

MINUTES OF THE HOUSE TOURISM COMMITTEE.

The meeting was called to order by Chairperson Carol E. Beggs at 3:38 p.m. on February 25, 2002 in Room 243-N of the Capitol.

All members were present except:

Committee staff present: Hank Avila, Research Department
Russell Mills, Research Department
Bob Nugent, Revisor of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee:

PROPOSERS: Charles Yunker, State Adjutant of the Kansas
American Legion
Dwayne Bird, Chairman of the Legislative
Committee of the Kansas Quarter Horse Racing Assn
Representative Ray Cox
Ed Van Patten, Kansas Lottery
Jim Edwards, Kansas Chamber of Commerce &
Industry
Senator Chris Steineger
Brad Smoot, Kansas Racing Assn
Tracy Wildey, Kansas Greyhound Assn
Gary Guccione, Executive Director Greyhound Assn
David Assmann, Kansas Thoroughbred Assn

OPPOSERS: Ron Hein, Legislative Counsel for Prairie Band
Potawatomi Nation

Others Attending: See attached list

Each member of the committee was provided with a comparison of selected bills concerning gaming which was compiled by Russell Mills of the Kansas Legislative Research Department. (Attachment 1)

Hearing on HB 2890 - An act concerning lotteries; authorizing electronic gaming machines at certain locations

AND

Hearing on HB 2987 - An act concerning lotteries; authorizing electronic gaming machines at certain locations

PROPOSERS

Charles Yunker, State Adjutant of the Kansas American Legion testified before the committee as a proponent of **HB 2890**. Mr. Yunker stated that in the interest of time and because they shared the same viewpoint, he was also representing the Kansas Sunflower Association, Eagles, Knights of Columbus, Elks, Moose, Shrine, and VFW. While they are not asking for wide open slot machine gaming in Kansas, they are asking for the opportunity to be included. They are requesting that veterans and fraternal organizations with Class A Club licenses who have existed for at least five years and who own their own buildings, or have a long term lease on a facility, be permitted: five slot machines plus one machine per 50 members of that local Post, chapter, or lodge for the use of the bonafide members and guests within the confines of their Class A Club which is not open to the general public. They also ask that a County option measure be included, and a portion of the proceeds be deposited with the State Treasurer for the exclusive use of building and maintaining the Kansas

CONTINUATION SHEET

MINUTES OF THE HOUSE TOURISM COMMITTEE at on February 25, 2002 in Room 243-N of the Capitol.

Veterans Cemetery System. (Attachment 2)

Appearing before the committee as a proponent of **HB 2987** was Dwayne Bird, Chairman of the Legislative Committee of the Kansas Quarter Horse Racing Association. In his testimony, he states that in their opinion, it will be impossible for the Woodlands, Wichita Greyhound Park, or any other track, to continue operations based on just racing programs currently permitted. If these facilities are not allowed to operate electronic gaming machines at the track to help improve their competitive opportunities, he feels that they will be forced to close, and along with it their industry as well. They feel that the potential revenues that could be generated for our State are of serious importance. (Attachment 3)

Representative Cox addressed the committee with testimony on **HB2890** showing the primary difference from other slots bills as well an economic impact study of gaming issues in Iowa done by Ames economist, Dan Otto. Representative Cox also provided information regarding VLT's versus Stand Alone Devices. (Attachment 4)

At the request of Representative Cox, Mr. Ed Van Patten Executive Director of the Kansas Lottery addressed the committee. He provided facts regarding the evolution of game machines which started more than 100 years ago and have varied over the years from penny machines with modest payouts to sophisticated game machines on linked progressive award systems providing multimillion-dollar jackpots. Mr. Van Patten also stood for questions regarding gaming. (Attachment 5)

Representing the Kansas Chamber of Commerce and Industry was Jim Edwards, Senior Vice-President who testified regarding both **HB 2890** and **HB 2987**. The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system. The KCCI's supports allowing pari-mutuel facilities in Kansas to operate electronic games of chance and has been on record with that position since 1995. This position was originally adopted so that these state licensed pari-mutuel facilities could operate on a level playing field with other electronic gaming interests in Kansas and in surrounding states and to help protect the existing dollars coming into the State Gaming Revenue Fund and then making their way into job creation and enhancement projects in the state through the Economic Development initiatives Fund (EDIF) Today, the KCCI is here not only to support those issues, but to help create needed funding for the State General Fund. (Attachment 6)

Senator Chris Steineger came before the committee as a proponent for the gaming issues. Senator Steineger submitted a large placard portraying the area casinos and bus trips thereto. He also submitted written testimony to the effect that people like the opportunity of winning something of value by taking a chance. He also submitted a listing of travel opportunities to various gambling establishments. (Attachment 7)

OPPONENTS of HB2890 and HB 2897

Ron Hein, legislative counsel for the Prairie Band Potawatomi Nation testified before the committee as an opponent to **HB 2890** and **HB 2897**. The Prairie Band Potawatomi Nation opposes the expansion of gaming by the state of Kansas to the extent that such gaming would negate the benefits that Tribal gaming has provided to Native American Indian Tribes. Tribes do not pay a specified percentage of gaming revenues to the state, however, state government, local government, school districts and other taxing subdivisions do benefit from Tribal gaming by virtue of collection of income taxes, both corporate and individual, liquor taxes, and other taxes paid as a result of Tribal gaming and the economic development that they currently generate for Northeast Kansas. All Tribal members do pay federal taxes and the only Tribal members exempt from paying state taxes are those who live and work on the reservation. The reason for discussing a few of the tax situations facing the Tribes are twofold: 1) to point out that the state and the community are receiving tax revenues as a result of Tribal gaming; and 2) Tribal gaming revenues is one of the few tools provided by federal and state law for Indian reservations to generate the revenues necessary to run their governmental programs. It is projected that a decrease in Tribal gaming would have the effect of discouraging new hiring, discouraging new expansion and other effects upon the Tribal casinos and the economy of Northeast Kansas. (Attachment 8)

CONTINUATION SHEET

MINUTES OF THE HOUSE TOURISM COMMITTEE at on February 25, 2002 in Room 243-N of the Capitol.

Proponents of HB2897

Brad Smoot legislative counsel for the Kansas Racing, LLC presented before the committee as a proponent of **HB 2987**. He submitted a series of graphs showing the number of dollars Kansans spent on gaming in neighboring states and Tribal casinos, estimated economic impact, revenues generated for Kansas, voters support, effects of competing gaming on the Woodlands, and a synopsis of **HB 2987**. Representing the Kansas Racing, LLC, Mr. Smoot asked that the committee endorse **HB 2987** as a chance to recover gaming revenues for the benefit of all Kansans. (Attachment 9)

Testifying in support of slot machines in Kansas Racing Tracks was Tracy Lynn Seastrom-Willey from Seastrom Kennels of Abilene, Kansas on behalf of the Kansas Greyhound Association. She states that due to the declining purse structure at the Kansas racetracks, coupled with rising costs involved in raising the animals, the decision was made to discontinue racing in Kansas and race at racetracks in Florida, Iowa, Alabama and Texas. The decision was made for Seastrom Kennels to concentrate on running their best greyhounds in Iowa because the Iowa legislature voted for casino gambling in 1994 and the purses would be substantially higher in this state. Assuming the other Kansas kennels operating at Bluffs Run had comparable expenses to those of Seastrom Kennels, it was estimated that the total amount of monies going out of state last year was \$895,000. It is important for the KGA that casino gambling be passed in the state of Kansas as it will increase revenues to the greyhound breeders in Kansas. This means that monies now being spent out of state will be reinvested in local Kansas communities which will in turn benefit the economy of the State of Kansas. (Attachment 10)

Gary Guccione, Secretary-Treasurer and Executive Director of the National Greyhound Association addressed the committee as a proponent of **HB 2987**. The Greyhound Association would like to go on record as being in support of the of the bill's intent to authorize electronic gaming machines in racetracks in Kansas. Greyhound breeders and owners in Kansas, along with those elsewhere in the United States, are in favor of measures that will bolster the greyhound breeding industry by offering additional gaming options into existing racing facilities, under conditions that live racing is protected and where the breeding industry shares fairly in the monetary benefits derived via the new gaming options. Kansas is among the "Big Three" Greyhound breeding states. More than \$17.5 million a year is pumped into the Kansas economy simply in caring for the approximately 14,000 Greyhounds that are raised and domiciled in our state. The livelihood of many thousands of Kansans who work in the racing industry would be seriously jeopardized, if not terminated, should the Kansas tracks close. Kansas Greyhound racing and breeding is an industry very much worth saving, and **HB 2897** can be the vehicle that delivers that desirable outcome. (Attachment 11)

The Kansas Thoroughbred Association was represented as their Vice-President, David Assmann, to endorse slot machines at peri-mutuel racetracks in the state of Kansas. The economic impact for the agricultural community is Kansas from a 60-day horse meet is significant. Mr. Assmann lists the economic effects of keeping 1200 horses for 100 days. From an economical standpoint, many breeders in Kansas are sending horses to other states to be bred, primarily Iowa, which has slot machines at peri-mutuel racetracks. Many people in the horse industry are barely hanging on. Without the additional revenue produced from slot machines, they will no longer be able to stay in business. In conclusion, the Kansas Thoroughbred Association supports slot machines at peri-mutuel racetracks. This will allow some of the money generated to be kept in Kansas and allow the horse industry in Kansas the opportunity to grow. (Attachment 12)

This concluded the hearings on **HB 2890** and **HB 2897**.

Chairman Beggs appointed a subcommittee to further discuss the electronic gaming machines. The members of that committee are:

Chairman Clay Aurand
Representative Bill Mason
Representative John Ballou
Representative Ethel Peterson
Representative Margaret Long

This committee will meet on Wednesday, March 6th at 3:30 p.m. in Room 243-N.

CONTINUATION SHEET

MINUTES OF THE HOUSE TOURISM COMMITTEE at on February 25, 2002 in Room 243-N of the Capitol.

Meeting adjourned at 4:15 p.m.

HOUSE TOURISM COMMITTEE GUEST LIST

DATE Feb. 25th

NAME	REPRESENTING
Paul Pommann	Kansas Thoroughbred Association
John Costello	Kansas Racinos, LLC
W. M. GRACE	" " "
Marylou Purcell	Ks. Quarter Horse Racing Assoc
Terry C. Purse	Ks Quarter Horse Racing Assoc
Phillip Ruffin Jr.	Wichita Greyhound Park
Bob Ruffin	Ruffin Co's
Robin Jennison	Ruffin Co's
Wayne Reid	
Wayne Reid	KQHRA
Carol Bud	KQHRA
Jim Edwards	KCCI
Jim Cowler	KQHRA
Jim Cooper	KQHRA
Jim Small	KQHRA
Stephanie Buchanan	DOB
Van Hobbs	PBP
Connie Burns	Whitney B Dameron, PA
Glen Thompson	Stand Up For Ks.
Lee Smith	KQHRA KHA
Beth Smith	KQHRA

HOUSE TOURISM COMMITTEE GUEST LIST

DATE 02/25/02

NAME	REPRESENTING
Bob Anderson	KEA
Scott Anglemeyer	KDOCFH
Phil Wilho	KDOR - Bingo
Jack Archer	TBA
Nina Archer	TBA
James H. Smart	KCFB
James H. Smart	KCFH
Larry Luccione	NGA
Julia Ward	KGA
Tracy Wildey	KGA
Steve Wark	KGA
George Barber	IGT
Patrick Newley	COTCOA
Charlorn Yunker	The American Legion
Brad Smoot	Ks Racing
Steve Painter	Wichita Eagle
John Peterson	Ks Out Consulting
Bobbed Samell	Kikapoo Tribe in Kansas
Russell Braslow	Kikapoo Tribe Grand Council

HOUSE TOURISM COMMITTEE GUEST LIST

DATE 02/25/02

NAME	REPRESENTING
Emily Conkli	Kickapoo Tribe
Ruth Vega	Potawatomi
Carric O'Toole	Potawatomi
Hanni Ann Power	KSGovt Consulting
Donna Dolin	SRS/SAPTR
PHILIP HORLEY	PAT HORLEY & Co.

