

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE.

The meeting was called to order by Chairperson Senator Nancey Harrington at 10:30 a.m. on February 13, 2001 in Room 245-N of the Capitol.

All members were present.

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

Conferees appearing before the committee: Senator Chris Steineger
Dr. Jim Smart, President, KS Grayhound Association
Don Denney, Unified Government of Wyandott County,
Kansas City, KS
Dwayne Bird, President, KS Quarter Horse Racing
Association, Great Bend, KS
Cindy Cash, President, Kansas City, KS Chamber of
Commerce
Charles Yunker, American Legion

Others attending: See Attached List

Chairman Harrington opened the meeting by asking the committee for bill introductions.

Senator Barnett stated that he would like to introduce a bill for state public employee salary enhancements through a cigarette and tobacco tax.

Senator Teichman moved to introduce the bill. Senator Brungardt seconded the motion. The motion passed.

Senator Gilstrap stated that he wanted to introduce a bill for Kansas freedom of choice for long-term care services and support.

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

Senator Vratil made a motion to amend **HB 2038--Extension of the Kansas Lottery until 2008** to delete all but section one of the bill and to amend **SB 34** into **HB 2038**. Senator Brungardt seconded the motion. The motion to amend passed.

Senator Vratil made a motion to pass **HB 2038**, as amended, favorably to the entire Senate. Senator Brungardt seconded the motion. The motion passed.

Theresa Kiernan, Office of the Revisor of Statutes, then presented a brief explanation of **SB 156--Concerning racing and gaming; electronic gaming machines** to the committee. (Attachment 1). Staff also provided a memorandum entitled "State General Fund (SGF) Receipts July through January, FY 2001". (Attachment 2).

Chairman Harrington opened the hearing on:

SB 156--Concerning racing and gaming; electronic gaming machines

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

February 13, 2001

Chairman Harrington introduced Senator Chris Steineger, who presented testimony as a proponent of the bill. (Attachment 3). Senator Steineger presented a map of the United States in support of the bill, illustrating which states allowed which forms of gambling. (Attachment 4).

Senator Adkins presented a document from Legislative Post Audit concerning the budget dealing with **SB 156**. (Attachment 5).

Chairman Harrington opened the meeting for questions. Senator O'Connor stated that she had three questions for Senator Steineger. In response to her questions, Sen. Steineger stated that the telephone survey was based on 300-400 people, that he did not know what time of day it had been conducted, and that the term "informed decision" was one of the phrases among questions that were designed to be as neutral as possible.

Senator Barnett asked exactly how many dollars in Kansas were going toward gambling and where they filtered down. Senator Steineger stated that \$50 million a year could come from all three tracks, but that was a conservative figure because some say \$100 million in tax revenue to the state. He stated that the first \$25 million goes toward education technology and the rest goes to EDIF. In response to further questions from Senator Barnett, Senator Steineger stated that the gross revenue of the tracks was divided 70% to the track owners, 18% to the state, 2% to horse and dog groups, and the rest among others. He stated that the state of Kansas receives a percentage of the earnings, so it is not automatically guaranteed \$50 million.

Senator Barnett asked if Missouri spends more money on schools than Kansas, and Senator Steineger stated that the money in Kansas goes to a great variety of programs. In reply to Chairman Harrington, Senator Steineger also stated that Thoroughbred, Quarter Horse, Grayhound, and Kennel members had all come to agreement concerning **SB 156** over the past summer.

Charles Yunker, American Legion, presented testimony in opposition to **SB 156**. (Attachment 6).

Dr. Jim Smart, President, Kansas Grayhound Assn., presented testimony as a proponent of **SB 156**. (Attachment 7). In response to questions from Senator Barnett regarding a comment in his testimony about limited gambling dollars in Kansas, Dr. Smart stated that he did not know how many dollars were being spent in Kansas compared to other states.

Don Denny, Unified Government of Wyandott County/Kansas City, KS, presented testimony in favor of **SB 156**. (Attachment 8). Chairman Harrington asked Mr. Denny if he would want slots at other places, and Mr. Denny replied that he wanted them primarily at the Woodlands.

Dwayne Bird, Kansas Quarter Horse Racing Assn., presented testimony in favor of **SB 156**. (Attachment 9).

Cindy Cash, President, Kansas City, KS Chamber of Commerce, presented testimony in favor of **SB 156**. (Attachment 10).

Senator Gilstrap asked Mr. Denny if the people who would go to a Winston Cup race at the new NASCAR track would be Kansans or people from outside the state, and Mr. Denny replied that industry people said that 28% would be from within Kansas and the rest would be from outside the state.

