

MINUTES OF THE HOUSE TOURISM COMMITTEE.

The meeting was called to order by Chairperson Carol E. Beggs at 3:42 p.m. on March 25, 2002 in Room 243-N of the Capitol.

All members were present except:

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

Conferees appearing before the committee: No conferees - Committee Discussion Only

Others attending: See attached list

Chairman Beggs asked for approval of two sets of minutes, one from March 18th and one from March 20th which had previously been distributed to members. There were no changes requested. Minutes are considered approved as read.

Each member received a copy of a letter from the Office of Board of County Commissioners - Crawford County, Kansas which was directed to Senator Barone. This letter asked for legislative support which would give the county a 5% portion of local gaming revenues. (Attachment 1)

Bob Nugent from the revisor's office distributed copies of the proposed Substitute for HB 2890 with the approved changes recommended by the committee at the March 18th meeting.

Representative Clay Aurand introduced an amendment proposal to Section 26 of the proposed bill. This amendment purposes there be a competitive bid. There would be one slot operation in Wyandotte, one in Crawford and one in Sedgwick, however, there would be the facility to do a competitive bid if this amendment were to be adopted. Representative Aurand purposed that we add a parimutuel companion licensee. This must be located immediately adjacent to the current parimutuel facility. He further stated that a couple of the minimums that would be involved for the companion licensee would be a minimum bid of \$10 million in order to gain the ability to do the slot machines and they would have to have a minimum investment of \$50 million over the next two years in building, slot machines, etcetera. A flow chart showing how this system would work was passed to each member of the committee. (Attachment 2)

Margaret Long addressed the committee reading an article which stated that Kansas is known for its' quality and that Substitute for HB 2890 addresses a new business to be located in Kansas and should be treated with the same criteria as any other business locating within our state. She continued that we should enhance the tourist trade by adding a destination gaming slots to a specific location and complete the tourist package. She concluded with reading this report which supports 3.5% to the dogs and horse industry. This would help the industry to compete, improve stock and provide quality racing. Her report also supports 1.5% for the cities and 1.5% for the counties. (No written testimony)

Representative Aurand made a motion to adopt his amendment. Representative Levinson seconded the motion.

There was committee discussion regarding the amendment.

Representative Ballou opposed the amendment.

Representative Aday opposed the amendment.

Representative Mason could not support the amendment.

CONTINUATION SHEET

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

A vote was taken on the amendment. Motion failed.

Representative Mason moved to strike reference to all veterans in the bill. This was seconded by Representative Palmer.

Chairman Beggs asked for discussion on the amendment.

Representative Ballou opposed the amendment.

Representative Margaret Long opposed the amendment.

Representative Aurand opposed the amendment.

Vote was taken. Amendment passed.

Another amendment was presented to the committee by Representative Mason. This amendment states that no elected official, state office, state employee or candidate for state office or associated person shall accept any gift, campaign contribution, entertainment, hospitality in the form of recreation, food or beverage economic opportunity, honoraria or any other payment from any key gaming employee, lottery machine operator, organization licensee, parimutuel licensee, technology provider or any person having a substantial interest in any such person or entity. (Attachment 3)

Motion was made by Representative Mason to adopt this amendment. Motion was seconded by Representative Ethel Peterson.

Chairperson Beggs asked for committee discussion.

Representative Ballou opposed the motion.

Representative Aday opposed the motion.

Representative Ethel Peterson supported the motion.

Representative Clay Aurand supported the motion.

Representative Levinson opposed the motion.

Representative Margaret Long opposed the amendment.

Vote was taken with a tie of 8 to 8. Chairman Beggs voted against the amendment to break the tie. Motion failed.

Representative Aurand moved to propose an amendment to Section 26 of **Substitute for HB 2890**. This would be language as guidance for the governor to look at proposals from various locations. (Attachment 4) Representative Levinson seconded the move.

Vote was taken. Motion passed.

There was additional discussion by the committee.

Representative Long questioned if this was an at large casino if it could be located in any part of the state.