COMPARISON OF SELECTED BILLS CONCERNING GAMING

	HB 2183 (Committee on Tourism)	HB 2822 (Committee on Tourism)	HB 2890 (Representative Cox)	HB 2987 (Committee on Tourism)																																																																																
Games Authorized	Electronic gaming machines	Video lottery games	Electronic gaming machines	Electronic gaming machines																																																																																
Authorized Locations	Parimutuel tracks	Parimutuel tracks; clubs and drinking establishments; historical tourist sites	Parimutuel tracks; fraternal or veterans' bingo licensees	Parimutuel tracks																																																																																
Regulatory Agencies	Kansas Lottery; Racing and Gaming Commission	Kansas Lottery	Kansas Lottery; Racing and Gaming Commission; Bingo Administrator	Kansas Lottery; Racing and Gaming Commission																																																																																
County Election Required	Yes	No	Yes	Yes																																																																																
Required Payout	At least 87 percent	At least 87 percent	At least 82 percent	At least 87 percent																																																																																
Limits on Number of Machines	No	Yes	Yes	No																																																																																
Sales Tax Exempt	Yes	No	No	Yes																																																																																
Effective Date	Statute Book	Statute Book	Statute Book	Statute Book																																																																																
Disposition of Net Gaming Revenue	<table border="0"> <tr><td>Machine Operators</td><td>71.75%</td></tr> <tr><td>Education</td><td>20.00%</td></tr> <tr><td>Horse Supplements</td><td>3.50%</td></tr> <tr><td>Dog Supplements</td><td>3.50%</td></tr> <tr><td>Regulation</td><td>1.00%</td></tr> <tr><td>Problem Gambler</td><td><u>0.25%</u></td></tr> <tr><td></td><td>100.00%</td></tr> </table>	Machine Operators	71.75%	Education	20.00%	Horse Supplements	3.50%	Dog Supplements	3.50%	Regulation	1.00%	Problem Gambler	<u>0.25%</u>		100.00%	<table border="0"> <tr><td>Video lottery retailer</td><td>30.00%</td></tr> <tr><td>Unspecified</td><td><u>70.00%</u></td></tr> <tr><td></td><td>100.00%</td></tr> </table>	Video lottery retailer	30.00%	Unspecified	<u>70.00%</u>		100.00%	<table border="0"> <tr><td>Parimutuel Licensees:</td><td></td></tr> <tr><td>Regulation</td><td>1.00%</td></tr> <tr><td>Problem Gambler</td><td>0.50%</td></tr> <tr><td>County</td><td>1.00%</td></tr> <tr><td>City</td><td>1.00%</td></tr> <tr><td>State General Fund</td><td>20.00%</td></tr> <tr><td>Horse Supplements</td><td>7.00%</td></tr> <tr><td>Dog Supplements</td><td>7.00%</td></tr> <tr><td>Nonprofit Organizations</td><td>1.00%</td></tr> <tr><td>Machine Operators</td><td><u>61.50%</u></td></tr> <tr><td></td><td>100.00%</td></tr> <tr><td>Bingo Licensees:</td><td></td></tr> <tr><td>Regulation</td><td>1.00%</td></tr> <tr><td>Problem Gambler</td><td>0.50%</td></tr> <tr><td>County</td><td>1.00%</td></tr> <tr><td>City</td><td>1.00%</td></tr> <tr><td>Veterans' Cemeteries</td><td>8.00%</td></tr> <tr><td>State General Fund</td><td>25.00%</td></tr> <tr><td>Machine Operators</td><td><u>63.50%</u></td></tr> <tr><td></td><td>100.00%</td></tr> </table>	Parimutuel Licensees:		Regulation	1.00%	Problem Gambler	0.50%	County	1.00%	City	1.00%	State General Fund	20.00%	Horse Supplements	7.00%	Dog Supplements	7.00%	Nonprofit Organizations	1.00%	Machine Operators	<u>61.50%</u>		100.00%	Bingo Licensees:		Regulation	1.00%	Problem Gambler	0.50%	County	1.00%	City	1.00%	Veterans' Cemeteries	8.00%	State General Fund	25.00%	Machine Operators	<u>63.50%</u>		100.00%	<table border="0"> <tr><td>Problem Gambler</td><td>0.25%</td></tr> <tr><td>City</td><td>1.00%</td></tr> <tr><td>County</td><td>1.00%</td></tr> <tr><td>Soldiers and Vet. Fund</td><td>0.25%</td></tr> <tr><td>Dog Supplements</td><td>3.50%</td></tr> <tr><td>Horse Supplements</td><td>3.50%</td></tr> <tr><td>Nonprofit Organizations</td><td>1.00%</td></tr> <tr><td>State General Fund</td><td>21.00%</td></tr> <tr><td>Machine Operators</td><td><u>68.50%</u></td></tr> <tr><td></td><td>100.00%</td></tr> </table>	Problem Gambler	0.25%	City	1.00%	County	1.00%	Soldiers and Vet. Fund	0.25%	Dog Supplements	3.50%	Horse Supplements	3.50%	Nonprofit Organizations	1.00%	State General Fund	21.00%	Machine Operators	<u>68.50%</u>		100.00%
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House Tourism Committee
 Meeting Date 2-25
 Attachment 1

HOUSE TOURISM COMMITTEE
TESTIMONY BY CHARLES M. YUNKER
ADJUTANT, KANSAS AMERICAN LEGION
GAMING IN KANSAS
FEBRUARY 25, 2002

Thank you for providing me the opportunity to appear before you today. I am Charles Yunker, State Adjutant of The Kansas American Legion. My counterpart for the VFW, Mr. Darrell Bencken, is unavailable today and he asked me to represent him. So in a sense I am representing Kansas' two largest veterans organizations and their Auxiliaries which comprise well over 120,000 veterans and their families.

In the interest of time, and because we share the same view regarding gaming in Kansas, Mr. Ralph Snyder, President of the Kansas Sunflower Club Association has asked me to represent that Association. The Kansas Sunflower Club Association membership includes non profit organizations such as the Eagles, Knights of Columbus, Elks, Moose, Shrine, VFW and American Legion. In other words veteran and fraternal organizations that are the backbone of many local community based programs.

We understand the horse and dog tracks in Kansas have been deeply hurt by Indian gaming and Missouri's Casinos; our non profit Bingo operations have experienced similar losses of revenue. In fact several Bingo operations in veteran and fraternal organizations exist as forms of local community service entertainment for senior citizens rather than fund raising sources as a direct result of Indian gaming and the casinos. Another direct result of that competition is the elimination, or scaling back, of many local community based service programs which benefit every age group including children and youth programs.

It has always been our position if slot machines or any other form of gaming is permitted in Kansas, our organizations should be included. We are not asking for wide open slot machines gaming in Kansas. What we are asking for is the opportunity to be included and we thank

House Tourism Committee
Meeting Date 2-25-02
Attachment 2

Representative Cox for his support in working with our organizations to protect and enhance our non profit charitable programs.

We are asking that veterans and fraternal organizations with Class A Club licenses who have existed for at least five years and who own their own buildings, or have a long term lease on a facility, be permitted: five slot machines plus one machine per 50 members of that local Post, chapter, or lodge for the use of their bonafide members and guests (as per ABC rules and regulations) within the confines of their Class A Club which is not open to the general public. We ask that a County option measure be included, and a portion of the proceeds be deposited with the State Treasurer for the exclusive use of building and maintaining the Kansas Veterans Cemetery System.

Gaming is a highly contentious subject; we believe including a county option allows the citizens of each county the opportunity to make a local choice. We believe permitting our local organizations the opportunity to offer slot machines to their members will enhance local non profit charitable programs in those counties whose citizens permit such gaming.

We believe when the Legislature, together with the Governor, established the Kansas Veterans Cemetery system it was a grand and noble gesture; however as we all know, funding for that program has been problematic and since those cemeteries are "forever" we ask that we as veterans, be allowed to help fund them. I might add we are asking fraternal organizations to assist in funding veteran's cemeteries because many of their members are veterans and each such organization promotes patriotism. Further we suggest that those fraternal organizations be specifically identified in the State Statute to include the Knights of Columbus, the Fraternal Order of Eagles, Loyal Order of Moose, Benevolent Protective Order of Elks and the Shriners.

We caution against following Missouri's example of earmarking a

portion of gaming proceeds for their veterans cemetery system as has been proposed by some slot machine proponents in Kansas. Missouri is currently experiencing problems in that area. My counterpart in Missouri has informed me there is a least one court challenge in the works and quite possibly a bill asking for the same provisions we are seeking in legalizing slot machines in our private non profit establishments. The reason being casinos have seriously damaged Bingo in Missouri with more and more veteran and fraternal organizations dropping their Bingo licenses, some of whom have installed slot machines. The explanation of how those machines are being installed and the whole Missouri subject is somewhat confusing but if you wish I will attempt to explain it as I understand the situation.

In closing I ask you to permit 501(c) 19 veterans organizations and the fraternal organizations I've identified today the opportunity to offer their members slot machine gaming, in addition to Kansas' horse and dog tracks. Even those Posts and Lodges that are not interested in slot machines are supportive of our efforts in that they believe the opportunity should be available to non profit veterans and fraternal organizations.

Chairman and Members of the House Tourism Committee:

I am Dwayne Bird, Chairman of the Legislative Committee of the **Kansas Quarter Horse Racing Association** headquartered in Eureka, Kansas. Our organization has a long history with parimutuel racing in this state. It played a significant role in bringing about the constitutional amendment some years ago. Our membership includes several hundred individuals from around Kansas who are strongly committed to 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 publicly announcing my Association's support of **HB 2987**.

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 and along our border. Clearly, approval of this bill would be an important shot in the arm for us. Kansas bred horses and all the agricultural industry that supports them have continued to decline for many years under the current highly competitive environment. While this decay has continued, the goods and services we purchase and the taxes we pay have also declined. This chain reaction continues through our 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' parimutuel racing facilities.

Let me give you a simple illustration of how other gaming activities such as permitted in **HB 2987** can help. My Association has conducted a 20-day Horse Racing meet at Eureka Downs for the past five years. On May 4, 2002, we will begin our sixth 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 operate electronic gaming 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 parimutuel racing industry has kept faith with Kansas 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. **HB 2987** is a logical and healthy extension of that industry's activities, and we think that electronic gaming devices can also be a well-run

House Tourism Committee
Meeting Date 2-25-02
Attachment 3

and regulated addition to our racing programs as well as a significant revenue generator for Kansas government.