Chairman Harrington asked for further questions, and there were none. She stated that the hearing on **SB 156** would be continued tomorrow.

The meeting adjourned at 11:45 a.m. The next meeting is scheduled for 10:30 a.m. on February 14, 2001.

**SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST**

DATE: February 13, 2001

NAME	REPRESENTING
George Barbee	GBBA
Ole Miller	Ruffin Co.
George Wingard	Ruffin Co
Robert Stotts	KOHRA
J. D. Mann	KOHRA & KTA
Dorothy A. Mann	KOHRA
Cynthia Cash	Kansas City Kansas Chamber of Com
Christy Caldwell	Topeka Chamber of Commerce
Jim Edwards	KCCI
Charles Yunker	The American Legion
Seth Bridge	Sen. Brungardt
Rebecca Rice	KS Clubs & Associates
Janne Burtin	Eureka Downs. KOHRA
Renée Jones	KS Quarter Horse Racing Assoc.
R. S. Jordan	Ks Thoroughbred Assoc.
Billie Jo Smart	KS Greyhound Mssn.
Alon Fisher	INDUSTRIAL CONTROL SOLUTIONS
STEVE NELSON	KS GREYHOUND ASSN
James H. Lantieri	KQF

**SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST**

DATE: February 13, 2001

NAME	REPRESENTING
Jim Cowden	KQHRA
Jim Cooper	KQHRA
Jim Cooper	KQHRA
T.C. Pursey	KQHRA
Mary Pursey	Ks Quarter Horse Racing Assoc.
Carol Bird	KQHRA
Dwayne Bird	KQHRA
John A. Sotterby	Woodlands
Paul Assmann	KTH
Jane DeRuyck	Leadership Leavenworth Training
Nathryn West	Leadership Leavenworth Training
Ed O'Malley	O.P. Chamber of Commerce
Robert Frazzetta	KGC.
Tim Johnson	Sen Hensley Staff
Judy Bromick	Sen. President Office
Jane Butnerford	Sen President's Office
R. Myers	Cup Journal
Janie Hale	Kickapoo Tribe Gaming Commission

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ASSISTANT REVISORS
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MARY ANN TORRENCE, ATTORNEY
WILLIAM L. EDDS, ATTORNEY
BRUCE W. KINZIE, ATTORNEY
THERESA M. KIERNAN, ATTORNEY
GORDON L. SELF, ATTORNEY
JILL A. WOLTERS, ATTORNEY
ROBERT J. NUGENT, ATTORNEY
MICHAEL K. CORRIGAN, ATTORNEY
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EDITING AND PUBLICATION
LEGISLATIVE INFORMATION SYSTEM

COMPUTER INFORMATION STAFF
RICHARD M. CHAMPNEY, B.S.

MEMORANDUM

TO: Senate Committee on Federal and State Affairs
FROM: Theresa Kiernan
RE: Senate Bill No. 156
DATE: February 13, 2001

Overview of 2001 SB 156

- Requires the executive director of the lottery to enter contracts with qualified parimutuel licensees for the operation and management of electronic gaming machines at racetracks. (Sec. 3)
- Voters of the county where the racetracks are located would have to approve the question of allowing electronic gaming machines. (Sec. 5)
- There would be oversight and regulation by both Lottery and Racing and Gaming Commission.
- The lottery would be the holder of the license for all software programs; the license is purchased by the lottery gaming machine operator. (Sec. 3(a))
- The lottery would approve the type of electronic gaming machines. (Sec. 3(g))
Progressive machines would be permitted. (Sec. 3)
- The Racing and Gaming Commission would be required to issue a certificate of authority for a machine before it may be used. (Sec. 3 (b))

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- Electronic gaming machines would have to pay out at least 87% of the amount wagered; be linked to a central communications system; and be on-line and in constant communication with a computer located in a commission office at the race track. (Sec. 3 (i))
- The requirements for live racing at the racetrack locations would be established. (Sec. 6)
- A state technologically literate work force development fund is established. Any amount in excess of \$25,000,000 in the fund is transferred to the economic development initiatives fund. (Sec. 7)
- A formula for the distribution of the net income from the electronic gaming machines is established. (Sec. 8)
- The Lottery and Racing and Gaming Commission would have the power to examine the books, papers and other documents, inspect machines and facilities to determine compliance with the act. (Sec. 4; Sec. 20)
- Any person providing electronic gaming equipment or services would have to be licensed by the Racing and Gaming Commission. (Sec. 22)
- All sales of electronic gaming machines games are exempt from state and local retailers' sales tax. (Sec. 19)
- No taxes, fees, charges, transfers or distributions, shall be made or levied against net machine income by local units of government, except as provided by the act. (Sec. 23)
- County home rule power is limited. (Sec. 25)
- Lottery is extended until July 1, 2012. (Sec. 26)

February 6, 2001

To: Legislative Budget Committee

State General Fund (SGF) Receipts July through January, FY 2001

This is the third month of experience under the revised estimate of SGF receipts in FY 2001 made by the Consensus Estimating Group on November 3, 2000. The figures in both the "Estimate" and "Actual" columns under FY 2001 on the following table include actual amounts received in July-October. Thus, this report deals mainly with the difference between estimated and actual receipts in November through January.

