

Approved: 3-21-94
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 9, 1994 in Room 526-S of the Capitol.

All members were present except:

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: Jim DeHoff, Executive Secretary Treasurer, Kansas AFL-CIO
Bruce Rimbo, President, Kansas Racetrack Alliance
Joseph E. Steineger, Jr., Kansas City, Kansas
Bert Cantwell, President, Kansas City Kansas Area Chamber of Commerce
Robert Sherburne, Meadow Development
Chris Hays, Kansans for Life at It's Best
Glenn O. Thompson, Chairman, Stand Up for Kansas
Laura Abeyta, Prairie Band of Potawatomi Tribe
Carol Christensen
Patrick E. Martin, Stand Up for Kansas

Others attending: See attached list

The Chairperson stated there were a couple of housekeeping matters to take care of. HB 2725 is a bill where there was a motion made this morning to remove the bill from committee and that motion was withdrawn and I've agreed to move this bill out and I would like a motion.

Representative Sebelius moved and Representative Lynch seconded to move HB 2725 out favorably. The motion carried.

The Chairman stated he was handed the draft of the Governor's proposal in regard governmental ethics and would like to accept this bill as a committee bill and introduce it and asked for a motion.

Representative Lynch moved and Representative Sebelius seconded to accept governmental ethics proposal as a committee bill. The motion carried.

The Chairperson opened the hearing on SCR 1608.

Jim DeHoff, Executive Secretary of the Kansas AFL-CIO, testified in support of SCR 1608 representing the active interests of 95,000 members in allowing a vote by Kansas voters. Many times economic development in Kansas has meant the seeking of real low paying industries, with a large taxpayer commitment for the industry or business to move to Kansas. This is an economic development opening that does not come along very often. The economic development projects that could be built in several locations where there are parimutuel tracks will provide good paying jobs, with no taxpayer subsidy. If casino gaming is approved, it wil provide approximately 10,000 new jobs just at the one site at the Woodlands in Wyandotte County. It is firmly believed that Kansans want the opportunity to vote on this important issue. (See Attachment #1)

Bruce Rimbo, President of Kansas Racetrack Alliance, testified in support of SCR 1608, stating approximately 30 states now have some form of casino-type gaming including many states surrounding Kansas where voters have had an opportunity to voice their opinion on such gaming. Studies show that the casinos in Colorado draw a surprisingly large number of Kansans and those in Iowa, Illinois and even South Dakota do the same. 62% of Missourians approved riverboat gaming and, although they will have to go through a new election next month, no one expects the outcome to be any different. Consequently, Kansas

will have up to eight riverboats within 40 miles of The Woodlands location in Kansas City. SCR 1608 gives an existing industry a chance to survive and compete with no public subsidies and produces thousands of jobs and millions of tax dollars. Our polls show an overwhelming majority of Kansans want the right to vote on this issue. (See Attachment #2)

Mayor Joseph E. Steinegar, Jr., Mayor, Kansas City, Kansas, testified supporting the proposed resolution for a constitutional amendment for casino gaming in Kansas City, Kansas. Kansas City's number one priority for the 1994 legislative session is to provide increased employment opportunities, tourism and tax revenues by the establishment of a theme casino destination entertainment resort at the current Woodlands racing facility in Kansas City, Kansas. To meet the competition with Missouri, and to assist the pari-mutuel industry in Kansas, specifically, the Woodlands Racing facility, the City is seeking a constitutional amendment for a state regulated casino resort within our corporate limits. This proposal represents a unique opportunity to make Kansas City a destination resort, attracting visitors from across the Midwest to a world class entertainment, convention and hotel facility. With this type of facility, Kansas will be able to compete nationally for millions of tourists dollars. (See Attachment #3)

Bert Cantwell, President, Kansas City Kansas Area Chamber of Commerce, testified in support of SCR 1608, stating the Chamber strongly endorses passage of SCR 1608. Pari-mutuel racing was created in this state as an economic development tool, a source of entertainment and a way to create new tax dollars. With the prospect of as many as eight riverboats coming to the Kansas City area and casinos coming to Kansas as we all know that they will, Kansas City faces the prospect of losing The Woodlands. Along with it we would lose over one thousand direct and indirect jobs, our biggest source of property tax revenue and a facility that has made Kansas City proud. SCR 1608 gives the prospects of thousands of additional construction and operational jobs at good wages and an added source of property tax revenue that not only assists our county but everyone in the state by further relieving their burden. (See Attachment #4)

Robert Sherburne, Meadow Development, testified in support of SCR 1608, stating he is a proponent for casino gambling. (See Attachment #5)

Chris Hays, Kansans for Life at it's Best, testified opposing SCR 1608. Mr. Hays testified how gambling had ruined his life when gambling was legislated in Colorado. (See Attachment #6)

Glenn O. Thompson, Chairman, Stand Up for Kansas, testified opposing SCR 1608, stating executives of Hollywood Park Inc., a publicly held gambling company headquartered in Inglewood, California and executives of the Woodlands have proposed SCR 1608 to transform the Woodlands into a \$300 million gambling casino complex. Kansas Citizens will be the net losers, as hundreds of millions of dollars flow out of Kansas to California and numerous crime and social problems are left as the residue. Casinos create a multitude of social problems, attract organized crime, increase street crime, send the wrong message to youth, nearly impossible to regulate and the Woodlands casino will be an economic disaster for Kansas. (See Attachment #7)

Laura Abeyta, Prairie Band of Potawatomi, testified opposing SCR 1608, stating the Tribes have been here before at these Legislative sessions and heard time and again how the laws made might affect the Indian People. Federal law states, "The federal purpose to reserve to tribes the means of self-support preempts state laws which would limit or interfere with the Indians' exercise and enjoyment of their means of livelihood. Included are state laws regulating or taxing Indians and their resources, and those ganting and governing competing private property rights." Last year the Tribe enacted ordinances governing gaming on the Reservation to comply with the IGRA. Those laws are every bit as stringent as any that the IGRA, or the states have developed. (See Attachment #8)

Representative Sebelius asked Ms. Abeyta if their objection was to language and explanation referring to "tribal games" and wanted that deleted where ever it was referred to?

Ms. Abeyta replied, that is correct.

Carol W. Christensen testified in opposition to SCR 1608 stating there was an article in the Topeka Capital-Journal in 1991 which read, "two former state exonomists said casino gambling will enhance economic development in Kansas only if most of the gamblers come from out of state." Ms. Christensen's main concern and objections to casino gambling SCR 1608 are to its social and moral ramifications. (See Attachment #9)

Patrick E. Martin, Stand Up For Kansas, testified opposing SCR 1608, stating on April 6, 1993, voters of the City of Wichita sent the signal they did not want casino gambling in their community. 60% voted against casinos. A mority of voters struck down the referendum in all 18 districts. This indicates that in every area of the city regardless of economic status, race, religion or other affiliation, voters agreed. (See Attachment #10)

The Chairperson closed the hearings on SCR 1608 and stated action would be deferred until next week.

The following attachments were submitted: Representative Vincent K. Snowbarger, (See Attachment #11) and information requested the previous day by Representative Wilk regarding HCR 5038 from Gregory P. Ziemak, Executive Director, Kansas Lottery (See Attachment #12)

The meeting adjourned at 3:20 PM.

The next meeting will be on March 10, 1994

Kansas AFL-CIO

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House Committee on Federal & State Affairs
Representative Clyde Graeber
House Substitute for SCR 1608 - March 9, 1994
Room 313 S

Mr. Chairman & Committee Members:

I am Jim DeHoff, Executive Secretary of the Kansas AFL-CIO. I appear before you today to represent the active interests of our 95,000 members in allowing a vote by Kansas voters on House Substitute for SCR 1608.

As some of you may or may not know, I served on Kansas Inc. for three years as a board member and I have a very active interest concerning ways the State of Kansas can provide good quality, well-paying jobs to working families in our state. Many times economic development in Kansas has meant the seeking of real low paying industries, with a large taxpayer commitment for the industry or business to move to Kansas. You have before you an economic development opening that does not come along very often.

The economic development projects that could be built in several locations where there are parimutuel tracks will provide good paying jobs, with no taxpayer subsidy - that in itself is a rarity!

If casino gaming is approved, it will provide approximately 10,000 new jobs just at the one site at the Woodlands in Wyandotte County. We are asking you to approve letting Kansas voters decide whether they wish to allow these good paying jobs to become a reality in Kansas.

I firmly believe that Kansans want the opportunity to vote on this important issue. We are asking you to give them this opportunity. Your consideration and support for the passage of Resolution 1608 would be very much appreciated by the working families of Kansas.

Thank you.

Jim DeHoff
Executive Secretary-Treasurer



FLSA
3-9-94
Atch #1

**TESTIMONY OF
BRUCE RIMBO
PRESIDENT OF KANSAS RACETRACK ALLIANCE
MARCH 9, 1994**

Thank you Mr. Chairman and committee members for the opportunity to testify before you today. I am Bruce Rimbo, President of the Kansas Racetrack Alliance. I am here to speak in support of Senate Concurrent Resolution 1608.

Most of you sat in on joint hearings held last year regarding this issue before it moved directly into the Senate. Consequently, you are familiar with many of the critical points that bring us here before you today. Mayor Steineger will update you on plans for a destination resort in Kansas City. My comments will concentrate on the pari-mutuel industry as a whole.

Approximately 30 states now have some form of casino-type gaming including many states surrounding Kansas where voters have had an opportunity to voice their opinion on such gaming. Studies show that the casinos in Colorado draw a surprisingly large number of Kansans and those in Iowa, Illinois and even South Dakota do the same. Many of you I'm sure, have read about Stan Plush and his son in Glasco, who run **bus loads of Kansans to casinos** in South Dakota. Better get a reservation early, Stan says, because they are sold out weeks in advance.

Sixty-two percent of Missourians approved **riverboat gaming** and, although

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Atch #2

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they will have to go through a new election next month, no one expects the outcome to be any different. Consequently, Kansas will have up to eight riverboats within 40 miles of The Woodlands' location in Kansas City.

What appears to be most controversial in Kansas, however, is the issue of Indian gaming. I believe the confusion is fueled by people who want you to believe that casinos will not come to Kansas. We heard yesterday much discussion about the situation being solved when the federal courts decide. Mr. Chairman and committee members, the federal courts have decided...not only in Kansas but all across this country. Let me touch on a few of them.

Here in Topeka, Judge Sam Crow in U. S. District Court has already ruled in favor of the tribes citing the Indian Commerce Clause that "gave Congress authority over Indian affairs to the exclusion of the states sovereignty over matters within their own borders."

In Washington D. C. last July in a case involving the Kickapoo nation here in Kansas, the federal court said in its opinion: "As a final note, the court is disturbed at the events which have precipitated this lawsuit. In this case, the state of Kansas has been dilatory in negotiation with the Kickapoo Tribe."

Many are under the misunderstanding that the Kansas Supreme Court's

decision had a major bearing on Indian gaming. Look at the U. S. District Court in Texas where it found casino gaming in Texas was allowed because "charitable organizations could engage in that type of gaming activity under limited circumstances and casino gaming fit within the statutory definition of an authorized lottery."

In Arizona, the court ruled: "The state has long since passed the time when it prohibited gambling. It now not only allows it, but encourages it" by spending more than \$2 million per year promoting it. The court went on to say, "the state's instant games are scratch cards which pay the player if he or she ends up with winning combinations of symbols identical with those used in slot machines....and with likenesses of playing cards, which pay the player if combinations are obtained which would be winning hands at poker or blackjack." The court concluded by saying, "it seems cruel to allow non-Indian charities in Arizona to use casino gambling to raise substantial sums of money....and yet to deny the tribes that same opportunity."

Some point to conflicting decisions from the Eighth Circuit Court and the 11th Circuit Court. The eighth circuit ruled that states could not use the 11th Amendment defense while the 11th circuit ruled that states can use it but then tribes bypass the state and negotiate directly with the Secretary of the Interior for class III gaming on the tribes lands. Perhaps those decisions are conflicting, but, in both cases, the states lose.

The eighth circuit decision did say states can limit the scope of games. That has never been in dispute although the state cannot limit anything unless it negotiates. And, the state will find it hard to limit the games when local cities and charities can play unlimited games.

If all of that sounds familiar, it should because it is a mirror image of Kansas. Do we allow charitable gaming? Yes. Do we spend millions promoting the lottery? Yes. Does our lottery use symbols like those in slot machines or a deck of cards? Yes. To say the courts are still deciding this issue is a stretch at the very least. Kansas is no different than the nearly 20 states that have been down this road and now have Indian gaming. The battle is futile, time-consuming and expensive...and the outcome has already been decided.

Having said that: What is Senate Concurrent Resolution 1608? Actually, we should look at what 1608 is not. It does not institute casino gaming in Kansas but simply gives voters an opportunity to voice their opinion. It does not give casinos only to existing tracks and no one else. **It does not eliminate any county** in the state from some day participating if the voters through county option approve it. What it does call for is a minimum number of pari-mutuel days to be conducted in addition to the usual casino gaming. Does that give current race tracks a leg up? Yes, as an existing business and industry in Kansas, it does just as "Kansas, Inc." tells us it should.

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Kansas, Inc. is a state development agency created by the Kansas legislature, which oversees the formulation of economic development, policy and strategic planning for the state of Kansas. In its policy booklet, Kansas Vision, it calls for making "existing business the first priority". Let me tell you about the "existing business" of pari-mutuel racing in the state. A study completed on the industry shows that it is a **\$222 million annual industry that pays \$22 million in taxes and employs nearly 4,000 people.** It has contributed nearly **\$5 million to charities** all across this state since 1990 and has helped contribute tens of millions of dollars to the EDIF fund that has provided millions of dollars to higher education, to existing businesses and to reappraisal aid for property owners all across the state.

Dr. Tony Redwood, Professor of Business at the University of Kansas, says the pari-mutuel business in Kansas is a "significant and productive industry. It's future viability is very important to the state." All of that is in jeopardy if racing is not permitted to play on a level playing field.

Kansas, Inc. also says, "at least 80% of the new jobs that are created in Kansas each year are the result of the expansion of healthy businesses already operating in our communities. It therefore only makes sense that we should concentrate at least 80% of our economic development resources on the retention and expansion of those existing businesses." The Woodlands and Wichita Greyhound Park are the two leading tourist attractions in the state of Kansas and the only two

among the top 25 built with **no public funds**. We asked for no tax abatements, tax credits or public financing and received none.

Kansas, Inc. continues, "It is much easier and far less expensive to aid in the development of new jobs within a pre-existing firm than it is to recruit a new firm to the area or to replace a firm that has been lost to the community." Without SCR 1608, certainly The Woodlands is in jeopardy as is all of the pari-mutuel industry. If it is approved, what will be the result?

Andrew Tottenham & Co., an international consulting firm on gaming, located in London, England, conducted a study to look at what limited casinos in Kansas will mean. Mr. Tottenham considered competition from all surrounding states including six riverboats in Kansas City, Missouri and four tax-free casinos in Kansas. He projects casinos stemming from 1608 will produce **\$38 million in tax dollars** based on a gaming tax rate of 7.5%. Some will argue that Kansas can not rely on such dollars to fund projects. Yet the paper was filled last weekend with news about the school bond issue in Shawnee Mission that includes money for--as the school district calls it "underwear projects" -- to fix ceilings, plumbing and electrical wiring. Certainly, these dollars could be earmarked for capital improvements for schools, infrastructure for roads and bridges, the purchase of the most modern equipment available for law enforcement agencies and so on. Or, simply continue to place it in the EDIF fund.

Some will argue about increased crime. Yet Jim Moody, head of the FBI's organized crime section, told a House subcommittee in Washington D. C. last October that **"states with strong regulations and enforcement" are simply not seeing an increase in crime.** As a matter of fact, the Senate Committee on Post Audit and Oversight in Massachusetts released a report in January saying "there is no statistical evidence proving that the legalization and implementation of gaming in a community will cause an increase in the crime rate". Justice Department crime statistics show that crime increased over the past 20 years twice as fast in Orlando, Florida--the home of Mickey Mouse--as it did in Atlantic City. The fear tactic of crime just does not fly in the face of statistics. The real crime is someone without a job.

Tottenham in his report projects **10,000 jobs in the state and 6,500 ongoing permanent jobs** that pay an average of approximately \$20,000 per year. That many jobs could lower the statewide unemployment rate from 4.5% to 3.7% and lower Sedgwick County's unemployment rate by 17% and Wyandotte County's by 41%.

Some will argue that gaming's social costs cannot be ignored. Yes, it is true that a small percentage of people that take anything to excess can cause social problems. But, the positive social impact of 10,000 jobs far outweigh any negatives. A study conducted by the University of Connecticut on the two-year-old Foxwoods Resort and Casino in Ledyard, Connecticut shows that the employment at that facility has actually **trimmed the roles of Aid For Dependent Children** by 4,000

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to 7,000 people for a savings of \$9 to \$16 million per year. The study also showed that for every one percent drop in the unemployment rate **real housing prices**, after inflation, increased by 7.7 percent.

The bottom line, Mr. Chairman and committee members, is that 1608 gives an existing industry a chance to survive and compete with no public subsidies and produces thousands of jobs and millions of tax dollars. And all that by simply giving the people the right to vote. Our polls show an overwhelming majority of Kansans want that right on this very issue. And even more importantly, many legislators have conducted their own polls and find the same result. Even in districts that will not approve the amendment, the sentiment to vote on it is 80 to 90% or higher. There can be no arguing that point.

The Kansas Racetrack Alliance supports the right of the people to vote and supports 1608. We hope this committee and the full House will recognize the importance of our industry and approve this amendment, giving the people the right to vote.

Thank you.

The Commonwealth of Massachusetts
Massachusetts Senate

**TOWARD GAMING REGULATION:
Part I: Crime**

(Senate 100)

**Senate Committee
on Post Audit and Oversight**

Senator Thomas C. Norton, Chairman

Commonwealth of Massachusetts

MASSACHUSETTS SENATE

The Honorable William M. Bulger
President of the Senate

**TOWARD GAMING REGULATION:
Part I: Crime**

(Senate 100)

A Report of the

SENATE COMMITTEE ON POST AUDIT AND OVERSIGHT

Sen. Thomas C. Norton, Chairman

Sen. W. Paul White, Vice-Chairman

Sen. Linda J. Melconian

Sen. Robert A. Havern

Sen. Mark C. W. Montigney

Senator Robert C. Buell

Senator Jane M. Swift

Prepared by the

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January 1994



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January 6, 1994

Edward B. O'Neill
Clerk of the Senate
State House, Room 208
Boston, MA 02133

Dear Mr. O'Neill:

Pursuant to M.G.L. Chapter 3, Section 63 as most recently amended by Chapter 557 of the Acts of 1986, the Senate Committee on Post Audit and Oversight respectfully submits to the full Senate the following report: Toward Gaming Regulation, Part I: Crime.

This report is based on research by the Senate Post Audit and Oversight Bureau. It examines the relationship between the introduction of legalized gaming in a community and the impact of that action on crime incidences and rates in and around the host community.