Representative Aurand added a proposed amendment that stated the at large facility must be at least 100 compass and circle miles away from an existing parimutuel facility. This was seconded by Representative Jeff Peterson.

CONTINUATION SHEET

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

Vote taken. Motion passed.

An amendment proposed and moved by Representative Mason to remove any reference to at large locations. This was seconded by Representative Palmer.

Representative Aday opposed the motion.

Representative Ballou opposed the motion.

Representative Aurand opposed the motion.

Representative Levinson opposed the motion.

Vote was taken. Motion failed.

Representative Margaret Long moved we amend Substitute for HB 2890, Page 19- line 9 to increase the percentages to the cities and counties to 1-1/2% each and to change line 13 to 1/2%. The percentage change would be taken from deleting the Statehouse renovation fund, take 1/2% from the regulatory fund, 1% from the State General Fund.

Representative Long repeated the proposed percentages for the committee. They are as follows:

Page 19 - Line 7 - 1/2%

Page 19 - Line 10 - Delete

Page 19 - Line 13 - 1/2%

Page 19 - Line 15 - 1.5%

Page 19 - Line 17 - 1.5%

Page 19 - Line 19 - Remains the same

Page 19 - Line 20 - Remains the same

Line 6 becomes whatever the remainder would be

1/4% would go to the problem gambler fund

3/4% to management fee

Representative Henderson seconded the motion.

Representative Peterson opposed the amendment.

Representative Aurand made a substitute motion. Referring to the "pink sheet" (Attachment 5) the Cox bill and the industry bill both had 1% city and 1% county. The motion was to move the .5% county and .5% city in the current subcommittee bill up to 1%. That 1% would come out of the state general fund or SGF.

Representative Ballou opposed the substitute motion.

Representation Mason opposed the substitute motion.

At this point Russell Mills of the Kansas Legislative Research Department supplied each member with a report from the Kansas Department of Social & Rehabilitation Services, Laura Howard, Assistant Secretary of Health Care Policy, with information regarding problem gambling. (Attachment 6)

Representative Aday opposed the substitute motion.

Chairman Beggs asked for a vote. Vote tied 8 to 8. Chairman begs voted for the substitute amendment to break the tie. Motion passed.

CONTINUATION SHEET

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

Representative Aurand made a motion that they move the management fee from 63.5% to 66% with the money coming from the State General Fund (SGF). Representative Margaret Long seconded the motion.

Representative Ethel Peterson opposed the amendment.

Representative Ballou supports the amendment.

Representative Mason opposed the amendment.

Chairman Beggs asked for a vote. Motion failed.

Representative Aurand made a motion that a 2% competition bonus be put in for facilities that have other slot machine facilities within a 100 mile radius. Representative Long seconded the motion.

Representative Aday opposed the motion.

Chairman Beggs asked for a vote. With 6 voting for and 8 against, the motion failed.

Representative Margaret Long made a motion we table the **Substitute for HB 2980**. Motion was seconded by Representative Henderson.

Chairman Beggs called for a vote by the committee. Motion carried. Bill tabled.

Meeting adjourned at 5:35 p.m.

HOUSE TOURISM COMMITTEE GUEST LIST

DATE March 25, 2002

NAME	REPRESENTING
Betty R Smith	KQHRA
Carol Bird	KQHRA
Mwayne Bird	KQHRA
E. L. "Tom" FARR	VFW Post 1650
Bill Ruffin	Ruffin Co
Glenn Thompson	Stand Up For K.S.
Mary Pursel	KQHRA
T.C. Pursel	KQHRA
Lee D Smith	KQHRA
Keith Kocher	KS LOTTERY
Stephanie Buchanan	DOB
BOB ALDENSON	KEA
Alvin H. Bloom	KQHRA
Bill Stover	KQHRA
Ray K. Taylor	KQHRA
Red St	PBPEC
Joyce Durren	PBPGC
Yvonne Hutchins	PBP
Connie Burns	Whitney B. Demroz, PA