As you have been advised already, the potential revenues that could be generated for our State are of serious importance to all of us whether we are taxpayers, horse racers or people who just simply enjoy the sport. The time to favorably consider the enormous economic benefits that will be afforded our state under **HB 2987** should no longer be ignored.

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 and maturely dealing with this important economic opportunity that can positively affect our state. Frankly, we believe its time has come.

The KQHRA asks for your support of **HB 2987**.

Sincerely,

Dwayne Bird
Chairman, Legislative Committee
Kansas Quarter Horse Racing Association

RAY COX
REPRESENTATIVE, 39TH DISTRICT
JOHNSON, LEAVENWORTH & WYANDOTTE COUNTIES
824 S 131ST
BONNER SPRINGS, KANSAS 66012



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
CHAIRMAN: FINANCIAL INSTITUTIONS
MEMBER: FEDERAL & STATE AFFAIRS
NEW ECONOMY
JOINT COMMITTEE PENSIONS, INVESTMENTS,
& BENEFITS

STATE CAPITOL BUILDING—431-N
TOPEKA, KANSAS 66612-1504
(785) 296-7689
E-MAIL: cox@house.state.ks.us

TESTIMONY ON HB 2890

PRIMARY DIFFERENCES FROM OTHER SLOTS BILLS

VETERANS AND FRATERNAL ORGANIZATIONS

Criteria:

1. Must have been in existence for at least five years
2. Own or lease the premise
3. Limited to five machines plus one machine for each 50 members
4. County option vote

Payouts:

- | | | |
|----|-----------------------------|-------|
| 1. | Regulatory Fund | 1.0% |
| 2. | Problem Gamblers' Fund | 0.5% |
| 3. | County where located | 1.0% |
| 4. | City where located | 1.0% |
| 5. | Veterans Cemeteries Fund | 8.0% |
| 6. | State General Fund | 25.0% |
| 7. | Balance to the Organization | 63.5% |

PARIMUTUEL TRACKS

Criteria

1. County Option Vote

Payouts:

- | | | |
|----|------------------------|-------|
| 1. | Regulatory Fund | 1.0% |
| 2. | Problem Gamblers' Fund | 0.5% |
| 3. | County where located | 1.0% |
| 4. | City where located | 1.0% |
| 5. | State General Fund | 20.0% |
| 6. | Horse Industry | 7.0% |
| 7. | Dog Industry | 7.0% |
| 8. | Charity - Nonprofits | 1.0% |
| 9. | Balance to the Tracks | 61.5% |

House Tourism Committee
Meeting Date 2-25-02
Attachment 4

Adequate purse supplements are essential. Saving and promoting the horse and dog industries can have a big payoff.

IOWA IS A GOOD EXAMPLE

An economic impact study was conducted by Ames economist, Dan Otto. It was based on a survey of Iowa horse owners. Otto's conclusion is that horse racing in Iowa has become a \$250 million a year industry that has created 3,261 jobs. In 1999, the total investment made by horse owners in Iowa totaled \$270 million. It is money spent on horses, barns, fences and land. This total compares to a \$58 million economic impact in 1996 when the last economic impact study was completed.

In 1996, Otto concluded the Iowa horse population was 843. In 1999, that number has grown to 12,500.

The study also shows the expenditures made by Iowa horse owners have raised dramatically. Those expenditures include everything from hay and feed to taxes, insurance, advertising and transportation. Otto concluded that total expenditures exceed \$97 million dollars a year compared to \$40 million in 1995. Those dollars are pumped directly into the Iowa economy every year.

At Prairie Meadows, a survey of horse trainers and owners shows the average cost of keeping a horse in training at the track in \$1,500 per month (many say that figure is conservative). At \$1,500 per horse times 1,350 horses, you're talking about \$2 million a month or \$10 million during the course of the racing season. That money is pumped directly into the economy in the form of wages to stable help, sales to feed and hay vendors, and income to farriers and veterinarians. This doesn't include the direct economic impact of tourism tied to live racing, which Otto estimates is over \$5 million a year.

Iowa is the fastest growing breeding state in the country (1999 figures) Iowa now ranks 12th nationally in the number of foals produced annually. In 1995 Iowa was not even in the top 20.

In other states, when slots are in operation at the racetracks, they have mandated in law that a certain percentage of the slot profits to be used to supplement horse purses. Those mandates range from 15% in Delaware and West Virginia to 20% in New Mexico. There is no mandate in Iowa where last year the total dollars paid in purses amounted to 13.6% of Prairie Meadows adjusted gross income.



VLT's

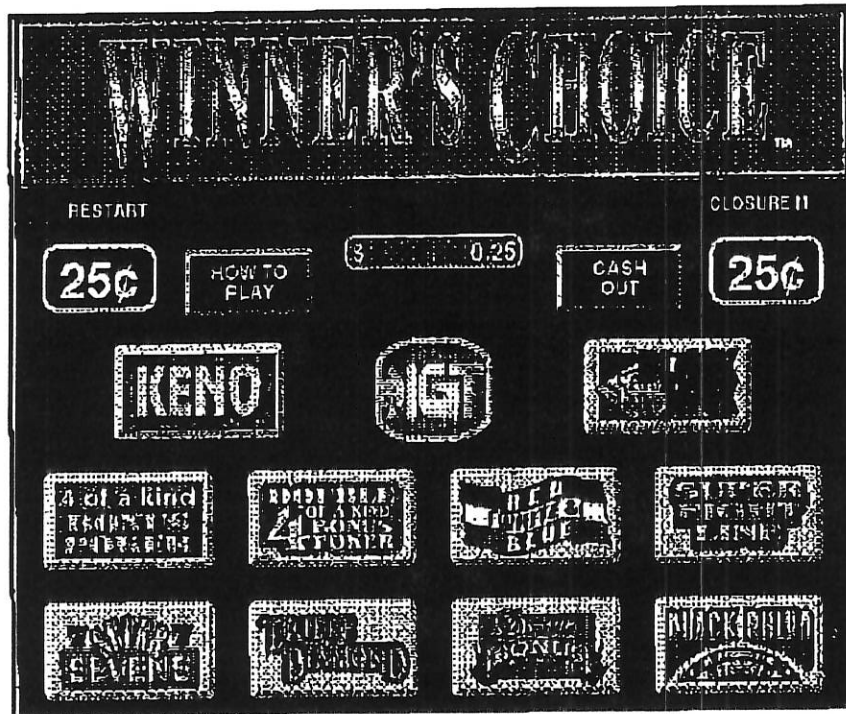


vs. Stand Alone Devices

- VLT's typically earn less than most coin-in coin-out devices
- VLT's most often will issue a ticket receipt vs. paying out coins or tokens
- VLT's generally are not part of a progressive game and therefore will have smaller prizes
- There are usually a limited number of machines within a given VLT location
- VLT's are almost always hooked to a computer network for monitoring.



Games



- Game Types
 - Poker, Keno, Blackjack, Line-up, Custom
- Payout Percentages?
 - What are these?
 - How do they influence play?
 - Who determines the percentage?
- Security
 - How do you prevent cheating?
 - Testing procedures



The Evolution of Game Machines

Game machines have been operating for more than 100 years. They have varied over the years from penny machines with modest payouts to sophisticated game machines on linked progressive award systems providing multimillion-dollar jackpots.

In 1930, the Jennings company developed the first electrically operated jackpot bell machine. It was unique in that a motor activated the reel mechanism, and a button replaced the handle. The Bally firm, 33 years later, introduced a free-spinning reel slot with an electrical bell using electromechanical circuitry and motorized hopper pay, making many machine variations possible. Despite these advancements, the essential **game technology changed little until the last quarter of a century.** In the recent past, significant advances have been made that are revolutionizing the functions of the machines - and the entire gaming industry.

While many technological slot innovations were in development by the late 1970s, the '80s saw this technology gradually applied and accepted on the casino floors. The biggest change of the 1980s is regarded by many to be the evolution of the "stepper" slot. This technology has simplified reel operation so that **it takes fewer parts and fewer mechanics to keep a casino floor running.** Stepper motor technology also allowed expansion of the physical number of stops on a machine's reel strip, offering the advantage of greater versatility over old mechanical types of reels. This opened up a world of possibilities - bigger jackpots, new games, and more options for players.

A second key advancement - use of microprocessors in game machines - occurred in the same time frame. It is this technology that essentially enabled machines to give "credits" instead of paying coins on every play. With credits, the game plays faster, and gaming locations have alternatives to working with coin.

In the decade following their introduction, stepper and microprocessor technology proved to be significant factors in changing the balance of activity between machines and traditional table games. **Slot machines offer players better odds, higher payoffs, and - many would say - a more entertaining gaming experience for the player than table games do.** At the outset of the 1980s, slot machines were a sleeping giant in the gaming industry. They became top revenue-producing wonders by winning patrons away from traditionally favored table games. That evolution has been both subtle and profound.

Once stepper machines made their way into the world, slot machines began producing impressive numbers in those markets where they were in play. In the state of Nevada, for instance, **1983 slot revenues surpassed once-dominant table game revenues** for the first time. By 1997, slot revenues accounted for 62.6 percent and table games accounted for 37.4% of the total gaming revenues in Nevada.

Another big wave broke upon the industry in the 1970s with the introduction of video poker. This technology also grew to maturity in the 1980s, and video poker became an overwhelming success. The new machines gave players decision-making options that regular slots didn't offer, and their impact took the industry by surprise. **The popularity of the video machine would eventually grow to surpass the industry's most optimistic expectations.**

In the 1980s, players began seeing more and more buttons and panel options on both slots and video poker machines. The new trend apparently proved an attraction to younger players,

who were more adept at modern technology. In addition, the appearance of dollar and higher-denomination games in the same decade also influenced the industry. By early 1990, casinos were offering not only \$1, but also \$5, \$25, \$100 and even \$500 games.

Also in **1986, IGT introduced the MegaJackpot** with its statewide Megabucks progressive slot system. This innovative combination of game machine and computer technology made it possible to pool the bets and jackpots of many machines in different casinos and cities across the state into **one large collective prize**. The resulting stellar jackpots have become very popular with players, and have been successful in stimulating a higher level of play for game machines overall.

Game machine evolution continues into the current decade. **The multigame machine makes switching between games and challenge levels as easy as the touch of a finger.** With upgraded machine electronics, state-of-the-art video game machines now offer unparalleled choices to the player. From simulated spinning reels to multiple poker variations to video blackjack (21), the choices available to players are almost unlimited - and they're all available within one machine. Players seeking variety no longer need to search the floor for an alternative.

The latest innovation to break onto the scene is the bonus game. Available on both spinning reel and video machines, these revolutionary bonus games maintain game familiarity while enhancing the overall game experience with exciting bonus opportunities and player appeal. **Bonusing adds a totally new dimension to today's gaming experience.** Combining multimedia features, digital stereo sound, and interactive game play, machines like Wheel of Fortune® , Elvis® and Little Green Men are taking gaming to a new level.

LEGISLATIVE TESTIMONY



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HB 2890 and HB 2987

February 25, 2002

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House Committee on Local Government

by

Jim Edwards
Senior Vice President

Chairman Beggs and members of the Committee:

I thank you for the opportunity to provide this testimony on HB 2890 and HB 2987, measures which would allow for a county option vote for electronic games of chance to be played at state licensed pari-mutuel horse and dog racing facilities in Kansas.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

First, let me clearly state KCCI's position as it relates to the issue of electronic games of chance. The Kansas Chamber of Commerce and Industry supports allowing pari-mutuel facilities in Kansas to operate electronic games of chance and has been on record with that position since 1995.