Respectfully filed by the Senate Committee on Post Audit and Oversight:

Senator Thomas C. Norton
Chairman

Senator W. Paul White
Vice-Chairman

Senator Linda J. Melconian

Senator Robert A. Havern

Senator Mark C. W. Montigny

Senator Robert C. Buell

Senator Jane M. Swift

EXECUTIVE SUMMARY

In September the Senate Committee on Post Audit and Oversight released Toward Expanded Gaming: A Review of Gaming in Massachusetts, which outlined the present state of the gambling industry in Massachusetts and its potential for expansion. Toward Gaming Regulation: Part I, Crime examines the relationship between gaming and crime, specifically, between the implementation of gaming in a community and that community's subsequent level of crime. The report also looks at the issue of organized crime, and its impact on the gaming industry. A final document will be released in the near future pertaining to compulsive or problem gambling, and regulatory matters.

According to conventional wisdom, casino gaming attracts crime and criminal behaviors, specifically burglary, larceny, and theft. In fact, fifty-seven percent of those surveyed for the Boston Globe agreed that an increase in gambling activities will lead to increased crime.

The Committee reviewed data that were compiled by law enforcement agencies across the country for the United States Department of Justice that registered incidence of criminal acts committed in municipalities with more than 10,000 inhabitants, and rates of crime (per 100,000 inhabitants) for each municipality's metropolitan statistical area. The Committee also reviewed data depicting crime and criminal behaviors in several metropolitan statistical area's within which casino gaming was recently sanctioned. These data were reviewed in an attempt to ascertain the effect that gaming had on crime in the casino facility's greater surrounding community.

The data were reviewed in an attempt to validate a specific charge: that the introduction of casino gaming causes an increase in crimes and criminal behavior within and around the host community. The data do not support the conventional wisdom that there is a demonstrated link between casino establishments and crime.

In fact, the data indicate that few statistical patterns or discernable crime trends could be related directly to the introduction of casino gaming into a municipality.

The Massachusetts Attorney General correctly observed that there was an immediate and substantial increase in crimes recorded in Atlantic City after that city's implementation of legalized casino gaming. The Committee was encouraged to see, therefore, that similar trends were not duplicated in municipalities recently implementing limited casino gaming.

If gaming causes or attracts crime, crime statistics should rise, and continue to do so in communities that have legalized gaming. Statistics should indicate an immediate and sustained relationship between gaming and crime. They do not.

The Committee believes that there is no statistical evidence proving that the legalization and implementation of gaming in a community will cause an increase in the crime rate of the host municipality, or its greater surrounding area. Some communities experienced a decrease in incidence of crime and crime rates after implementing legalized casino gaming. Yet, while it would be irresponsible to argue that the implementation of casino gaming causes a reduction in a community's level of crime, the Committee believes that is equally irresponsible to argue the reverse.

The Committee also examined the issue of organized crime, which focusses its efforts mainly on illegal lotteries and sports betting. The illegal numbers handle has been estimated to equal half of the illegal sports wagering handle, yet twice as much as the legal state lottery handle.

It has been estimated that the illegal gaming stream could encompass up to two-hundred percent of the legal gaming stream. As such, more than \$10.2 billion may be illegally wagered within the Commonwealth each year.

Although the state Lottery was originally presented by its proponents as an anti-crime measure, it has done little to weaken the popularity of the street number whose strength is based upon telephone access, tax-free prize payouts, and credit.

Organized crime has been kept out of the casino industry by stiff and vigilant regulation. Consequently, crime organizations have targeted the unregulated Indian gaming industry as susceptible to its influence. Crime organizations have attempted to infiltrate the regulated casino industry through associations with industries that provide ancillary services to the casino industry, such as food companies, hotels, laundry services, and construction companies.

Consequently, the Committee recommends that regulation of any Massachusetts casino industry include oversight of gaming license holders and all businesses contracting with those state regulated facilities.

Additionally, the Committee surveyed law enforcement personnel to ascertain the impact of legalized casino gaming on public corruption. The Committee learned that, in general, there had been "no real change" or "no increase" in the number of public corruption indictments or convictions in states which have legalized casino gaming.

The Committee found that policy-makers are most susceptible to corruption during three basic stages of policy development:

- during the *final* stages of policy development, when industry standards are being crafted (i.e. take-out rates, facility siting locations, siting requirements);
- during the awarding of gaming licenses; and,
- during actual gaming operations.

And as corruption practices and influences are as varied as the individuals involved, and shift through the various stages of policy development, law enforcement personnel should be prepared to shift their focus depending upon the applicable stage of policy implementation.

As such, The Committee recommends that any casino gaming enabling legislation include language apportioning the various responsibilities and functions of policy development and implementation among a wide array of individuals and concerns so as to minimize the overall impact of any one individual.

FOREWORD

In September the Senate Committee on Post Audit and Oversight released Toward Expanded Gaming: A Review of Gaming in Massachusetts, which outlined the present state of the gambling industry in Massachusetts and its potential for expansion. At that time the Committee announced that a second report would examine the impacts of gaming on crime and compulsive gambling, and define the need for a professional state gaming commission. This document fulfills part of that goal.

Toward Gaming Regulation: Part I. Crime presents the Committee's research into the issue of gaming and crime, specifically, between the implementation of gaming in a community and the subsequent levels of crime in and around the host community. A final document will be released in the near future pertaining to compulsive or problem gambling, and regulatory matters.

The argument against any expansion of gaming in a state generally begins with the issue of crime. In fact, the Massachusetts Attorney General has used the crime issue as a central tenet in his forceful argument against the expansion of gaming in the Commonwealth.

The perceived link between gaming and crime has been made so frequently, and forcefully, that conventional wisdom indicates that each is inexorably linked to the other. Introduce one, and welcome both.

In my Foreword to our last gaming report I wrote that a truthful and frank examination of the gaming industry would be either a noteworthy entry in my legislative legacy or the lead paragraph in my political obituary. Since that time, my home community of Fall River has voted overwhelmingly to support a referendum on casino gaming.

Our research has shown that the gaming industry can produce millions of dollars in state and local revenue, thousands of full-time, well-paying jobs, while incurring little negative impact on the surrounding community.

My obituary will have to wait.

Gaming issues must be settled in the cleansing light of day. In the past, gaming decisions were made under cover of darkness and clouds of smoke. Well, I for one think it is time to turn on the lights, clear out the smoke, and look at the hard facts.

Look at what you will find.

Data compiled by and for the Federal Bureau of Investigation show that there is no discernable relationship between the introduction of gaming in a community and subsequent crime or criminal activity in that community. In fact, data indicate that the legalization of casino gaming is often followed by a drop in the rate and number of crimes committed within the legalizing community. The Committee was unable to define any consistent trends portraying the impact of gaming on crime in a community.

This is not to say that the issue of crime can be ignored by states which are effected by casino gaming. According to the FBI, the one segment of the gaming industry most susceptible to organized crime is the Indian gaming industry, whose casinos are beyond the scope of state oversight and are largely unregulated. We agree with the Massachusetts Attorney General that any expansion of gaming in the Commonwealth must be preceded by a defined state policy, and

implemented in conjunction with strict regulation and vigilant oversight.

We also agree with the Attorney General that the implementation of gaming in Massachusetts will mandate additional costs, costs to pay for increased public safety funding, and to pay for social education and treatment. The reality is, however, that there are many programs in Massachusetts which require an infusion of new revenue. There is precious little movement, however, to cover these costs through increased taxes.

The Commonwealth needs revenue. Our citizens need jobs.

With this report, the development of a rational plan to expand gaming in Massachusetts continues.

I would like to thank the members of the Committee, the staff of the Bureau, and all those who contributed to the preparation and completion of this report.

Thomas C. Norton, Chairman

PART THREE: CONCLUSION

The Committee reviewed statistics that depict specific crime categories which can be measured and tracked over time. The data reviewed portray trends in crimes and criminal activity within specific sites that have implemented casino gaming.

Critics argue that insufficient time has passed within which accurate crime data could be collected and analyzed. The Committee believes that enough time has passed to analyze preliminary data that might illustrate any relationship between gaming and crime. Several water-based gaming facilities have been operating for over thirty months. Crime statistics are available which illustrate statistical trends since 1991. While there is certainly room for more research, the Committee believes that adequate data are currently available to initiate policy discussions on the issue of gaming's impact on crime.

Nevertheless, in order to sustain the contention that casino gaming attracts increased criminal activity, statistics should indicate an immediate and sustained relationship between gaming and crime. They do not.

The Massachusetts Attorney General correctly observed that there was an immediate and substantial increase in crimes recorded in Atlantic City after the implementation of legalized casino gaming.

[T]he crime rate increased by twenty-five percent in the first year of legalized gambling (in Atlantic City).¹⁹

The Committee was encouraged to see, therefore, that a similar trends were not duplicated in municipalities recently implementing limited casino gaming. The Committee also believes, however, that data applicable to the gaming "hub" of Atlantic City must be viewed separately and distinctly from those applicable to Davenport, Dubuque, and Rock Island.

Atlantic City is not representative of the gaming industry. Its economy is primarily focussed on gaming, as are its destination facilities. While the casino industry is now constructing combination theme park/gaming facilities, Atlantic City casinos almost entirely offer gaming

¹⁹Testimony of Attorney General of the Commonwealth of Massachusetts before the Joint Committee on Government Regulations on Bills Seeking the Expansion of Gambling, April 14, 1993.

venues, to the exclusion of broader entertainment. The average patron stays in Atlantic City for less than ten hours. The average patron visits Las Vegas for more than four days. Atlantic City and Las Vegas cater to separate clientele and markets, and are as distinct from each other as are Atlantic City and Davenport, Alton, or Peoria. Applying the Las Vegas *tourism* statistics to Atlantic City would be as inaccurate as applying Atlantic City gaming statistics to Iowa or Illinois water-based gaming facilities.

Furthermore, the gaming industry is crowd intensive, and subject to crimes and criminal activities inherent to large, public gatherings. In fact, increases in the Atlantic City crime statistics from 1970 through 1990 are not dissimilar from those recorded for Orlando Florida, the home of Disney World (see Table Four).

TABLE FOUR
CRIME INCREASE: 1970-1990

	<u>Atlantic City</u>	<u>Orlando</u>
Total Crime	157 %	335 %
Crim. Homicide	133 %	100 %
Forcible Rape	176 %	805 %
Robbery	85 %	443 %
Assault	445 %	414 %
Burglary	33 %	119 %
Larceny	253 %	193 %
Auto Theft	-46 %	344 %

Represents change in reported crimes.

SOURCE: Department of Justice

From 1970 through 1990:

- total crime in Atlantic City increased by 157 percent, while total crime in Orlando increased by 335 percent;

- incidence of auto thefts in Atlantic City decreased by forty-six percent, and increased in Orlando by 344 percent;

- incidence of forcible rape increased by 176 percent in Atlantic, and by 805 percent in Orlando;

- incidence of robbery increased by 85 percent in Atlantic City, and by 119 percent in Orlando.

Assault, robbery, and theft are not crimes specific to the gaming industry. They are crimes which occur in a diverse number of crowd-intensive settings, such as urban subways and suburban shopping centers. Incidents of assault, robbery, and theft are not, however, used as arguments against mass transportation or retail marketing. Mass transportation providers and large retail merchants accept the fact that crime is endemic to our society, and deal with it as a business expense, as do film exhibitors, hoteliers, restaurateurs, and casino operators.

Casinos and municipalities have cooperatively provided adequate security in communities throughout the mid-west. License-holders and operators must share the responsibility with the host community to fund and provide adequate public safety measures that insures the safety and comfort of community residents and facility patrons. Facilities must provide such services out of self interest. A crime-ridden casino will no sooner attract patrons than will a crime-ridden dinner-theater, or a crime-ridden department store.

TABLE FIVE

CRIME TRENDS*: 1991 THROUGH 1992

		<u>Assault</u>	<u>Burglary</u>	<u>Theft</u>	<u>Robbery</u>
Davenport	4/91	increase	decrease	decrease	decrease
Alton	9/91	increase	increase	increase	increase
Peoria	11/91	increase	increase	increase	increase
Rock Isl	3/92	decrease	decrease	decrease	increase
Joliet	6/92	decrease	decrease	decrease	decrease

Gaming implemented in denoted month.

**Represents increase/decrease in reported crimes.*

SOURCE: Department of Justice

Does gaming cause, or attract crime? If yes, crime statistics should rise, and continue to do so in communities that have legalized gaming. The data do not reflect such trends (see Table Five).

The Committee believes that there is no statistical evidence proving that the legalization and implementation of gaming in a community will cause an increase in the crime rate of the host municipality, or its greater surrounding area. It would be irresponsible to argue that the implementation of casino gaming causes a reduction in a community's level of crime. However, the Committee believes that is equally irresponsible to argue the reverse.

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KANSAS GAMING

SURVEYS & STUDIES

NOVEMBER, 1993

The Preston Group, Inc.

The Preston Group, Inc., is a nationally recognized market research company that has worked in 24 states across the nation during their 26 years of existence. Based in Lexington, Kentucky, the company's list of clients includes Blue Cross/Blue Shield of Kentucky, Ashland Oil, National Association of Manufacturers and American Electric Power. They have done pro bono work for organizations such as the Kentucky Vietnam Veterans Memorial and a state-wide effort to prevent child abuse.

The Racing Resource Group, Inc.

The Racing Resource Group, Inc., based in Alexandria, Virginia, has worked in various capacities since its inception in 1989. The company is widely regarded as expert on issues relating to the racing/gaming industry, including analyzing the feasibility and potential for new gaming products, economic and competitive conditions in and among states, local and national gaming policy issues and the economic impact of horse and greyhound industries.

Tottenham & Co

Tottenham and Co is world renowned for their expertise within the international gaming industry. From their home office in London, England, this company undertakes sophisticated feasibility studies on behalf of its clients regarding new casino opportunities. Tottenham and Co works alongside property developers to evaluate and implement the creation of casinos, and analyze their impact. They are considered the ultimate authority on the economic benefits of international casino gaming development.



CONFIDENTIAL

Public Opinion Survey

**Attitudes toward Casino Gaming
In Kansas**

Conducted for
R. D. Hubbard Enterprises, Inc.

By
Preston Research Group
October 1993

MONITION: This document was prepared for the exclusive use of R. D. Hubbard Enterprises, Inc. and its designated agents. Duplication of the material is prohibited without the expressed consent of R. D. Hubbard Enterprises, Inc. If any material contained in this document is released to the general public, the research consultant reserves the right to release any and all additional data to clarify and/or accurately report findings of this study. This specific policy and the methods by which data have been collected and reported are consistent with the by-laws of the American Association of Public Opinion Researchers.



METHODOLOGY

This report was prepared by The Preston Group, Inc., headquartered in Lexington, Kentucky, for R.D. Hubbard Enterprises, Inc., to measure public attitudes in Kansas toward casino gaming and related issues.

Interviews were conducted by telephone with 806 randomly selected adults. The statewide sample size of 806 yields a maximum sampling error of plus or minus 3.5 percent, computed at the 95 percent confidence level. This signifies that in no more than 5 percent of similar studies would a sample of the same size yield results varying by more than the margin of error from the results in the current study.



THE DATA

- A. Earlier this year, the Kansas Senate passed a resolution that allows voters the right to decide whether casino gambling can be offered at racetracks. The issue now goes before the Kansas House of Representatives. Do you think the House should let voters decide the issue?

Yes	90%
No	08%
No response/Not Sure	02%

- B. Kansans may be voting on whether or not to allow resorts with casino-style gambling at racetracks. Under the proposed legislation, a statewide referendum would be required to legalize gambling, the casinos would be under state control and would be allowed only at licensed racetracks. These casinos would likely be part of a destination resort development. Based on that information, would you vote for or against this proposal?

Yes	54%
No	39%
Undecided	07%

- C. If casino gambling is approved, experts predict more than 10,000 new jobs will be created with an annual payroll of more than \$170 million dollars. Based on this information, would you vote for or against this proposal?

For	63%
Still Against	32%
Undecided	05%

(This question was asked of those opposed or undecided on Question B, and the number of additional respondents favoring the proposal under this scenario was added to the 54% originally favoring it.)

.....
RacingResourceGroup, Inc.

**ECONOMIC FLOWS
FROM
KANSAS PARI-MUTUEL RACING AND BREEDING**

NOVEMBER 1993

2-24

The University of Kansas

The School of Business

January 3, 1994

Mr. Mark Wilson
Sunflower Racing, Inc.
P.O. Box 12036
Kansas City, KS 66112

Dear Mr. Wilson:

You asked me to review and comment on the report "Economic Flows from Kansas Pari-Mutual Racing and Breeding" (November, 1993) prepared by Racing Resource Group, Inc.

I was initially surprised at the magnitude of the findings that the racing and breeding industry contributes an estimated \$222 million each year to the economy of Kansas and provides an estimated 3,868 jobs each year. However, after careful review I am persuaded that these are credible estimates and probably understate the full economic impact.

In contrast to many economic impact studies, Racing Resources Group have been conservative in making their estimates. In particular, the location of the racing component of the industry near our state's border must generate an additional tourist flow to Kansas from border states above what would otherwise occur. The exclusion of this dimension from the estimates results in the possibly considerable understatement of the total economic impact. On the other hand, some of this could be offset by the study's use of U.S. Department of Commerce multipliers that tend to be higher than those developed for Kansas by our Institute for Public Policy and Business Research.

Second the employment estimate is for direct jobs only. The study does not apply an employment multiplier to this figure, nor does it convert the direct estimate into full year equivalents. These may wash out, but it is also probable that the total job impact, direct and indirect, could be somewhat higher.

There is one further aspect that the report does not mention, but which is important to Kansas. A significant portion of the tax on wagering is committed to economic development through the EDIF fund. These several millions are not large in an absolute sense, but they are huge in terms of their targeted use through KTEC and other development programs and their impact on the state's economic future.

Mr. Mark Wilson
January 3, 1994
Page 2

I believe the report has clearly established its conclusion that Kansas has a significant and productive pari-mutual industry. Its future viability is very important to the state.

Sincerely,

A handwritten signature in cursive script that reads "Tony Redwood". The signature is written in dark ink and is positioned above the typed name.

Anthony L. Redwood
Professor of Business

ECONOMIC FLOWS FROM
KANSAS PARI-MUTUEL RACING AND BREEDING

NOVEMBER 1993

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**Economic Flows from
Kansas Pari-Mutuel Racing and Breeding
November 1993**

EXECUTIVE SUMMARY

FINDING: A \$222 MILLION INDUSTRY AND 3,868 JOBS

The pari-mutuel racing and breeding industry contributes an estimated \$222 million each year to the economy of Kansas.

The two major generators of this activity are the state's pari-mutuel race tracks -- The Woodlands and Wichita Greyhound -- and the population of racing animals, horses and greyhounds, developed and maintained by breeders, trainers and owners.

The \$222 million in annual impact derives from \$96.6 million in Direct Output (expenditures), which when it moves through the economy produces a total impact some 2.3 times greater.