Total receipts through January of FY 2001 were \$47.6 million or 1.9 percent below the estimate.

Taxes falling below the estimate by more than \$1.0 million were corporation income (\$28.5 million), sales (\$20.7 million), estate (\$8.1 million), individual income (\$3.4 million), and insurance premiums (\$4.7 million). Last month's report noted that corporation income tax receipts had been affected materially by the processing of an extraordinary number of refunds in an effort to reduce a backlog. In January, this source continued to fall further behind the estimate.

Tax sources that exceeded the estimate by more than \$1.0 million were financial institutions privilege (\$1.5 million), compensating use (\$1.1 million), and severance (\$1.1 million).

Interest earnings and transfers to the SGF exceeded the estimate by \$2.6 million and \$17.0 million, respectively, while agency earnings fell below the estimate by \$3.6 million. Transfers to the SGF were enhanced by an \$18.2 million, sooner than anticipated, payment of tobacco settlement proceeds. The transfer had been expected in April 2001.

Total receipts through January of FY 2001 exceed those through January of FY 2000 by \$163.8 million or 7.0 percent.

This report excludes the January deposit of \$150.0 million due to issuance of a certificate of indebtedness. The certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-January, FY 2001
(dollar amounts in thousands)

	Actual FY 2000	FY 2001			Percent Increase-- FY 2001 Over	
		Estimate*	Actual	Difference	FY 2000	Estimate
Property Tax:						
Motor Carriers	\$ 10,751	\$ 10,600	\$ 10,925	\$ 325	1.6 %	3.1 %
Income Taxes:						
Individual	\$ 1,016,056	\$ 1,099,000	\$ 1,095,579	\$ (3,421)	7.8 %	(0.3) %
Corporation	114,969	130,000	101,494	(28,506)	(11.7)	(21.9)
Financial Inst.	11,047	11,650	13,194	1,544	19.4	13.3
Total	\$ 1,142,072	\$ 1,240,650	\$ 1,210,268	\$ (30,382)	6.0 %	(2.4) %
Estate Tax	\$ 43,331	\$ 30,500	\$ 22,378	\$ (8,122)	(48.4) %	(26.6) %
Excise Taxes:						
Retail Sales	\$ 860,685	\$ 869,000	\$ 848,262	\$ (20,738)	(1.4) %	(2.4) %
Comp. Use	118,089	132,000	133,084	1,084	12.7	0.8
Cigarette	29,099	29,500	28,733	(767)	(1.3)	(2.6)
Tobacco Prod.	2,189	2,500	2,410	(90)	10.1	(3.6)
Cereal Malt Bev.	1,440	1,520	1,451	(69)	0.7	(4.6)
Liquor Gallonage	8,741	9,200	8,689	(511)	(0.6)	(5.6)
Liquor Enforce.	19,713	21,010	20,844	(166)	5.7	(0.8)
Liquor Dr. Places	3,248	3,550	3,613	63	11.3	1.8
Corp. Franchise	6,644	7,150	6,732	(418)	1.3	(5.8)
Severance	29,700	49,200	50,269	1,069	69.3	2.2
Gas	22,744	41,100	42,427	1,327	86.5	3.2
Oil	6,956	8,100	7,842	(258)	12.7	(3.2)
Total	\$ 1,079,549	\$ 1,124,630	\$ 1,104,087	\$ (20,543)	2.3 %	(1.8) %
Other Taxes:						
Insurance Prem.	\$ 30,469	\$ 29,300	\$ 24,615	\$ (4,685)	(19.2) %	(16.0) %
Miscellaneous	585	850	694	(156)	18.7	(18.3)
Total	\$ 31,054	\$ 30,150	\$ 25,309	\$ (4,841)	(18.5) %	(16.1) %
Total Taxes	\$ 2,306,758	\$ 2,436,530	\$ 2,372,967	\$ (63,563)	2.9 %	(2.6) %
Other Revenue:						
Interest	\$ 47,128	\$ 50,400	\$ 53,015	\$ 2,615	12.5 %	5.2 %
Transfers (net) **	(44,676)	35,650	52,694	17,044	--	(47.8)
Agency Earnings and Misc.	33,050	31,000	27,351	(3,649)	(17.2)	(11.8)
Total	\$ 35,502	\$ 117,050	\$ 133,061	\$ 16,011	-- %	13.7 %
TOTAL RECEIPTS***	\$ 2,342,261	\$ 2,553,580	\$ 2,506,028	\$ (47,552)	7.0 %	(1.9) %

* Consensus estimate as of November 3, 2000.

