

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Nancey Harrington at 10:45 a.m. on March 13, 2003 in Room 245-N of the Capitol.

All members were present.

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

Conferees appearing before the committee:

Glen Thompson, Stand Up For Kansas
Charles Griffin, Kansas Charities Cooperative
E. L. Tom Farr, Kansas State VFW
Tracy Wildey, Board Member, Kansas Greyhound Association
Ron Hein, Prairie Band Potawatomi
Tracy Wildey, Board Member, Kansas Greyhound Association
Dave Assman, Thoroughbred Horsepeople
Matt All, General Counsel to Governor
Larry Seckington, General Council, The Woodlands
Robin Jennison, Ruffin Companies
Kelly Clark, Kansas Thoroughbred Association
Jeff Thorpe, Boothill Museum Board of Directors
Paul Treadwell, Kansas Quarter Horse Racing Association
Michael D. Pepoon, Director, Govt. Relations, Sedgwick County

Others attending: Please see attached.

Chairperson Harrington opened the public hearing on:

SB 208—Authorizing the operation of slot machines at parimutuel racing facilities and other locations

Mr. Thompson presented testimony in opposition to the bill, in addition to the other bills on the expansion of gambling in the state. (Attachment 1) He also referred the committee to a sheet entitled "Casino Alert," which outlined the "untold problems" of video lottery in South Dakota. (Attachment 2) Mr. Thompson provided the source for his previous comparison of gambling to crack (Attachment 3) and a chart for recommended changes to the bills being offered. (Attachment 4)

Mr. Griffin presented testimony in opposition to the bill. (Attachment 5)

Mr. Farr presented testimony in opposition to the bill. (Attachment 6)

The Chair brought to the committee's attention a fax from Karen Tolle from Overland Park, Kansas, in opposition to the bill. (Attachment 7)

Tracy Wildey presented testimony in opposition to the bill. (Attachment 8)

Mr. Ward presented testimony in opposition to the bill. (Attachment 9)

Chairperson Harrington closed the public hearing on the bill.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:45 a.m. on March 13, 2003 in Room 245-N of the Capitol.

Chairperson Harrington opened the public hearing on:

SB 226—Allows electronic gaming machines at racetracks

Mr. Hein presented testimony in opposition to the bill. (Attachment 10)

Mr. Assman presented testimony in opposition to the bill. (Attachment 11)

Mr. All presented testimony in favor of the bill. (Attachment 12) He also presented a chart summarizing conceptual amendments to **SB 226**. (Attachment 13)

Mr. Seckington presented testimony in favor of the bill, outlining the packet it prefaced. (Attachment 14) He then presented a packet compiled by The Woodlands. (Attachment 15) He concluded by presenting information on W. M. Grace Contractors. (Attachment 16)

Mr. Jennison presented testimony in favor of the bill. (Attachment 17) He also presented a list entitled, "Kansas Gaming Issues," (Attachment 18) "Iowa Lottery Sales," (Attachment 19) a chart entitled, "Iowa Lottery Sales". (Attachment 20)

Mr. Jennison went on to present an internet article about Missouri Lottery sales (Attachment 21) and an e-mail from Kevin Pope to Elise Abramson about Kansas tourism. (Attachment 22) He also referred the committee to the newspaper article: Taylor, Andy. "Signs of Growth: Recent Study Shows Regional Economy has had a Positive Benefit from Native American Gaming" *The Montgomery County Chronicle*: July 11, 2001, pg. unknown. He concluded with a proposal packet from Ruffin Companies. (Attachment 23)

Ms. Clark presented a packet of information entitled, "Kansas Equine Survey, 1996" (Attachment 24) and additional testimony in favor of the bill entitled, "Prairie Meadows: Economic Impact of the Horse Racing Industry, 1999". (Attachment 25)

Mr. Thorpe presented testimony in favor of the bill. (Attachment 26) He also submitted to the committee a packet of slides entitled, "Boot Hill Gaming". (Attachment 27)

Mr. Robert Rodgers, President, Kansas Horsemen's Association, submitted written testimony in favor of the bill. (Attachment 28)

Mr. Treadwell presented testimony in favor of the bill. (Attachment 29)

Mr. Pepoon presented testimony in favor of the bill. (Attachment 30)

Chairperson Harrington opened the committee meeting for questions from the members.

Senator Gilstrap asked Mr. Jennison how soon The Woodlands might have their project in operation. Mr. Jennison replied that it would depend on the vote. He stated that in Pittsburg, there would probably be no way to have racing and gaming with construction on track as well, but that it could be operable while the track was being refurbished.

Chairperson Harrington asked Mr. All if with the Governor's support of **SB 226** she no longer intended to negotiate with regard to the Kikapoo and Sac and Fox tribes.

Mr. All stated that he would not call them negotiations but that they have asked to discuss that issue and the term that might be used would be "in good faith."

Chairperson Harrington asked if the Governor's office had met with the tribes. Mr. All stated that they had repeatedly.

Senator Lyon stated that it sounded like the Governor supports expanded gaming despite what all it entails.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:45 a.m. on March 13, 2003 in Room 245-N of the Capitol.

He asked if Mr. All's comment on the budget was reliant on gaming and if he was confident on his numbers.

Mr. All replied that he was reasonably confident. He stated that in the bill a minimum of \$30 million for FY '04; he stated that they were not going to build a budget around gaming.

Senator Lyon asked if gaming is a good thing, then why did the Governor want to limit it? Mr. All replied that if it were limited to just one, that his office believes in free enterprise and free markets and that we live in a world of possibilities, but that they would do the best they could to achieve a balance.

Senator Lyon stated that he heard a reference to FY '04; he asked if Mr. All's office was comfortable borrowing money from racetrack owners.

Mr. All stated that the bill puts them on the hook for \$30 million, and that he would push for them to think of that as an accelerated payment.

Senator Barnett stated that while this would guarantee \$30 million for FY '04, what about '05 and beyond?

Mr. All stated that there would be no guarantees beyond '03, but that his office would not be opposed to them.

Senator Barnett asked how much Kansas gamblers have to lose for the state to get that \$30 million. There was no reply.

In response to questions from Senator Gooch, Mr. All stated that the money would be an accelerated payment and they would get a credit on next year.