House Tourism Committee

Meeting Date 2-25-02

Attachment 6

This provision was originally adopted so that these state licensed pari-mutuel facilities could operate on a level playing field with other electronic gaming interests in Kansas and in surrounding states and to help protect the existing dollars coming into the State Gaming Revenues Fund (SGRF) and then making their way into job creation and enhancement projects in the state through the Economic Development Initiatives Fund (EDIF). Since 1995, these facilities have been forced to compete in a market without having access to all of the products necessary to be competitive in that market.

Today, I stand before you in a bit different light. While we are here to support these issues, we are doing it not to protect current funding sources but rather, just as KCCI did in 1985 and 1986 when we testified for the creation of lottery and pari-mutuel wagering, to help create needed funding for the State General Fund. Just as the Legislature struggled with the issue of funding needed programs in the mid 1980's, you are met today with those same challenges.

I appreciate the opportunity to present this testimony supporting the provisions in HB 2890 and HB 2987 which would permit electronic games of chance at state licensed parimutuel sites in Kansas and would be happy to answer questions.

CHRIS STEINEGER

SENATOR, SIXTH DISTRICT

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SRS TRANSITION OVERSIGHT

1. I don't enjoy casino gambling as a form of entertainment, but if someone else wants it, that's their decision. (I gamble in the stock market!)

2. In our state gaming, wagering, and taking chances for prizes are more prevalent than we think.
 - * The Kansas Lottery and pari-mutual gambling
 - * 4 Indian casinos
 - * Bingo games by churches and veterans organizations
 - * Bus trips to Cripple Creek, CO; Deadwood, SD; and plane trips to Las Vegas
 - * Baseball and football pools at the local sports bar
 - * County fair, softball, baseball, and dart toss to win stuffed animals (My niece Kisha once spent \$5-\$7 to win a 25¢ teddy bear made in Korea.)
 - * Wagering on circle track stock car racing
 - * Saturday night poker games
 - * Video games, pool, and pinball
 - * Bag of lettuce with scratch off ticket inside

People like the opportunity of winning something of value by taking a chance.

3. Let the people decide. Those communities that want it, can have it; those that don't, won't.
 - * Let us compete with the Missourians on equal footing.
 - * Like Quantrell, the Missourians are ravaging our border towns.
 - * It is beyond doubt, it's not a matter of **IF** Kansans will gamble, but **WHERE** and how much or how little the State controls it and captures revenue.

House Tourism Committee
Meeting Date 2-25-02
Attachment 7

More Funding is Needed for Problem Gambling

- ◆ **Kansas ranks last in the funding of a gambling addiction program.**
 - * Current funding is \$100,000 (80 percent from SGF; 20 percent from Kansas Lottery)
- ◆ **Most problem gamblers have never heard about the gambling addiction hotline.**
 - * No significant advertising of hotline: 1-888-NOBET00
- ◆ **Problem gamblers cannot afford the cost of treatment.**
 - * Some treatment programs cost \$4,000 per month.

H B 2890 will:

- ◆ **Provide a substantial funding increase for problem gambling.**
- ◆ **Provide extensive advertising of the hotline number 1-888-NOBET00.**
 - * On billboards
 - * On radio
 - * At gambling locations
 - * On a web site
- ◆ **Pay for treatment costs for problem gamblers.**

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Airport Traffic Quarterly

Top 50 Total Origin & Destination Passenger Markets at Wichita
Ranked by Twelve Months Ended June 2001
 Approximates 100% Sample - Directional Journeymen Passengers

Rank	City	Dom. Fared Passengers	Dom. \$0 Fared Passengers	Total Domestic Passengers	International Passengers	Total Passengers
1	Dallas/Fort Worth, TX	66,100	1,490	67,590	17,150	84,740
2	Chicago, IL	35,120	2,810	37,930	23,110	61,040
3	Las Vegas, NV	45,820	1,540	47,360	0	47,360
4	Phoenix, AZ	41,300	2,850	44,150	2,020	46,170
5	Seattle/Tacoma, WA	36,200	1,800	38,000	1,250	39,250
6	Atlanta, GA	31,200	1,750	32,950	5,950	38,900
7	Houston, TX	28,270	1,540	29,810	7,510	37,320
8	New York, NY	29,530	3,040	32,570	3,840	36,410
9	Denver, CO	28,800	1,980	30,780	3,960	34,740
10	St Louis, MO	25,970	1,930	27,900	4,630	32,530
11	Los Angeles, CA	23,400	1,740	25,140	6,950	32,090
12	Orlando, FL	25,990	1,690	27,680	140	27,820
13	Washington, DC	25,110	2,120	27,230	540	27,770
14	San Francisco, CA	16,130	1,150	17,280	1,790	19,070
15	San Diego, CA	17,390	1,470	18,860	50	18,910
16	Santa Ana, CA	17,000	1,210	18,210	10	18,220
17	Minneapolis, MN	14,290	1,130	15,420	1,900	17,320
18	Philadelphia, PA	14,020	890	14,910	540	15,450
19	Boston, MA	13,370	1,200	14,570	870	15,440
20	Miami, FL	10,050	1,140	11,190	4,090	15,280
21	Kansas City, MO	14,830	10	14,840	10	14,850
22	Detroit, MI	11,780	900	12,680	1,890	14,570
23	Tampa, FL	11,790	860	12,650	570	13,220
24	Baltimore, MD	11,640	540	12,180	20	12,200
25	Portland, OR	11,060	780	11,840	40	11,880
26	Cincinnati, OH	8,800	450	9,250	2,560	11,810
27	San Antonio, TX	10,920	400	11,320	20	11,340
28	Sacramento, CA	9,870	390	10,260	0	10,260
29	New Orleans, LA	9,180	500	9,680	10	9,690
30	San Jose, CA	8,390	780	9,170	210	9,380
31	Fort Lauderdale, FL	8,380	450	8,830	400	9,230
32	Tucson, AZ	8,120	590	8,710	0	8,710
33	Indianapolis, IN	8,190	370	8,560	0	8,560
34	Ontario, CA	7,980	570	8,550	0	8,550
35	Nashville, TN	7,580	470	8,050	0	8,050
36	Salt Lake City, UT	7,460	440	7,900	20	7,920
37	Raleigh/Durham, NC	7,130	700	7,830	20	7,850
38	Austin, TX	7,390	400	7,790	0	7,790
39	Memphis, TN	5,330	280	5,610	2,170	7,780
40	Charlotte, NC	7,040	530	7,570	110	7,680
41	Honolulu, HI	6,610	720	7,330	40	7,370
42	Milwaukee, WI	6,990	300	7,290	0	7,290
43	Cleveland, OH	6,560	290	6,850	30	6,880
44	Pittsburgh, PA	5,430	440	5,870	450	6,320
45	Columbus, OH	5,970	280	6,250	0	6,250
46	Hartford, CT	5,460	560	6,020	10	6,030
47	Reno, NV	5,420	210	5,630	10	5,640
48	Dayton, OH	5,260	160	5,420	0	5,420
49	Jacksonville, FL	5,060	250	5,310	0	5,310
50	Norfolk, VA	5,000	260	5,260	10	5,270
Total of Above		785,680	48,350	834,030	94,900	928,930
Total of All Markets		988,560	58,570	1,047,130	96,150	1,143,280

source: U.S. DOT

Wichita Mid-Continent Airport - Wichita, Kansas



7-4

Air & Bus Tour Packages to Casinos

Chanute

Prairie Nuthut – One trip per month to Topeka area casinos; averages 55 people per trip.

Emporia

International Tours & Cruises – Residents from Emporia area book flights to Las Vegas casino/hotels; did not have information on average number of bookings per month.

Erie

Goodwill Tours – Four trips per month to Topeka area casinos; averages 35 people per trip; approximately 140 people per month.

Great Bend

Please Go Away Tours – One trip per month to Horton, KS casinos; averages 54 people per trip.

Hays

All American Tours – Four trips per month to Horton, KS casinos; averages 45 people per trip; approximately 180 people per month.

Herrington

S & S Tours – Five trips per month to Horton, KS casinos & Des Moines, IA; averages 58 people per trip; approximately 290 people per month.

Kansas City

Jerry's Tours – One trip per month to Kansas City area casinos; averages 56 people per trip.

Olathe

Coach USA – Twenty trips per month to Missouri casinos; averages 15 people per trip; approximately 300 people per month.

Wichita

Elaine's Tours – Four trips per month to Topeka area casinos; averages 50 people per trip; approximately 200 people per month.

Handy Tours – Three trips per month to casinos in Louisiana, Mississippi, and Las Vegas; averages 50 people per trip; approximately 150 people per month.

Kincaid Bus Tours – Currently does not offer bus trips to NE Kansas or Kansas City casinos; has offered 2-3 tours per month to Oklahoma casinos; could not estimate number of people who participated.

Village Charters Bus – Twelve trips per month to Topeka area casinos; averages 32 people per trip; approximately 384 people per month.

Winfield

Winfield Recreation Center – Four trips per year to Topeka area casinos; averages 55 people per trip.

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Ronald R. Hein

Attorney-at-Law

Email: rhein@hwchtd.com

Testimony re: Gaming (HB 2890 and HB 2987)

House Tourism Committee

Presented by Ronald R. Hein

on behalf of

Prairie Band Potawatomi Nation

February 25, 2002

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Prairie Band Potawatomi Nation. The Prairie Band Potawatomi Nation is one of the four Kansas Native American Indian Tribes.

The Prairie Band Potawatomi Nation opposes the expansion of gaming by the state of Kansas to the extent that such gaming would negate the benefits that Tribal gaming has provided to Native American Indian Tribes. The Indian Gaming Regulatory Act is federal legislation that provides for the regulation of gaming at Indian reservations. The Act is, of course, administered at the federal level, but there are provisions for compacts to be entered into with the state, and the state is involved in the oversight of daily gaming operations. There are restrictions on the ability of the states to require payments to the state as a part of the consideration for gaming compacts.

I have heard lobbyists for the tracks and others contend that the state receives no revenue from Tribal gaming. It is correct that the Tribes do not pay a specified percentage of gaming revenues to the state. However, state government, local government, school districts, and other taxing subdivisions do benefit from Tribal gaming by virtue of collection of income taxes, both corporate and individual, liquor taxes, and other taxes paid as a result of Tribal gaming and the economic development that they currently generate for Northeast Kansas.

Part of this myth that no taxes are generated from Tribal gaming exists because some people believe that Native Americans do not pay taxes. So there is no misunderstanding, all Tribal members pay federal income taxes. Regarding state income tax, only those Tribal members who both work and live on the reservation are exempt from state income taxes. In other words, any Tribal member who lives off the reservation but works on the reservation pays state income taxes; and any individual Tribal member who lives on the reservation but works off the reservation pays state income taxes. A very small percentage of Tribal members both live and work on the reservation. Lastly, Tribal members pay sales taxes on purchases made off the reservation.

House Tourism Committee

Meeting Date 2-25-02

Attachment 8

My reason for discussing a few of these tax situations facing the Tribes is twofold: 1) to point out that the state and the community are receiving tax revenues as a result of Tribal gaming; and 2) Tribal gaming revenues is one of the few tools provided by federal and state law for Indian reservations to generate the revenues necessary to run their governmental programs.