** Estimates include transfers out attributable to Project 2000 of the Dept. of Revenue. Actual tax receipts from the Project cannot be separately identified.

***Does not include \$150.0 million to the SGF from issuance of a certificate of indebtedness.

NOTE: Details may not add to totals due to rounding.

Kansas Legislative Research Department

06-Feb-01

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TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

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- FINANCIAL INSTITUTIONS AND INSURANCE
- PUBLIC HEALTH AND WELFARE
- LEGISLATIVE POST AUDIT
- RULES AND REGULATIONS
- HEALTH CARE REFORM
- ARTS AND CULTURAL RESOURCES
- INFORMATION AND TECHNOLOGY
- SRS TRANSITION OVERSIGHT

LET THE PEOPLE DECIDE
ESTABLISH CONTROL
KEEP IT IN KANSAS

1) **HOW THE BILL WAS DESIGNED**

- * Lets the people decide
- * Input from Governor and Lt. Governor
- * Work-force Development Conference in Chicago
- * 1st \$25 Million goes for technology in schools
- * 2nd \$25 Million goes for E.D.I.F.
- * The breed group and track owners agree

2) **LET THE PEOPLE DECIDE**

- * 1986 Lottery vote - - - - - 63% In favor 37% opposed
- * 1986 Pari-mutual vote - - - - - 59% In favor 41% opposed
- * 2000 State wide poll- - - - - 59% In favor
- * 1998 3rd District poll- - - - - 65% In favor 27% opposed
- * Falling of the Berlin Wall - - - - - Kansans are more favorably disposed

3) **LIKE IT OR NOT, KANSANS ARE GAMING- - -BUT OTHERS TAKE OUR MONEY**

- * Missouri River boats take \geq \$52 Million from Kansans
- * Four (4) Indian casinos are unregulated, pay no taxes
- * Bus trips to Cripple Creek, CO., Deadwood, S. Dakota, and Missouri
- * Air flights from Wichita to Las Vegas
- * Keno available statewide
- * Lottery available statewide

4) **INDIANS AND OTHER STATES REVENUES**

- * Missouri- - - - - \$243 Million/anno
- * Iowa - - - - - \$214 Million + 76M/anno
- * Colorado - - - - - \$72 Million + 5M/anno
- * Indian Casinos in KS - - - - \$35-80 Million/anno

5) **SLOWING ECONOMY = DECLINING TAX REVENUE = PRESSURE ON BUDGET**

- * We need non-tax revenue
- * No new taxes but need to fund education
- * Let the people decide
- * Establish control of the situation
- * Keep it in Kansas

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MISSOURI GAMING TAX REVENUE—FY 2000

	<u>\$2 Per Head Admissions Fee</u>	<u>Host City Gaming Tax</u>	<u>State Gaming Tax</u>	<u>Total</u>
Riverside	\$ 4,164,937	\$ 1,877,509	\$ 16,897,578	\$ 22,940,024
Caruthersville	824,247	479,492	4,315,429	5,619,168
Maryland Heights	12,614,844	4,748,634	42,737,709	60,101,187
North Kansas City	7,157,650	3,507,866	31,570,792	42,236,308
Kansas City	13,282,949	5,032,126	45,289,130	63,604,205
St. Louis	3,878,234	1,208,346	10,875,111	15,961,691
St. Charles	5,442,377	2,261,788	20,356,091	28,060,256
St. Joseph	1,055,033	429,461	3,865,152	5,349,646
TOTAL	\$ 48,420,271	\$ 19,545,222	\$ 175,906,992	\$ 243,872,485

Source: Kansas Department of Revenue

Estimated Missouri Taxes Contributed by Kansans*				
	<u>\$2 Per Head Admissions Fee</u>	<u>Host City Gaming Tax</u>	<u>State Gaming Tax</u>	
Riverside	\$ 1,665,974	\$ 748,000	\$ 6,732,000	\$ 7,480,000
North Kansas City	2,863,060	1,320,000	12,600,000	13,920,000
Kansas City	5,313,180	2,000,000	18,000,000	20,000,000
TOTAL	\$ 9,842,214	\$ 4,068,000	\$ 37,732,000	\$ 51,242,214

* The estimate of Kansas dollars was prepared by Senator Chris Steineger and assumes that 40 percent of the adjusted gross receipts come from Kansas patrons. The 40 percent figure was suggested by *Kansas City Star* reporter, Rick Alm.