Senator Vratil clarified with Mr. All that the written material referred to "gross gaming revenue." Mr. All stated that this term referred to the net revenue minus the cost of the machines. In response to Senator Vratil's question of who will pay the time value on the \$30 million, Mr. All stated that would be the tracks' responsibility and the state would pay no interest whatsoever.

Chairperson Harrington asked Mr. All if the Governor had met with Ruffin Industries and other lobbyists.

Mr. All confirmed that the Governor had met with these people.

Chairperson Harrington stated that Mr. All was in the committee supporting **SB 226**, but that this was the first contact he and she have had since session began. Chair Harrington stated that she would have preferred the Governor stay neutral, but that if she wishes to take a position, that is her prerogative.

Chairperson Harrington stated that she intended to assign these bills to the gaming subcommittee for further consideration.

The meeting adjourned at 12:00 p.m.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE GUEST LIST

DATE: March 13, 2003

NAME	REPRESENTING
Charles M Yunker	The American Legion / Ks Sunflower Clubs Assoc.
Alton Hoover	Pres KQARA
Jenny Crow	Governor's office
John Petersa	Hauschke Retirement
Melvin Zeller	American Legion
Charles Griffin	Kansas Charities Coop.
Joe Dick	KCBPU
ED VAN PETTEW	KS Lottery
Keith Kocler	KS Lottery
Jim Gordon	" "
Kelly D. Clark	KTA
Susan Paxson	Butler National Corp.
Tom Burgess	River Fall Gaming
Megan Chalfant	River Fall Gaming
Bruce Schmitter	Kansas Racing
Steven Ward	Kansas Greyhound Assoc.
Tracy Willey	Kansas Greyhound Assoc.
John Willey	Horsemen -
Wendy Cassman	Horsemen

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE GUEST LIST

DATE: March 13, 2003

NAME	REPRESENTING
Gary Smith	Norsmen
Leonore Rowe	LNUV Kansas
TRAVIS LEWIS	DAMPON & ASSOCIATES
Papt Treadwell	KQ HRA
Theresa Anderson	" "
Joni Edwards	SRS/AAS
Mike Pepoon	Sedgwick County
Jeff Bo Herberg	Polsinelli, S. Linton, Welte
Whitney Jamron	Kickapoo Tribe / Sec of Nat'l
Robert Rodgers	KS Horsemen Assoc.
Bob Anderson	KS Grasshopper Assoc.
Julie Gibson	Woodlands
Stephanie Buchanan	Budget.
Zach Palmahmic	Prairie Band Potawatomi
Julie Hein	Prairie Band Potawatomi
Zon Hein	Hein Law Firm / "
Early Calk	Kickapoo Tribe in KS
Randy Conroy	PBPN
John Adair	Federino Consulting



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

**Testimony To Senate Federal and State Affairs Committee
on
Senate Bills 108, 208, 226 and 249**

by
Glenn O. Thompson
Executive Director, Stand Up For Kansas

March 13, 2003

Introduction

Good morning Madam Chair and members of the committee. Thank you for this opportunity to speak at this public hearing. Again, I am speaking on behalf of Stand Up For Kansas, a state-wide coalition of grassroots citizens who oppose the expansion of gambling in Kansas. We urge you to **VOTE NO** on the four senate bills being discussed yesterday and today.

Yesterday I discussed general issues applicable to most or all of the bills. Today I will discuss specific issues associated with each bill.

Senate Bill 108

Senate Bill 108 is the worst of the worst! The bill would permit video lottery machines at retail lottery facilities all over the state -- grocery stores, bars, convenience stores, and even the snack bar in the basement of the Docking building.

Accessibility and gratification time (time from bet to prize) are two of the major contributors to gambling addictions. **Senate Bill 108 would provide both of these. Instant gratification, video lottery machines would be easily accessible in communities throughout the state.**

As discussed in Attachment 1, video lottery is often called the "crack cocaine" of the gambling industry. An addiction counselor in South Carolina calls it "insidious in its immediacy, intensity and the way it takes over your life."¹ It is cheap, with some games (blackjack, poker, etc.) costing as little as five cents a hand; it requires little or no skill; it is quick – a gambler can play six or more hands in a minute – and it offers instant gratification for winners. Many players who don't have much money appear to be mesmerized by the machines' slick graphics and sound, playing games for 5, 10, 20 hours at a stretch."²

Because of the time limitation, I will not discuss all of the social problems caused by video lottery. However, I would like to point out that, based on studies in South Dakota, **over 50,000 Kansas citizens would develop a gambling problem if Senate Bill 108 passes.** Additional information on the numerous social problems caused by video lottery is discussed in Attachments 1 and 2.

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Now, with respect to language in SB 108, I would like to make the following recommendations:

1. On page 1, line 22, define "facility."

Rationale: "Facility" is not defined in bill.

2. Add provisions for a "contiguous county option vote."

Rationale: Recommended by 1995 Special Committee

3. Rewrite the bill to change the overall business arrangement such that the Ks. Lottery would manage the overall operation, provide the machines and rent space from lottery retailers.

Rationale: The state would manage and operate the machines in the same manner as the present Lottery, resulting in increased revenue for the state.

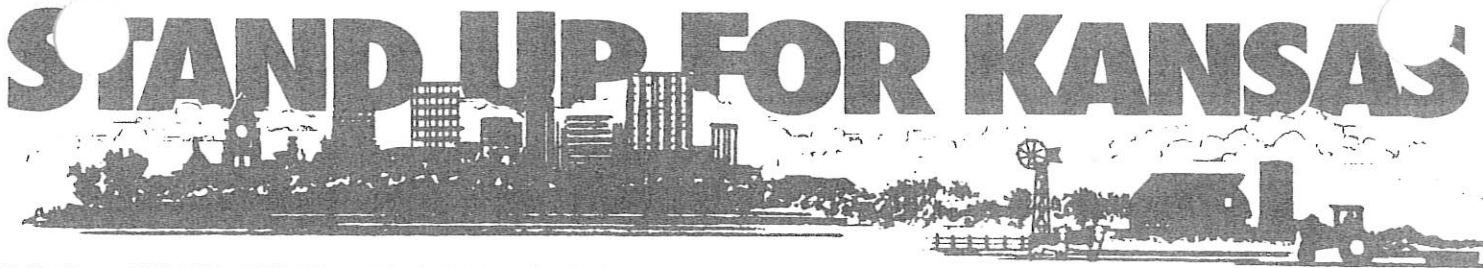
Senate Bills 208, 226 and 249

Recommended changes to Senate Bills 208, 226 and 249 are shown in Attachment 3.