It is important to note this second point. Wyandotte County has expressed a need for gaming in order to help stimulate economic development in an area which is economically disadvantaged. In fact, the same can be said for Tribal gaming. The areas being served by Tribal gaming were economically disadvantaged, and specifically, the reservations themselves, were severely economically disadvantaged.

However, Wyandotte County has available other economical advantages that do not exist for the four Kansas resident Tribes. If the Tribes were to attract a private sector business to the reservation, the position of the Kansas Department of Revenue and other political subdivisions of the state would be that such tax revenues belong to them, and not the Tribes. Gaming has been the one economic development program which the federal and state governments have been willing to allow the Tribes to utilize. Now, these bills threaten even that.

You have heard from the Division of Legislative Post Audit that expansion of slots at pari-mutuel tracks pursuant to the provisions of HB 2183 could be estimated to generate revenues for the state of between \$54 million and \$82 million per year. It should be noted that such a fiscal revenue estimate assumes such revenues as new revenues, and does not take into consideration the impact on other economic activities currently taking place in the state.

For example, proponents of expansion of state gaming often testify that gaming expansion will bring money which is being lost to Missouri into the state of Kansas. That general statement is rarely questioned. However, that seemingly common sense statement is subject to much greater scrutiny.

If Kansas would attract some people currently gaming in Missouri to a Kansas casino, will it not still be possible for Missouri to change the rules pursuant to which Missouri gaming facilities operate so as to make them more competitive than Kansas? In the Wichita area, will the revenues generated by that facility still be pulled from the Missouri area, or will they more likely be pulled out of the Sedgwick County and surrounding areas economy? If they are pulled from the surrounding economy, what other businesses will be impacted adversely by this new "entertainment competitor"? Will it be the theater, movie theaters, bowling proprietors, restaurants, or other industries which are currently serving the entertainment market? How much revenue will be lost to the state from income taxes, sales taxes, and other taxes when these dollars move from existing

businesses to these new casinos? How much revenue will be lost to the state from Lottery and bingo revenues? How much will these reductions in other tax revenues impact the total state coffers after the expansion of gaming has occurred?

And, how much will the economic development generated in Northeast Kansas by the existing Tribal gaming be decreased? Our facility has already projected a reduction in gaming which will have the effect of discouraging new hiring, discouraging new expansion, and other effects upon our casino and the economy of Northeast Kansas.

It has been said before that if we do not learn from history, we will be doomed to repeat it. We have much to learn from the history of gaming from what has occurred with pari-mutuel gambling in Kansas, and with gaming in Missouri. This history should help us predict what will happen with gaming in Kansas should this legislation be enacted.

First of all, once the state legislature starts down the slippery slope of gaming expansion, it becomes a slope upon which the legislature cannot dig in its heels and stop itself from falling further.

It would be to the committee's benefit to review the history of pari-mutuel gaming in Kansas. I was around when the legislature approved pari-mutuel gaming with a combined dog and horse track proposal. At that time, the experts were all contending that such a track would be doomed to failure. That was the experience of other tracks throughout the nation. However, the promoters of gaming who were going to build the track argued that was not the case, and this was the one track that was going to be successful. Within a year or two, reality began to set in. The bill of goods that everyone had been sold suddenly needed to be changed a little bit in order for pari-mutuel gaming to survive. What followed was a number of years of additional requests to the legislature to change the rules because otherwise pari-mutuel gaming was not going to be able to remain successful.

Over the years, the legislature responded by changing this and that, tweaking the percentages of distribution of funds, and other items at the request of the pari-mutuel track owners. I can't remember all the changes, but I believe there were changes to the distribution percentages, changes on the number of days horse racing had to occur, and eventually in the approval of simulcasting. Today, we are hearing the same verse. *Deja vu*. If the state is to save pari-mutuel gaming, they have to have slot machines at the tracks.

During this same period of time, there has been an on-going reduction in the amount of revenue generated for the state of Kansas. (From approximately \$9.5 million in FY 1991 to approximately \$425,000 in FY 2001.)

So given the slippery slope of gaming, the question should be asked, "If legislation being considered by the committee is passed this session, how quickly will it be changed, and how will it be changed?"

One of the other observations that can be made of this slippery slope of state gaming is how quickly other groups are interested in participating if you are going to have two individuals who happen to own pari-mutuel tracks benefit from such legislation. Their first question, and it is a good one, is: "Why should only the two individuals who own the pari-mutuel tracks be permitted to benefit economically from gaming?" They also ask, "Why should our businesses, or our fundraising programs be forced to suffer from this additional competition?"

The end result: the legislature is presented proposals by the bowling proprietors, the veteran's organizations, the convenience store owners, and others who argue, "If the state is going to authorize slots, then give us the opportunity to operate slot machines as well. Why just grant a state monopoly to two individuals?" Those issues may be decided this session, but they will continue on into the future. The slippery slope continues.

The other phenomenon of the slippery slope is that the competition will not stand still. If legislation is passed to allow slots in Wyandotte County, is Missouri simply going to stand still and not respond to the competition? Once again, looking at the history of Missouri gaming: there have been repeated changes in the Missouri law at the request of gaming operators in order to insure that gaming continues to exist in Missouri. The legislature has continually been asked to change the rules. Nobody believes that the rules are set in concrete. If Kansas is successful in getting gaming approved, Missouri will, possibly before the end of the legislative session, but probably before a Kansas casino would actually be built, review their options to insure that their casinos are at a competitive advantage to those in Kansas. What will happen in Kansas if that occurs?

One logical prediction based upon the past history of pari-mutuel gaming in Kansas and of gaming in Missouri, is that the gaming operators will be back before the Kansas Legislature seeking "tweaking" of the Kansas statutes so that they are able to "compete" and to be able to continue to exist. The slippery slope continues.

For these, and other reasons, the Prairie Band Potawatomi Nation fears the expansion of gaming by the state of Kansas. Once Kansas gets onto this bobsled ride, the end result may well be one of two things: 1) A successful bob-sled ride (Nevada-type gaming throughout the state); or 2) the bob-sled will crash. Which of these two scenarios would this committee like the state of Kansas to follow?

There is one potential solution to this problem that warrants further consideration by the Governor and this legislature. Tribal gaming pursuant to the Indian Gaming Regulatory

Act is a reality in this country. The Kansas Legislature cannot change that. The Kansas Legislature and the Governor are to be applauded for their efforts in conjunction with the four Kansas resident Native American Indian Tribes to oppose efforts by out-of-state Tribes to establish casinos in this state. We would urge the Legislature and the Governor to continue to oppose such efforts.

If the State of Kansas was to enter into a gaming compact with two or more of the Native American Indian Tribes resident in Kansas who have indicated an interest in Tribal gaming in the Wyandotte County area, coupled with a side agreement similar to that utilized in Connecticut which provides for revenue to be brought to the state from such operation, such a proposal might well address the goals and the concerns of the vast majority of the players in this entire debate.

Wyandotte County would have its casino to help its economic development. Those who are opposed to expansion of gaming could see a reduction in the number of casinos in Kansas. Those who are concerned about the State of Kansas getting onto the slippery slope of conducting the business of gaming would see such gaming continue with the foothold that serves as a break against falling further into the gaming abyss by limiting that gaming only to Tribal gaming. Those individuals who see expansion of gaming as a potential revenue source would see revenue raised for the state from such Tribal gaming that currently does not exist.

To pull such a proposal together would require the support of the Governor, the leaders and the members of the House and the Senate, the respective Tribes that are involved in the transaction, and others. I am not meaning to suggest that this would be the easiest agreement to accomplish. However, it is an issue which I believe warrants your discussion, your consideration, and well could be the proposal that would permit a large number of legislators to come together on this issue.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

BRAD SMOOT

ATTORNEY AT LAW

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**STATEMENT OF BRAD SMOOT
LEGISLATIVE COUNSEL
KANSAS RACING, L.L.C.
HOUSE TOURISM COMMITTEE
HOUSE BILL 2987
FEBRUARY 25, 2002**

Mr. Chairman and Members:

Kansas Racing, L.C.C., is owner of The Woodlands dog and horse track in Wyandotte County. On behalf of The Woodlands, Wichita Greyhound Park and Camptown, we are asking for legislative authorization for the Kansas Lottery to operate electronic gaming devices at licensed parimutuel tracks in Kansas.

THE OPPORTUNITY

We believe the people of Kansas have a one-of-a-kind opportunity to reclaim a portion of the gaming revenues now exiting our state. With slot machines, our licensed tracks can compete with neighboring states and Native American casinos while returning millions of dollars to Kansas in the form of taxes, investment and jobs.

Our research indicates that Kansans are pouring gaming dollars into neighboring states and Native American casinos at the rate of \$400 million per year. Exhibit 1. These dollars, of course, are not taxed or shared with the state of Kansas. We also estimate that with slot machines at the three full-time parimutuel tracks (Wyandotte, Crawford and Sedgwick Counties), and two part-time tracks (Eureka and Anthony), we could recapture some of those gaming dollars and generate others from neighboring states in the amount of \$350-\$400 million. Exhibit 2. HB 2987 could directly recover more than \$126 million dollars annually for the state, cities and counties, Kansas agricultural interests, charities and others. Additional income, sales and property taxes, jobs, capital investment and other economic development benefits simply add to that number. Exhibit 3.

THE PUBLIC'S VIEW

Regardless of one's personal view of gaming, there are two facts that cannot be denied. First, it was the people of Kansas who brought us gaming. In 1986, your constituents endorsed constitutional amendments permitting a state lottery (63.9%) and parimutuel racing (59.8%). An amendment authorizing bingo has also been adopted. And Kansans continue to support gaming. Whether you look at lottery sales and casino attendance or analyze voter polling as we have done, most Kansans are not adverse to gaming. Exhibit 4. There is no turning back the clock or ignoring the public will. Gaming is here. It will stay here.

Second, recent competition from gaming establishments, not authorized by the people of Kansas, has damaged the Kansas parimutuel industry. In 1993, The Woodlands was Kansas' number one tourist destination, attracting 1.2 million visitors. Harrah's Prairie Band Casino boasts the top spot today, collecting 1.47 million visits in 2000. Exhibit 5. The reason: Slots. The result: Millions of tax and charitable dollars lost. The remedy: Competition!

House Tourism Committee

Meeting Date 2-25-02

Attachment 9

THE KANSAS GAMING REVENUE RECOVERY ACT
HB 2987 – Exhibit 6

- The Kansas lottery would control the slot machine operations by contracting with the parimutuel track operators and the Kansas racing and gaming commission would tightly regulate the entire activity.
- A county-wide vote would be required before any track could contract with the lottery for placement of slot machines.
- Thirty one and one-half percent (31.5%) of net machine income is dedicated to public purposes with the bulk (21%) going to the state general fund. All costs and risk in construction, purchasing, maintaining and staffing the slots operation are born by the track operators. The state has no risk or obligation. Neither do the cities, counties, dogs, horses or charities.
- Cities, counties and charities each get 1%.
- A share is reserved for a veteran's fund and for problem gambler programs.

THE OPPONENTS

You may have already heard criticism of this proposal from those who oppose HB 2987 on moral grounds, from those who want even more gaming opportunities and from those who don't want the competition. For those who oppose all gaming on moral grounds, we respect your view and are not here to persuade you otherwise.

