, KS  
Eric Stafford, Kansas Chamber  
Christine Dorchak, President, Grey2K USA

Others in attendance:

[See Attached List](#)

**Facilities Conservation Improvement Program (FCIP) Review and Report**

The Report of the Subcommittee on the Facility Conservation Improvement Program (FCIP) has been completed and was distributed ([Attachment 1](#)) to the House Commerce Committee. The report outlines concerns of and recommendations from the FCIP Subcommittee.

*Representative Mason moved, Representative Carpenter seconded, the report be accepted. The motion carried.*

Chairperson Hutton said the course of action of this report will be discussed at a future House Commerce Committee meeting.

**Informational hearing:**

Chairperson Hutton opened for discussion an informational hearing on this topic.

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Representative John Barker spoke in support of greyhound and horse racing ([Attachment 2](#)). The National Registry for Greyhounds and the Greyhound Hall of Fame are located in Abilene. He noted during the 1990's when greyhound racing was permitted in Kansas, greyhound farms prospered spurring the economy in the area around Abilene, Kansas. Since the race tracks closed, Abilene and the State have suffered from loss of revenue.

He added expanded racing would add over 4,000 jobs; tens of millions of dollars of revenue to the state; grow the economy through food production and veterinary care for greyhounds and horses; would benefit hotels and restaurants; bring horses home from other states where they are currently racing; and the proposed tracks would pay taxes.

Dr. Art Hall, representing The Greater Kansas Racing Alliance provided proponent testimony ([Attachment 3](#)), a map of the state depicted racing and rural economic opportunity by counties in Kansas. He indicated racetrack operations and renovations and restoration of horse racing and greyhound racing farms could employ 4, 476 jobs representing \$291.2 million in wages. Also attached is a handout from The Greater Kansas Racing Alliance ([Attachment 4](#)).

Gail Radke, owner of Asiel Stable Thoroughbreds, provided proponent testimony ([Attachment 5](#)). She provided perspective as a breeder and owner of thoroughbred horses and the associated cost. She noted there is a continued exodus of this industry to surrounding states. Racing horses would bring a revenue stream to the Kansas economy (10 horses = \$300,000; 10 races = \$3 million). In addition, horse racing, slots, and simulcast would attract gaming enthusiasts not in competition with the existing casinos.

Gary Guccione, National Greyhound Association, provided testimony ([Attachment 6](#)) in support of horse and greyhound tracks. He said there are more greyhound dogs raised in Dickinson County than in any state. He added some say racing is dying; however, it has been around for 97 years. Most wagering is now coming from off-track simulcast.

Time did not permit proponent verbal testimony from Dr. Preston Hickman, Department of Veterinary Medicine, Kansas State University ([Attachment 7](#)) and Larry Snyder, DVM, University Clinic, Topeka ([Attachment 8](#)).

In response to questions, an opinion from the Kansas Attorney General has been requested. A proposed bill would allow race tracks to be paid 22% of all gains, instead of 40%, and the rationale for this change is not known.

Whitney Damron provided opposing testimony ([Attachment 9](#)) representing Kansas Entertainment, LLC, a joint venture between Penn Hollywood Kansas and Kansas Speedway, the group selected by the State of Kansas in 2009 to develop a destination casino for the Northeast Kansas Gaming Zone.

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Two legislative bills are being proposed that would reduce the taxes paid by a pari-mutuel slots-at-track facility. Revenue earmarked for the State would go into the track owner's account. In 2007, two individuals owned three pari-mutuel tracks in Kansas and both had input into **SB66**. The Woodlands owner passed away and now all three tracks are owned by one person. The current owner has legal authority to apply for a gaming license for two of his properties under current law at tax rates that are as good as or better than other slots-at-track states, that is, 25% of slot revenue to the track owner and 15% for additional expenses. The owner's share of gaming revenues in other states ranges from 35% to 47.11%. The owner of The Woodlands would receive 78% of revenue.

**SB66** had no slots-at-track licensing criteria. It included language to prohibit expansion of gaming in Kansas, and the contracts with the three licensed casinos provides that the state return the privilege fee with ten percent interest from the time the fee was paid, which is currently calculated at \$98,961,605.

Mr. Damron added Kansas Entertainment/Kansas Speedway generates \$300 million annually in economic development. Kansas Entertainment believes amending the Kansas Expanded Lottery Act, would lower the track owner's tax rate. Pari-mutuel racing could cease altogether and place two casinos in the Northeast Gaming Zone, and would be a breach of agreement with the State of Kansas. Kansas Entertainment has lived up to its commitments and generated millions of dollars to the State, Wyandotte County, and charitable organizations.

Carol Marinovich, former Kansas City, Kansas Mayor, provided opponent testimony ([Attachment 10](#)) noting the economic development that has occurred around the Kansas Speedway in the Village West area. The successful development in western Wyandotte County became possible through partnering with the local government, the State, and developers. She added that Protect the Partnership, a coalition of Wyandotte County concerned voices, believes the current law should not be changed.

Valeri Mussett, Chairman of the Board, Kansas City, Kansas Chamber, provided opponent testimony for Daniel Silva, Executive Director ([Attachment 11](#)) noting the rules should not change now to allow The Woodlands to open with a tax break that would be a setback to jobs and investments that are benefiting the community.

Clint Patty, Attorney for Kansas Star Casino in Mulvane, provided opponent testimony ([Attachment 12](#)). The Kansas Star does not favor changing the rules after it has met the state's requirements.

Daron Hall, City Manager for Pittsburg, Kansas, provided opposing testimony ([Attachment 13](#)). The Camptown Racetrack has been abandoned. Pittsburg has concerns about placing slot machines there. It opposes efforts to change a law the track operators agreed to in 2007. There could be two state-owned gaming facilities within a few miles of each other (Kansas Crossing and Camptown).

Eric Stafford provided opposing testimony ([Attachment 14](#)). He noted with the compromise in 2007, the state would receive 40% of slot revenue for race track facilities and 22% from slot revenue from

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casinos. The difference represented the capital investment of casinos. Recent legislative bills would require a lower tax rate for race tracks to match that to casinos.

Christine Dorchak, President, Grey2K USA, presented opposing testimony ([Attachment 15](#)) noting this organization works to pass laws to protect greyhounds and phase out dog racing. A book, "High Stakes Greyhound Racing in the United States" by Grey2K USA was also distributed.

Written-opponent testimony was provided by:

Stacy Davis, Director, Sumner County Economic Development ([Attachment 16](#))

Bruce Christenson, Lead Investor and Developer, Kansas Crossing Casino and Hotel ([Attachment 17](#))

Chris Reedy, General Counsel, Butler National Corporation ([Attachment 18](#))

Kent Hixson, City Administrator, Mulvane, KS ([Attachment 19](#))

Commissioners Cliff Bales, Steve Warner, and Jim Newell, Sumner County Board ([Attachment 20](#))

Questions were asked. There was no neutral testimony.

The informational hearing was closed.

### **Adjournment**

The meeting adjourned at 2:59 p.m.