Conclusion

Again, we urge you oppose these bills.

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1. "South Carolina is Dealing With A Messy Video-Poker Addiction," Tony Horwitz, *The Wall Street Journal*, Dec. 2, 1997.
 2. *Ibid.*



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

Casino Alert

A Newsletter for Kansas Legislators

April 25, 2001

Video Lottery in SD – the untold problems

Video lottery is often called the “crack cocaine” of the gambling industry. An addiction counselor in South Carolina calls it “insidious in its immediacy, intensity and the way it takes over your life.”¹ It is cheap, with some games (blackjack, poker, etc.) costing as little as five cents a hand; it requires little or no skill; it is quick – a gambler can play six or more hands in a minute – and it offers instant gratification for winners. Many players who don’t have much money appear to be mesmerized by the machines’ slick graphics and sound, playing games for 5, 10, 20 hours at a stretch.¹

Nevertheless, a lobbyist for the Convenience Stores Association of Kansas is urging Kansas legislators to legalize video lottery machines at Ks. Lottery retailers, such as convenience stores, grocery stores, and bars. He estimates “the machines could raise \$100 million a year for the state,” based on video lottery revenue in South Dakota.²

But, he isn’t saying anything about the devastating addiction problems video lottery is creating in South Dakota! Here are some of the untold facts:

- Studies in SD indicate “two percent of the population, about 15,000 South Dakotans, will suffer from a gambling problem sometime in their lives.”³ (Since Ks. population is 3.6 times the population of SD, over 50,000 Kansas citizens would suffer from a gambling problem sometime in their lives, if video lottery is legalized.)
- 98% of the persons having a gambling addiction problem are “hooked” on video lottery.⁴
- Hard-core gambling addicts provide over \$150 million of the \$190 million video lottery after-prize revenue. Each of the seriously addicted gamblers loses an average of nearly \$11,000 annually.⁴
- In 1994, inquiries at treatment centers dropped from 68 to 2 per month average when video lottery machines were turned off for 90 days. Treatments dropped from 11 to 2 gamblers per month average. Inquiries and treatments returned to the previous levels when machines were turned back on.⁵
- Video lottery provides about \$95 million a year to state revenue but costs citizens \$272 million in crime, incarceration, bankruptcies, welfare and treatment for gambling addiction.⁶
- In 1997, 90 percent of the 149 embezzlement cases investigated in Sioux Falls were caused by a gambling addiction problem.⁷
- Nearly 6,000 crimes each year are committed by persons with a gambling addiction problem.⁴
- Video lottery cost South Dakota 640 jobs. (Net jobs = 629 jobs in video-lottery industry minus 1,269 jobs loss due to reduction in spending on other goods and services)³

Legalizing video lottery in Kansas would create devastating addiction problems, similar to the problems in Sout Senate Fed & State

For additional information, contact Glenn Thompson at 785-249-

Date: 03 / 13 / 2003
Attachment # 2

Sources:

1. "South Carolina is Dealing With A Messy Video-Poker Addiction," Tony Horwitz, *The Wall Street Journal*, 12/02/97
2. "Lobbyists push video lottery as fiscal help," Katrina Hull, *Wichita Eagle*, 4/20/01
3. "Measuring the costs of video lottery," Denise Ross, *Rapid City Journal*, 10/22/00
4. "Addicts: The lifeblood of video lottery," *The Video Gambler*, South Dakota Family Policy Council, Aug. 2000
5. "Video lottery addiction compared to crack," Steve Young, *Argus Leader*(Sioux Falls, SD), 10/26/00
6. "Political backlash against gambling is growing," Brad Knickerbocker, *Christian Science Monitor*, 11/21/99
7. "Video lottery and embezzlement: The close connection," *The Video Gambler*, South Dakota Family Policy Council, May 2000

Video lottery addiction compared to crack

By Steve Young
Sioux Falls Argus Leader
10/26/00

Bill O'Hara remembers stepping into a fantasy world. Nathan Sunderland calls it a mesmerizing hypnosis. And Jennifer Walters insists she got to the point where she didn't remember much of anything.

"My husband has asked me what I think about when I sit for hours on end at a video lottery machine," says Walters, a 27-year-old Trent woman. "You know, my last conscious thought would always be of when I grabbed the handle of whatever establishment I was going into, until I left. And in between, I couldn't even remember sitting at the machine."

It's that kind of behavior that has led many in the addiction-treatment industry to refer to video lottery as the "crack cocaine" of gambling.

"It's like a trip to the Twilight Zone," says Robert Hunter, a clinical psychologist in Las Vegas who specializes in problem and pathological gambling and has been widely quoted as coining the crack cocaine analogy.

But is the comparison to crack cocaine fair? Dr. Ron Perkinson, clinical director at Keystone Treatment Center in Canton, believes it is. Perkinson is one of the few nationally certified gambling counselors in South Dakota. He received training at Hazelden in Center City, Minn. He says in some people, the fixation on the screen while gambling can release hormones such as epinephrine and norepinephrine in the brain, increasing the sense of pleasure.

"We do know if you hook people up and draw blood from them as they play, when you measure what's in the blood, you'll find higher levels of epinephrine and norepinephrine in some of them," Perkinson says. "And the amounts will often be high like they are for cocaine or speed use. So gambling appears to be as addictive as cocaine."

The more the hormones are produced, the harder the brain works to cut back the production, Perkinson says. That means people end up having to gamble longer to get the same feelings.

And when they aren't gambling, the withdrawal is similar to alcohol and drug addictions, Perkinson says. Irritability, depression and anxiety can set in. "As your brain becomes chemically hijacked by the addiction, you don't have a choice," he says.

Playing the games really isn't about greed or winning the big one anymore for many gambling addicts, says Dr. Bob Carr, acting chief of mental health services at the Veterans Administration Hospital in Sioux Falls. "They do it now because they are addicted to it," Carr says.

"Let's use an example. Look at people standing out in front of a hospital, any hospital, with their pajamas on and an oxygen tank next to them, and they're smoking. Do you think they're doing that of their free will? I don't think so."