**SUMMARY TABLE:
DIRECT AND INDIRECT OUTPUT**

Expenditures	\$:	Horse	Greyhound	Total
Race-Track Based	8,842,203	39,449,203	48,291,406	
Animal-Based	25,916,900	22,401,740	48,318,640	
Total Direct Output	34,759,103	61,850,943	96,610,046	
<i>Economic Activity Multiplier</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>	
Total Direct and Indirect Output	79,945,937	142,257,168	222,203,105	

This annual contribution to the state economy comes in addition to the \$88 million initial capitalization the two racing facilities represent, plus substantial preexisting capital investment made by horse and dog owners and breeders in the state.

EMPLOYMENT

Kansas pari-mutuels provide substantial direct employment: an estimated 3,868 jobs.

The positions are diverse and meaningful. Kansas pari-mutuels can claim a significant contribution to the employment base of both the state's agricultural and non-agricultural sectors.

ANALYTICAL FRAMEWORK

Potential cash flows and related economic activity (collectively "economic flows") attributable to the Kansas pari-mutuel industry were separated into three components:

- Race track expenditures ("Track-Based");
- Animal breeding/maintenance expenditures ("Animal-Based"); and
- Ancillary outputs ("Other Activity").

Track-based flows involve the substantial expenditures made by the state's two facilities -- The Woodlands and Wichita Greyhound. Farm-based flows encompass monies expended to breed and maintain racing animals (both horse and greyhound) in the state. Ancillary outputs include racing commission operations, tourism and other activity related to pari-mutuels but not directly associated with the running of pari-mutuel events. (These ancillary outputs ultimately were set aside, for reasons described in Section 4.0.)

This economic flow is then categorized according to payments made to

- (1) **government**, generally in the form of taxes;
- (2) **other industries**, generally in the purchase of goods and services; and
- (3) **households**, in the form of **salaries and wages**.

1.0

INTRODUCTION

1.1 BACKGROUND

Pari-mutuel racing and breeding have been substantial contributors to the economy of Kansas. Recently, the contributions have been most visible through operations at two racing facilities -- The Woodlands in the Kansas City area, the first and only dual-purpose horse-greyhound race track in the country, and Wichita Greyhound Park in Wichita.

The race tracks are among the newest in the United States, both having operating histories of less than ten years. In 1992, these race tracks accounted for total attendance of 1.98 million and wagering of \$239.7 million.

In addition to economic activity directly related to the spectator-driven business at the tracks, Kansas has also enjoyed significant farm-based flows from the breeding, development and maintenance of horses (primarily Thoroughbreds and Quarter Horses) and greyhounds for racing purposes.

Joining the track and farm components are business activities -- regulatory offices, tourism, etc. -- related to pari-mutuels.

1.2 BASIC METHODOLOGY

This analysis estimates the direct cash flows attributable to race track operations, using financial data drawn from interviews with race track personnel, financial statements and reports of governing regulatory agencies. Operations for a typical year are based on reports and averages taken from calendar years 1991 and 1992. (Because of the changes in the racing environment in recent years, the numbers may be averaged and in some instances weighted based on business trends.)

The analysis further estimates the animal breeding//maintenance components based on standard experiences seen in Kansas and other states. Cash flows are categorized according to payments made to (1) government; (2) other industries; and (2) households in the form of wages and salaries. Non-cash charges and values such as land, depreciation and amortization have been excluded from the analysis. Capital expenditures are included only as they may have occurred in the period studied (calendar years 1991-92). Capital investment in fixed assets, including facilities, is not included.

Cash transfers which occur within the pari-mutuel industry, most notably purse payments made by the tracks to owners and kennels, are excluded in order to prevent double-counting. In the case of purses, these payments become the cash basis of expenditures by owners, trainers and other direct recipients; thus, they are accounted for on the expenditure side through payments made to develop and maintain the animals. Similarly, breeding incentive program receipts (by the state) and disbursements (to owners, breeders, stallion owners, etc.) are ignored; these allocations also are represented in maintenance-side expenditures.

Adjustments

In order to accommodate specific objectives, the analysis which follows divides the Kansas pari-mutuel industry into two large subsets:

- the race track economy or **TRACK-BASED OUTPUT**; and
- the horse and greyhound economy, or **ANIMAL-BASED OUTPUT**.

From the standpoint of economic activity, race track operations are well defined and quantifiable from year to year. Race track activities in Kansas have centered on The Woodlands and Wichita Greyhound, although county fair racing does exist in the state. The relatively small

size of the fair circuit, the difficulties associated with data collection and the uncertainties involved in properly distinguishing racing-based from other economic activity suggested that the major pari-mutuel operations only be included. (Expenditures on horses competing anywhere in Kansas are accounted for elsewhere.)

On the animal-based side of the equation, provision had to be made for the substantial non-racing horse breeding and maintenance component of Kansas farm activity. Methods were therefore developed to identify specific racing factors and separate the flows driven by pari-mutuels from the larger horse agribusiness activity. (This distinction is much more important for Kansas horses than greyhounds: a traditional and substantial non-racing horse business in the state exists and predated the pari-mutuel business, whereas greyhound breeding, development and maintenance is almost solely racing-based.)

Based on the extensive experience of the project principals in racing and breeding economics, the choice was made to drive estimates of economic activity off classifications of horses -- e.g., racehorses, breeding horses, young horses in training, etc. -- rather than other possible drivers (farm output, for example). This method requires estimates of horse populations within classifications and estimates of the costs/expenditures associated with each. These were drawn from interviews with Kansas-based industry participants, statistical analyses supplied by state and national organizations, and the expertise of the project principals. This was chosen as the preferred method because it defines allows economic activity to be defined by the use of the animal, providing a more specific foundation for economic activity driven by pari-mutuel racing.

1.3 CONSIDERATIONS

Kansas approved pari-mutuel wagering in 1986 as a means to promote the wellbeing of the state's animal agribusiness. At that time, Kansas was estimated to house approximately

100,000 horses, ranking it equal to Kentucky in the ratio of horses to people: 41 horses per 1,000 population.¹ (The Kansas greyhound business was not at that time and has not since been quantified to any comparable degree.)

Horse-related economic flows for Kansas were estimated in 1987 at \$180 million per year despite the fact that Kansas had no pari-mutuel business.² Based on economic relationships existing at that time, a pari-mutuel state with a comparable number of horses could be expected to generate a 40% greater horse-related economic output. Based on that simplistic computation, Kansas could be expected to (eventually) enjoy at least \$72 million in additional annual economic benefit from pari-mutuel horse racing alone.

With the substantial additional economic flows from greyhound racing and breeding, the development of pari-mutuels was projected to have a \$100 million+ impact on the state economy.

Since that vote in 1986, the state has seen the construction of two major racing facilities at a capital cost of over \$88 million. However, changing competitive conditions in Kansas have forced new operational strategies, and the future is in doubt.

This analysis assesses the economic flows associated with a mature pari-mutuel business as it existed in Kansas in 1991-92. The findings thus may be interpreted as one means of quantifying what is at stake in the continuation of pari-mutuel operations in Kansas.

¹American Horse Council, "The Economic Impact of the United States Horse Industry" and statistical derivatives, 1987.

²Ibid.

2.0

RACE TRACK-BASED ANNUAL ECONOMIC FLOWS

Race track-based economic activity in Kansas has been drawn from the operating experiences of The Woodlands and Wichita Greyhound over the past two years.

2.1 PURCHASES OF GOODS AND SERVICES

Spending of a race track includes rentals of operating systems such as mutuels, photo-finish and starting equipment, insurance, utilities, professional fees, maintenance equipment and services, printing, advertising and marketing, cost of food/beverage items and maintenance.

The Woodlands and Wichita Greyhound accounted for approximately \$21 million per year in purchased goods and services and other payments in 1991-92.

Included in these figures is a total of close to \$1 million distributed as charitable contributions to non-profit organizations by TRAK East, associated with the Woodlands, and Wichita Greyhound Park, in compliance with the Kansas Racing Act.

2.2 PAYMENTS TO GOVERNMENT

The State of Kansas receives revenues directly through its tax on wagering; various license fees for both operators and participants; and admissions taxes.

Total pari-mutuel tax, license and admissions receipts for 1991-92 were approximately \$8.4 million per year. In addition, the state and federal governments received various real estate, food and beverage, payroll and income taxes. In 1991-92, these payments averaged \$6.7 million per year.

Total payments to government equalled approximately \$15.1 million.

2.3 SALARIES AND WAGES

The annual payroll for the tracks in 1991-92 was approximately \$12 million: \$8 million at The Woodlands and \$4 million at Wichita Greyhound.

2.4 TOTAL: ANNUAL ECONOMIC FLOWS FROM RACE TRACK OPERATIONS

Through 1992, Kansas pari-mutuel race track operations were responsible for annual direct economic activity totaling more than \$48 million.

TABLE 2-A:
TRACK-BASED OUTPUT

	\$:	Horse	Greyhound	Total
Payments to Government		2,985,403	12,141,376	15,126,779
Payments to Other Industries		3,461,800	17,667,491	21,129,291
Salaries and Wages		2,395,000	9,640,336	12,035,336
Total		8,842,203	39,449,203	48,291,406

3.0

ANIMAL-BASED ANNUAL ECONOMIC FLOWS

3.1 OVERVIEW

In addition to race track operations, activity associated with the racing animal itself represents the other major component of overall economic flows derived from pari-mutuels in Kansas. Animal-based economic flow is divided into two major categories:

- Racing animal maintenance at the race track; and
- Racing/breeding animal development and maintenance at farms.

This distinction acknowledges the fact that racehorses and breeding horses associated with racing generally can be found in one of two places, the race track or the farm (or, at a given moment, in transit between the two).

Expenditures associated with each generally depend on the classification of the animal (racing or breeding) and its status (in training or "turned out;" in foal; etc.)

In this analysis:

1. **Track-based** animals (stabled at the track) are categorized as "in training," subject to highest cost maintenance ;
2. **Farm-based** animals are categorized as one of the following:
 - a. "in training" (typically shipping to and from a track to race)
 - b. "at rest" (turned out)
 - c. "in development" (young horses)
 - d. "breeding stock" (studs and mares/bitches)

3.2 TRACK-BASED RACING ANIMALS

During their respective racing seasons, The Woodlands and Wichita Greyhound house approximately 1,250 horses (The Woodlands horse racing meet) and 1,080 greyhounds (Woodlands and Wichita greyhound meets, individually).

Expenditures on horses and greyhounds reach their highest point when the animals are at the track, ready or being prepared to race.

For horses, expenditures can vary widely depending on the trainer and the particular horse. Average per horse expenditures by an owner in Kansas are estimated at \$24 per day for basic board and training, with an additional 50% average incremental output for veterinary and other maintenance expenses³, totaling \$37 :

Daily Maintenance Expenditures: Track-Based Racehorses

	Average (per day)
Training	\$ 24.00
Veterinary care	3.33
Farrier	1.70
Other*	<u>7.75</u>
Total	\$ 36.78

**Transportation, insurance, racing fees*

The Woodlands operates a horse race meeting for three months, therefore maintenance of horses there for racing purposes is most accurately defined as covering a 92-day period. The economic value of 1,250 horses over a 92-day period is restated as 115,000 "horse days" at \$37 per day, or \$4,255,000 in economic output.

³Averages also account for cost differences between Thoroughbred horses and Quarter Horses, which typically are 10%-15% lower for Quarter Horses.

The structure of ownership and cost allocation is substantially different for greyhounds, where almost all activity is funneled through kennels stabled at the track. Research indicates that kennels expend approximately \$6 per dog, made up of costs/payments associated with trainers, help staff, maintenance and prorated veterinary requirements.

With 294,840 "greyhound days" at The Woodlands and 394,200 at Wichita, total annual expenditure on track-based greyhounds comes to \$1,769,040 and \$2,365,200 for the tracks respectively, or \$4,134,240 collectively.

The total output for track-based racing animals (horse and greyhound) in Kansas is thus estimated at approximately \$8,389,240.

**TABLE 3-A:
RACING ANIMAL MAINTENANCE EXPENDITURES (RACE TRACK)**

	Woodlands Horse (3 months)	Woodlands Greyhound (9 months)	Wichita Greyhound (12 months)
Performance Days (Meet)	70	240	308
Other Days	22	33	57
Total Days at the Track	92	273	365
Horses on grounds	1,250		
Greyhounds on grounds		1,080	1,080
Horse Days	115,000		
Greyhound Days		294,840	394,200
Per Diem Expense	37	6	6
Total Track-Based Expenditure	4,255,000	1,769,040	2,365,200

3.3 FARM-BASED ANIMALS

There are an estimated 3,800 racing-dedicated horses in Kansas: 2,500 in training for races, both older horses and developing young horses, and another 1,300 used as racehorse breeding stock⁴. The two major breeds are Thoroughbred and Quarter Horse, estimated to be distributed across categories of use/status as follows:

Kansas Racehorse and Racehorse Breeding Stock Populations

	<i>Racing</i>	<i>Developing</i>	<i>Broodmares</i>	<i>Stallions</i>
Thoroughbred	500	250	400	50
Quarter Horse	1,250	500	800	50*

**Note: Thoroughbred stallions may be bred to Quarter Horse mares to produce a registered Quarter Horse.*

Excluding the kennel dogs at the race tracks (previously accounted for), there are an estimated 15,750 greyhounds on farms, estimated to be distributed as follows:

Kansas Racing Greyhound and Greyhound Breeding Stock Populations

	<i>Racing</i>	<i>Developing</i>	<i>Bitches</i>	<i>Studs</i>
Greyhounds	250	13,500	1,500	500

Again, there are significant differences in the structure of the horse and greyhound businesses as they relate to farm activity.

⁴Kansas Horsemen's Association and Racing Resource Group, Inc. estimates.

3.31 Farm-Based Racing Animals

While Kansas offers limited pari-mutuel horse racing meets, suggesting that many horses train at the farm and/or ship out of state, active greyhounds largely are kenneled at the tracks at which they race. Few raceable dogs "in training" are housed at the farm. Further, horses usually are "turned out" -- freshened or rehabilitated -- on the farm for a period of time each year, averaging three months. Racing greyhounds, however, seldom have the status of "on vacation" for extended periods except when injury dictates it.

Within the horse population, the limited number of live racing days in Kansas produces a variety of possibilities: horses based in Kansas for three months (their "turn-out" time) moving to The Woodlands for three months and out-of-state for another six; shipping to out-of-state tracks for nine months; racing at county fairs in the region for a period of time; and so forth.

The Farm-Based economic output analysis which follows allocates to the state's 1,750 racehorses three months of turn-out time (at substantially lower average daily expenditure due to minimal maintenance) and nine months of "in training," at a consolidated daily rate of \$30, an average of track (\$37) and farm (\$23) daily maintenance expenditures for a horse in training. This average reflects the fact that the expenditures associated with a horse in training that moves back and forth from farm to track will fall between the high-end track-based costs and low-end farm costs.

The calculations further assume that 150 of these horses spent the full meet at The Woodlands at the higher daily expenditure of \$37, which is accounted for in the tables with a negative \$510,600 adjustment applied to farm output.

An estimated 250 greyhounds of racing age are found on Kansas farms.

**TABLE 3-B:
RACING ANIMAL MAINTENANCE EXPENDITURES (FARM)**

	\$:	Horse	Greyhound
Racing Animals In Training (9 months)		1,750	250
Training Days		275	275
Per Diem Expense		30	4
Sub-Total Animals in Training		14,437,500	275,000
Racing Animals At Rest (3 months)		1,750	250
Days		90	90
Per Diem Expense		10	3
Sub-Total Animals at Rest		1,575,000	67,500
<i>Farm/Track Adjustment</i>		<i>-510,600</i>	
Total Farm-Based Expenditure		15,501,900	342,500

3.32 Animal Development Expenditures

Kansas horse and greyhound farms are in the business of developing new racing stock and maintaining breeding stock to accomplish this purpose.

The pre-training cost of developing a racing animal includes stud fee, if any; foaling/whelping costs; and maintenance through the first 12-16 months of life. After this period, the animal usually is either sold or put into serious training. Another significant cost is

2-41

the maintenance (and depreciation) of the mother; in this analysis, these costs are separated out and reported under *3.33 Breeding Stock Maintenance*.

The average expenditures for animals in the pre-training period are \$3,200 for horses and \$1,500 for greyhounds. These figures are annualized and applied to an the yearly "crop" of Kansas foals and pups -- 750 horses and 13,500 greyhounds -- to produce an annual expenditure output.

(The disparity in the number of developing horses and greyhounds arises from the fact that a female horse can foal once per year and typically will have only one offspring; a greyhound can produce up three or four litters, although the average tends to be less than two, with roughly six pups per delivery. Further, Kansas has been a longstanding exporter of greyhounds to other states, and is still producing many more racing animals than the state itself could accommodate at its tracks.)

This results in annual combined development expenditures exceeding \$18 million.

**TABLE 3-C:
ANIMAL DEVELOPMENT EXPENDITURES (FARM)**

	\$:	Horse	Greyhound
Live birth / potential registrations		750	13,500
Development cost (avg./yr)		2,600	1,200
Total Development		1,950,000	16,200,000

3.33 Breeding Stock Maintenance

There are an estimated 1,300 horses and 2,000 greyhounds maintained in Kansas for the sole purpose of breeding and producing racing animals.

Annual breeding horse maintenance expenditures are estimated at \$3,700 for males (stallions) and \$3,200 for females (broodmares). Annual breeding greyhound expenditures are estimated at \$750 for both males (studs) and \$900 for females (bitches).

The result is annual combined breeding stock maintenance expenditures of approximately \$6 million.

**TABLE 3-D:
BREEDING STOCK MAINTENANCE EXPENDITURES (FARM)**

	\$:	Horse	Greyhound
<i>Male</i>			
Kansas-based studs		100	500
Annual maintenance		3,700	750
Sub-total stud maintenance		370,000.	375,000
<i>Female</i>			
Kansas-based mares (bitches)		1,200	1,500
Annual maintenance		3,200	900
Sub-Total mare (bitch) maintenance		3,840,000	1,350,000
Total Breeding Maintenance		4,210,000	1,725,000

3.4 TOTAL: ANNUAL ECONOMIC FLOWS FROM ANIMAL-BASED OPERATIONS

The combined output associated with the breeding, development and racing of Kansas horses and greyhounds is \$48,318,640.

**TABLE 3-E:
TOTAL ANIMAL-BASED OUTPUT**

	\$:	Horse	Greyhound
Racing Animal Maintenance		19,756,900	4,476,740
Development		1,950,000	16,200,000
Breeding Stock Maintenance		4,210,000	1,725,000
Total		25,916,900	22,401,740

These expenditures may be restated as payments to government, other industries and households as follows:

	\$:	Horse	Greyhound	Total
Payments to Government		3,887,535	3,360,261	7,247,796
Payments to Other Industries		13,476,788	11,648,905	25,125,693
Salaries and Wages		8,552,577	7,392,574	15,945,151
Total		25,916,900	22,401,740	48,318,640

2-44

4.0

ANCILLARY OUTPUT

Other outputs of significance associated with pari-mutuels in Kansas need to be noted. The related economic flows are either accounted for in other areas of this analysis or are cited but not included because they could not be defined in such a way as to be solely attributed to Kansas pari-mutuels. (The final output estimate may therefore be considered conservative.)