For those who want slot machines in private clubs, convenience stores, bowling alleys and the like, we assert that Kansans do not support such a dramatic expansion of gaming. Parimutuel tracks, on the other hand, are voter approved, tightly regulated gaming sites where the addition of slot machines is logical, practical and supported by Kansas voters.

And finally, to those who simply don't want the competition, too bad. Competition is the only method by which Kansans can recover any portion of the Kansas gaming revenues now being diverted to riverboats and casinos. We cannot tax Missouri enterprises. We cannot compel Native American tribes to share their revenues. We cannot change or eliminate either competitor. All we can do is give our constitutionally authorized and voter approved gaming facilities the tools to compete.

SUMMARY
Exhibit 7

We urge this committee to endorse HB 2987. This may be our last chance to recover gaming revenues for the benefit of all Kansans. With a state lottery/private race track partnership, Kansas can have a successful parimutuel industry again; it can retrieve millions of dollars annually to fund essential state services and support local governments, agricultural industries and charities; it can spur millions of dollars in capital investment; generate millions of dollars in additional income, sales and property tax revenues and create hundreds of good jobs. Who wins with slots at the tracks? Kansas.

Thank you for consideration of our views.

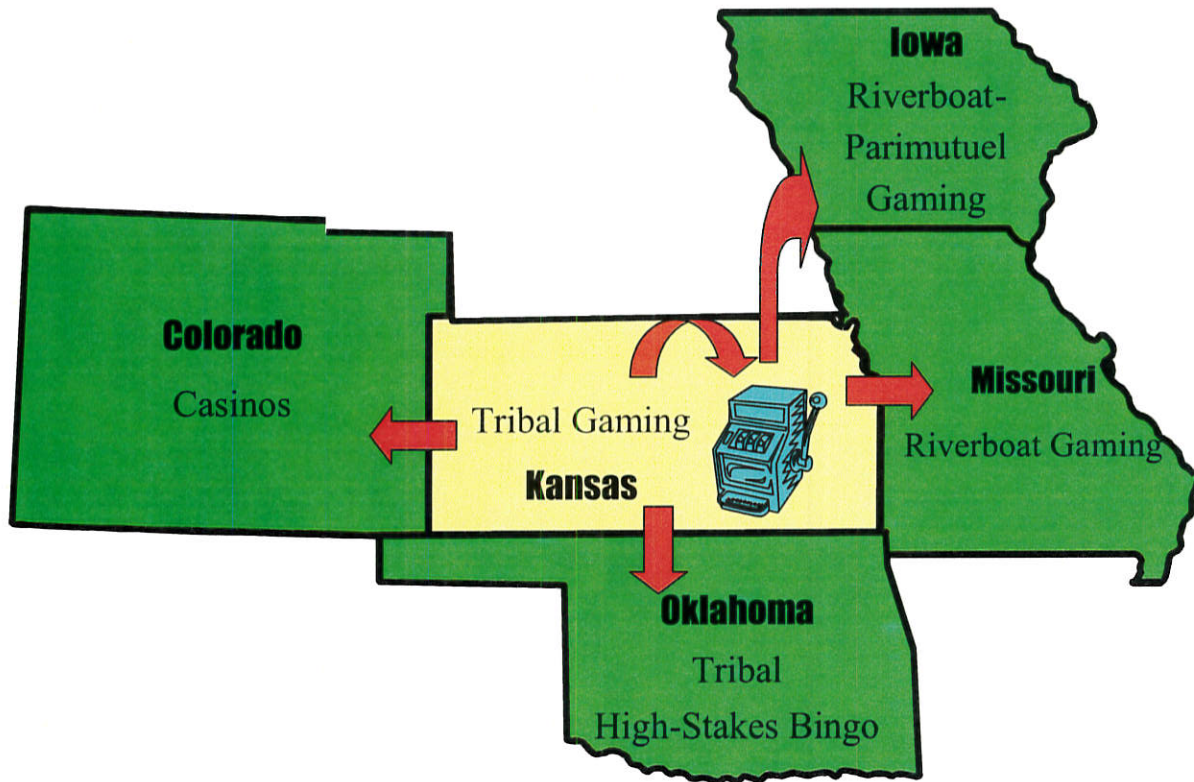
**Presentation in Support of
House Bill 2987
Kansas Gaming Revenue Recovery Act**

**Presented to
House Committee on Tourism
February 25, 2002**

Kansas Gaming Revenue Recovery Act

Keep Kansas Dollars in Kansas

During 2001 Kansans spent over **\$400 Million** on gaming in neighboring states and Tribal Casinos.



* Estimate based on Missouri Gaming Commission reports and NIGC reports

Keep Kansas Dollars in Kansas

Prepared by Kansas Racing, LLC

Kansas Gaming Revenue Recovery Act

Estimated Economic Impact

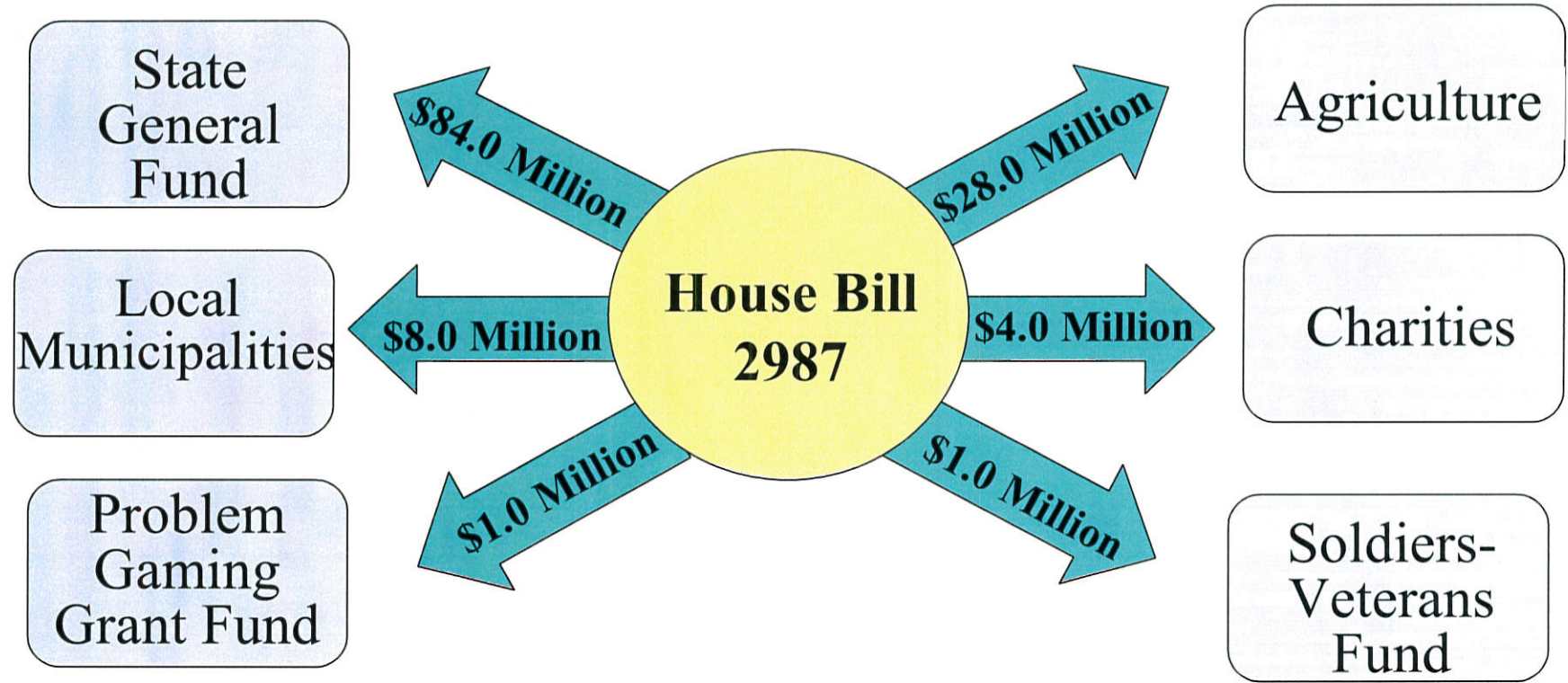
9-5

KANSAS will:

- ☑ Capture **\$350 Million to \$400 Million** annually of gaming spending by retaining Kansas gaming dollars and attracting new dollars from tourism
- ☑ Directly recover up to **\$126 Million** annually for public purposes
- ☑ Provide additional revenues through income, sales and property taxes
- ☑ Stimulate over **\$100 Million** of private investment
- ☑ Create thousands of new jobs

Kansas Gaming Revenue Recovery Act Revenues Generated for Kansas

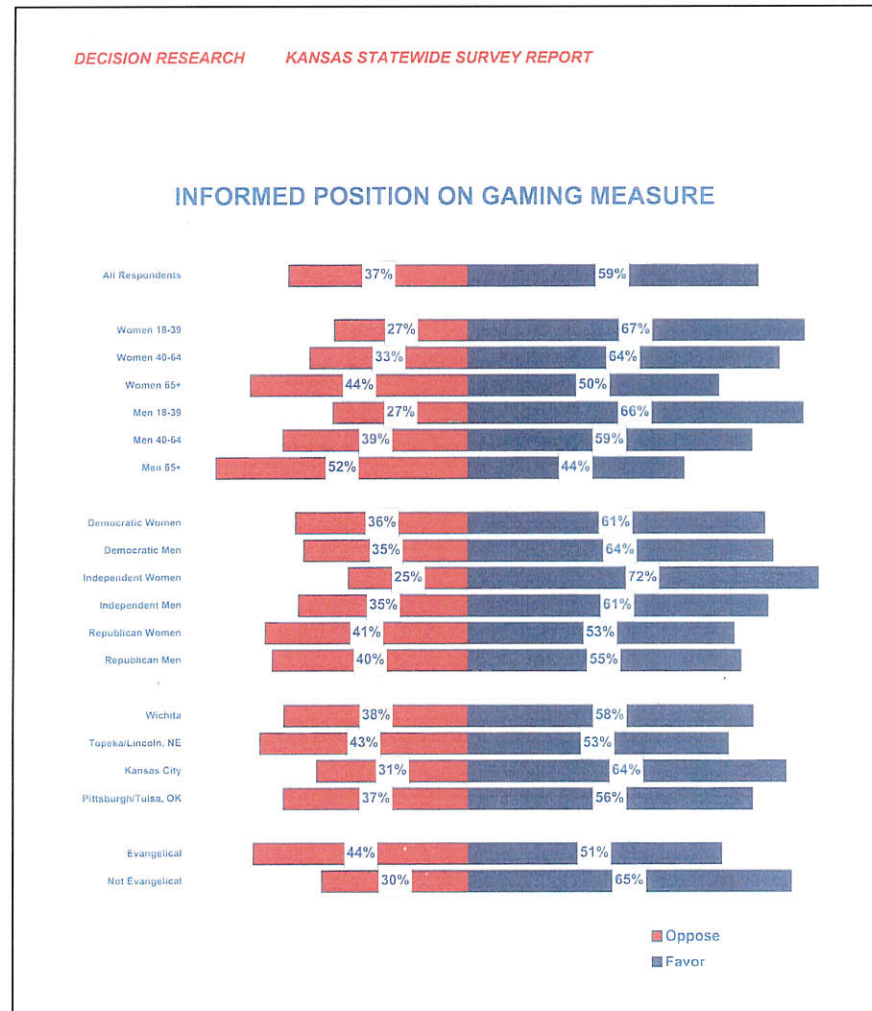
\$126 Million Available for Distribution



Kansas Gaming Revenue Recovery Act Voters Support Measure

- ☑ 59% of people surveyed support measure to allow Lottery to operate slot machines at existing racetracks.
- ☑ 64% of people surveyed believe voters should decide if the Lottery can operate slot machines at existing racetracks.