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O'Hara, a former health care administrator in Watertown who was sentenced last week to 30 months in prison for embezzling \$635,725 from his clinic, says he tried to maintain a chaotic lifestyle because to slow down and ponder the consequences of his addiction was too painful. "If things slow down to a standstill, you'll think about it too much," says O'Hara, 40. "So the machines were my escape. When you finally sit down at the machine, the excitement kicks in."

Nathan Sunderland, an unemployed machinist in Sioux Falls, experienced a similar reaction when he was playing the machines. "You get mesmerized," says Sunderland, 27, who still struggles with his addiction. "Your blood pressure rises, and your frame of mind just locks everything else out."

But is the problem really as bad as crack cocaine addiction? asks Larry Mann, campaign manager for the pro-video lottery group, No on Amendment D. He doesn't believe it is. Crack cocaine is bad for everybody who uses it, Mann says. There isn't anybody who uses crack cocaine who doesn't feel the ill effects of it, he says. "But video lottery doesn't harm everybody that uses it," Mann says. "So that's the most ridiculous of comparisons."

But Carr, Perkinson and other gambling-treatment officials say that 95 percent or more of the people they see for gambling addictions come in for problems with video lottery.

They also dispute the notion that people with video-gambling addictions will simply go to reservation casinos or other forms of gambling if the machines are turned off.

Gambling study

In 1994, Carr and three others with the University of South Dakota School of Medicine looked at the effect on gamblers when the machines were turned off for 90 days after the state Supreme Court ruled them unconstitutional. Carr says they surveyed four treatment centers in the area, which represented at least half the people in eastern South Dakota seeking help.

They found that for the 11 months before the time the machines were turned off, the four centers averaged 68.1 inquiries a month from people seeking information about treatment. An average of 10.8 gamblers a month actually were being treated.

For the three months video lottery was gone, there were only two inquiries about treatment and two people treated. After video gambling resumed, the four centers averaged 24 inquiries a month for the first three months and 8.3 gamblers in treatment each of those months.

"I think what it shows is, when the machines were turned off, people didn't feel compelled to gamble anymore. So they either quit gambling or they weren't having problems with other forms of gambling if they went someplace else," Carr says.

Mann believes people will simply go elsewhere if the machines are turned off. "If you scratch society in one place, it's going to itch in another," he says. "I see as many social problems created by the banning of video lottery as with video lottery in place."

But gambling opponents say at least the money wouldn't go into the most addictive and destructive form of gaming of all -- video machines.

"You're producing one thing with video lottery and one thing only ...addicts," O'Hara said.

Rationale for recommended changes to SB 208, 226 and 249

	Change	Rationale
1	Delete sections related to at-large facility.	The Senate Judicial Committee removed the at-large facility when they worked HB 2183 during the 2002 session. Further, with all due respect to the present Lottery Executive D and the Governor, giving government officials the authority to select the winner of a casino contract, with hundreds of millions of dollars at stake, is inviting government corruption. to those who say this would not be a problem, I encourage them to read the book, "Bad E the Bayou" by Tyler Bridges.
2	Delete statement, "Such contracts shall not be subject to the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto" and statement "but shall not be subject to the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto."	Contracts for multi-million-dollar computer systems should be awarded only through competitive bidding in accordance with state rules and regulations.
3	Delete provisions that allow the board of county commissioners to initiate a county referendum without a petition.	Again, giving the authority for initiating a county-wide referendum on a multi-million-dollar casino to a small number of government elected officials (often only three) is inviting corruption. A referendum should be initiated only through the petition process.
4	Change minimum time between referendums to six years.	A referendum would be very costly and burdensome for average citizens opposing the casino. The time between referendums should be reasonable but not overly burdensome on average citizens. Furthermore, very few voters would change their position in less than six years.
5	Add requirements for Harper and Greenwood counties.	Specifies requirements for casino operation at Eureka Downs and Anthony Downs.
6	Delete percentage for racetrack non-profit organization licensee.	Since the primary purpose of expanding gambling is to raise revenue for the state, there is no obvious justification for the non-profit organization licensee to receive a portion of the revenue.
7	Increase percent for state general fund to 29%	The primary purpose of expanding gambling is to raise revenue for the state. Since the state will "own and operate" the casinos, the percentage to the state should be at least 29%.
8	Change percent for horse purse to 1.5%. Change percent for dog purse to 1.5%.	The primary purpose of expanding gambling is to raise revenue for the state, not to subsidize the parimutuel industry.
9	Change as follows: " have been authorized or for which an application for authorization is pending prior to February 1, 2003. "	Eliminates any unknown pending application.
10	Add requirement for referendum to pass in county and each of the contiguous counties.	Recommended by 1995 Special Committee.
11	Change employee minimum age from 16 to 18	Reduces risk of underage gambling.