OFFICE OF
BOARD OF COUNTY COMMISSIONERS
CRAWFORD COUNTY, KANSAS

BOB KMIEC
FIRST DISTRICT

KEVIN ANSELMI
COUNTY CLERK

TOM MOODY
SECOND DISTRICT

GIRARD, KANSAS 66743

STEVE HOGARD
DEPUTY

ANTHONY PICHLER
THIRD DISTRICT

March 19, 2002

Senator Jim Barone
State Capitol Building
Room 504 North
300 Southwest 10th Street
Topeka, Kansas 66612

Re: Gaming Revenues

Dear Senator Barone:

The Board of County Commissioners of Crawford County, Kansas has long supported a local option vote on the issue of expanded gaming in Kansas. Although expanded gaming will not cure the current state and local fiscal crunch, it is one method of raising needed revenue without resorting to additional property tax mill levies.

Expanded gaming will create an additional burden on local governmental resources and for this reason we ask for your support of legislation which would give the County a five percent portion of local gaming revenues. Because the Camptown Greyhound Park located in Crawford County will generate a significant amount of revenue for programs statewide, it is only fair that the County receive some sort of reimbursement for these additional expenses. This reimbursement would be for the County portion only, we are confident the City will also incur additional expenses.

Please distribute this letter to other Senators and Representatives as necessary to share our concerns with your colleagues. Thank you for your support of this important issue.

Very best regards,



Anthony Pichler, Chairman
Board of County Commissioners

AP:mb

House Tourism Committee
Meeting Date 3-25-02
Attachment 1

PROPOSED AMENDMENT TO SUBSTITUTE FOR H. B. 2890

Add following definitions to section 2:

() "Parimutuel companion licensee" means the operator of a parimutuel companion licensee location.

() "Parimutuel companion licensee location" means a location on or immediately adjacent to the premises of a racetrack facility, as defined by K.S.A. 74-8802, and amendments thereto, where electronic gaming machines are operated.

Amend section 3 to read:

New Sec. 3. (a) The executive director may contract with veteran's organization licensees ~~and~~, parimutuel licensees and parimutuel companion licensees for the operation and management, by the state of Kansas, of electronic gaming machines at veteran's organization licensee locations ~~and~~, parimutuel licensee locations and parimutuel companion licensee locations in counties where a proposition submitted pursuant to section 5, and amendments thereto, has been approved by the voters of such county. Such contracts shall be subject to the provisions of this act and rules and regulations adopted under this act but shall not be subject to the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto.

(b) In a county where a proposition submitted pursuant to subsection (c)(1) of section 5, and amendments thereto, has been approved by the voters of such county, the executive director shall contract with only one parimutuel licensee or parimutuel companion licensee, as determined by competitive bids by the parimutuel licensee and applicants to contract to be a parimutuel companion licensee.

(c) The executive director shall select as lottery gaming machine operators such veteran's organization licensees ~~and~~, parimutuel licensees and parimutuel companion licensees as the executive director deems best able to serve the public convenience and promote marketing plans developed by the Kansas lottery. In the selection of lottery gaming machine operators, the executive director shall consider factors such as financial responsibility, security of the licensee location, integrity, reputation, volume of expected sales and such other factors as the executive director may deem appropriate.

(e) ~~(d)~~ The executive director may charge an administrative application fee reasonably related to the costs of processing the application, to veteran's organization licensees ~~and~~, parimutuel licensees and parimutuel companion licensees applying to become lottery gaming machine operators.

~~(d)~~ (e) A contract shall not constitute property, nor shall it be subject to attachment, garnishment or execution, nor shall it be alienable or transferable, voluntarily or involuntarily, or subject to being encumbered or hypothecated. No interest in the contract shall descend by the laws of testate or intestate devolution but any interest shall cease and expire upon the death of the parimutuel licensee or parimutuel companion licensee or interest holders in the parimutuel license or parimutuel companion licensee except that executors, administrators or representatives of the estate of any deceased licensee and the trustee of any insolvent or bankrupt licensee may

House Tourism Committee

Meeting Date 3-25-02

Attachment 2

continue to operate pursuant to the contract under order of the appropriate court for no longer than one year after the death, bankruptcy or insolvency of such licensee.