February 6, 2001

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Kansas Legislative Research Department

06-Feb-01

TESTIMONY IN OPPOSITION TO
SENATE BILL 156
SENATE FEDERAL AND STATE AFFAIRS
CHARLES M. YUNKER, DEPARTMENT ADJUTANT
KANSAS AMERICAN LEGION
FEBRUARY 12, 2001

Thank you for allowing me this opportunity to present testimony in opposition to Senate Bills 156. My name is Charles M. Yunker and I serve as Adjutant for the Kansas American Legion.

American Legion opposition to Senate Bill 156 is simple: It only provides for video gaming at horse and dog tracks which is unfair to those non profit religious, educational, fraternal and veterans organizations who rely on Bingo revenues to support their local community programs. When the horse and dog track promoters initially testified before the legislature they said theirs was an industry that would produce hundreds if not thousands of jobs and boasted of similar impacts on local economics. It didn't happen, at least not on the scale purported in their testimony. These same special interests returned with the same claims when seeking simulcasting as the savior of their industry while others continued to build another track knowing full well it was doomed for financial failure. These same groups have returned almost every year saying they will have to shut down if they do not get slot machines yet they are still around.

When horse and dog tracks first appeared in Kansas local Bingo games were devastated. It took several years to begin a rebounding process and thanks to Instant Bingo many non profit Bingo games have survived but more have failed due to competition from the casinos and river boats. Passage of Senate Bill 156 will ensure the end of Bingo in even

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more communities where profits are used locally to benefit local programs, or in some locations Bingo is conducted solely as a community service for the entertainment of elderly citizens.

American Legion opposition to Senate Bill 156 is not so much in opposition as requesting two amendments if in fact Kansas is going to permit video gaming.

We request that SB 156 be amended to include veterans and fraternal organizations who own or lease their own buildings on a full time basis, and have been in existence for a minimum of five years. We suggest that the number of machines permitted in our private club facilities be limited to a formula based upon each individual location's membership such as five machines per veterans or fraternal organization plus one machine per 50 members for the use of their members and their bonafide guests of a member as defined in the Alcoholic Beverage Control regulations, and within physical limitations as established by the Kansas Lottery Commission without requirements such as simulcasting horse and dog races.

We believe such limitations will avoid the establishment of "in name only" veterans and fraternal organizations facilities while permitting our organizations the opportunity to increase or maintain their charitable fund raising efforts which will benefit far more communities than just those with horse and dog tracks. We also ask that each entity sharing the profits of such gaming at veterans and fraternal organizations be equally assessed a fair percentage to help fund and

maintain the Kansas Veterans Cemetery System previously established by the Legislature. These cemeteries should not become an economic drain on the resources of the State of Kansas and the funding available to the Kansas Commission on Veterans Affairs budget.

Simply put if Kansas is to have electronic gaming machines we ask to be given the same opportunity as the select few provided for in Senate Bill 156. If Senate Bill 156 is made law without providing our organizations equal footing the negative impact on us will be far greater than that initially caused by the tracks, casinos and river boats.



TESTIMONY OF DR. JIM SMART
ON BEHALF OF THE
KANSAS GREYHOUND ASSOCIATION
BEFORE THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS
SENATE BILL NO. 156
FEBRUARY 13, 2001

Senator Harrington and Members of the Committee:

I am Dr. Jim Smart, and I am appearing today on behalf of the Kansas Greyhound Association (KGA) in support of Senate Bill No. 156. I am a veterinary by profession, and I currently serve as President of KGA and as a member of the Board of Directors of the National Greyhound Association. While I am not a kennel owner, I own greyhounds which race in Kansas.

Kansas is world famous for its greyhounds. This Kansas agri-business is so substantial that Abilene, Kansas is regarded as the Greyhound Capital; the National Greyhound Association is headquartered in

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Kansas; and the National Greyhound Hall of Fame is located in Abilene. Furthermore, with Camptown re-opening, Kansas will have three, premier racetrack facilities for racing greyhounds.