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Attachment # 4

Attachment # 4

Date: 03 / 13 / 2

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ATTACHMENT 3
PAGE 1 of 2

STAND UP FOR KANSAS
Recommended changes to SB 208, 226 and 249

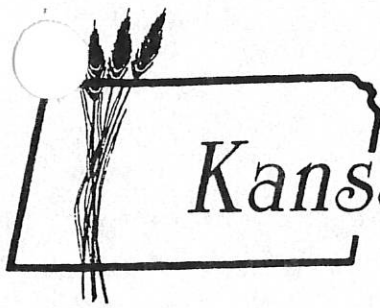
March 13, 2003

2-11

	Change	SB 208	SB 226	SB 249
1	Delete sections related to at-large facility.	Sec. 22 (pg. 16, line 9) and other places	NA	Sec. 22 (pg. 20, line 6) and other places
2	Delete statement, "Such contracts shall not be subject to the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto" and statement "but shall not be subject to the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto."	Pg. 1, lines 22-23; Pg. 4, lines 33-34	Pg. 4, lines 36-37; Pg. 8, lines 5-6	Pg. 4, line 43 through pg. 5, line 1 and pg. 8, lines 13-14
3	Delete provisions that allow the board of county commissioners to initiate a county referendum without a petition.	Pg. 5, lines 21-26	Pg. 8, lines 37-42	Pg. 9, lines 2-7 and pg. 22, lines 4-9
4	Change minimum time between referendums to six years.	Pg. 6, line 20	Pg. 9, line 37	Pg. 10, line 1 and pg. 23, line 5
5	Add requirements for Harper and Greenwood counties.	Add requirements for Harper county on pg. 7, line 21	Pg. 10, line 32	Pg. 10, line 38
6	Delete percentage for racetrack non-profit organization licensee.	Pg. 9, lines 23-24	Pg. 12, lines 14-16	Pg. 12, lines 33-34
7	Increase percent for state general fund to 29%	Pg. 9, line 27	Pg. 12, line 13	Pg. 12, line 32 and pg. 21, line 34
8	Change percent for horse purse to 1.5%. Change percent for dog purse to 1.5%.	Pg. 9, 25-26	Pg. 12, lines 21-25	Pg. 12, lines 38-39
9	Change as follows: "have been authorized or for which an application for authorization is pending prior to February 1, 2003."	Pg. 21, lines 39-40	Pg. 3, line 43 through pg. 4, line 3	Pg. 4, lines 6-9
10	Add requirement for referendum to pass in county and each of the contiguous counties.	Pg. 5, Sec. 4 and pg. 16, Sec. 22	Pg. 8, Sec. 5	Pg. 8, Sec. 5 & pg. 20, Sec. 22
11	Change employee minimum age from 16 to 18	NA	Pg. 14, Sec. 14	NA

ATTACHMENT 3
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2



Kansas Charities Cooperative

"Uniting To Serve Kansas"

Address

2347 Amidon
Wichita, Kansas 67204

Board of Directors

Ron Anderson
Am-Vets

John McKenzie
Knights of Columbus

Margaret Ritthaler
Fresh Start

Louis Sage
*Fraternal Order
Of Eagles*

Wesley Wilbur
I.O.O.F.

Cissie Bryant
*Wichita Women
Bowling Assoc.*

Paul Heidt
*Midwest Historical &
Genealogical Society*

John Robertson
Junior Thunder Hockey

Bill Hearst
R.E.A.P. Inc.

Martha Bichel
Elks Lodge

Chauncey Littlejohn
Omega Psi Phi Fraternity

Steve Gorrell
Optimist Club of Derby

Ester Guerra
Wichita Figure Skating Club

Thank you Senator Harrington and members of the Federal and State Affairs committee for the opportunity to testify against legislation that would legalize slot machines in Kansas. My name is Charles Griffin. I am here today representing Kansas Charities Cooperative, an association of not-for-profit organizations that operate bingo games for charitable purposes in leased facilities. Our organization was formed in 1984, when the legislature passed a bill restricting the number of nights bingo can be conducted to three nights per week. Almost half of the 300 bingo licensees in Kansas operate games in leased facilities. State law restricts the amount of money a leased facility can pay a landlord and also requires that all bingo proceeds go to charitable purposes. In addition, no person operating a game can receive a profit from a bingo game.

Kansas Charities Cooperative opposes all bills that legalize casino-style slot games in Kansas. We are especially concerned about bills that legalize slot machines at racetracks. In states where slot machines have been legalized, bingo games have gone out of business. Small, community bingo games cannot compete with a casino-like facility that offers electronic gaming with large prize rewards.

While some would advocate allowing the people to vote to resolve the slot issue, we believe a vote in the Wichita area would not be a fair proposition. Mr. Ruffin, the primary promoter of legalizing slots at racetracks, according to Forbes magazine, is one of the 400 wealthiest Americans living in the United States. His assets are reportedly worth 700 million dollars. **We believe that in order to gain a monopoly on a casino facility in South central Kansas, Mr. Ruffin will spend hundreds of thousands of dollars in advertising to obtain a positive vote.** Mr. Ruffin owns other casinos in the Bahamas and in Las Vegas, however in both markets he competes for customers. If legislation allowing slots at racetracks were to pass, an investment in advertising to gain a positive vote is all that is necessary to have a corner on the market. **Certainly, a casino without competition promises to be extremely profitable as it is without the risk usually associated with free market competition.**

In addition, Kansas Charities Cooperative is concerned that those of us who reside outside of Sedgwick County will have no say in the proposal. I live in the city of Hutchinson located in Reno County. We have many members who operate games in Butler, Sumner, K

Senate Fed & State

Date: 03 / 13 / 2003

Attachment # 5

Counties. **If slots are legalized in Sedgwick county, the whole South-central Kansas economy will be effected.** We expect that entertainment revenues from many businesses, not just bingo games, will be substantially reduced if slots are legalized. However, as the slots proposals before you today are written, we will have no vote or say in the matter.

On another very important concern, Kansas Charities Cooperative wants to remind this committee about the promises that have been made in the past from parimutuel track owners. When parimutuel wagering was legalized through a vote of the people in 1986, the legislature adopted a law in 1987 governing parimutuel gambling. **The legislature placed into effect a tax schedule by agreement with the industry that was set to increase in 1993. However, in 1993, the industry successfully lobbied the legislature to keep the scheduled tax increases from being enacted.** We must ask this committee, with the track record that the State has already experienced with the parimutuel industry, do you really believe slots will solve any financial woes, or that the financial commitment the tracks have made will be lived up to?

Kansas Charities Cooperative, and our thousands of members who operate bingo games to raise money for charitable causes asks that you vote against slot legislation. If you are going to pass a slots bill, we ask that you put slot machines in all licensed bingo facilities, where profits go to charity, and not wealthy business tycoons who desire a monopoly be granted to them from Kansas elected officials. We would suggest to you that to allow a monopoly in any business is not good policy or a good economic development plan, especially when it comes to legalizing gambling.

We appreciate the time you have allowed our organization to express concerns with proposed slot legislation. I will be glad to answer questions at the proper time.

TESTIMONY IN OPPOSITION TO
SENATE BILLS 208 AND 226
SENATE FEDERAL AND STATE AFFAIRS
E. L. (TOM) FARR DISTRICT 1 Jr. Vice
VETERANS OF FOREIGN WARS
MARCH 13, 2003

Thank you for the privilege to address you in regards to gaming in Kansas. I have been asked to represent the VFW, since M. Darrell Bencken our Department Adjutant-Quartermaster is in Washington D.C. The views of the Veterans of Foreign Wars agree with the material preented by Mr. Charles M. Yunker, Kansas American Legion.

It is our feeling that too much is given to the chosen few at the expense of the rest of us. The casinos in Northeast Kansas have destroyed bingo in many of our VFW posts.

Our post VFW 1650 Topeka has experienced a decline in attendance at our bingo hall.