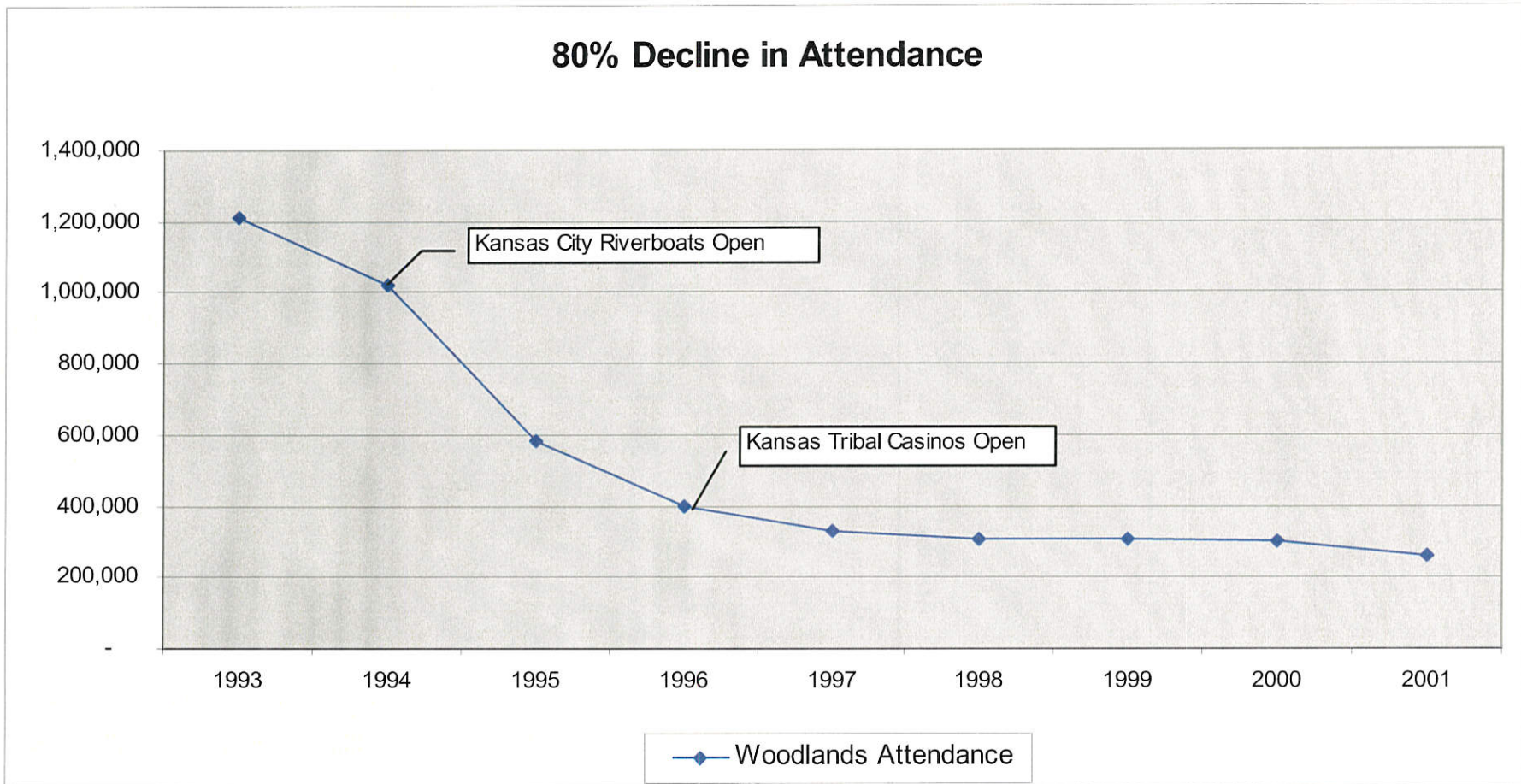
Based on a telephone survey conducted by Decision Research in December 1999.



Kansas Gaming Revenue Recovery Act Effect of Competing Gaming on The Woodlands

8-5

80% Decline in Attendance



Kansas Gaming Revenue Recovery Act

Synopsis of HB 2987

- Permits the Kansas Lottery to operate Electronic Gaming Devices
 - Restricted to existing parimutuel licensee facilities
 - Regulated by Kansas Racing and Gaming Commission
 - Parimutuel licensees responsible for operating costs and capital expenditures

- Requires approval of local voters
 - 64% of people surveyed believe voters should decide if the Lottery should operate electronic gaming devices at existing parimutuel locations

- Dedicates 31.5% of net machine income for public purposes

- State and local municipalities have no risk or obligation

Kansas Gaming Revenue Recovery Act Summary

- ☑ Possibly last chance to recover gaming revenues for the benefit of Kansas
- ☑ State lottery/private race track partnership can revive parimutuel industry
- ☑ Retrieve \$80 Million to fund essential state services
- ☑ Generate millions of dollars in additional income, sales and property taxes for the state and local government
- ☑ Retain existing jobs while creating additional jobs for Kansans

9-10

SEASTROM KENNELS INC
2350 EDEN ROAD
ABILENE, KS 67410
785-263-3965
785-263-2062(FAX)

**TESTIMONY OF TRACY LYNN SEASTROM – WILDEY ON BEHALF OF THE KANSAS
GREYHOUND ASSOCIATION BEFORE THE HOUSE COMMITTEE ON TOURISM
FEBRUARY 25, 2002**

Dear Chairman Beggs and Members of the Committee:

I am Tracy Wildey, President of Seastrom Kennels Inc. and I am appearing today on behalf of the Kansas Greyhound Association (KGA) in support of slot machines in Kansas Racing Tracks.

I am a second-generation greyhound owner. My father passed away in November of 1997. At that time, my husband and I made the decision to move back from Florida and – along with my sister - keep Seastrom Kennels operational. All in all, Seastrom Kennels has been operational for 32 years. We have raised greyhounds on our farm in Abilene, Kansas during this entire time, and during the years of 1990 – 1993, Seastrom Kennels operated a racing kennel in Wichita, Kansas. However, due to the declining purse structure at the Kansas racetracks, coupled with rising costs involved in raising the animals, the decision was made to discontinue racing in Kansas and race at other racetracks in Florida, Iowa, Alabama and Texas. The unfortunate part of this decision was not the facilities – as they are two of the best facilities in the country – but the purses paid out.

Later, the decision was made for Seastrom Kennels to concentrate on running our best greyhounds in Iowa because the Iowa legislature voted for casino gambling in 1994 and the purses would be substantially higher in this state versus the other states we were operating racing kennels. For the last year, Bluffs Run in Council Bluffs, Iowa had 5 kennels on its roster who were based out of Kansas. Four of the kennels have their home base in Abilene, 1 in Holyrood. Our kennel expenses at Bluffs Run for 2001 were \$179,043.20. Assuming the other Kansas kennels operating at Bluffs Run had comparable expenses, the total amount of monies combined that went out of state to Iowa last year would have been approximately \$895,000. This year there are 4 kennels from Kansas and so far the monies combined are approximately \$80,000. This does not even take into consideration the kennels in Kansas who do not operate racing kennels but who do send their dogs to Lincoln, Rhode Island; Charleston, West Virginia; Wheeling, West Virginia and Bluffs Run because the purses are much better.

House Tourism Committee
Meeting Date 2-25-02
Attachment 10

Along this same vein, there are five Kansas breeders who operate racing kennels at Wheeling. I can only assume their expenses paid out of state run parallel to what ours are in Iowa.

Due to these factors, it is now apparent for the state of Kansas to attract the top level of animals in the state as well as many dollars spent on expenses, they must have supplementation by casino gambling at the existing racetracks. It is no secret among greyhound owners that Kansas City and Wichita are considered second-tier racetracks, and even though greyhounds are bred and raised in the state of Kansas, they are not registered as Kansas-bred because it has become difficult to recoup the monies paid to Kansas-register the litters at the Woodlands and Wichita. Furthermore, if a dog, even though he is Kansas-bred, is a superior racing animal, it will most likely end up at a top-tier racetrack such as Lincoln, Wheeling, Tri-State or Bluffs.

Due to all of the above factors, it is important for the KGA that casino gambling be passed in the state of Kansas as it will increase revenues to the greyhound breeders in Kansas who breed, raise and train these animals. I would call your attention to the attached IGA brochure. As evidenced by the following information, the actual number of greyhound farms increased in Iowa as did the quality and number of greyhounds being raised in the state. This means that monies now being spent out of state will be reinvested in local Kansas communities, not only benefiting the communities, but the economy of the entire state. This has to happen in Kansas so that the state world-famous for its greyhounds also becomes world-famous for its purses.

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

THE ECONOMIC IMPORTANCE of GREYHOUND RACING IN IOWA

In just fifteen years, greyhound racing in Iowa has grown from an idea into a multi-million dollar business, employing hundreds of people and attracting hundreds of thousands of fans each year. In fact, greyhound racing in Iowa has created 832 jobs and adds more than \$19 million in sales, \$14 million in income, and \$21 million in value to the state's economy.

Iowa's two greyhound tracks -- Bluffs Run in Council Bluffs and the Dubuque Racetrack and Casino -- along with Iowa's breeders and kennel operators are having a positive economic impact on our state. This document provides a summary of an economic impact study of greyhound racing, conducted by Iowa State University, and a survey of people in our state's greyhound industry.

Key highlights of this study show the real impact of greyhound racing in Iowa:

AN INVESTMENT IN ALTERNATIVE AGRICULTURE

Since the Iowa Department of Agriculture established a registry for Iowa-whelped greyhounds in 1986, the industry has become a strong and viable alternative agricultural activity.

- More than 200 Iowa owners provide a population of 13,060 greyhounds.
- Iowa owners have invested \$24.4 million in their facilities and equipment.
- Iowa kennel operators spend \$3.6 million each year.
- Iowa-based breeders spend \$12.03 million per year.

A SOURCE OF IOWA JOBS

Greyhound racing creates new and expanding job opportunities, from agriculture to tourism, not only in Dubuque and Council Bluffs, but throughout Iowa.

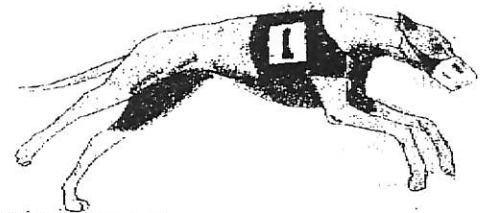
- A total of 565 people are employed in the breeding and training of greyhounds in Iowa, generating \$10,276,925 in salaries.
- More than 267 people are employed because of live greyhound racing, creating \$4,036,564 in income.
- Countless other jobs, from hotels and restaurants to the casinos, exist due to the presence of Iowa's two greyhound racetracks.