(e) (f) Each lottery gaming machine operator shall be issued a lottery gaming machine operator certificate which shall be conspicuously displayed at the place where the lottery gaming machine operator is authorized to operate and manage electronic gaming machines.

(f) (g) To be selected as a lottery gaming machine operator, a bingo veteran's organization licensee or, parimutuel licensee or parimutuel companion licensee must:

(1) Have sufficient financial resources to support the activities required under this act;

(2) be current in payment of all taxes, interest and penalties owed to any taxing subdivision where the veteran's organization licensee or, parimutuel licensee or parimutuel companion licensee is located; and

(3) be current in filing all applicable tax returns and in payment of all taxes, interest and penalties owed to the state of Kansas, excluding items under formal appeal pursuant to applicable statutes.

(h) To be selected as a lottery gaming machine operator, a parimutuel companion licensee, in addition to the requirements of subsection (g), shall:

(1) Meet all requirements to be a parimutuel licensee under this act:

(2) agree, as part of the licensee's contract, to expend: (A) Not less than \$50 million for capital improvements, infrastructure and related costs within the two years immediately following selection as a lottery gaming machine operator, if the parimutuel companion licensee location is in Wyandotte or Sedgwick county; or (B) not less than \$25 million for capital improvements, infrastructure and related costs within the two years immediately following selection as a lottery gaming machine operator, if the parimutuel companion licensee location is in Crawford county; and

(3) agree, as part of the licensee's contract, to pay a contract privilege fee of: (A) Not less than \$10 million, if the parimutuel companion licensee location is in Wyandotte or Sedgwick county; or (b) not less than \$5 million, if the parimutuel companion licensee location is in Crawford county.

(g) (i) The lottery gaming machine operator, at its own expense, shall purchase for the Kansas lottery a license for all software programs . . .

And add a provision for the contract privilege fee to be distributed: 70% to the state, 15% to the city and 15% to the county; or, if the licensee location is in a county which has a consolidated city-county government, 70% to the state and 30% to the consolidated city-county government

Provide for the revenues to be distributed in the same manner as revenues from lottery gaming machine operators which are parimutuel licensees but add a provision for 2% to be paid to the facility owner licensee of the racetrack facility of which the parimutuel licensee location is on or adjacent to the premises

**Substitute for HB 2890
Proposed Amendment**

GIFTS: Add new section: “(a) No elected official, state officer, state employee or candidate for state office or associated person shall accept any gift, campaign contribution, entertainment, hospitality in the form of recreation, food or beverage, economic opportunity, honoraria or any other payment from any key gaming employee, lottery machine operator, organization licensee, parimutuel licensee, technology provider or any person having a substantial interest in any such person or entity. (b) Words and phrases used in this section shall have the meaning ascribed thereto by K.S.A. 74-8702, and amendments thereto, and the state governmental ethics law. (c) The provisions of this section shall be part of an supplemental to the state governmental ethics law.” (Similar words were in SB 156 last year; see 2001 Journal of the Senate, p. 422)

House Tourism Committee

Meeting Date 3-25-02

Attachment 3

Insert on page 8, in subsection (h)

Such contract shall also provide that any prize in excess of \$600 won while wagering at a parimutuel facility; a veterans organization licensee location or a parimutuel licensee location shall be subject to withholding pursuant to K.S.A. 79-32,100a, and amendments thereto.

PROPOSED AMENDMENT TO SECTION 26

New Sec. 26. (a) Subject to the provisions of subsection (b), the executive director, with the approval of the governor, may contract with a person to operate electronic gaming machines at a single specified location in the state where the executive director determines the operation of such machine would promote tourism and economic development. Such person shall be required to meet all qualifications of a lottery gaming machine operator which is a parimutuel licensee under this act, other than those qualifications specifically related to operating a parimutuel facility. All provisions of this act applicable to the operation of electronic gaming machines by lottery gaming machine operators which are parimutuel licensees shall apply to the operation of such machines.