4.1 REGULATORY ADMINISTRATION

The Kansas Racing Commission's annual budget is drawn from pari-mutuel tax payments made by the race tracks and is accounted for in Track-Based output.

4.2 RELATED BUSINESS

The State of Kansas houses the National Greyhound Hall of Fame, which operates on an annual budget of approximately \$300,000 and attracts 40,000 visitors per year, and the offices of the National Greyhound Association. These businesses are not, however, deemed to be dependant on the existence of pari-mutuels in the state.

4.3 TOURISM

The Woodlands and Wichita Greyhound together generate some two million attendances per year. A portion of these may be accounted for by individuals who otherwise would not be visitors to the state, most notably out-of-state owners of competing horses and greyhounds. Though certainly of economic value, tourism attributable to the Kansas horse and greyhound pari-mutuel industries is not included in the economic output due to the lack of reliable supporting data.

5.0

EMPLOYMENT

Kansas pari-mutuels provide meaningful and productive positions for an estimated 3,868 people, involving both the agricultural and non-agricultural sectors of the state's economy.

Agriculture-based work created or supported by Kansas pari-mutuels includes animal farming and management, breaking, boarding, breeding, training, equipment manufacture and maintenance, farrier y, feed production, veterinary care, and transportation.

Other work created or supported by Kansas pari-mutuels includes track management, accounting, administrative and regulatory support services, advertising, design and construction, electrical supply and service, insurance, audio and visual systems supply and maintenance, food services, restaurant supply, security, and legal work.

Many of the positions have counterparts in other businesses, while some -- mutuels (ticket sellers), jockeys and jockey agents, starting gate operations and so forth -- are unique to pari-mutuels.

5.1 RACE-TRACK BASED EMPLOYMENT

The pari-mutuel race tracks in Kansas provided direct employment for an estimated 1,150 people per year in 1991-92.

The Woodlands, with two major buildings and separate horse and greyhound meets, provided positions for approximately 750 workers, and Wichita Greyhound housed approximately 400.

5.2 ANIMAL-BASED EMPLOYMENT

Horses are (predictably) much more labor intensive than greyhounds. At the track, a single caretaker or groom generally handles no more than three or four horses; a greyhound caretaker will manage 25 or 30 dogs. The horse-human ration increases at the farm, where "turn-outs" and breeding animals require less attention than racehorses in training.

Horse-Based Employment

Based on experience of race tracks around the country, maintenance of 1,250 horses at a track involves approximately 100 trainers and assistant trainers, and another 420 grooms and support/service personnel.

Based on typical farm sizes and staffing seen around the country, maintenance of 3,800 racing-dedicated horses in Kansas is estimated to involve 150 supervisory positions (managers and trainers) and 600 grooms and support/service personnel. Activity specific to racing and breeding is therefore estimated to provide positions for 750 people at Kansas horse farms.

Total horse-based employment at the track and farm is estimated at 1,270.

Greyhound-Based Employment

At the track, a kennel typically employs one trainer and two assistants to handle 60 dogs. With approximately 18 kennels each at The Woodlands and Wichita Greyhound, track-related employment associated with racing greyhounds is approximately 108.

The typical greyhound farm covers 50 acres and houses roughly 60 animals (the majority of which are pups). Kansas is estimated to be the home of about 250 farms. An average farm will support three full-time positions plus an additional two part-time people. Farm-based employment is estimated at 1,250.

Total greyhound-based employment at the track and farm is estimated at 1,358.

5.3 OTHER EMPLOYMENT

Animal maintenance at the track and farm gives rise to other industry, most notably professional services supplied by private veterinarians and farriers (blacksmiths). It is estimated that 20 such positions are supported in Kansas solely by the existence of pari-mutuel horse racing and another 20 by greyhound racing.

Regulation of the sport further supports an estimated 50 positions overseen by the Kansas Racing Commission (KRC). These include supervisors, administrative staff, special investigators and security personnel, accounts and bookkeepers, computer systems analysts, researchers, attorneys, and racing officials.

The KRC further finances a portion of the cost of operation of the Kansas Bureau of Investigation, including personnel.

5.4 TOTAL EMPLOYMENT

Total racing-based employment is estimated at 3,868 positions:

Race Track	1,150
Animal Maintenance	2,628
Other	<u> 90</u>
Total:	3,868

6.0

SUMMARY AND CONCLUSIONS

6.1 SUMMARY

The pari-mutuel racing and breeding industry in Kansas accounts for annual direct economic flows totaling \$96,610,046.

<i>Track-Based Output</i>	\$:	Horse	Greyhound	Total
Payments to Government	2,985,403	12,141,376	15,126,779	
Payments to Other Industries	3,461,800	17,667,491	21,129,291	
Salaries and Wages	2,395,000	9,640,336	12,035,336	
Total	8,842,203	39,449,203	48,291,406	

<i>Animal-Based Output</i>	\$:	Horse	Greyhound	Total
Payments to Government	3,887,535	3,360,261	7,247,796	
Payments to Other Industries	13,476,788	11,648,905	25,125,693	
Salaries and Wages	8,552,577	7,392,574	15,945,151	
Total	25,916,900	22,401,740	48,318,640	

<i>Total Output</i>	\$:	Horse	Greyhound	Total
Payments to Government	6,872,938	15,501,637	22,374,575	
Payments to Other Industries	16,938,588	29,316,396	46,254,984	
Salaries and Wages	10,947,577	17,032,910	27,980,487	
Total	34,759,103	61,850,943	96,610,046	

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Track-Based Output is estimated at \$48,291,406, and Animal-Based Output is estimated at \$48,318,640. Greyhound-Based Output is estimated at \$61,850,943, and Horse-Based Output at \$34,759,103.

It is further recognized that the economic output of an industry such as Kansas pari-mutuels fuels a succession of economic activity through second-level and third-level expenditures on salaries and purchases. Each level triggers another set of economic actions.

This "multiplier effect" is an accepted aspect of assessing economic value. The Regional Input/Output Modeling System (RIMS II) of the United States Department of Commerce and other studies of the economic values associated with racing activities suggest that a multiplier of at least 2.3 may be applied.

Total direct and indirect economic flows associated with the Kansas pari-mutuel racing and breeding industry are thus estimated at \$222,203,105.

Total Output	\$:	Horse	Greyhound	Total
Payments to Government		6,872,938	15,501,637	22,374,575
Payments to Other Industries		16,938,588	29,316,396	46,254,984
Salaries and Wages		10,947,577	17,032,910	27,980,487
Total		34,759,103	61,850,943	96,610,046

	\$:	Horse	Greyhound	Total
Race-Track Based		8,842,203	39,449,203	48,291,406
Animal-Based		25,916,900	22,401,740	48,318,640
Total Direct Output		34,759,103	61,850,943	96,610,046
<i>Economic Activity Multiplier</i>		<i>2.3</i>	<i>2.3</i>	<i>2.3</i>
Total Direct and Indirect Output		79,945,937	142,257,168	222,203,105

2-50

6.2 CONCLUSION

By any measurement, Kansas has had a significant and productive pari-mutuel industry. The development of its two major race tracks in the late 1980s fueled substantial growth in economic activity directly attributable to the sport.

Direct expenditures of more than \$96 million and additional indirect activity totaling almost \$126 million are consequential components of the state's agribusiness and entertainment sectors. This combination of agribusiness and entertainment, if not unique, certainly sets the pari-mutuel business apart from other spectator or farm entities.

Kansas pari-mutuels further account for 3,868 jobs covering both agricultural and non-agricultural positions.

TOTTENHAM & CO

international gaming consultants

**Study of the Impact
of Casino Gaming
on the
State of Kansas**

**Prepared for: Mr M Wilson
Hubbard Enterprises
Kansas City, USA**

**Copyright: Tottenham & Co
London
November 1993**

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EXECUTIVE SUMMARY

1) Economic Impact

The USA has witnessed an explosion of gaming activity in recent years and the vast majority of new casino jurisdictions have successfully exploited the economic opportunities presented by its introduction. Commercial gaming can be beneficial to a community in many respects, namely as a stimulus for capital investment, urban and regional development or rejuvenation, direct and indirect job creation, improvements to infrastructure and increased tourism.

Socially, gambling has become more acceptable to a wider range of the populace and is no longer viewed as a sin or vice but as a legitimate form of adult entertainment. Governments, local and national, now recognise gaming as an opportunity to be exploited and numerous jurisdictions are introducing gaming bills in order to participate in such benefits.

a) Primary Capital Investment

The primary investment committed to the development of a casino project acts as a catalyst for other investors, keen to take advantage of the benefits known to ensue. The gaming facility itself often becomes a centrepiece for urban rejuvenation, prompting significant secondary investment in hotels, restaurants, retail outlets and theatres.

Woodlands Casino

Casino Size: 100,000 square feet of gaming space

Hotel Size: 400 rooms

Tax Rate 7.5%

See Charts 3, 4

Project Cost

The components of this development are recorded on the above charts, detailing a total project cost, at this size and scale, amounting to \$89,766,523.

Wichita Casino

Casino Size: 50,000 square feet of gaming space

Hotel Size: 300 rooms

Tax Rate: 7.5%

Project Cost

The components of this development are recorded on the above charts, detailing a total project cost, at this size and scale, amounting to \$56,487,440.

See Charts 14 & 15

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Pittsburg Casino

Casino Size: 30,000 square feet of gaming space

Hotel Size: 150 rooms

Tax Rate: 7.5%

See Charts 24 & 25

Project Cost

The components of this development are detailed on the above charts, detailing a total project cost, at this size and scale, amounting to \$27,263,650.

b) Secondary Capital Investment

Benefits enjoyed by the surrounding community are achieved by way of business development and expansion, which may not be immediately apparent.

For example, the construction of premises requires local contractors and labour; a myriad of goods and services are needed and are likely to be purchased from local suppliers; employment opportunities within the gaming operation at all levels (management, marketing, accounting, security, maintenance) are abundant and each employee in turn contributes to the overall economy of a region.

c) Tax

Jurisdictions throughout the USA are realising the value and opportunity that casino gaming can bring to an economy, not least of which is tax revenue. As seen in other impact areas, casino gaming generates tax revenues through direct and indirect means.

Whatever the tax imposed, revenues generated will relate directly to the size, scale and success of an operation. For the purpose of this report three different models have been assumed for the facility, 30,000, 50,000 and 100,000 square feet of gaming, with a hotel size of 150, 300 and 400 rooms respectively. In the first instance, the gaming tax has been calculated at 7.5% and the findings can be viewed on the following charts:-

Woodlands Casino

Total Tax Generated: \$20,323,880

See Chart 8

Wichita Casino

Total Tax Generated: \$11,654,267

See Chart 19

Pittsburg Casino

Total Tax Generated: \$6,142,236

See Chart 29

Gaming Tax (Chart 2)

In addition, we have calculated the casino tax revenue generated for the above models at 5%, 7.5% and 10%, as detailed on this chart. Although we have assumed a linear relationship between size, revenues and tax, this is not the case in practise. At higher rates of taxation gross revenues will be depressed.

2) Tourism

Casinos are certainly major tourist attractions, drawing large numbers of visitors to an area. It is calculated that 50% of the US adult population has gamed in a casino at some time and gambling is now an accepted form of adult entertainment.

Gaming is presently one of the fastest growing divisions in the US entertainment industry and the most rapid growth can be seen in the emerging, newer gaming jurisdictions. For the purpose of our report, we have determined the *primary market* as living within sixty miles (a one hour drive) of the facility. The *secondary market* is made up of those patrons who live outside the local area but within 60-180 mile radius (a three hour drive) of the facility. The *tourist market* is from further afield (over 150 miles) and will generally stay at least overnight, or longer, arriving by various means, including air.

Primary Markets See Charts 9 & 20

The *primary market* area for casino gaming in the Kansas City area is determined as those people resident in counties within an hours drive of the facility. See maps 1 & 2

Woodlands Casino

This market totals 829,055 households and represents 2,099,838 people. Of this number, 1,596,987 are over the age of 18 and depict the target market.

Wichita Casino

The adult population within sixty miles of Wichita totals 530,021

Calculation of Demand - Total Casino Market See Charts 10 & 21

Penetration of the *primary market* has been estimated as one visit per annum per capita - or 100% penetration of the primary market.

An estimated 65% of the *secondary market* will visit casino facilities, accounting for 1,300,000 per annum for the Woodlands facility and 1,400,000 for the Wichita Casino.

Presently, Kansas City attracts some 3,500,000 tourists a year, with 100,000 of this number visiting the existing racetrack. 10% are likely to visit the casino. Therefore, the *tourist market* will account for 350,000 visits a year.

A conservative growth in *incremental tourism* of 25% has been assumed. Of this number, we have assumed a penetration of 100% as these visitors will have been attracted to the area specifically to game in a casino. This translates to an additional 875,000 tourist visits a year.

Woodlands Casino

Primary Market	4,436 visits per day
Secondary Market	3,611 visits per day
Tourist Market	972 visits per day
Incremental Tourists	2,431 visits per day

Total Daily Visits 11,450 visits per day

With additional casino facilities in the area (riverboat and indian casinos) it is unreasonable to expect a 100% market share. Due to the nature of this competition a 50% market share has been assumed which would be accommodated by a facility with 100,000 sq ft of gaming space.

Wichita Casino

Primary Market	1,472 visits per day
Secondary Market	4,010 visits per day

It is reasonable to expect a 100% share of the primary market due to the fact that it will be unlikely that there will be any casinos within 100 miles of the facility. However, the Secondary market will face severe competition and therefore a 40% share of this market has been assumed (1,604).

Total Daily Visits 3,706 visits per day

Calculation of Daily Gaming Revenues (AGP) See Charts 11 & 22

The average spend per head differs for each section of the target market, ranging from \$50 to \$70. The day tripper market is calculated at the higher end of the scale (\$70). The tourist market is calculated at a spend of \$50 per head, reflected in the longer stay.

Woodlands Casino

The total daily gaming revenue for the Kansas City area has been calculated to be \$697,353 of this the Woodlands Casino could expect 50% or \$348,676

Wichita Casino

The total daily gaming revenues for the Wichita Casino have been calculated to be \$199,305

3) Employment

Casino employment statistics can be of particular significance to an area, creating jobs in the casinos themselves and by indirect means, as a consequence of construction and stimulated demand. The industry is notable for the hiring of local residents, the provision of training and creation of jobs for the unemployed.

Direct Employment

The hands on day-to-day operation of a casino requires numerous dealers, supervisors and security staff. Behind the scenes, the administration and support of a gaming operation requires as many people as any other major business centre.

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Woodlands Casino

Direct Employment: 2,224 employees

Total Payroll: \$65,687,828

See Charts 6 & 7

Wichita Casino

Direct Employment: 1,342 employees

Total Payroll: \$39,332,306

See Charts 17 & 18

Pittsburg Casino

Direct Employment: 753 employees

Total Payroll: \$22,831,863

See Charts 27 & 28

These estimates of employment assume a level of gaming tax of 7.5%. Direct employment is affected by the rate of gaming tax; higher levels of gaming tax reduce the level of investment and depress the amount of gross revenue, as a consequence employers to reduce staffing levels.

Indirect Employment

While casinos require a large staff for the day to day operation, a substantial number of indirect jobs are also created by their construction. It is generally accepted that 1.0 to 2.2 indirect jobs are created for every direct job in a casino and the local structure of the economy will determine the "multiplier" effect to calculate the number of indirect jobs created. We have assumed a multiplier effect of 1.5 creating indirect employment of 3276, 2013 and 753 respectively.

Construction

For the purpose of this report the authors have assumed that the existing infrastructure (sewers, water, utilities, etc) are sufficient to support the proposed facilities. Obviously, this significantly reduces the construction costs and the time to complete the project. As construction jobs are temporary and last from a few days to a number of months the calculation produces the total number of man years employment generated by the project.

Pittsburg Casino	-	116 man years
Wichita Casino	-	258 man years
Woodlands Casino	-	417 man years

Statewide Impact see Chart 1

Casino gaming at the three tracks will create approximately 6,419 new direct and indirect jobs. We have assumed that 50% of the positions have been sourced within the county that the casino facility is located and 100% from the State of Kansas. Unemployment levels would be affected as follows:-

	Current Unemployment Rate	New Unemployment Rate	Impact
Wyandotte County (Woodlands)	8.0%	4.68%	-41.5%
Sedgwick County (Wichita)	5.3%	4.39%	-17.2%
Crawford County (Pittsburg)	4.4%	0.00%	-100%
Kansas State	4.5%	3.7%	-17.7%

Social Costs

Costs incurred following the introduction of casino gaming generally involve improvements to infrastructure (roads and transport) and increased policing, to cope with the additional number of visitors attracted to the area in order to gamble. However, there are additional social costs which must be addressed prior to the implementation and acceptance of gaming within a jurisdiction.

The key to a commercially viable yet socially responsible industry lies in control; careful consideration in drafting a regulatory framework will ensure that the industry is well structured at the outset. Areas for particular consideration are:

Crime Issues

An increase in street crime is often cited by industry opponents as a reason not to legalise gaming, although in practise this is not usually the case. In the jurisdictions where an increase has been noted - such as muggings and petty theft - it is recognised that any activity which attracts large numbers of visitors is likely to have the same effect. It must be stated, however, that the Woodlands facility is isolated and is not situated in a residential area. Visitors will travel to the facility by road, not on foot. Therefore any crime is likely to be confined to the premises and consequently, is dependent on management control.

Dependent Behaviour

A frequent condemnation of gambling is the dependent behaviour syndrome. Studies have indicated the median rate of the population with the *potential* for gaming dependency to be 1.1% of the adult population¹. Based on the market we have estimated the number of Kansas residents who might manifest this problem to be approximately 12,000.

Competition

A wide variety of casino-style gaming is now available across the USA. Amid such rapid growth, any jurisdiction presently considering the passage of gaming legislation should take an overview of the current position and consider the competition.

Pari-mutuel wagering has had a considerably longer legal status than most other forms of gambling and is the most vulnerable of the commercial gaming industries. Casino gaming will come to Kansas City in form of riverboat casinos, and depending on a Supreme Court decision, three land based casinos could be operational in Kansas. These new operations will become significant competition for the Kansas pari-mutuel industry. It is our opinion, and experience in other States shows, that if the Woodlands does not develop and expand its current operation to incorporate casino gaming, the market share the racetrack presently enjoys will be lost to surrounding jurisdictions which have passed gaming legislation.

Missouri

Missouri has legalized riverboat/dockside gambling along the Missouri and Mississippi rivers. Whilst no boats are currently operating it is expected that at least five will be operational in the Kansas City area by the end of 1994.

Experience in other States suggest that land based casinos offer the strongest competition to the pari-mutuel industry. Whilst cruising riverboats will be lesser competition, the five Kansas City riverboats will offer significant competition for the Woodlands site. It should be noted that the Missouri Gaming Commission does have the power to approve permanently sited (equivalent of land based) casinos.

Indian Gaming

If the State of Kansas allows any form of Class III activity (including video lottery) then the State will find it difficult to restrict the Class III activities of the Indian Tribes. All Indian reservation gaming is untaxed and as such provides no direct revenue to the State. However, employment of non Indians does generate State and Federal income taxes. Also, the facilities, employees and visitors all spend within the State generating sales revenue.