Notwithstanding all of these positives, greyhound racing in Kansas has been declining because of the well-documented financial impact that riverboat casinos in Missouri and Native American casinos in Kansas have had on parimutuel wagering at racetrack facilities. The decline has reached the point that, based on the latest annual statistics available (calendar year 1998), The Woodlands and Wichita Greyhound Park ranked 21st and 22nd, respectively, out of 47 racetracks in terms of the average purse paid per performance. The average purse paid per performance at the top track in the country, located at Lincoln, Rhode Island, was nearly 4 times the average purse per performance paid at either The Woodlands or Wichita Greyhound Park. Similar disparities exist between the Kansas racetrack facilities and the other top racetracks in the country.

It has now reached the point that Kansas can no longer boast of offering consistently high quality racing opportunities for greyhounds. The facilities are excellent, but the best racing animals in Kansas and from all over the country are racing in facilities in other states, because the purses at the Kansas racetrack facilities are no longer sufficient to attract these animals. I am advised that, of the kennels at The Woodlands and at the Wichita Greyhound Park, only a handful of them have been profitable the past few years. Many

kennel owners regard themselves as fortunate if they break even, because the purses offered at these facilities do not afford them the opportunity to recover the significant costs of breeding, training and racing greyhounds.

To reverse this trend, it is the KGA's position that purses offered at live greyhound races at parimutuel facilities in Kansas must be increased significantly, in order to be competitive with the racetrack facilities in other states that are consistently attracting the top greyhounds. KGA believes that SB 156 will initiate a reversal of this trend. The overriding purpose of this bill is to restore horse and dog racing at racetrack facilities in Kansas to the level it was prior to the advent of riverboat casinos in the neighboring state of Missouri and the Native American casinos in Kansas. Assuming that the projections as to the net machine income to be derived pursuant to SB 156 are correct, purses for live greyhound races will be supplemented to a level that potentially will enable one or more of the greyhound facilities in Kansas to be more competitive with the other tracks around the country.

I am aware that there are those who think SB 156 provides too much money for the breed groups. I must respectfully disagree. It must be remembered that legislative authorization for the operation of slot machines at racetrack facilities in Kansas is the means to an end, it is not the end itself. The end objective of SB 156 is the restoration of horse and dog racing in Kansas to their prior status. To

accomplish this purpose, KGA submits that significantly higher purses must be paid than are presently being awarded at the Kansas tracks. Higher purses will attract the better racing animals from Kansas and from across the country. This, in turn, generates increased patronage at the racetrack facilities, which creates larger parimutuel pools that also yield enhanced purses.

What level of purse supplements is required to be competitive with the top tracks? We have computed the differences in "per performance purses" between the top tracks elsewhere in the country and those paid at both The Woodlands and at Wichita Greyhound Park. The differences were then annualized by multiplying them by the number of annual performances at each track, and the total amounts produced were then expressed as percentages of the estimated machine income for each facility. Based on these computations, it appears that, if 8% of the net machine income were used to supplement purses at the three greyhound racetrack facilities, the racetracks in Kansas would attract the best greyhounds and, as a consequence, eventually be among the top tracks in the country.

While SB 156 will not provide that level of increase in the purses, we believe the legislation will move us in the right direction. Also, the additional purse supplements required in the bill for winners of races that are Kansas-whelped greyhounds is very important to our association and to Kansas kennel owners.

Equally as important to the KGA, this process also will produce increased revenues for the benefit of greyhounds and greyhound farms which breed, raise and train greyhounds. The Iowa experience serves to illustrate that this process likely will generate additional greyhound farms. Hopefully, passage of SB 156 will bring about the return to Kansas of greyhound farms which have presently relocated in Iowa to take advantage of purses at Iowa racetracks that are available only to Iowa-whelped greyhounds. The purse enhancements offered by SB 156 particularly those available only to Kansas-whelped greyhounds, can produce the same results in Kansas.

KGA believes that passage of this bill at this time is essential to preserving greyhound racing at parimutuel racetrack facilities in Kansas. KGA respectfully urges the Committee to recommend SB 156 favorable for passage.

Thank you for the opportunity of appearing before the Committee. I will be happy to respond to questions.



Unified Government of Wyandotte County/Kansas City, Kansas

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Kansas City, Kansas 66101-3064

Phone: (913) 573-5000
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February 13, 2001

Senator Nancey Harrington, Chair
and members of the Federal and State Affairs Committee

RE: Support of SB 156

Madam Chair and Committee Members:

I appear before you today on behalf of the Unified Government of Wyandotte County/Kansas City, Kansas and its Citizens. We strongly support SB 156 which provides the opportunity for the people of Wyandotte County to vote on the issue of State regulated electronic gaming machines at a parimutuel facility such as the Woodlands dual dog and horse racing tracks in Kansas City, Kansas. If approved by voters, the electronic gaming machines would draw people throughout the region to the Woodlands, and would further establish Kansas City, Kansas as an entertainment destination point joining attractions such as Kansas Speedway, Sandstone Amphitheatre, the Renaissance Festival, and a 400-acre retail and entertainment "Tourist District" near the Kansas Speedway.