AN ATTRACTION FOR VISITORS

The location of Iowa's two tracks along the state's river borders means this is an industry that draws tourism dollars into our communities.

- Total attendance at the two racetrack and casino facilities in 2000 was nearly 5,000,000 patrons.
- The development of casinos in Council Bluffs and Dubuque is due to the presence of the greyhound race tracks.

The facts are clear: greyhound racing in our state has a real impact on our economy by providing a strong alternative agricultural business, a source of jobs for people throughout Iowa and an attractive entertainment option for residents and visitors alike.



The Iowa Greyhound Association is a non-profit organization consisting of greyhound owners, trainers, kennel owners, operators and individuals in the common goals of responsible breeding, raising, training, racing and welfare of greyhounds in the state of Iowa.

The Iowa Greyhound Association is working to:

- Promote the sport of greyhound racing in the state of Iowa.
- Improve the breeding, care and welfare of Iowa greyhounds.
- Unite and exchange knowledge, information, ideas and experience in all aspects of greyhound racing in Iowa.
- Incorporate the interests of community pride, placement of non-racing greyhounds as pets and good sponsorship in the greyhound industry in the great State of Iowa.



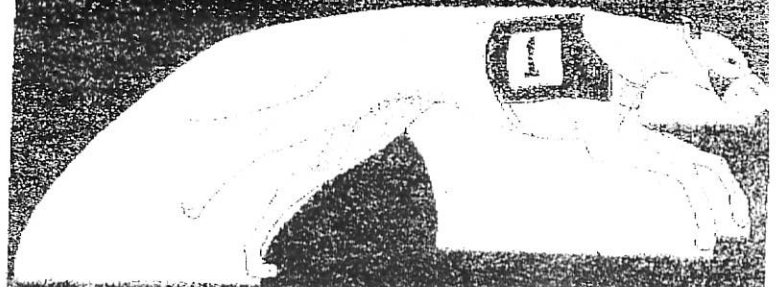
GREYHOUND ASSOCIATION

Bob Hardison, president
Steve Haller, executive director
515-245-5424
iangreyhound2k2@aol.com

Fast Dogs.

Good Jobs.

Real Impact.



THE ECONOMIC IMPORTANCE
of
GREYHOUND RACING IN IOWA

10-4

REPORT TO THE HOUSE COMMITTEE ON TOURISM
By the National Greyhound Association
Gary Guccione, Exec. Dir.
Feb. 25, 2002

My name is Gary Guccione. I am the Secretary-Treasurer and Executive Director of the National Greyhound Association, the official registry for racing Greyhounds, located in Abilene, Kansas. The NGA is the oldest Greyhound racing organization still in existence in North America, having been organized in 1906. The association made Abilene its national headquarters back in 1945, and has been there ever since.

The National Greyhound Association's membership is the 3,000 Greyhound owners and breeders located primarily in the United States. NGA was closely involved with the legalization of racing in Kansas more than a decade ago, and I was privileged to serve on the Kansas Racing Commission's original Advisory Committee.

We are here today to address House Bill No. 2987. We wish at this time to go on record as being in support of the bill's intent to authorize electronic gaming machines in racetracks in Kansas. Understandably, the Greyhound breeders and owners in Kansas, along with those elsewhere in the United States, are in favor of measures that will bolster the Greyhound breeding industry by offering additional gaming options into existing racing facilities, under conditions that live racing is protected and where the breeding industry shares fairly in the monetary benefits derived via the new gaming options.

Some history is in order. Kansas has traditionally been a major player in the sport of Greyhound racing. The very first organized Greyhound meet in North America was held in 1886 in Cheyenne Bottoms near Great Bend, Ks. Since the 1920s up through the present, Kansas has been the site of National race meets. Twice a year, hundreds of owners and breeders from throughout the world still gather in Abilene for a week of pup-stake competition, auctions and other activities. The two auctions each spring and fall gross about \$2.5 million in sales, providing sizeable income for the state of Kansas in the form of sales tax. Largely because of the National Meets, as well as the fact that the Greyhound Hall Of Fame is located in Abilene (across from the Eisenhower Center) and that more Greyhounds are raised in Dickinson County than any other county in America, Abilene has long been known as the "Greyhound Capital of the World."

Kansas is still among the "Big Three" Greyhound breeding states nationally (joining Florida and Texas). Our industry in Kansas, which relies heavily on the in-state track operations, represents a farm investment of more than \$75 million. More than \$17.5 million a year is pumped into the Kansas economy simply in caring for the approximately 14,000 Greyhounds that are raised and domiciled in our state. Some 280 Greyhound operations dot the Kansas countryside. Thousands more are employed at these farm operations or at the racetrack kennels at Wichita Greyhound Park and the Woodlands (not counting the many other Kansas citizens who are directly employed by the tracks themselves). The livelihood of many thousands of Kansans who work in the racing

House Tourism Committee
Meeting Date 2-25-02
Attachment 11

industry would be seriously jeopardized, if not terminated, should the Kansas tracks close.

Twelve short years ago, the breeding industry in Kansas was vibrant; sadly, that's not the case today. There were a number of factors involved, but the most significant no doubt was the introduction of other forms of gaming competition—games, by the way, unlike Greyhound and horse racing, that do not drive an agricultural based animal breeding industry. Games that, unfortunately at the present time, cannot be played at our Kansas racetracks. House Bill 2987 can correct that situation.

In summary: Like many industries in Kansas (partly due to the whole economic climate), the Greyhound racing and breeding industry is in trouble.

Like some of those troubled industries, the Greyhound racing/breeding industry can be saved, revitalized and strengthened, by legislative action that levels the playing field.

Like a very few of those industries, the Greyhound racing/breeding industry can be saved, while at the same time pumping much-needed new revenue into the state's treasury.

Kansas Greyhound racing and breeding is an industry very much worth saving, and HB 2987 can be the vehicle that delivers that desirable outcome.

Understandably, some of the finite details of House Bill 2987, including the number crunching and allocation of proceeds, have not all been finalized or set in stone. We support the spirit and intent of this bill, while respectfully asking legislators that are involved in the fine-tuning process to make certain that the monetary pie is fairly divided. To significantly revitalize the breed industry in Kansas, it's the breed industry's position that, in addition to the \$60 Kansas-whelped supplement provided for in the bill, no less than 5 percent of the proceeds from machine gaming devices be set aside to supplement purses, which ultimately flow back to the breeding farms and their communities. This is not merely a want, but a desperate need—and it's a percentage that is extremely conservative when compared with that set by any other state where the marriage of gaming machines and racing has already taken place (i.e., Iowa, Rhode Island and West Virginia). Setting aside more than that would, obviously, revitalize the industry all the more significantly. Setting aside less than that figure will be equivalent to applying a small bandage to an industry that's in need of a transfusion.

Nor should the facilities at the Woodlands and WGP be slighted. They, too, must be allowed to retain a fair portion of the proceeds in order to guarantee they can construct and maintain facilities appealing enough to compete with the gaming industries in neighboring states, as well as those already in our own state.

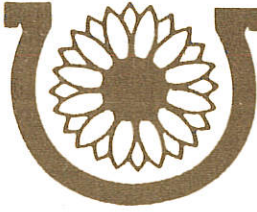
We respectfully ask legislators to keep in mind that Kansas voters, in a constitutional amendment some 14 years ago, approved the concept of pari-mutuel racing. The whole impetus of that effort was to preserve the animal racing and breeding industries that have

such a rich tradition and provide a sizeable economic base here in Kansas, and to spur general economic development. For nearly a decade, pari-mutuel racing in Kansas succeeded in that intent. Under the present climate, however, pari-mutuel racing in Kansas cannot do what voters originally asked it to do.

With hope that you'll give consideration to the needs of the Greyhound racing and breeding industry in Kansas, as we've outlined herein with respect to fair purse supplements. That being done, we would then ask for your support of HB 2987.

Thank you.

KANSAS THOROUGHBRED ASSOCIATION



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316-733-4216

Bob Schreiber
620-653-7691

Gary Smith
913-764-0416

Tommy Taylor
316-744-3870

John Watson
620-675-8375

Ladies and gentlemen, thank you for the opportunity to allow me to speak to you today. My name is David Assmann and I am the vice president of the Kansas Thoroughbred Association. I am here today on behalf of the Kansas Thoroughbred Association to endorse slot machines at Para-mutual race tracks in the state of Kansas.

The thoroughbred industry in Kansas is primarily rural. The economic impact for the agricultural community in Kansas from a 60-day horse meet is significant. The following is a brief estimate of impact of this meet. Let us assume that horses run five days for twelve weeks. Generally, horses will arrive 14 days prior to the meet. Therefore, for approximately 100 days, there will be 1200 horses stalled at the Woodlands.

Now let us take a look at the economic effects of keeping 1200 horses for 100 days.

Each horse will use approximately one bale of straw per day. This is 120,000 bales of wheat straw produced primarily by Kansas's farmers.

Each horse consumes approximately one half of a bale of hay per day. That is 60,000 bales of grass, hay, and alfalfa produced by Kansas farmers.

Each horse consumes approximately ten pounds of grain per day. This is over 500 tons of grain, much of which will be grown and milled in Kansas.

House Tourism Committee

Meeting Date 2-25-02

Attachment 12

George L. Smith, **Executive Director**
215 Monroe, Fredonia, Kansas 66736 • 620-378-47

Each horse consumes various vitamins, minerals, and numerous supplements, generally purchased from Kansas feed supply stores.

Each horse requires a groom. On average, a groom will take care of five horses. That results in employment for some 240 people.

Each horse requires training. Training includes galloping, or being led by a pony usually five days of the week. This results in employment of some 80 people.

Each horse requires shoes roughly once a month at around \$75.00 per horse. Local Kansas farriers perform much of this shoeing.

All horses require veterinary care. Many of these veterinarians are or will be, graduates from Kansas State School of Veterinary Medicine. Horses that require special attention due to injury or illness will be treated at Kansas State.

There are other various employees involved in the training and care of thoroughbred horses. This doesn't even take into account the job opportunities involved in the conduction of the horse meet.

Overall costs are approximately \$1500.00 per month to maintain a thoroughbred horse in training. A 60-day racehorse meet will generate \$7-\$8 million. As you can see, much of this money goes back into the Kansas agricultural community.

The Kansas Thoroughbred Association held our annual meeting this past January in Wichita. In addition to the educational program, this meeting provides an opportunity for thoroughbred owners and breeders to exchange ideas and thoughts about the horse industry in Kansas. Most of the attendees are from rural Kansas. The consensus of opinion was to find a way to keep their mares and stallions in Kansas.

From an economical standpoint, many breeders in Kansas are sending horses to other states to be bred; primarily Iowa, which has slot machines at a Para-mutual racetrack. Many people involved in the horse industry are barely hanging on. And without additional revenue produced

by slot machines, they will no longer be able to stay in business in Kansas.

The economical impact on the drain of mares and stallions from Kansas is significant. It costs approximately \$3000.00 per year to maintain a horse. Mares are pregnant for a year, and a horse won't run until it is at least two years old, and many postpone running until the horse is three years of age. As you can see, by the time a horse is ready to go into training, they have already had significant economical impact.

In conclusion, the Kansas Thoroughbred Association supports slot machines at Para-mutual racetracks in Kansas. This will allow some of the money generated to be kept in Kansas. This will allow the horse industry in Kansas the opportunity to grow and KEEP IT IN KANSAS.