The Tribe's reservations are to the North and East of Kansas City, approximately 80, 100 and 120 miles by road from the centre of the city. The closest reservation to the Woodlands facility is the Pottawotamie, 20 miles north of Topeka. Depending on the size and scale of the facility built, this will of course be competition for the Woodlands facility and to a lesser extent the Wichita Casino.



Executive Chamber
One McDowell Plaza

City of Kansas City, Kansas

Joseph E. Steineger Jr., Mayor

March 9, 1994



Kansas City, Kansas 66101
Phone (913) 573-5010

Representative Clyde Graeber, Chairperson
House Committee on Federal and State Affairs
Statehouse Capitol - Room 313 South
Topeka, Kansas 66612

RE: Support for the Proposed Resolution for a Constitutional Amendment for Casino Gaming in Kansas City, Kansas

Dear Chairperson Graeber and Members of the House Committee
on Federal and State Affairs:

The City of Kansas City, Kansas appreciates the opportunity to address the committee on proposed Constitutional Amendment to allow casino gaming in Kansas City, Kansas. The City's number one priority for the 1994 legislative session is to provide increased employment opportunities, tourism and tax revenues by the establishment of a themed casino destination entertainment resort at the current Woodlands racing facility in Kansas City, Kansas.

With Missouri's approval of riverboat gambling and the anticipated changes in its law including such options as the removal of gaming limits and the addition of land based facilities, the State of Kansas needs to be aggressive in developing an economic proposal for competing for these entertainment dollars. The casinos in Kansas City, Missouri are a reality. Our existing pari-mutuel operations will be adversely affected. The proposed casino development in Kansas City, Kansas, if approved by a vote of the people, would serve to protect and enhance current Kansas gaming jobs and revenues and the investment that has previously been made in our community.

To meet the competition with Missouri, and to assist the pari-mutuel industry in Kansas, specifically, the Woodlands Racing facility, the City is seeking a constitutional amendment for a state regulated casino resort within our corporate limits. This proposal represents a unique opportunity to make Kansas City a destination resort, attracting visitors from across the Midwest to a world class entertainment, convention and hotel facility. With this type of facility, Kansas will be able to compete nationally for millions of tourists' dollars.

An updated poll completed this past summer showed that out of 806 registered Kansas voters surveyed, 90 percent of the people want to vote on the issue of casino-style gaming in the State. The poll showed that 63 percent of the people favor legislation authorizing this project to create new jobs and raise additional revenues to support state-funded programs and assist the existing pari-mutuel industry in Kansas.

The City envisions the facility including the construction of a \$200 to \$300 million Branson-style destination resort that reflects Kansas history and will include a 400 room hotel, retail shopping, fine restaurants, entertainment facilities such as movie theaters and bowling alleys, and of course, a casino. It is anticipated that the facility would become the center for country and western entertainment across the Midwest. Consideration is also being given for a rodeo and equestrian arena which would attract horsemen from across the United States.

The proposed facility, along with those proposed for Wichita Greyhound Park and the new Camptown Greyhound Park in Pittsburg, would generate an estimated \$38 million in new state tax revenues for funding critical state-funded programs and supporting the existing pari-mutuel industry in Kansas. In addition to any state imposed gaming tax, the State and the City could benefit from an



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Testimony for House Committee of Federal and State Affairs
March 9, 1994
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additional \$3.2 million in sales taxes, plus additional motor fuels, hotel guest taxes, and added tourism dollars. These facilities are estimated to attract more than 5 million visitors yearly.

It is estimated that these proposed facilities could generate as many as 10,000 new jobs, with an annual payroll of almost \$128 million. Combined with the existing payrolls from The Woodlands and Wichita Greyhound Park, that figure rises to almost \$140 million. Those payrolls will generate an estimated \$13 million in employment-related taxes. The additional jobs created will significantly reduce our present unemployment rate here in Kansas City and across the state, and could go a long way toward reducing the present trend of layoffs and unemployment and become a catalyst for economic development.

Most importantly, the City wants to protect the pari-mutuel interests across the State, especially the Woodlands, and the investment they have made to the community. The City strongly advocates that a portion of the proceeds of the proposed casino gaming tax on the gross revenues of the casino be used to supplement the existing horse and greyhound racing purses for the existing pari-mutuel industry in Kansas. This is critical to protect the interest of one of the most important Kansas industries, agribusiness.

In summary, as the Mayor of a community that faces a major economic development threat from our competing sister city across the Missouri River, it is critical that as Kansans we aggressively pursue this resolution against the potential loss for all of Kansas with imminent riverboat gambling in Missouri. Missouri's recent bold stance in support of riverboat gambling and in the very near future, land based casinos, have placed the State of Kansas in a dangerous financial position. More precisely, this new and nearby competition places our State's \$15 million tax revenue stream from the existing \$222 million horse and greyhound industry in serious jeopardy.

To protect against such a loss, the solution can be simple: The Kansas Legislature can lead the way by approving a constitutional referendum to take gaming to a higher revenue generating level for all Kansans. Kansans need to voice their vote on the opportunity for increased jobs, tax dollars, and to protect the existing pari-mutuel industry in the State. I believe there is no longer the basic question of whether new gaming facilities will be built. The question is only of what quality they will be, where they will be built, and who will benefit directly from revenues and jobs they create.

I urge you as Legislators of our State to be aggressive in this matter, because the risks of not approving the proposed referendum are enormous. Not only will Kansas overlook precious new tax revenues and tourism dollars generated by such a world-class facility, but the Missouri based facilities threaten the very survival of our premier pari-mutuel facility, The Woodlands.

Immediate action on your part will save The Woodlands, the city's third largest employer. The proposed casino entertainment complex development, along with those proposed for Wichita and Pittsburg, will generate \$ 38 million in new state revenues and as many as 10,000 new employment opportunities. With the direct competition from Kansas City, Missouri area, it is critical that we place Kansas on the map as a leader in tourism.

Your support for allowing Kansans to vote on this issue is needed.

Sincerely,



Joseph E. Steineger, Jr.
Mayor of Kansas City, Kansas

cc: Members of the Wyandotte County Delegation

3-2

**TESTIMONY BEFORE THE HOUSE
COMMITTEE ON SCR1608
By Bert Cantwell**

Thank you Mr. Chairman and members of the committee for allowing me to appear before you today. I am Bert Cantwell, President of the Kansas City Kansas Area Chamber of Commerce.

With me today are several members of the Chamber and Officials of Wyandotte County. I am here on behalf of the Chamber to strongly endorse passage of Senate Concurrent Resolution 1608 so that the voice of the citizens of Kansas can be heard on an issue of great importance certainly to Wyandotte County and all of Kansas. I would like to center my remarks around three areas for which I have experience, one is pari-mutuel racing as a former Kansas Racing Commissioner; one is law enforcement as a former Superintendent of the Kansas Highway Patrol; and the last is Wyandotte County as a long-time resident.

Pari-mutuel racing was created in this state as an economic development tool, a source of entertainment and a way to create new tax dollars. I don't have any figures with me today but I know that studies have shown racing both in Kansas City and Wichita to have accomplished each of these purposes. Both tracks were built completely with private funds and have added thousands of jobs to the state's employment rolls. they each generate significant tax dollars and many of those go into economic development so that organizations like K-Tech can assist business development throughout Kansas that benefits all of us. Charities have also been one of the biggest beneficiaries from racing. But most importantly, racing has created good, clean fun for millions of people and I am proud to have been part of the Commission that got racing started in this state. It's certainly an industry we cannot afford to lose.

There was a great deal of talk before racing came to the state of the crime that would automatically follow. They spoke of prostitution, money laundering and racketeering that was sure to come to Kansas. As a former law enforcement officer, I can assure you none of those things happened. In Kansas City, our police department confirms that there has been no increased crime directly attributable to activities at The Woodlands. And that is a tribute to this legislature, the racing

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Atch #4*

commission, and the Kansas Bureau of Investigation for the rules and regulations that were developed and enforced to keep racing "squeaky clean." Further studies have been completed regarding casinos and even the Justice Department says that when states properly regulate, as this one has done with racing, there are no additional problems.

Finally, as a resident of Wyandotte County I must tell you how important The Woodlands is to our community and what a tremendous opportunity SCR 1608 can be for our area. With as many as eight riverboats coming to the Kansas City area and casinos coming to Kansas as we all know that they will, Kansas City faces the prospect of losing The Woodlands. Along with it we would lose over one thousand direct and indirect jobs, our biggest source of property tax revenue and a facility that has made Kansas City proud. SCR 1608 would allow us to keep The Woodlands as we know it today. But it also gives us the prospects of thousands of additional construction and operational jobs at good wages and an added source of property tax revenue that not only assists our county but everyone in the state by further relieving their burden.

On behalf of the Kansas City Kansas Area Chamber of Commerce, business leaders of the city, and Wyandotte County residents, I hope that you will approve SCR 1608 and as committee members urge your fellow House members to support it as well. All we ask is that the people of Kansas be allowed to decide this critical issue that affects all Kansans but particularly those of us in northeastern Kansas.

2/1-2

March 9, 1994

Mr. Chairman and Committee Members

My Name is Robert Sherburne, I lobby for Meadow Development of Topeka, Kansas.

I have followed S.C.R. 1608 over the past year, its conception and choreography through the Senate by the paramutual forces and Wyandotte legislative elements. We are being asked to amend the Kansas Constitution for this special interest group only. This amendment should be for all of Kansas.

I am a proponent for Casino gambling. As I studied the issue the value of my vote, yes, became apparent. My vote in Shawnee County would have no effect and there would be no benefit to Shawnee County at all. Further study convinced me the same vote (yes) vote in 101 other counties would hold true. (No would mean no and yes would mean no.) Really no choice at all. All positive yes votes would be disenfranchised.

Only a County option amendment of S.C.R. 1608 would resolve this inequity. A release from paramutual tracks would permit a free regulated market to flourish.

A county option on S.C.R. 1608 would in no way endanger the planned program of para-mutual racing. Also it would prevent the creation of a monopoly by para-mutual racing of casinos. Also the control by Racing Commission of casinos.

Shawnee County has invested 25 million dollars at the present Expocentre site. S.C.R. 1608 modified by a county option with a releasee from para-mutual prerequisites would offer an opportunity for Meadows Development to enhance the Expocentre with the following:

- (a) A 500 room flagship hotel
- (b) An approximately 15,000 sq. ft. Casino
- (c) A 1,000 seat headline entertainment theater.

Our main objective in this effort is to attract the secondary convention market and not casino revenue only. We should not be required to look like the para-mutual tracks. If this be true why should the other communities with existing facilities be denied, by S.C.R. 1608 of the same opportunity?

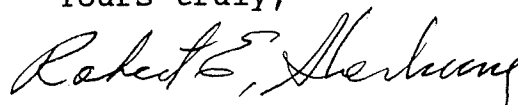
Should S.C.R. 1608 not be amended and it is passed to the voters and para-mutual wagering plans become a reality, I would fear in the future there would be an intense reverse lobby by para-mutual interest to prevent any future amendment to the constitution to permit casino gambling at other locations without para-mutual tracks.

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Atch #5

I have lobbied each of you individually over past several months. My interest and efforts have been sincere. I believe that S.C.R. 1608 (amended) with county option is an opportunity for the entire state and a remedy for the Woodlands and other tracks.

Please amend S.C.R. 1608 and permit all of Kansas to grow.

Yours truly,



Robert E. Sherburne
Lobbyist Meadow Development
Topeka, Kansas

TESTIMONY TO HOUSE COMMITTEE
ON FEDERAL AND STATE AFFAIRS

March 9, 1994

Chris Hays
Guest of Kansans for Life at it's Best

My name is Chris Hays. I reside in Steamboat Springs Colorado. I am here today to speak on how casino gambling affected my life back in 1991/92.

I was the State manager for a major insurance company in Colorado. I had a six figure income, a wife and three children. I thought my life was in order. Then in the fall of 1991, casino's were built 35 minutes from my home in Golden. Influenced by television, movies and local advertisements showing casino gambling as a glamorous way to spend your time, I ventured up the hill one night to see for myself. That night, I came back a winner.

Over the next four months, I started gambling more and more. I reached the point of playing poker seven days a week, sometimes as much as twelve hours a day. I became an addicted gambler. Due to my habit, I lost our home, cars, personal possessions; I hocked my wife's wedding ring; and eventually I lost my family and my freedom.

I was arrested in July of 1992 writing bad checks to pay for my habit. Until recently, the last time my children had seen me, I was in a jail cell wearing orange coveralls. Unable to support my family from jail, my wife packed up the kids and moved. My family then had to rely on welfare. I figured out that the total benefits over the 18 months they were supported by the State came to \$38,000.00. When you add that to the judicial expenses paid by the taxpayers for my jail stay, not to mention the money that the victims were out of pocket from my check writing, you have losses which exceed people's expectations.

Through my involvement in the church and Gamblers Anonymous, I eventually overcame my compulsion to gamble. At my first Gamblers Anonymous meeting, I met a hundred people just like me who had become caught up in the glitz of casino gambling. Even though Colorado has horse tracks, dog tracks and lotto, the opening of casino gambling raised the inquiries and membership of Gamblers Anonymous by 800 percent in the first 120 days of legalized gambling.

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Atch #6

I was suprised that I got hooked. In 1990, while living in Oklahoma City, the company I worked for had a box at the local horse track. I never placed a single bet when I was there. There seems to be a bigger attraction to casino gambling. Casino's know how to put on a show and keep you there spending money. They brought meals and drinks and provided me with a phone, all at no charge. This was fantasy made reality.

I have two items I specifically would like you to think about.

First...Before casino's were built in our backyards, we had to go out of our way if we wanted to visit a casino. We had to travel to Vegas or Atlantic City. Accessibility is a factor. Our citizens through advertisements and the imposed glamour are tempted to partake on a regular basis in a form of potentially destructive activity that they might not normally visit if the casino was not close to home.

Secondly...If the term, "Limited Stakes" gambling is ever used to present gambling legislation, the losses are not limited. In Colorado, five dollars is the maximum bet. It sounds like a safegaurd. it is not. In a game of 7 card stud poker, at three raises per card, your potential loss in a few minutes is \$75.00. In texas holdem your maximum loss is 90.00. The point is that players can get carried away and lose as much as \$500 to \$1000.00 in an hour.

And finally, why am I here? I have twin five-year old boys. Their kindergarten teacher became very concerned and called my ex-wife. At school the other day, my son Adam had said, "My daddy lives in a cage." Talk about taking the wind out of my sails. I'm here today as a father voicing concern for the families and citizens of Kansas.

Thank you for the opportunity to share my experience.

STAND UP FOR KANSAS



Citizens for Stable Economic Growth and Quality of Life in Kansas

P.O. Box 780127 ♦ Wichita, KS 67278 ♦ (316) 634-2674

TESTIMONY TO HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

regarding

"SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 1608"

A PROPOSITION to amend Article 15 of the constitution of the state of Kansas by adding a new section thereto, relating to the operation of casino gaming establishments in the state and the operation or conduct of casino gaming by Indian tribes on their reservations

By
Glenn O. Thompson
Chairman, Stand Up For Kansas

March 9, 1994

INTRODUCTION

Good afternoon Chairman Graeber and members of this committee. I am Glenn Thompson, Chairman of Stand Up For Kansas. Thank you for this opportunity to speak on Substitute for Senate Concurrent Resolution 1608.

Stand Up For Kansas is a coalition of thousands of concerned, grassroots citizens from all walks of life who have a deep conviction that legalizing casinos in Kansas would have a severe adverse impact upon the economic, social and moral quality of life of Kansas citizens. **WE URGE YOU TO VOTE NO ON RESOLUTION 1608.**

Executives of Hollywood Park Inc., a publicly held gambling company headquartered in Inglewood, California and executives of the Woodlands have proposed Resolution 1608 to transform the Woodlands into a \$300 million gambling casino complex. Kansas citizens will be the net losers, as hundreds of millions of dollars flow out of Kansas to California and numerous crime and social problems are left as the residue.

The facts are overwhelming: Resolution 1608 will have an ADVERSE IMPACT on the quality of life in Kansas. Specifically:

1. Casinos create a multitude of social problems
2. Casinos attract organized crime
3. Casinos increase street crime
4. Casinos send the wrong message to our youth
5. Casinos are almost impossible to regulate
6. The Woodlands casino will be an economic disaster for Kansas

Now let's discuss each of these points.

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1. CASINOS CREATE A MULTITUDE OF SOCIAL PROBLEMS

Where casinos have flourished, the number of pathological gamblers has increased dramatically, creating problems for families and employers.

At a September 1993 casino gambling conference in New Orleans, clinical psychologist Dr. Robert Wildman says "The evidence is indisputable that the incidence of compulsive gambling increases and that gambling preys largely on the poor. Nationally, two percent of the country are pathological gamblers. In Nevada it's five percent, and that holds true wherever high-stakes gaming is allowed."(1)

At the same conference, Reno, Nebraska Mayor Pete Sferrazza said his city has higher rates of divorce, suicide, drug abuse and child abuse than other comparably sized communities, which he relates directly to gambling.(1)

Minnesota, a state with the largest charitable and tribal gaming industries in the nation, has major social problems in this area. A 1992 Minnesota Planning report on gambling states "Experts agree that increased opportunities for gaming lead to increased numbers of problem and compulsive gamblers. When gambling opportunities are few, gamblers can isolate themselves from temptation, as in the case of casino gaming where a special trip must be made to one of a few sites. As opportunities proliferate, gambling becomes more convenient and harder to avoid"(2)

The 1993 Minnesota Planning report(3) on gambling states:

"Current levels of treatment are inadequate. Some treatment facilities already have waiting lists while others are near capacity.

"Membership in Minneapolis-St. Paul area Gamblers Anonymous has increased nearly sixfold in the last 10 years. Calls to the Gamblers Anonymous hotline have tripled in the past year."

"Compulsive gambling leads to other problems, including debt, thefts, embezzlement and disruption of family life and work. The result can be increased social service demands and private health insurance costs...At one gambling treatment facility, 93 percent of the clients resorted to criminal activity to support their gambling addiction. Gambling debts averaged over \$16,000. Nationally, 50 to 66 percent of people seeking help have been involved in criminal activity that is a direct result of their gambling problem."

"Forty-seven percent of Gamblers Anonymous members have engaged in insurance fraud or thefts where insurance companies had to pay victims. The average amount paid was \$65,000."

