

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Ralph Ostmeyer at 10:30 am on Thursday, March 05, 2015, 144-S of the Capitol.

All members were present

Committee staff present:

Heather O'Hara, Legislative Research Department  
Connie Burns, Kansas Legislative Committee Assistant  
Joanna Wochner, Legislative Research Department  
Matt Sterling, Office of Revisor of Statutes  
Mike Heim, Office of Revisor of Statutes

Conferees appearing before the Committee:

Senator Steve Fitzgerald  
Representative Larry Hibbard  
Kurt Eck, Kansas Quarter Horse Racing Association  
Dave Tolle, Kansas Quarter Horse Racing Association  
Jeanie Laymon, Neosho Falls, Kansas  
Jerry Johnson, Kansas Thoroughbred Association  
Whitney Damron, Kansas entertainment, LLC  
Mike Taylor, Unified Government Wyandotte County/Kansas City, Kansas

Others in attendance:

[See Attached List](#)

**SB 192 Kansas expanded lottery act; racetrack gaming changes**

Chairman Ostmeyer opened the hearing on **SB 192**.

Staff provided an overview of the bill.

**Proponents**

Senator Steve Fitzgerald appeared before the committee as a proponent on the bill. ([Attachment 1](#)) The bill is asking for the 40-percent tax payable to the State of Kansas to be reduced to the 22-percent rate paid by our state-owned destination casinos.

Representative Larry Hibbard testified in favor of the bill. ([Attachment 2](#)) The bill has basically one purpose and that is to reopen the pari-mutuel horse racing tracks in Kansas. There are two empty facilities that were basically built because of the trust in state of Kansas to help make them profitable; and changing the tax and getting the tracks back running will be a win-win for the state of Kansas.

Kurt Eck, Vice President, Kansas Quarter Horse Racing Association, appeared in favor of the bill.

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[\(Attachment 3\)](#) The bill has features that will allow investment of first-class operators which promise to create a demand for the agri-business they support; there is an opportunity before the committee to create that solid foundation for an industry ready to re-generate, to grow, and to create jobs in rural Kansas.

David Tolle, Board Member, Kansas Quarter Horse Racing Association, testified in favor of the bill. [\(Attachment 4\)](#) Last session the legislature adjusted the investment requirements and privilege fee requirements in the Southeastern Gaming Zone, the fix was to reduce the minimum investment requirement from \$225 million to \$50 million and reduced the privilege fee from \$50 million to \$5.5 million. Fix the tax rate accordingly by reducing the states tax take-out from 40% to 22% and live horse racing will come back to Kansas and bring all the associated economic benefits that come with it.

Jeanie Laymon, Neosho Falls, Kansas, provided testimony in support of the bill. [\(Attachment 5\)](#) Ms. Laymon stated that there needs to be a change in current law that will level the playing field and allow Kansas to re-open The Woodlands and Eureka Downs, a change that will put horse racing in the same tax rate as the destination casinos.

Written testimony was provided in support of the bill by:

Kansas Quarter Horse Association Board of Directors. [\(Attachment 6\)](#)

Starlet Hunt, Augusta, Kansas [\(Attachment 7\)](#)

### Opponents:

Whitney Damron, on behalf of Kansas Entertainment, LLC, appeared in opposition to the bill. [\(Attachment 8\)](#) Hollywood Casino at Kansas Speedway formally calls upon the Kansas Senate to reject attempts to reopen the Kansas Expanded Lottery Act for the benefit of special interests who participated in crafting and passage of the original law in 2007, but now seek changes that will create an uneven playing field and jeopardize the viability of the three state-licensed casinos, including Hollywood Casino at Kansas Speedway located in Wyandotte County and the yet-to-be-awarded license for the southeast Kansas Gaming Zone.

Mike Taylor, Public Relations Director, Unified Government Wyandotte County/Kansas City, Kansas, spoke in opposition to the bill. [\(Attachment 9\)](#) The Unified Government supports the Woodlands re-opening with a full slate of greyhound and horse racing and slots under the terms of the current law. It cannot support unfair changes in the rules.

Written testimony was provided in opposition to the bill:

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Greg Kindle, Interim President, Kansas City Kansas Area Chamber of Commerce. ([Attachment 10](#))

Janis Hellard, Director, The Sumner County Economic Development Commission. ([Attachment 11](#))

The Chairman asked if anyone from the audience would like to address some of the questions and concerns from the committee on the dollar amount to reopen the tracks and for relicensing. Mr. Jerry Johnson, KTA provided comments. ([Attachment 12](#)) Mr. Johnson stated that are no racetracks currently licensed in Kansas; the license for The Woodlands in 1987 was \$500,000 for the dual track (dogs and horses). Wichita Greyhound Park was \$250,000 (dogs only), and whatever future fees are negotiated; will be income for the state.

Chairman Ostmeyer closed the hearing on **SB 192**.

The next meeting is scheduled March 10, 2015. The meeting was adjourned at 11:40 a.m.