It is our desire that the veteran clubs and other fraternal organizations be included in any gaming bill considered for adoption.

Last year we (VFW) favored the original bill proposed by Rep Cox. The veteran organizations were included and it was suggested that we have a state operated casino in Western part of the state of Kansas to help tourism in Kansas. We assumed it would be built in Dodge City. When it was last debated in house committee the veterans and fraternal organizations, as well as the proposed casino in Western Kansas were taken out of the bill.

On behalf of the Kansas Veterans of Foreign Wars, I would like to go on record as being supportive of the testimony given yesterday by Mr. Charles M Yunker. The American Legion and the VFW agree on many issues.

Kansas has over 55,000 VFW and VFW Auxillary Members. We have almost 200 VFW posts in the state of Kansas.

We are willing to support the race tracks, if we are included in the bill. We can not support the proposed casino in Wyandotte county with the exclusive rights clause.

The idea of control always comes up. Our lounge is open only to VFW members and their guests. The officers of the post would see that all regulations would be upheld. Most posts would be satisfied with a small number of slot machines.

We are asking for a fair share of the profits from slots. See lines 893 thru 899.

We see the issue of permits for slots for all businesses would b hard to control. Too much exposure to under age gamblers.

We would have no trouble controlling someone who was inclined to be a compulve gambler.

Thanking you for your consideration.

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(New Section 22) page 16

- (a) allows for at-large parimutuel facility-not to be within 75 mile radius of a parimutuel location
- (d) (4) & (5) supplements 5% horses and 5% greyhounds
- (7) state 36.5%

I believe that Senate Bill 208 provides the legislative components to promote and enhance the economic development of the Kansas horse and greyhound industries. In 2002 there were 1042 horse owner, trainer and jockey license issued by the State of Kansas. Slot machine legislation through the industries involved will bring more people to the industry, provide jobs, economic development and tax dollars. If other forms of gaming are allowed to compete in the same market area the parimutuel horse and greyhound facilities will most certainly not survive. If you go back to the parimutuel racing act 74-8804 (d) it says: the commission shall allocate equitably race meeting dates, racing days and hours to all organization licensees and assign such dates and hours within the same geographic market area. I believe that when the people of the State of Kansas passed parimutuel, they believed that the parimutuel horse and greyhound industries would provide the much needed economic development to the State of Kansas and revenue to the state.

I am asking for your consideration and support of Senate Bill 208. Senate Bill 208 has all of the components that I believe are important to any slot machine legislation. I have talked to many horsemen across the state and I am not alone in my support of this bill. It is also my understanding that the Kansas Greyhound Association and the Kansas Quarter Horse Racing Association boards have also endorsed this bill. If you have any questions for me please feel free to e-mail or call at 913/681-3433. I would like to discuss any questions you have.

Thank you,

Karen Tolle
12744 Reeder
Overland Park, Kansas 66213
913/681-3433

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Attachment # 7

Date: March 12, 2003

The Honorable Nancey Harrington, Chairperson
Senate Federal and State Affairs Committee
Statehouse, Room 143-N
Topeka, Kansas 66612

Dear Senator Harrington and Committee Members:

I submit this letter today as written testimony in support of Senate Bill 208. In past years I have been involved in legislative efforts to get parimutuel wagering in the State of Kansas. I continued my involvement after parimutuel wagering was made legal by the citizens of Kansas in 1986. Through my involvement with several horse organizations I worked with the Kansas Racing Commission, I was Executive Director of the Kansas Quarter Horse Racing Association and on the board of directors of the Kansas Horsemen's Association.

I believe the important components concerning the horse and greyhound industry in Kansas in Senate Bill 208 are as follows.

(New Section 2) page 2

(f) (1) have sufficient financial resources to support activities required under this act.
(in past history we lost horse racing opportunities (race days) due to track financial difficulties and eventual bankruptcy)

(New Section 5) pages 6-7

(b) provides availability for wagering on horse and greyhound racing, by displaying live racing and installing parimutuel windows in locations where slot machines are located.
(c) (2) provide for minimum number of horse race days (65) and 10 live races conducted each program with a minimum of seven live thoroughbred and three live quarter horse per day. **(65 is 20% of the total 2002 greyhound days-as required by 74-8813 (t))**
(e) provides provisions for operation of slot machines at Eureka Downs and Anthony Downs.

(New Section 6) pages 7-8

(b) Live horse racing purse supplement fund - provides 20% of this fund for the Kansas Breeders Development fund divided 62.5% thoroughbred and 37.5% quarterhorses (in 2002 there were 54% thoroughbred horses and 46% quarterhorses registered in the state Kansas Bred program). Also provides for the remaining horse racing purse supplement fund to be divided 62.5% thoroughbred and 37.5% quarterhorses. (in 2002 there were 60.93% thoroughbreds and 39.02% quarterhorses racing at Kansas racetracks). These figures were agreed upon as a result of years of meetings since 1998 with horsemen's groups, interested parties and the tracks.
(c) Live greyhound purse supplement funds -outlines % distribution and point awards

(New Section 7) (b) pages 8-9

(7) five percent live horse racing purse supplement fund
(earlier years agreements with the horsemen and track was 8%)
(horsemen in Iowa receive 12%, in Louisiana 17% and in New Mexico 20%)
(8) five percent live greyhound purse supplement fund
(9) state general fund 25%

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 SENATE COMMITTEE ON FEDERAL AND
STATE AFFAIRS
March 12, 2003**

Dear 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 Senate Bill 208 and absolutely opposed to Senate Bill 226.

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. This is my second year to testify in front of the legislature on behalf of slot machines in the state of Kansas. Unfortunately, I appear before you today with mixed emotions. The greyhound breeders in this state, along with the horse breeders campaigned diligently for pari-mutual facilities in the state of Kansas. Due in large part to our efforts, the racetracks are in existence today. So what kind of thanks are we getting – none. These racetracks have decided to cut the breeders out of any Kansas-bred money and are offering only 3.5% of any monies brought in to the state should a gambling referendum be passed. This is the lowest percentage ever proposed by any state currently considering legalization of gambling and is 5% lower than the lowest percentage rate currently being paid to greyhound owners at existing racetracks with casino gambling. Therefore, we are opposed to Senate Bill 226.