Further, the traditional attraction of criminal elements to casinos creates associated social problems, such as drug abuse, prostitution, loan sharking and financial scams. Nevada has the worst bankruptcy rate in the nation (one in every 66 households).(4)

And, sociologists are becoming more alarmed by teenage gambling addiction. Studies indicate teenagers are four times more likely to gamble than adults. In New Jersey 46 percent of 11th and 12th graders have gambled in casinos, three percent weekly. In Nevada the substantial teenage gambling addiction and high suicide rate can be traced directly to casino gambling.(4)

The 1993 Minnesota gambling report states "Roughly 52 percent of Minnesota youth gamble illegally --- many with their parents' help. Ten thousand youth, ages 16 to 20, are potential compulsive gamblers...Another 40,000 youth have gambling behavior that may pose significant future social problems."(3)

And, the poor are more likely to have gambling problems than their well-to-do counterparts. In two Minnesota counties studied, twice as many poor families had gambling problems than the general population.(3)

At the request of Stand Up For Kansas, Dr. William Thompson, Professor of Public Administration at the University of Nevada at Las Vegas and an internationally recognized expert on casinos, has conducted an analysis of the impact of casinos in Kansas. Dr. Thompson concludes:

Two to four percent of the Kansas population will become pathological gamblers when exposed to casinos. The problem will become more serious if gambling is on a 24 hour basis, if drinking is allowed, and if money is available through credit facilities, such as Automated Teller Machines and credit card machines.

As a minimum, 25,000 Kansans (two percent of adults) will become compulsive gamblers. Since compulsive gamblers cost society about \$50,000 per person, the economic impact to the state will be over a billion dollars. This includes lost productivity, the cost of crime, the cost of incarceration and "abused dollars" (dollars used for gambling which otherwise would have been used for essential purposes).

2. CASINOS ATTRACT ORGANIZED CRIME.

Dan Lungren, California Attorney General, says "Casino gambling inevitably invites those with criminal inclinations to become involved in the 'business.' The high volume of cash transactions that take place and the sophisticated nature of the casino games demand aggressive police oversight, at considerable cost to the taxpayers."(5)

In the book "Temples of Chance," award-winning journalist David Johnston says "Casinos remain attractive places to launder illicit cash from cocaine smuggling."(6)

John E. Tangeman, President of the Wichita Crime Commission, says "Casino gambling will encourage the influx of organized crime as well as escalation of other crimes normally associated with this kind of activity."(7)

Nick Civella, the Kansas City mob boss, penetrated Nevada casinos sufficiently to be listed in the Nevada "Black Book" on eleven mobsters excluded from casinos.(6) What assurances do legislators have that a similar organization won't get into casinos in Kansas City? What controls will the state use to keep out organized crime? How expensive will investigations be? Who will pay the costs?

3. CASINOS INCREASE STREET CRIME

Street crime follows casinos; it is inevitable! A 1992 report by the Chicago Crime Commission states that although the population in Atlantic City decreased 20 percent from 1977 to 1990, crime increased 230 percent, greatly overshadowing the crime increase in the United States. And, two-thirds of the crimes were committed within the confines of casinos.(8)

The crime increase in Atlantic City is far more than in other parts of the state.

Rapes	up 156% in Atlantic City vs. 50% in New Jersey
Robberies	up 159% in Atlantic City vs. 76% in New Jersey
Aggravated Assaults	up 316% in Atlantic City vs. 77% in New Jersey
Larcenies	up 451% in Atlantic City vs. 8% in New Jersey

The report concludes "The costs (of casinos) include increased crime, increased organized crime activity, a deterioration of the business climate in the area, an in-

crease in compulsive gambling of the residents, increased prostitution, an increase in the transient population, increased political corruption and exposure of the young to unsavory activities."(8)

4. CASINOS SEND THE WRONG MESSAGE TO OUR YOUTH

Again, David Johnston says "Among their strategies (casino companies) are encouraging young adults to gamble often...to make customers for life of people just entering adulthood. With their new attractions, from caged tigers to strolling court jesters to a theme park filled with rides, Wynn (Mirage owner Steve Wynn), Circus Circus and others are leading a movement to market Las Vegas as a family vacation center, a move that will acquaint legions of little children with the excitement of Las Vegas."

In a recent editorial, George F. Will says, "America takes a dicey chance with its destiny," in voicing his concern about the rapid rise of legal gambling. "Gambling inflames the lust for wealth without work, weakening a perishable American belief--that the moral worth of a person is gauged not by how much money he makes, but by how he makes it."

5. CASINOS ARE ALMOST IMPOSSIBLE TO REGULATE

Once a casino gets entrenched in a community, the owners have tremendous leverage over government officials. Owners start demanding concessions and never stop trying to relax the rules. They want reduced taxes, extension of hours, expansion of casinos and a lifting of betting and loss restrictions.

In his book "Temples of Chance," David Johnson states "Requiring the construction of megacasinos that incorporate hotel rooms and cost several hundred million dollars undermines strict regulation because the economic consequences of revoking a casino license are enormous for the affected workers, for investors, for lenders and for the government expecting a stream of revenues." Strict regulation in Atlantic City has "been just another politician's promise, torn apart piece by piece and finally swept into the dust bin of history." (6)

During early 1993, Missouri casino promoters started pressing legislators to relax riverboat gambling restrictions three months after voters approved riverboat casinos, before the boats were even in the water. They said voters really didn't want the restrictions and that few voters really read the proposed law!

In Colorado pressure from casino owners caused the state gaming commission to reduce the 1994 operating tax on casinos from an effective rate of 16.1 percent to 12.0 percent.

When casinos are legalized, initial regulations and taxes rapidly become history!

6. THE WOODLANDS CASINO WILL BE AN ECONOMIC DISASTER FOR KANSAS

Casinos are economic parasites. They don't create new wealth, they don't create new jobs and they don't create new tax revenues. They simply pull wealth and jobs from surrounding areas.

Robert R. Fuesel, Executive Director of the Chicago Crime Commission, says "As a business, gambling is entirely parasitic. It is completely nonproductive. It creates no new wealth and performs no useful service. It merely redistributes wealth from the possession of the many into the hands of the few."(4)

Economists say casinos are the sucker bet of all sucker bets---the fool's gold of the gambling industry. The people who get rich from casino gambling are the people who own and operate the casinos---nobody else.

A Minnesota planning report states Minnesota Indian casinos draw only 15 percent of their customers from outside the state. "The primary effect of Minnesota gambling industries is to redistribute wealth, rather than to generate new wealth." "Most gambling dollars are coming from discretionary income---dollars that would otherwise be spent for such things as dining out, entertainment, recreation, travel and vacations. Gambling does not create new wealth for society; it merely shifts the service dollar from one pocket to another."(2)

At a casino conference in New Orleans, Dr. Thompson says:(9)

"The economic formula just doesn't work. With the spread of casino gaming, there are many jurisdictions offering gambling products to the consumer. It is not cost effective to market gambling products to distantly located purchasers who are closer to other providers. Hence, if there is a desire to have a large casino with many patrons, a mass marketing effort must inevitably be directed at local residents. This means the funds generated by the gambling activity, the funds that are designated to be tax revenues, or the funds that are designated for urban renewal and other economic development are funds coming out of the local economy."

"Any new employment realized with the establishment of the casinos, is not created employment, but rather employment diverted away from other sectors of the local economy. A dollar spent in the casino is a dollar not spent in other sectors of the local economy. It is a dollar that would have been spent in another sector of the local economy. You cannot grow an economy this way. Economies grow when there is an influx of capital, not when there is merely a circulation of capital."

"Furthermore, as casino taxes become taxes on the local population their regressive character comes out. As urban casinos are marketed to mass audiences, the poor will be disproportionately drawn into the gaming activity. As with state lotteries, if the games are accessible, the poor will play more."

In his economic analysis of casinos in Kansas, Dr. Thompson estimates that 90 percent of Woodlands revenues will come from Kansans; only 10 percent will come from out-of-state gamblers. He concludes "Any claims that the casino will add either jobs or taxes to the Kansas economy are bogus claims."

So, why are casino investors willing to put millions of dollars into hotels, entertainment and restaurant facilities? Because they expect to take millions out. And fast!

Last year Mirage representatives told Senate President Bud Burke that they expect to recover their \$300 million investment in 12 to 18 months. This means that each year over \$200 million will be pulled out of the Kansas economy and sent to California. Since 90 percent of Woodlands revenues will come from Kansans, the Woodlands casino will pull hundreds of millions of dollars out of the pockets of Kansans each year.

And, since casinos don't create new wealth, they don't create new jobs. They simply create unemployment in surrounding counties.

17-5

CONCLUSION

In conclusion, the proposed Woodlands casino will increase crime, create numerous social problems and pull hundreds of millions of dollars out of the state. Kansas residents throughout the state will pay the price while California millionaires reap the benefits. Thousands of citizens across the state are counting on you to vote no on Resolution 1608.

REFERENCES:

1. "The Possible Pitfalls of a Casino -- D.C. Officials Learn the Odds on Gaming", Washington Post Metro, Sept. 11, 1993, By Liz Spayd, Washington Post Staff Writer
2. "High Stakes: Gambling in Minnesota", prepared by Minnesota Planning, March 1992
3. "Minnesota Gambling, 1993", prepared by Minnesota Planning, May 1993
4. Testimony of Robert R. Fuesel, Executive Director of the Chicago Crime Commission before the Chicago City Council Finance Committee, June 15, 1993, Chicago, Ill.
5. Quote by Dan Lungren, California Attorney General, Gaming & Wagering Business, May 15, 1993 - June 14, 1993
6. Temples of Chance, by David Johnston, Doubleday, 1992
7. Open Letter from John E. Tangeman, President, Wichita Crime Commission Inc., to Wichita Eagle Public Forum, November 23, 1992
8. "How Casino Gambling Affects Law Enforcement", prepared by Illinois State Police, April 16, 1992
9. Speech by Dr. William N. Thompson, Professor of Public Administration, College of Business and Economics, Univ. of Nevada, Las Vegas to New Orleans Downtown Development Association at their Annual Meeting, New Orleans, January 1993

TO: The Honorable Clyde Graeber, Chairman
House Committee on Federal & State Affairs

FROM: Laura Abeyta, Prairie Band of Potawatomi
Tribal Gaming Commission, Chair

DATE: March 9, 1994

SUBJECT: SCR No. 1608

First of all I'd like to thank you for this opportunity to appear before the committee today. We have been coming to these Legislative sessions this year and hearing time and again how the laws you make here might affect the Indian People.

I would like to remind you at this time, that the Tribes have been here before there was even a State called Kansas. And Kansas accepted her admission into the family of States on condition that nothing contained in their constitution respecting the boundary of the state shall be construed to impair the rights of person or property now pertaining to the Indians of this territory, so long as such rights shall remain unextinguished by treaty between the United States and such Indians. I realize its hard for some of you to accept us as a sovereign nation. But that is a fact.

Article VI sec.2 of the United States Constitution says that all treaties made, or which shall be made, under the Authority of the United States shall be the supreme Law of the Land: and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

Federal Law: "The federal purpose to reserve to tribes the means of self-support preempts state laws which would limit or interfere with the Indians' exercise and enjoyment of their means of livelihood. Included are state laws regulating or taxing Indians and their resources, and those granting and governing competing private property rights."

We haven't given you the right to include us in any of your constitutional amendments! Until class III gaming came into the picture, the Indian people were pretty much left to themselves.

Our tribe, the Prairie Band of Potawatomi has been operating a Bingo Hall for about 9 years. That operation employs approximately 35 people. The Bingo revenues supplement our Tribal Government, our Day Care Center, our Senior Citizens Program, our road crew, Commodities Program, Pow Wow, and various other tribal enterprises. There is no other real economic development on the Reservation.

Last year the Tribe enacted ordinances governing gaming on the Reservation to comply with the IGRA. Those laws are every bit as stringent as any that the IGRA, or the States have developed. We also elected a 5 member Gaming

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Commission to see that those ordinances are followed. We want to regulate our own gaming operations. We are not half-naked, half-starved savages, as depicted in the movies and history books, but a competent peoples who have managed to keep our culture and our heritage despite impossible odds.

We want to keep the rights that we have managed to salvage throughout these past several hundred years. We want to employ our people, educate our children, take care of our elders, and live decent lives.

Gaming is only a means to that end. We realize it is not an answer for everything. But it will create the opportunity to progress from there. You can give us that opportunity. Thank you.

An Act for the Admission of Kansas Into the Union

PREAMBLE

WHEREAS, The people of the territory of Kansas, by their representatives in convention assembled, at Wyandotte, in said territory, on the twenty-ninth day of July, one thousand eight hundred and fifty-nine, did form to themselves a constitution and state government, republican in form, which was ratified and adopted by the people, at an election held for that purpose, on Tuesday, the fourth day of October, one thousand eight hundred and fifty-nine, and the said convention has, in their name and behalf, asked the congress of the United States to admit the said territory into the union as a state, on an equal footing with the other states; therefore,

Be it enacted by the senate and house of representatives of the United States of America in congress assembled:

§ 1. Admission; boundaries; Indian title. That the state of Kansas shall be, and is hereby declared to be, one of the United States of America, and admitted into the union on an equal footing with the original states in all respects whatever. And the said state shall consist of all the territory included within the following boundaries, to wit: Beginning at a point on the western boundary of the state of Missouri, where the thirty-seventh parallel of north latitude crosses the same; thence west on said parallel to the twenty-fifth meridian of longitude west from Washington; thence north on said meridian to the fortieth parallel of latitude; thence east on said parallel to the western boundary of the state of Missouri; thence south with the western boundary of said state to the place of beginning: *Provided*, That nothing contained in the said constitution respecting the boundary of said state shall be construed to impair the rights of person or property now pertaining to the Indians of said territory, so long as such rights shall remain unextinguished by treaty between the United States and such Indians, or to include any territory which, by treaty with such Indian tribe, is not, without the consent of such tribe, to be included within the territorial limits or ju-

risdiction of any state or territory; but all such territory shall be excepted out of the boundaries, and constitute no part of the state of Kansas, until said tribe shall signify their assent to the president of the United States to be included within said state, or to affect the authority of the government of the United States to make any regulation respecting such Indians, their lands, property, or other rights, by treaty, law, or otherwise, which it would have been competent to make if this act had never passed.

History: 12 Stat. 126; ch. 20, § 1; Jan. 29, 1861.

CASE ANNOTATIONS

1. Section considered in determining control of Ft. Leavenworth military reservation. *Clay v. The State*, 4 K. 49.
2. Taxation of Indian lands by state government, recognizing Indian tribe. *Blue-Jacket v. The Commissioners of Johnson County*, 3 K. 299. Reversed: *The Kansas Indians*, 72 U.S. 737, 18 L.Ed. 667.
3. Kansas accepted admission on condition that Indian rights remain unimpaired. *Parker v. Winsor*, 5 K. 362, 367.
4. Taxation; Indian lands; primary disposal of soil; federal laws govern. *Douglas Co. v. Union Pac. Ry. Co.*, 5 K. 615, 624.
5. Taxation of lands granted to railroad company considered. *Kansas Pacific Rly. Co. v. Culp*, 9 K. 38, 47. Reversed: *Railway Co. v. Prescott*, 83 U.S. 603, 21 L. Ed. 373.
6. Indian lands, when taxable and alienable, considered; government patents. *Comm'rs of Franklin Co. v. Pennock*, 18 K. 579. Affirmed: *Pennock v. Commissioners*, 103 U.S. 44, 26 L. Ed. 367.
7. Discussed; residents on lands ceded to United States may not vote at precincts established prior to cession. (Dissenting opinion.) *Herken v. Glynn*, 151 K. 855, 870, 101 P.2d 946.
8. United States may recover taxes illegally collected from Indian ward. *Board of Comm'rs v. United States*, 100 F.2d 929, 935.

§ 2. Representative. That until the next general apportionment of representatives, the state of Kansas shall be entitled to one representative in the house of representatives of the United States.

History: 12 Stat. 127; ch. 20, § 2; Jan. 29, 1861.

§ 3. Force of act; school lands; university lands; public buildings; conditions; taxation.

FEDERAL INDIAN LAW

Chapter 5 Sec A2a

a. Effect on Indians

The changes discussed above were the focus of two 1867 decisions involving attempts under state law to tax Indian lands in Kansas. *The Kansas Indians*.²⁸ and New York. *The New York Indians*.²⁹ The Supreme Court decided against the validity of the taxes on the principles of *Worcester v.*

Georgia.³⁰ that the Indians remained under their tribal governments and that federal protection excluded state laws despite the changes since *Worcester*.³¹

In *The Kansas Indians*, the affected Kansas counties argued state law should apply because the Indians were no longer separate: the allotment of lands to individual Indians and the sale of Indian "surplus" lands had integrated the Indians with the whites, and the Indians who took allotments had become citizens of Kansas and enjoyed many rights under state law.³² The Court rejected these arguments, announcing principles that continue to have validity:

If the tribal organization of the Shawnees is preserved intact, and recognized by the political department of the government as existing, then they are a "people distinct from others," capable of making treaties, separated from the jurisdiction of Kansas, and to be governed exclusively by the government of the Union. If under the control of Congress, from necessity there can be no divided authority. . . . This people have their own customs and laws by which they are governed. Because some of those customs have been abandoned, owing to the proximity of their white neighbors, may be an evidence of the superior influence of our race, but does not tend to prove that their tribal organization is not preserved. . . . Conferring rights and privileges on these Indians cannot affect their situation, which can only be changed by treaty stipulation, or a voluntary abandonment of their tribal organization. . . . Their property is withdrawn from the operation of State laws.³³

Chapter 5 Sec B2

There are instances when the reservation of economic resources to tribes has had significant effects outside of lands reserved for tribal residence. Some treaties and agreements expressly reserved hunting and fishing rights outside reservation boundaries.⁶² These rights include reserved implied easements across other lands to allow exercise of reserved rights⁶³ and restrictions on competing uses of the resource.⁶⁴ In the arid West, the reservations are construed to include sufficient appurtenant waters to make the reservation land usable for farming and other purposes.⁶⁵ This imposes a servitude on off-reservation claims for the same sources of water.⁶⁶

The federal purpose to reserve to tribes the means of self-support preempts state laws which would limit or interfere with the Indians' exercise and enjoyment of their means of livelihood.⁶⁷ Included are state laws regulating or taxing Indians and their resources,⁶⁸ and those granting and governing competing private property rights.⁶⁹

Other federal statutes preempt state laws in particular fields, and a number of these have been held to have broad preemptive scope to carry out congressional purposes. Included are laws controlling the use, alienation, taxation, and regulation of Indian property;⁷⁰ controlling trade with Indians in

PARKER v. WINSOR.

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VIRGIL W. PARKER, County Treasurer, and others

vs.

HENRY M. WINSOR.

January, 1870.

INDIAN LANDS: TAXATION OF. Under the Kickapoo treaty of 1862, which provides that all lands sold under the provisions of article 6 of said treaty, shall be forfeited to the government if not fully paid for in accordance with the provisions of said treaty, and which also provides that "none of said lands shall be subject to taxation until the patents have been issued therefor;" after said land has been sold to the Atchison & Pike's Peak Railroad Company, now known as the Central Branch Union Pacific Railroad Company, and by them sold to an individual who has made valuable and lasting improvements thereon, but before said lands have been paid for and before the patents have been issued therefor, *held*, that neither said lands nor the improvements thereon are taxable.¹

Error from Atchison district court.

[*363] *The defendant in error was in possession of and had improved certain lands, which he had purchased of the Central Branch Union Pacific Railroad Company, who held under treaty with the Kickapoos of 1862, (13 U. S. St. 623,) the same being a part of the Kickapoo reserve, in Grasshopper township, Atchison county. The assessor of that township assessed \$400 as "personal property tax" for "homestead improvements" on said land, consisting of a dwelling, outhouses, fences, and lands "broken up"—this by virtue of the tax laws of the state. Gen. St. p. 1038, § 56. The lands had not yet been patented by the United States to the railroad company, nor to the defendant in error. The court below granted an injunction restraining the collection of the tax. The provisions of the treaty, under which it is claimed the lands and improvements were exempted from taxation, and other facts, appear in the opinion.