(b) If more than one person wishes to contract to become a lottery machine operator pursuant to this section, the executive director, in determining which such person to contract with, shall take into consideration the following factors: The size of the proposed facility, the estimated number of tourists that would be attracted by the proposed facility, the number of electronic gaming machines planned to be operated at the proposed facility, the amount of the contract privilege fee proposed to be paid by the operator, the amount of the management fee proposed to be paid to the operator and amounts proposed to be paid by the operator to the city and county where the facility will be located.

(c) Not less than once each week, the state treasurer shall transfer the following percentages of the balance remaining after transfer of moneys pursuant to subsection (b) of section 8, in ~~each~~ the account in the electronic gaming machine fund for receipt of moneys from the lottery gaming machine operator which is authorized pursuant to this section . . .

House Tourism Committee
Meeting Date 3-25-02
Attachment 4

COMPARISON OF SELECTED BILLS CONCERNING GAMING: HB 2890, HB 2987, AND HOUSE SUBCOMMITTEE RECOMMENDATIONS

	HB 2890 (Representative Cox)	HB 2987 (Committee on Tourism)	House Subcommittee Recommendations
Games Authorized	Electronic gaming machines	Electronic gaming machines	Electronic gaming machines
Authorized Locations	Parimutuel tracks; fraternal or veterans' bingo licensees	Parimutuel tracks	Parimutuel tracks; veterans' organizations; at-large location
Regulatory Agencies	Kansas Lottery; Racing and Gaming Commission; Bingo Administrator	Kansas Lottery; Racing and Gaming Commission	Kansas Lottery; Racing and Gaming Commission
County Election Required	Yes	Yes	Yes; not more often than every four years
Required Payout	At least 82 percent	At least 87 percent	At least 87 percent
Limits on Number of Machines	Yes	No	Yes
Sales Tax Exempt	No	Yes	Yes
Effective Date	Statute Book	Statute Book	<i>Kansas Register</i>
Disposition of Net Gaming Revenue	Parimutuel Licensees:	Parimutuel Licensees:	Parimutuel Licensees:
	Regulation 1.00%	Problem Gambler 0.25%	Regulation 1.00%
	Problem Gambler 0.50%	City 1.00%	Problem Gambler 0.50%
	County 1.00%	County 1.00%	County 0.50%
	City 1.00%	Soldiers and Vet. Fund 0.25%	City 0.50%
	State General Fund 20.00%	Dog Supplements 3.50%	State General Fund 28.00%
	Horse Supplements 7.00%	Horse Supplements 3.50%	Horse Supplements 2.00%
	Dog Supplements 7.00%	Nonprofit Organizations 1.00%	Dog Supplements 2.00%
	Nonprofit Organizations 1.00%	State General Fund 21.00%	Nonprofit Organizations 1.00%
	Management Fee 61.50%	Management Fee 68.50%	Statehouse Renovation 1.00%
	<u>100.00%</u>	<u>100.00%</u>	Management Fee 63.50%
	Bingo Licensees:		<u>100.00%</u>
	Regulation 1.00%		Veterans' Licensees:
	Problem Gambler 0.50%		Problem Gambler 0.50%
	County 1.00%		County 0.00%
	City 1.00%		City 0.00%
	Veterans' Cemeteries 8.00%		Veterans' Cemeteries 8.00%
	State General Fund 25.00%		State General Fund 30.00%
	Management Fee 63.50%		Management Fee 61.50%
	<u>100.00%</u>		<u>100.00%</u>
		At-Large Location:	
		Regulation 1.00%	
		Problem Gambler 0.50%	
		Tourism Fund 2.00%	
		Horse Supplements 0.00%	
		Dog Supplements 0.00%	
		State General Fund 36.50%	
		City Contract Bid	
		County Contract Bid	
		Management Fee 60.00%	
		<u>100.00%</u>	

Kansas Department of Social &
Rehabilitation Services

*Division of Health Care
Policy*

Phone: [785] 296-3773
FAX: [785] 296-5507

MEMO

To: Russell Mills
Kansas Legislative Research Department

From: Laura Howard, Assistant Secretary of Health Care Policy

Re: Problem Gambling

Date: March 18, 2002

Attached is the information regarding the Problem Gambling Program as requested. Please let me know if you have additional questions.