Seastrom Kennels, along with four other Kansas-based kennels decided 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 versus other states not currently having casino gambling. The other reason the kennel owners opted to run in Iowa is because of the strong breeders program and the support the greyhound breeders of Iowa have from their state. The original bill passed in Iowa allowed the greyhound breeders 8% of net drop from their machines. At Bluffs Run, this translates to \$120/point for non-Iowa bred animals and \$160/point additional purse money if the winner of the race is an Iowa-bred. Also, there is an additional 12 ½ percent of total Iowa-paid monies returned to the breeders at the end of the year. However, the purses are due to increase because of

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a recent arbitrators decision to give the greyhound owners at Bluffs Run an additional ¼% coupled with an additional 1% at Dubuque Greyhound Park which will bring Dubuque's percentage of net drop to 9%.

Along this same vein, there are five Kansas breeders who operate racing kennels at Wheeling, West Virginia. This does not take in to account the numerous greyhound breeders from the state of Kansas who choose to race their animals at either Wheeling Downs or Tri-State because of the available purse money. West Virginia currently pays 14% of net drop to the owners of animals racing in the state of West Virginia. They also pay an additional 1.5% to West Virginia-bred horses and greyhounds. This translates to an average of \$275.00/point non-West Virginia bred purse money at Wheeling Downs with an additional \$325.00/point West-Virginia bred money. At Tri-State these figures become \$120/point non-West Virginia bred purse money and \$160/point additional West-Virginia bred money.

This same scenario plays out in Lincoln, Rhode Island where the kennel operators receive 8 ½% of gross drop and points average \$230/point. The only exception being the breeder's money in Rhode Island as there are no breeder awards paid but this is due in part to the lack of farms in Rhode Island. To put this into perspective, at the Kansas racetracks the points are currently averaging \$35/point. Is it any wonder the greyhound owners and breeders of Kansas are insulted by what is being offered in Senate Bill 226? We however understand the states' current budget crisis and would support Senate Bill 208 offering the greyhound breeders 5% of gross drop and \$60/point Kansas-bred money.

This would still be an industry low even though we are the largest state with regards to the total number of greyhound farms and total number of greyhounds raised. Due to budget woes at numerous states throughout the United States, several other states with greyhound racing are considering legislation legalizing gambling within the existing racetracks at these states. The two largest states considering this are Texas and Florida. In Texas, the TGA (Texas Greyhound Association) is lobbying for greyhound purse takeout at 14% of net drop and state takeout at 32% of net drop. They are also considering tripling the Texas-bred money over the coming years. They are currently being paid an additional \$60-\$80/point Texas-bred money depending on which racetrack - Valley or Gulf - the greyhounds are being raced at. In Florida, the FGA (Florida Greyhound Association) has lobbied for 10% of net drop.

Due to all of the above factors, it is imperative that we oppose Senate Bill 226 and support Senate Bill 208. As it stands, the NGA (National Greyhound Association), under pressure from their board has already distanced itself from the KGA because the KGA board has voted to support the 5% of net drop proposed in Senate Bill 208.

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

Steven A. Ward
HC O1 Box 23
Ellis, Kansas 67637
(785) 726-3788
(785) 726-3933 (fax)

March 13, 2003

Testimony of Steven A. Ward, on behalf of the Kansas Greyhound Association; before the Federal and State Affairs Committee.

Chairman Harrington, and Members of the Committee:

My name is Steven Ward. I am the President of the Kansas Greyhound Association, I am also a Kansas Greyhound breeder and farmer. My testimony will address Senate Bill No. 208, and Senate Bill No. 226. I wish at this time to go on record as being in Support of Senate Bill No. 208. I would also like to go on record as being Totally Opposed to Senate Bill No. 226.

Some history is in order. Abilene, Kansas is the official headquarters for the National Greyhound Association. Abilene is considered the "Greyhound Capital of the World". 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 approximately \$2.5 Million in sales, providing sizable income for the

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state of Kansas in the form of sales tax. Largely because of the National Greyhound Association as well as the national meets twice a year, it is no surprise that the Kansas Greyhound Association is also located in Abilene, Kansas.

Kansas has traditionally been a major player in the sport of Greyhound racing. Kansas represents approximately 700 Greyhound owners, dotting the 105 counties in Kansas. There are over 280 Greyhound farms caring for, and raising Greyhounds in Kansas. Many Kansans are employed at these farm operations. The livelihood of many thousands of Kansans who work in and around the racing Greyhound industry will be seriously jeopardized if the Kansas Greyhound Breeders Program is not included in the Senate Bill.

We support Senate Bill No. 208 because it is fair to all parties involved. The State of Kansas receives 25%, and the dog and horse breeds receive 5% each. The At Large or Dodge City Project is a fair proposal as written. Senate Bill No. 208 also includes the Breeders Program (page 8, Letter C, lines 18-31). This provision has been in every bill that was seriously considered in either the House or the Senate. With this strong farm program, central and western Kansas will prosper. The \$200 Million impact we now have on central and western Kansas would probably double or triple!

Senate Bill No. 226 is a bill designed to cripple the Greyhound Industry. To my knowledge, Senate Bill No. 226 is the first bill ever introduced by the track owners that does not include a breeders program. This bill would cause millions of dollars in lost income to Kansas Greyhound farmers, and could produce over a \$200 Million yearly economic crisis for central and western Kansas counties, cities, schools, and businesses west of Manhattan. The Greyhound Industry in Dickinson County alone is a \$10 Million a year industry.

Should we destroy that just to make two track owners, and a handful of their associates a few more million dollars a year?

We hope that you will give consideration to the needs of the Greyhound racing and breeding industry in Kansas as we have outlined herein with respect to fair purse supplements. That being done, we would then ask for your support of Senate Bill No. 208.

Thank you for the opportunity to appear before the committee. I would be glad to respond to any questions you may have.

HEIN LAW FIRM, CHARTERED

5845 SW 29th Street, Topeka, KS 66614-2462

Phone: (785) 273-1441

Fax: (785) 273-9243

Ronald R. Hein

Attorney-at-Law

Email: rhein@heinlaw.com

Testimony re: SB 226, SB 108, SB 208, SB 249

Senate Federal and State Affairs Committee

Presented by Ronald R. Hein

on behalf of

Prairie Band Potawatomi Nation

March 13, 2003

Madam 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.