P. L. Hubbard, for plaintiff in error.

[*364] *To exempt these lands from taxation after a *bona fide* sale, although the patent has not been issued, but after they have become a part of the state of Kansas, is clearly beyond the authority of the United States, and in direct conflict with the rights of a state

¹ Referred to Douglas Co. v. U. P. Ry. Co., *post*, *625; Hudson v. Atchison Co. 12 Kan. 148; McMahon v. Welsh, 11 Kan. 292; Wood v. M. K. & T. Ry. Co. Id. 345; C. B. R. Co. v. Wilcox, 14 Kan. 298; Chase Co. v. Shipman, Id. 537. This case distinguished, and lands belonging to the agricultural college, which, since the law of 1871 have been sold under a time contract, (part of the purchase money being paid,) are, before any right of forfeiture accrues, subject to taxation. Dickinson Co. v. Baldwin, 29 Kan. 533.

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which have always been recognized by the courts heretofore. In this case defendant in error claims that the general government has the right to exempt said lands from taxation until the patents issued therefor, and that improvements erected thereon are a part of the realty, and as such are exempt from the payment of taxes; that the courts of common law have generally regarded improvements, such as houses, barns, etc., as a part of the real property, is conceded; but that the legislature has not the right to change the common-law rule and tax said improvements as personal property is denied. There was error in the order of the judge in granting the temporary injunction, because it is not for every threatened violation of the legal rights of a party that a court of equity will interpose its remedy of injunction. Kellogg v. Ely, 15 Ohio St. 66; Blake v. Brooklyn, 26 Barb. 301. Courts of equity ought not, except on the clearest grounds, to interfere with the speedy collection of public taxes. 23 Conn. 232. Courts will not interfere by injunction to prevent the sale of personal property for non-payment of taxes. Ill. Inj. 335. The distinction between taxes on personal property and on real estate is obvious. In one case a cloud is about to be drawn over a land title and the court interferes to prevent it. In the other a legal remedy is full and complete, and no reason exists for the interposition of equity. Lockwood v. St. Louis, 24 Mo. 20. In the

present case the order was granted to restrain the collection [*365] of taxes upon personal property of *defendant in error. If the assessment could be considered a nullity, conferring no authority to sell the personal property of the defendant in error, the remedy would be to sue the officer for the trespass and disregard the pretended title of purchase. Deon v. Todd, 22 Mo. 91. The unlawful collection of a tax is a mere trespass, not to be enjoined without allegation and proof of irreparable injury therefor. 24 Mo. 20, *supra*; 2 U. S. Eq. Dig. 529; Canal Co. v. Railroad Co. 4 Gill, & J. 1; Bank of Utica v. Utica, 4 Paige, 399.

Otis & Glick, for defendant in error.

VALENTINE, J. In this case the judge of the court below granted a temporary injunction to restrain the defendants in the court below (the plaintiffs in this court) from collecting certain taxes levied upon the improvements, on a certain piece of land, which was once a part of the Kickapoo reserve. In 1862 the Kickapoo Indians, by a treaty with the United States, (see 13 U. S. St. at Large, 623,) provided for the sale of all their "surplus" land in said reserve to the Atchison & Pike's Peak Railroad Company, now known as the Central Branch Union Pacific Railroad Company. On the seventh day of September, A. D. 1865, said railroad company, in accordance with the provisions of said treaty, purchased said surplus land on a credit of six years. The purchase money has not yet been paid for the same, and neither have the patents been issued therefor. Winsor, who was the plaintiff in the court below, but is defendant in this court, purchased his said land from the railroad company, it being a part of said surplus land, and has made valua-

ble and lasting improvements thereon. These improvements have been *taxed, and the injunction in this case was issued to restrain the collection of said tax. If the tax is illegal, injunction is no doubt a proper remedy. Civil Code 1868, § 253, (Gen. St. 677.) It is authorized by statute, and therefore it makes no difference what the law would be in the absence of the statute; and for this reason the authorities cited by counsel for plaintiffs in error upon this point are not applicable. Hence, the only question for us to consider is whether the tax is illegal or not; and, in fact, the only question of importance in the case is whether the property under consideration is subject to taxation, for no question is raised upon the regularity of the assessment and levy of the tax, except that it was taxed as "homestead improvements," while in fact it is not that kind of property. But even this irregularity is not pressed here.

We will first consider whether the land itself, upon which these improvements exist, is taxable; and involved in this question are questions of the gravest importance and of the greatest magnitude. Involved in this question are the questions of the power of the United States to make treaties with the Indians, and the nature, extent, and limitations of such power; and also the nature, extent, and limitations of the power of the state of Kansas to tax all property within its borders. That taxation is a necessary incident of sovereignty will be readily admitted; that the state of Kansas is a sovereignty, limited only by the constitution of the United States and the laws and treaties legally made thereunder, will be equally admitted; and therefore that the state of Kansas has a right to tax all property within its borders unless prohibited by the con-

[*367] stitution of the United States, or some *law or treaty legally made thereunder, necessarily follows. The question then is whether any such prohibition exists. No one will claim that the state of Kansas can tax the property of the United States. Subdivision 6, § 3, Act Admis. Joint Res. Kan. Leg. (Gen. St. 71.) And we suppose it is now settled by the supreme court of the United States that the state of Kansas cannot tax Indian lands, although held by the Indians in severalty, and under patents from the United States, so long as said Indians keep up their tribal organizations. The Kansas Indians, 5 Wall. 737, overruling the cases of Blue Jacket and Wan-zop-pe-che, 3 Kan. 299, 364. In fact, it is settled in the Blue Jacket Case, 5 Wall. 756, that "Kansas accepted her admission into the family of states on condition that the Indian rights should remain unimpaired, and the general government at liberty to make any regulation respecting them, their lands, property, or other rights, which it would have been competent to make if Kansas had not been admitted into the Union." See, also, Kan. Terr. Org. Act, § 19, and Act of Admiss. § 1. It would seem from these two acts that no rights that the Indians possessed before the state of Kansas was admitted into the Union, or before the territory of Kansas was organized, can be impaired, "so long as such rights shall remain unextinguished by treaty between the United States and such Indians."

It may seem to border very closely upon the ludicrous, if not upon

the ridiculous, to see the government of the United States gravely treating with a few half-naked, half-starved savages, as though these savages were a great nation, and then *have it seriously claimed that the treaty, thus made, is a part of the supreme law of the land, paramount to any act of congress, or to any constitution or law of any one of the states; and yet no one at this day will question the power of the government or the validity of the treaty. But a graver question arises when it is claimed that the president and the senate of the United States, by such a treaty, without the consent of the house of representatives, may dispose of the entire public domain of the nation, held or occupied by Indian tribes, giving said public domain to a few railroad companies; and yet we do not consider that we are at liberty, at the present day, to question even this power. We are aware that some of the ablest and most eminent lawyers and statesmen of the nation still contend that, under the federal constitution, the president and senate do not possess any such power. But from the fact that such power has been assumed on the one side for many years; from the fact that such power has been acquiesced in on the other side for the same length of time; from the fact that vast pecuniary rights have accrued under the belief that such power exists, which pecuniary rights must necessarily be disturbed and divested if a different doctrine should now be held; and from the fact that even our own courts have recognized such power to exist, (Summers v. Spybuck, 1 Kan. 374; Walker v. Armstrong, 2 Kan. 198, 224, 225,) we do not feel that we are at liberty to consider the question as still an open one. If such power is to be questioned; if the vast pecuniary rights that have accrued under the exercise of such power are to be shaken or disturbed, we will not be the court to do it. If this question is not already settled we prefer to leave it to the highest tribunal of this nation to settle,—to the supreme court of [*369] the *United States,—and particularly so as we think we can decide the case without deciding this question.

If, however, we could decide that such power does not exist, we would relieve ourselves from the trouble of any further investigation of this case. If the public lands of the United States, held and occupied by Indian tribes, cannot be sold to railroad companies by means of a treaty alone, (subdivision 2, § 2, art. 2, U. S. Const.) if it requires an act of congress to dispose of such public lands, (subdivision 2, § 3, art. 4, U. S. Const.) then, of course, the land in controversy cannot be taxed by the state, for the title to the same must still remain in the United States; and the attempted sale to the railroad company, by virtue of the said Kickapoo treaty, must necessarily be a nullity. But supposing the treaty and the sale made under it to be valid, then, is the land taxable? The treaty provides (13 U. S. St. at Large, p. 626, art. 6) that "none of said lands shall be subject to taxation until the patents have been issued therefor." And hence those who claim that the lands are taxable, notwithstanding the treaty, must claim that this portion of the treaty is a nullity; that it is unconstitutional and void; and that the government had no power to make it. But why any one should claim any

such thing, we are unable to comprehend. No decision, or even intimation, of any court that we are aware of sustains such a claim; and we are not aware that taxes have ever been levied on any such lands,—that is, on lands that have not been paid for nor patented, and that are liable to be forfeited back to the United States, and that are exempted from taxation by the United States until the patents shall be issued. Even in the case at bar the tax is not intended to be levied on the land itself, but only on the improvements. The authorities of Atchison county themselves seem to admit that the land is not taxable, or they would have taxed the land with the improvements, instead of taxing the improvements alone.

The supreme court of this state, in the case of *Miami Co. v. Wanzon-peche*, 3 Kan. 364, seem to have recognized the power of the United States by treaty to exempt such lands from taxation. The treaty with the Miami Indians, executed January 15, 1854, (10 U. S. St. at Large, p. 1094, art. 2.) provides that "the lands patented [to said Miami] shall not be liable to levy, sale, execution, or forfeiture." The treaty with the Wyandottes, executed January 31, 1855, (10 U. S. St. at Large, p. 1161, art. 4.) provides that "none of the lands to be thus assigned and patented to the Wyandottes shall be subject to taxation for a period of five years from and after the organization of a state government over the territory where they reside, and those of the incompetent classes shall not be aliened or leased for a longer period than two years, and shall be exempt from levy, sale, or forfeiture, until otherwise provided by state legislation, with the assent of congress." The treaty with the Chippewas, executed February 22, 1855, (10 U. S. St. at Large, p. 1167, art. 2.) provides that "said tracts to be exempted from taxation, levy, sale, or forfeiture." And the treaty with the Winnebagoes, executed February 24, 1855, (10 U. S. St. at Large, p. 1173, art. 4.) provides that "said tracts to be exempt from taxation, levy, sale, or forfeiture, until otherwise provided by the legislature of the state in which they may be situated, with the assent of congress."

Chief Justice Crozier, who delivered the opinion of the court in the *Blue Jacket Case*, (8 Kan. 368,) comments upon all these treaties.

He enters into an elaborate argument to prove that the words ["371] "levy, sale, *and forfeiture," as used in the Miami treaty, do not mean respectively a levy of taxes, a sale for taxes, or a forfeiture for taxes; but nowhere does it seem to have occurred to him that the government had no power to make such a treaty, or to exempt such lands from taxation; indeed, he seems to admit that the government has just such power. This case afterwards was taken to the supreme court of the United States,—The *Kansas Indians*, (in the case of the *Miamis*,) 5 Wall. 759,—and that court went further than the supreme court of Kansas did, not only holding that the government of the United States, by treaty, had the power to exempt such lands from taxation, but that it had actually done so; holding that the words "levy" and "sale," as there used, had a broader signification than that given to them by the supreme court of Kansas; holding that these words mean respectively a levy of

taxes and a sale for taxes, as well as a levy of an execution and a sale on execution, thereby overruling the decision of the supreme court of Kansas in this respect.

The legislature and the executive departments of this state have also recognized the power of the federal government, by treaty, to exempt such lands from taxation. By an act approved by the governor, February 10, 1864, the legislature enacted as follows:

"Section 1. That whereas the congress (president and senate) of the United States, by treaty with the Wyandotte Indians, approved March 1, 1855, exempted all the lands on the Wyandotte reserve from taxation for a period of five years from and after the organization of a state government over the territory where they reside; therefore,—

"Sec. 2. That the state auditor is hereby authorized and instructed to credit Wyandotte county with the amount of taxes charged [*372] against said county, on all of *the lands on the Wyandotte reserve, as soon as the county commissioners of said county shall furnish the state treasurer with an accurate statement of the number of acres contained in said reserve, and assessed in 1861, the same being exempt from taxation as aforesaid."

The supreme court of the United States have decided, in the case of *Irvine v. Marshall*, 20 How. 558, that "the United States, being the owner of the public lands within the states and territories, have the right to say to whom, in what mode, and by what title, they shall be conveyed;" and "the control, enjoyment, and disposal by the United States of their own property is independent of the locality of such property, whether it be situated in a state or territory;" and that "the rights, duties and powers of the United States can in no wise be influenced by an inferior and subordinate authority." And congress have enacted, (subdivision 5, § 3, Act Adm.) and Kansas has ordained,—*Joint Res. Leg. (Gen. St. 71.)*—by an ordinance, *irrevocable* without the consent of the United States, "that this state shall never interfere with the primary disposal of the soil within the same by the United States, or with any regulation congress may find necessary for securing the title to said soil to *bona fide* purchasers thereof; and no tax shall be imposed on lands belonging to the United States."

It will be readily admitted that the Kickapoo Indians had the legal power to hold their lands forever, without said lands becoming liable to taxation. It will also be admitted that the United States had the power, with the consent of the Indians, to purchase this land, and then hold it forever, without its becoming liable to be taxed; and we think it ought also to be admitted that so [*373] long as *the Indians or the United States, or both jointly, hold the legal and equitable title to the land, that it is exempt from taxation, although there may be a contract between the United States, the Indians, and some individual or corporation that the United States shall convey this land to such individual or corporation at some future time, provided certain things shall be done before that time. It is probably true that when the legal title to the land passes, by patent, from the United States to an individual,

the land becomes taxable, although, by some law, the individual may be liable to forfeit it back to the government by a failure to perform some act on his part required by law or the terms of the contract. It is also probably true that when the equitable title passes from the United States to an individual, the land becomes taxable, although the patent may not yet have been issued. But in this case neither the legal nor equitable title has passed. The legal title has not passed, because the patent has not yet been issued, and the equitable title has not passed, because it has not yet been paid for, and because it is clearly the intention of the parties, as indicated in the treaty, that such title shall not pass until the land is fully paid for. It is true that the purchaser has a contingent or conditional equity in the land; but here, where we use the words "equitable title," we mean the entire, absolute, and unconditional equities, leaving nothing in the United States but the mere naked, legal title, without any equities. It cannot be said that a party has a complete, equitable estate as long as he is in danger of forfeiting the same. Article 6 of the treaty provides that "in case said railroad company shall fail to complete either section of said railroad in a good and efficient manner, or shall fail to pay the whole [*374] of the purchase money for said lands within the *time herein prescribed, or shall fail to pay all or any part of the interest upon the same each year, as aforesaid, within 30 days from the date when such payment of interest shall fall due, then the contract or purchase shall be deemed and held absolutely null and void, and shall cease to be binding on either of the parties hereto, and said company or its assigns shall forfeit all payments of principal and interest made on such purchase, and all right and title, legal and equitable, of any kind whatsoever, in and to all and every part of said lands, which shall not have been, before the date of such forfeiture, earned and paid for, pursuant to the provisions of this treaty."

If we consider that the land is not taxable, the next question is whether the improvements made thereon are taxable. Said improvements consist of a dwelling-house, a barn, out-buildings, fences, and a portion of the soil is "broken up." That these improvements are at common law a part of the real estate, no lawyer will deny; it is so conceded by counsel for plaintiffs in error. But it is claimed that the legislature have changed the common law, and converted these improvements into personal property. The statute, however, does not attempt to do any such thing. The section under which it is claimed that this is done, if done at all, (section 56, Gen. St. p. 1038,) provides that certain improvements—and the section is broad enough to include these improvements—shall be "taxed as personal property;" that is, it shall be taxed in the same manner that personal property is taxed. It does not mean that the improvements shall be personal property. Section 2 of the same act (Gen. St. 1019) provides that "the terms 'real property,' 'real estate,' and 'land,' when used in this act, shall include not [*375] only the land itself, but *all buildings, fixtures, improvements, mines, minerals, quarries, mineral springs, and wells

—rights and privileges appertaining thereto." From this section we think it is clear that the legislature themselves understand this class of improvements to be "real property," "real estate," "land." But is it possible for the legislature to change real estate into personal property? Is it possible for them to do a thing indirectly which they cannot do directly? If they can change one portion of real estate into personal property, they could change the whole of it into personal property; they could change the entire public domain of the nation within the boundaries of Kansas into personal property, and then tax it. It is true that they may so change the names of things, that all their own acts concerning such things shall be construed with reference to such new names, but the property or thing whose name is changed remains the same, and the legislature has no more and no less control over it after the change than before. With all these difficulties in the way, will it be contended that these lands, or the improvements thereon, can be incumbered with a tax? that these lands or the improvements can be sold for taxes? that a tax lien may attach to them, so as to injure their resale, provided they are forfeited back to the government? that a tax title can be obtained to them, so as to divest the government of its title? so that the government cannot convey title to its purchasers, when it executes the patents, free from all incumbrances. We are satisfied that this class of improvements is not taxable, and therefore that the order of the judge of the court below, granting the temporary injunction, must be affirmed.

SAFFORD, J., concurring.

TESTIMONY OF CAROL W. CHRISTENSEN
IN OPPOSITION TO
SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 1608

Chairman Graeber and other members of the House Committee on Federal and State Affairs, I appreciate the opportunity I have to address you now concerning the Substitute for Senate Concurrent Resolution No. 1608.

I am Carol W. Christensen of Topeka. I have degrees and training both in teaching and librarianship but am currently a homemaker, mother of seven children, and active community volunteer.

I speak to you today in opposition to Substitute for SCR No. 1608.

Many arguments can--and undoubtedly will--be made during this hearing about the economic blessings and curses associated with casino gambling. I will leave most of that discussion to others who will testify today. However, I would like to pose several economic-related questions about casinos for you to consider:

1. As quoted in The Topeka Capital-Journal of September 25, 1991 (p. 8-A), "Two former state economists said casino gambling will enhance economic development in Kansas only if most of the gamblers come from out of state." Other economists I read about agreed.

Questions: Where do you think most of the people who would gamble in Kansas casinos would come from? Would flocks of out-of-state gamblers REALLY come to Kansas? Or would casinos primarily attract Kansans, who would substitute spending on gambling for spending on other goods, services, or entertainment? Would casinos bring new money into the state or just redistribute Kansans' money, hurting "Main Street" Kansas businesses in the process, while thickly lining the pockets of casino owners and operators?