The Woodlands, with electronic gaming machines, would also provide a new source of revenue for the State of Kansas and the Unified Government. It is estimated that the State of Kansas would receive \$50 million in new revenue if gaming if SB 156 is approved by voters in the three counties that have parimutuel facilities.

Thanks to the efforts of the Kansas Legislature, the State of Kansas and the Unified Government of Wyandotte County/Kansas City, Kansas have a partnership that will bring tens of thousands of people from throughout the nation annually to Kansas City, Kansas for world-class auto racing at Kansas Speedway. Kansas Speedway, which will open this June, has already established an industry record in ticket sales. Located adjacent to the state-of-the-art superspeedway, is a 400-acre retail and entertainment "Tourism District" created by the Kansas Legislature, the State of Kansas, and the Unified Government. The multimillion dollar "Tourism District," which will feature one-of-a-kind, high quality products and services, will be a destination point that will attract visitors from throughout the immediate four-state region.

Last Thursday, Mayor/CEO Carol Marinovich announced five major anchors for the "Tourism District":

- **Nebraska Furniture Mart** — a 580,000 square-foot superstore that showcases furniture, electronics, appliances and flooring
- **Cabela's** — a 150,000 square-foot store featuring hunting, fishing, and outdoor gear
- **Warren Theatre** — a 12-screen theater with the world's most advanced sound, computerized operations
- **RED Development** — a 600,000 square-foot outdoor retail mall with specialty stores; and
- **Applebee's Neighborhood Grill and Bar** — a 5,000-square-foot, 200-seat restaurant

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Re: SB 156

Senate Federal and State Affairs Committee

The "Tourism District" will create 3,300 new jobs, and generate more than \$26 million in sales tax annually. Additionally, the "Tourism District" will provide \$10 million in new property taxes over the next four years, and \$3,460,000 will go to local school districts. After five years the property taxes will increase to \$5 million annually; local school districts will receive \$1,730,000 annually. Announcements regarding subsequent phases will be made this spring, and will include specific information on hotels and other retail and entertainment developments.

As you can see, thanks to the Kansas Legislature, there are some very exciting things happening in Wyandotte County with even more opportunity and economic growth on the horizon. The entire State of Kansas and Wyandotte County through its partnerships with Kansas Speedway and the "Tourism District" will reap tremendous dividends from here on out as tens of thousands of visitors annually make trips to Kansas City, Kansas.

Providing entertainment opportunities for our guests has to be a top priority for the Unified Government and the State of Kansas. Gaming at the Woodlands would further define Wyandotte County as an entertainment destination point, and at the same time offer a Kansas-based venue where tourist dollars can be spent in Kansas rather than in a Missouri casino.

In closing, I want to tell you about a non-binding referendum placed before the voters of Kansas City, Kansas in August of 1996. The issue was placed on the ballot by the Wyandotte County Commission at the suggestion of the Kansas City, Kansas City Council. The question read: "*Do you support casino gaming at the Woodlands?*" The answer was given loud and clear as 82 percent of the voters said "YES!" Today, on behalf of Mayor/CEO Carol Marinovich and the Unified Government Board of Commissioners, I carry a mandate from our Citizens and ask for your strong consideration for passage of SB 156. The voters of Wyandotte County/Kansas City, Kansas deserve an opportunity to voice their choice on a referendum that counts.

We are grateful to the members of the Kansas Legislature for your passion and commitment in working for the betterment of all Kansans. The Unified Government looks forward to working with you in partnership with the same passion and commitment toward making Kansas a great place to live and visit. Thank you.

Sincerely,



Don Denney

Media/Public Relations Specialist

Unified Government of Wyandotte County/Kansas City, Kansas

The Kansas Quarter Horse Racing Association

P.O. Box 228 • 210 N. Jefferson • Eureka, KS 67045
Phone 316/583-7510 • Toll Free 1-866-583-7510 • FAX 316/583-7118

Chairman and Members of the Senate Federal and State Affairs Committee:

I am Dwayne Bird, President of the Kansas Quarter Horse Racing Association headquartered in Eureka, Kansas. Our organization has a long history with pari-mutuel racing in this state and played a significant role in bringing about the constitutional amendment some years ago. Our membership includes several hundred individuals from around Kansas who are interested in the survival of horse and greyhound racing and the agricultural and tourism industries that support it here in our state.

I am here before you today for the purpose of giving my Association's support of SB 156.