House Tourism Committee

Meeting Date 3-25-02

Attachment 6

SRS/Statewide Gambling Program

Program Components	Current Efforts: Financed with \$100,000 dedicated from state gamings revenue and bingo regulation funds	Enhanced Activities: If additional dedicated proceeds are targeted towards problem gambling
State wide Problem Gambling HelpLine (contract with The Consortium)	<ul style="list-style-type: none"> ▶ March '01, date HelpLine began; services provided 24hrs/7 days a week by Masters Level Practitioners. 	<ul style="list-style-type: none"> ▶ Training updates for helpline staff & new staff provided on a yearly basis. <u>Estimated cost:</u> \$6,000*
Awareness	<ul style="list-style-type: none"> ▶ HelpLine # placed in yellow pages of phone books. ▶ Some advertisement of HelpLine # in local newspapers throughout Kansas. ▶ Development and distribution of helpline number in the form of business cards with holders. ▶ Development and distribution of brochure targeting older adults. 	<ul style="list-style-type: none"> ▶ Develop a statewide marketing strategy to promote awareness of problem gambling. Strategies could include using a combination of brochures, billboards, television and radio ads to increase awareness of the signs of problem gambling and the helpline number. <u>Estimated cost:</u> \$100,000 - \$150,000.

<p>Prevention (contract with Ks Association of Addiction Professionals)</p>	<p>▶ Two Regional Prevention Centers (Johnson Co. and Shawnee Co.) direct efforts targeted toward college age and older adult.</p>	<p>▶ Establish a resource library where the public could access gambling specific information ie. videos, pamphlets, posters, etc. <u>Estimated costs:</u> \$15,000</p> <p>▶ Initiate comprehensive prevention efforts through the current state-wide prevention infrastructure. <u>Estimated costs:</u> \$150,000</p>
<p>Treatment</p>	<p>none</p>	<p>▶ Funding of treatment services. <u>Estimated costs:</u> \$250,000 - 350,000</p> <p>▶ Development and implementation of a data tracking system for the purpose of program performance measurement & conducting an outcome study. <u>Estimated costs:</u> \$30,000 - 40,000</p>



KANSAS DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

915 SW HARRISON STREET, TOPEKA, KANSAS 66612

JANET SCHALANSKY, SECRETARY

February 26, 2002

The Honorable Chris Steineger
State Senate
State House, Room 523-South
Topeka, Kansas 66612

Dear Senator Steineger:

Donna Doolin and I met with interns from your office last week regarding problem gambling activities. We reviewed with them the current activities that SRS is engaging in with the \$100,000 in resources that have been dedicated to problem gambling since the passage of the bingo bill a couple of years ago. We also provided the current statutory framework for our problem gambling activities. That framework in law is in place, as is a dedicated fund for problem gambling activities. To dedicate additional resources from gaming activities towards problem gambling requires only the dedication of resources to that fund.

Your interns asked that we provide a chart that would describe for you our current activities, and any additional activities we would undertake if new resources were available. Our response is targeted in the areas of awareness, training and education, prevention, treatment and research. Certainly you could select amongst these enhancement areas, or could downsize or upgrade depending upon the level of new resources you wish to dedicate for these activities.

Additionally, the table below depicts the per capita spending for problem gambling activities in states that have dedicated resources. As you can see below, the per capita spending in Kansas is significantly less than states in our region and other states nationally:

STATE	BUDGET	POPULATION	Per Capita Spending
Connecticut	\$1,500,000	3.4 million	\$0.44
Illinois	\$1,000,000	12.4 million	\$0.08
Indiana	\$3,500,000	6.1 million	\$0.58
Iowa	\$2,100,000	2.9 million	\$0.71
Kansas	\$100,000	2.7 million	\$0.04