2. Legalizing gambling as a means to increase state revenues has been described by many as a "short-term fix." John Naisbitt's "Trend Letter" of February 18, 1993, said, "For the most part, the question of gambling's long-term viability is obscured by its short-term success in filling government coffers, anchoring employment and boosting tourism." (p. 6) But, "beyond its meteor-like ascent, however, legalized gambling's lasting power appears uncertain." (p. 7) Wouldn't it be better to find a long-lasting solution to the state's revenues needs, rather than tie into something that could be temporary?

My main concerns and objections to casino gambling and Substitute for SCR No. 1608 are to its social and moral ramifications.

Dr. Durand Jacobs, a psychologist who was done extensive research on compulsive and underage gamblers, said, "If [states] were building a dam, state authorities would do an environmental study to see who might be harmed by it. They would take steps to guarantee that no further damage would be done to high risk groups. To my knowledge, no gambling impact studies have been done on a state level." (Kathleen Bruner, "High Stakes: The

F&SA
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Atch #9

Number of Teen Gamblers in the United States is Rising at an Alarming Rate," EmployeeAssistance, May 1989, p. 29.)

Have you thought about what kind of social and moral impact casinos would have on Kansas?

I will let others deal with the issue of gambling and crime--both street crime and organized crime. I will just say that I have read many research articles about the increase in crime that follows the legalization of casinos and other forms of gambling.

I am greatly concerned about the problem of compulsive gamblers, a problem that would only be worsened by legalizing casinos. The Council on Compulsive Gambling of New Jersey, Inc. estimates that 12 million people in the United States are compulsive gamblers. Their average gambling debt is a staggering \$43,158! 17% attempt suicide. 85% steal to pay off gambling debts. 96% began gambling before age 14. (Peggy Stuart, "The Hidden Addiction," Personnel Journal, November 1991, p. 108.) Gambling experts estimate that 4-20 additional people--especially family members and employers--are adversely affected by the compulsive gambler. (Stuart, p.103.)

Valerie Lorenz, executive director of the Compulsive Gambling Center, says local governments that legalize gambling have created a public health problem. ("Children Need Protection," editorial, Topeka Capital-Journal, January 14, 1994, p. 4-A.) Does Kansas need casinos, which will bring such problems and misery to more individuals and families?

Teenagers are especially susceptible to the allure of gambling. Dr. Durand Jacobs says the rate of problem gambling among youths who gamble is at least 10 percent, twice that of adults. ("Gambling by Youths Compulsive," Topeka Capital-Journal, January 9, 1994, p. 4-A.)

Dr. Jacobs, cited in an article from EmployeeAssistance (Bruner, "High Stakes," May 1989, p. 29) said the gaming industry has largely ignored the problems of teen gamblers. The article went on to say, "Atlantic City's 12 casinos refused to admit 200,000 minors in 1987, and officials reportedly ushered an additional 35,000 minors off the casino floor, according to a recent New York Times article. Even so, those numbers are small compared to the numbers of minors who do manage to slip past authorities." (Bruner, p. 29.) Would Kansas casinos be any more successful in keeping underaged gamblers out? Does our state need casinos and the harm it will cause many of our youth?

What moral impact would the legalization of casinos have in Kansas? Casinos and gambling in general promote the philosophy of something for nothing, which in turn undermines the important values of work, industry, thrift, service to others, and education. Gambling encourages greed. Governments that legalize gambling in any form exploit the weaknesses of their citizens.

I realize that some well-intentioned people see the legalization of casinos as a way to boost the state government's revenues. But there is much more at stake with Substitute for SCR No. 1608. The biggest winners from casinos are casino owners and operators. Casinos will bring suffering for many individuals and families and a further deterioration of the moral environment of Kansas.

I urge you to vote against Substitute for Senate Concurrent Resolution No. 1608. Thank you.

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**TESTIMONY BEFORE THE
HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE**

regarding

**SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION
NO. 1608**

By

*Patrick E. Martin
Active Member of Stand Up For Kansas*

1] INTRODUCTION:

Good afternoon ladies and gentlemen of the House Federal and State Affairs Committee. I am Patrick Martin and for the record my address is 7627 E. 37th N.#2507, Wichita, Kansas. As a concerned citizen of Kansas, I thank you for the opportunity to speak about the majority opinion of Kansas voters on the issue of casino gambling in our state.

2] BACKGROUND:

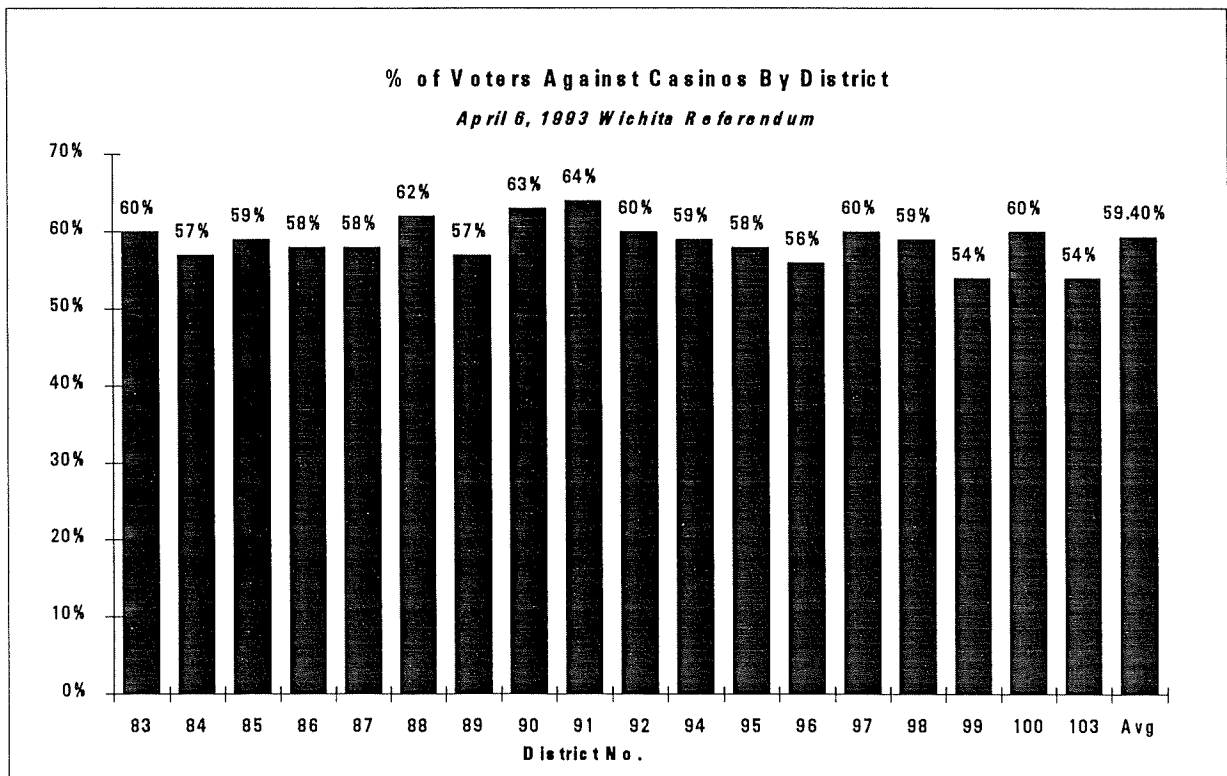
In August of 1992, the Wichita City Council selected a developer for downtown that proposed a casino by the river. As a result, concerned citizens from all walks of life formed a coalition called STAND UP FOR WICHITA to oppose these plans. The members organized a petition drive to force a referendum on the issue of casino gambling. This was the first indication that gambling is not wanted in Kansas. *Nearly 20,000 signatures* were collected in only 10 weeks. This was 49% more than what was necessary to require a referendum. Many business owners and community leaders were involved in STAND UP FOR WICHITA's efforts. They knew what an economic disaster casinos would be for themselves, for Wichita, and for Kansas.

F-LSA
3-9-94
Atch #10

3] APRIL 6, 1993 CITY-WIDE REFERENDUM:

On April 6, 1993, voters of the City of Wichita sent the signal that they didn't want casino gambling in their community. *Of the 63,000+ voters, over 37,000 (nearly 60 %) voted against casinos.* This is an overwhelming victory by any political standard. Even more remarkable, a majority of voters struck down the referendum in *ALL 18 districts.* This indicates that in every area of the city regardless of economic status, race, religion or other affiliation, voters agreed.

The graph below clearly demonstrates the opposition to casinos in this area. As you can see, the casino option was soundly defeated in each district. Sixteen of the eighteen districts defeated the casinos by over 55%, with the average defeat being nearly 60%. *The people you represent DO NOT want casinos.*



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4] BEYOND WICHITA:

STAND UP FOR KANSAS was formed after the Wichita victory of April 6. The results in Wichita hold true for other Kansas communities as well. In Park City, a grass-roots petition drive was so successful that the city council voted 5-0 not to allow casinos in the city limits.

In Sedgwick county, when would-be voters were approached about signing a petition against casino gambling, approximately 70% signed.

5] CONCLUSION:

It is my hope today that as representatives, you will hear what your constituents are saying. Kansas taxpayers do not want the burden of casinos on their backs.

Thank you for your consideration on this matter. I urge you to vote "NO" on Resolution 1608.

HOUSE OF REPRESENTATIVES
STATE OF KANSAS

REPRESENTATIVE, 26TH DISTRICT
JOHNSON COUNTY
1451 ORLEANS DRIVE
OLATHE, KANSAS 66062
HOME (913) 764-0457
WORK (913) 677-1717

STATE CAPITOL, ROOM 381-W
TOPEKA, KANSAS 66612-1504
(913) 296-7662



TOPEKA

COMMITTEE ASSIGNMENTS
CALENDAR AND PRINTING, CHAIRMAN
INTERSTATE COOPERATION
LEGISLATIVE COORDINATING COUNCIL

VINCENT K. SNOWBARGER
MAJORITY LEADER

TESTIMONY BEFORE
THE HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

MARCH 9, 1994

Sub. SCR 1608

Rather than appear before the committee on this proposal, I am submitting some written questions that I feel the legislature should have answers to prior to recommending increased gambling in Kansas. Those who have proposed casinos in Kansas have surely done the research necessary to provide the answers.

ECONOMIC IMPACT

1. What impact will casinos at racetracks have on revenues to the Kansas Lottery and the resulting income to the State?
2. What impact will casinos at racetracks have on revenues generated by parimutuel and simulcast betting? What will the impact be on State tax revenues from these sources? What will be the impact on charitable contributions from these sources?
3. Presuming this proposal is to compete with Missouri riverboat gambling, who do the proponents suggest that they will be marketing to? In other words, what is the demographic make-up - age, geographic, etc. - of their proposed market? What percentage of their gamblers will come from out-of-state? How many of their gamblers will come from Kansas? How much of the gambling revenue will come from Kansas and how much from out-of-state? What statistics do they have to prove their predictions?
4. If casino gambling has an adverse impact on the racing operations, what impact will that have on the racing industry, horse breeding, dog breeding, veterinary profession, etc. that have developed around our tracks?

5. Can the proponents assure us that the lottery and racing gambling in Kansas will not be "cannibalized" to support the casino operations?
6. Presuming that Missouri voters approve riverboat gambling this spring and understanding the development time required for a "world-class," destination resort-type of casino that is being promoted, riverboat gambling will be in operation long before land-based casinos. Given that scenario, will these land-based casinos be able to compete with the casinos already in operation? Won't this fact narrow the available market share available for the proposed racetrack casinos? Won't this mean a greater percentage of the gamblers will indeed come from Kansas and reduce the percentage from out-of-state?
7. If dollars are spent on gambling by Kansas residents, doesn't that leave fewer dollars available to buy the goods and services currently offered by our business community? What will the impact be on other areas of the Kansas economy?
8. When officials from the Mirage were lobbying for this effort last year, a Senator was told that the true economic life of a land-based casino operation like the one they envisioned was about 5 to 8 years. What will the impact on the Kansas economy be if these casinos leave after they have made back their investment and massive profits? What will happen to the employees of these casinos? What industry will be in place to hire those unemployed workers? Who will pay for the remaining debt on infrastructure? What will happen to those government units, both local and state, which will have to be expanded to service the needs and consequences of this industry?
9. What does their research indicate will be the impact on borrowing of money and default rates on loans?

SECURITY

While we may argue over the extent of increased crime rates, the threat of organized crime, etc., it is clear that there will have to be increased security and background investigations to assure the cleanest games possible.

1. What commitment are the promoters willing to make both in terms of financial commitment and in terms of societal commitment to assure the legislature and the people of the State of Kansas that there will be no illegal gambling, no money laundering, no increase in other crimes such as robberies or prostitution, no increase in either the availability or use of illegal drugs or abuse of alcohol?
2. What security systems do they intend to use to prevent increased crime?

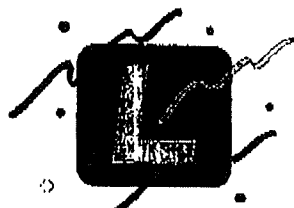
3. What increases in state and local law enforcement will be required to prevent increased crime? What will be the cost of that additional law enforcement?
4. What type of government oversight will be required? What background checks will be required? Will another gambling commission be required? What will all of this cost the state?
5. It is common knowledge that there is and has been organized crime activity in the Kansas City area. If organized crime was able to penetrate casino operations in Nevada, why should we believe that is impossible here?
6. What does their research show in terms of increased crimes such as embezzlement?
7. What plans do they have for assuring the safety of their customers and the surrounding neighborhoods?

SOCIAL COSTS

Even proponents acknowledge that there are social costs involved with casino gambling. It is commonly understood that gambling is an addictive behavior to some people.

1. How many gamblers from the State of Kansas will exhibit some level of addiction to gambling? Experts conservatively suggest that 2 - 4% of the population may become pathological gamblers. In Kansas that would be approximately 25,000 people. Experts further suggest that the cost of treatment is approximately \$50,000 each - or \$12.5 million. Who will bear the cost?
2. Will gambling be on a 24-hour basis? Will ATM's be available? Will alcohol be readily available?
3. What level of betting limits are they proposing? Will there be a cap on individual losses? Per day? Per year?
4. What does their research show in terms of the potential lost work-time our employers can expect?
5. What does their research show on the impact this will have on families?
6. Who will be responsible for the costs of providing financial assistance to families who are adversely impacted by gambling by a family member?
7. How do they propose to deal with compulsive gamblers? What programs will they put in place to prohibit compulsives from gambling in their establishments?

8. What programs do they intend to implement to protect vulnerable gaming populations from becoming addicted? How will they prevent teenage gambling? Will they refrain from encouraging regular gambling by senior citizens, or will they run daily shuttles to senior citizen homes as has been done elsewhere?
9. Do they intend to provide other entertainments which may draw teenagers to the complex such as music concerts? What will they do to discourage these teens from taking advantage of the full complex?

**Kansas Lottery.****Joan Finney**
Governor**Gregory P. Ziemak**
Executive Director

March 9, 1994

Representative Vincent Snowbarger
Statehouse, Room 381-W
Topeka, Kansas 66612

Dear Representative Snowbarger:

Pursuant to the meeting of the House Federal and State Affairs Committee on March 8, 1994, regarding House Concurrent Resolution No. 5038 and the committee's discussions concerning the language relating to games operated by the Kansas Lottery on or before January 1, 1994, I suggest the following language be included as indicated on the attached "ballooned" version of the resolution.

As I stated in the committee hearing, the Kansas Lottery would like to continue to be able to offer the citizens of Kansas entertaining and exciting games. The rapidly changing marketplace, in general, and lottery industry, in particular, make it difficult to predict the exact forms new games might take. However, I believe that the suggested language will enable the Lottery to remain current in the industry while not exceeding the authority envisioned for it in its originating legislation.

Please contact me if you or members of the Committee have any comments or questions regarding this matter.

Sincerely,

Gregory P. Ziemak
Executive Directorcc: Representative Clyde Graeber
Chairman, House Federal and State Affairs Committee

Attachment

House Concurrent Resolution No. 5038

By Representatives Snowbarger, Brown, Bryant, Crabb, Donovan, Farmer, Flower, Freeborn, Gatlin, Goossen, Hayzlett, Jennison, Kejr, Phill Kline, Lloyd, Lowther, Mead, Mollenkamp, Morrison, Myers, Neufeld, O'Connor, O'Neal, Pottoriff, Samuelson, Shore, M. Smith, Tomlinson, Wagle and E. Wells

2-8

12 A PROPOSITION to amend section 3c of article 15 of the constitution
13 of the state of Kansas,
14

15 *Be it resolved by the Legislature of the State of Kansas, two-thirds*
16 *of the members elected (or appointed) and qualified to the House*
17 *of Representatives and two-thirds of the members elected (or ap-*
18 *pointed) and qualified to the Senate concurring therein:*

19 Section 1. The following proposition to amend the constitution
20 of the state of Kansas shall be submitted to the qualified electors of
21 the state for their approval or rejection: Section 3c of article 15 of
22 the constitution of the state of Kansas is hereby amended to read
23 as follows:

24 "§ 3c. State-owned and operated lottery. Notwith-
25 standing the provisions of section 3 of article 15 of the
26 constitution of the state of Kansas, the legislature may
27 provide for a state-owned and operated lottery, except
28 that such state-owned lottery shall not be operated
29 after June 30, 1990, unless authorized to be op-
30 erated after such date by a concurrent resolution
31 approved by a majority of all of the members
32 elected (or appointed) and qualified of each house
33 and adopted in the 1990 regular session of the
34 legislature conduct or operate any game considered a
35 casino game and shall conduct only games of a type
36 actually operated by such state-owned lottery on or
37 before January 1, 1994. The state shall whenever pos-
38 sible provide the public information on the odds of
39 winning a prize or prizes in a lottery game."

40 Sec. 2. The following statement shall be printed on the ballot
41 with the amendment as a whole:

42 "Explanatory statement. This amendment would
43 limit the operation of games by the state-owned and

such as any form of instant lottery games, televised games and on-line games, including but not limited to games involving the selection and/or drawing of numbers, letters, symbols or words, and other games as defined by law, as well as drawings involving non-winning lottery tickets.

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operated lottery to the same types of games actually operated by the state on or before January 1, 1994, and would not permit casino gambling.

"A vote for this amendment would favor limiting the operation of the state-owned and operated lottery to games actually conducted by the lottery on or before January 1, 1994, and would specifically prohibit casino gambling.

"A vote against this amendment would provide no limitation on the definition of lottery which has been construed by the courts to permit all classes and types of gaming."

Sec. 3. This resolution, if approved by two-thirds of the members elected (or appointed) and qualified to the House of Representatives and two-thirds of the members elected (or appointed) and qualified to the Senate, shall be entered on the journals, together with the yeas and nays. The secretary of state shall cause this resolution to be published as provided by law and shall cause the proposed amendment to be submitted to the electors of the state at the general election in the year 1994 unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case it shall be submitted to the electors of the state at such special election.

such as any form of instant lottery games, televised games and on-line games, including but not limited to games involving the selection and/or drawing of numbers, letters, symbols or words, and other games as defined by law, as well as drawings involving non-winning lottery tickets,

such as any form of instant lottery games, televised games and on-line games, including but not limited to games involving the selection and/or drawing of numbers, letters, symbols or words, and other games as defined by law, as well as drawings involving non-winning lottery tickets,

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