As a Breeder of Quarter Horses in the Great Bend area as well as being an officer in our Association I can tell you that our racing industry needs the playing field upon which it competes leveled so that it may fairly compete with other gaming activities in Kansas. Clearly approval of this would be a shot in the arm for us. The Kansas bred horses have continued to decline for many years under the current system. While this has been happening, the goods and services we purchase have also declined. This chain reaction continues through their suppliers and the farming industry. Frankly, we feel that one of our hands has been tied behind our back because we haven't been allowed to place electronic games of chance at Kansas' pari-mutuel racing facilities.

Let me give you a simple illustration of how other gaming activities can help. My Association has conducted a 20-day Horse Racing meet at Eureka Downs for the past four years. On May 5, 2001, we will begin our fifth year. We operate on a Fair Meet Grant through the Kansas Racing and Gaming Commission, which consists of monies generated from other racing activities. If it were not for this financial support, it would be impossible for us to do this. It will also be impossible in our opinion for the Woodlands, Wichita Greyhound Park, or any other track, to continue operations based on just the racing programs currently permitted. If these facilities are not allowed to install electronic machines at the track to help improve their competitive opportunities, I feel certain that they will be forced to close, and along with it our industry will as well.

The pari-mutuel industry has kept faith with the voters who overwhelmingly approved the parimutuel constitutional amendment back in the mid-1980s. We have delivered a well-regulated and operated entertainment industry to the Kansas economy that has proved itself many times. Senate Bill 156 is a logical and healthy extension of that industry's activities, and we think that electronic gaming devices can also be a well-run and regulated addition to our racing programs as well as a significant revenue generator for Kansas government.

We ask that you let the communities which operate racing facilities decide whether they want to permit electronic gaming machines at their racing facilities. We think they are capable of properly dealing with this important issue. The KQHRA asks for your support of SB 156.

Sincerely,

Dwayne Bird
President
Kansas Quarter Horse Racing Association

Dwayne Bird
PRESIDENT, KQHRA
P.O.Box 932
Great Bend, KS 67530

Renee Jones
Secretary, KQHRA
P.O. Box 228 • 210 N. Jefferson
Eureka, KS 67045

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**THE KANSAS CITY KANSAS AREA
CHAMBER OF COMMERCE**
727 Minnesota Avenue P.O. Box 171337
Kansas City, Kansas 66117
Phone: 913-371-3070
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**TO: THE HONORABLE NANCY HERRINGTON
CHAIRMAN, SENATE FEDERAL & STATE AFFAIRS COMMITTEE**

**FROM: CYNTHIA CASH, INTERIM PRESIDENT
KANSAS CITY KANSAS AREA CHAMBER OF COMMERCE**

**RE: TESTIMONY SUBMITTED BY THE KANSAS CITY KANSAS AREA
CHAMBER OF COMMERCE SUPPORTING SB 156**

DATE: FEBRUARY 13, 2001

Ladies and Gentlemen of the Senate Federal & State Affairs Committee,

On behalf of the Kansas City Kansas Area Chamber, I would like to offer our support of SB 156 to allow slot machines at the pari-mutuel tracks in the state of Kansas. The Kansas City Kansas Area Chamber of Commerce has long been a supporter of slot machines at facilities such as The Woodlands. We feel this is important for the economic viability of Wyandotte County.

First of all, when The Woodlands first opened, it employed about 1,000 people directly and many more indirectly through the purchase of goods and services throughout the area. Currently their employment level is 260 people because of the slow down in business due to the legalization of gaming in Missouri. If slots are allowed at The

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Woodlands, we believe business would return as people could play slots, greyhound racing and pari-mutuel games. Therefore, this would increase the number of employees needed and return The Woodlands to its previous very prosperous state.

We also look to the addition of slot machines at The Woodlands to aid in the development of the Tourism district along the I-435 corridor. Just last week, the Unified Government of Wyandotte County/Kansas City, Kansas announced its five new partners for the 400 acre Tourism District surrounding the Kansas Speedway. Gaming at The Woodlands will add yet another dimension to this new tourist center that will bring many visitors to visit and spend their dollars in Kansas.

The principal thing is that since we are so close to a state that allows gaming, we should be allowed to decide as well whether we wish to allow gaming or not in our community. Why should Kansas dollars be going to Missouri gaming? Why should Kansas dollars going to Missouri gaming assist in paying for educational and economic development improvements in Missouri?

The Kansas City Kansas Area Chamber of Commerce believes that slots should be allowed at our state's pari-mutuel tracks. We urge the Senate Federal and State Affairs Committee to pass this bill onto the floor.

Thank you for your consideration!