PBPN Position and IGRA

The Prairie Band Potawatomi Nation (PBPN) opposes SB 226, SB 108, SB 208, SB 249, and any other bill which provides for the expansion of Class 3 gaming by the state of Kansas. The PBPN opposition stems primarily from the recognition that such gaming would negate the benefits that Tribal gaming provides to Native American Indian Tribes through the passage by the Federal Government of the Indian Gaming Regulatory Act (IGRA.) IGRA was approved by Congress to promote economic development of Indian Tribes, and to provide the structure for the regulation of gaming on Indian reservations. IGRA 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.

Tribal Gaming Generates Tax Revenue and Economic Development

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.

The 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

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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. Any Tribal member who lives off the reservation but works on the reservation and any 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, which is virtually all of their purchases.

The points of those comments are: 1) the state and the community receive economic benefits as a result of Tribal gaming; 2) Tribal gaming revenues is one of the few tools provided by federal and state law for Indian reservations to generate funds necessary to run their governmental programs; and 3) proceeds from Tribal Gaming remain in Kansas.

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 are economically disadvantaged, and specifically, the reservations themselves, are 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.

Gaming History and the Slippery Slope

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 parimutuel 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 parimutuel gaming in Kansas. I was around when the legislature approved parimutuel 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 parimutuel gaming to survive. What followed was a number of years of additional requests to the legislature to change the rules because otherwise parimutuel gaming was not going to be able to remain successful.

Over the years, the legislature responded by changing this and that, tweaking the distribution of funds, and making other changes at the request of the parimutuel track owners. Amendments include changes to distribution percentages, changes on the number of days horse racing had to occur, and approval of simulcasting. Today, we are hearing the same verse we've heard for years. *Deja vu* all over again. If the state is to save parimutuel gaming, the tracks must have slot machines.

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

Will Slots "Save" or "Destroy" Parimutuel Gaming

Ironically, slots at the tracks are now being promoted to "save parimutuel" gaming. Yet slots bills generally allow a casino building separate and apart from the parimutuel facility. Is there anyone promoting gaming who seriously believes that, with the additional competition of slots gaming, parimutuel tracks will survive? It would not surprise me at all to see the attendance at dog and horse racing decline so rapidly that within a few short years, the parimutuel portion will either die on its own, or the casinos will request permission to close them. Perhaps only then will the horse and dog supporters finally realize what will happen with the legislation being proposed today.

The Slippery Slope of State Gaming Continues

So given the slippery slope of gaming, the question should be asked, "If slots bills pass, how quickly will the law 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 parimutuel tracks benefit from such legislation. Their first question, and it is a good one, is: "Why should only the two wealthy individuals who own the parimutuel tracks be permitted to benefit economically from gaming?" They also

ask, "Why should our businesses, or our fund-raising 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.

Slippery Slope: Competition Will Not Stand Still

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 parimutuel 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.

Slots Gaming Will Not Solve the State's Fiscal Problems

The Division of Legislative Post Audit has estimated gaming revenues of between \$54 million and \$82 million per year, but has cautioned the legislature that the estimates are based on "educated guesswork", that it would "take some time for net revenues to reach their eventual levels", and urged "caution in budgeting for anticipated revenues from slot machines at Kansas racetracks." It should be noted that none of the revenue estimates take into consideration the impact on Lottery revenues, nor impact on other sources of revenue resulting from 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.

Will Missouri change the gaming rules pursuant so as to make them more competitive than Kansas? In the Wichita area, will the revenues generated by that facility be pulled out of the Sedgwick County and surrounding areas economy? If dollars 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 will these reductions in other tax revenues impact the total state coffers after the expansion of gaming has occurred? **The Legislature should demand to know the cost of lost sales tax revenues if any of the gaming bills are approved.**

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 not only discouraging new hiring and new expansion, but causing significant reductions in revenues to our casino and the economy of Northeast Kansas. **How much damage will be done to the economy of Northeast Kansas if gaming bills are approved?**

Last year, the Lottery indicated their revenues would be reduced approximately 25%, which would cost the state \$15 million. That is consistent with results in other states.

A substantial amount of the revenue generated for the state will come from dollars already being spent within the state. In most cases, that money probably would have been spent on other entertainment businesses: movie theaters, theater, restaurants, bowling centers, etc. Those businesses are subject to sales tax, so the state, cities, and counties will lose sales tax on those sales, as well as the sales tax such businesses pay for taxable goods and services. **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?**

In addition, when will these revenues be available to the state? Given the delays that will be necessary for the legislation to result in actual revenues to the state, there may not be revenues for the SGF until late FY04 or possibly FY 05.

Solution: Tribal Gaming in Wyandotte County

IF Kansas is going to expand gaming, there is at least one solution to this problem that warrants further consideration by the Governor and this legislature. Tribal gaming pursuant to IGRA is a reality in this country. The Kansas Legislature cannot change that. The Kansas Legislature and this and the previous 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.

The Kickapoo and The Sac and Fox (Kansas resident Indian Tribes) have proposed entering into a gaming compact with the State of Kansas for a Tribal casino in the Wyandotte County area. This proposal includes sharing revenue with the state and creating a full-fledged casino, complete with table games, and a complete economic development program including an accompanying hotel. The proposed casino complex would be a destination casino, not just one of convenience as would occur with the slots parlors.

Such a proposal would address the goals and the concerns of the vast majority of the players in this entire debate. If the details are properly structured, Tribal gaming in Wyandotte County would benefit the state, the county, the Tribes, and the taxpayers of Kansas.

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 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 significant revenue raised for the state. Those who are worried that the gaming profits will accrue to two individuals and that those profits may leave the state, will know that the money generated will stay here in Kansas, and will benefit social programs and governmental services for Native American Tribes resident in Kansas. Those who are concerned about making two individuals richer, will have gaming which promotes economic self-sufficiency for Native American and other Kansas residents who have traditionally been in the lower economic demographics of the state.

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 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 and your consideration, and which may be the best long-term option for the state..

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

Ladies and Gentlemen: My name is David Assmann. I am the Vice-President of the Kansas Thoroughbred Association and Vice-President of the Kansas Horsemen's Association. I am not here today as a representative of those associations, but as a fellow Kansan. I am in support of slot machines at pari-mutuel racetracks, but I cannot support the bills as currently presented.

Last year, I attended and testified at several sub committee meetings. I believe the committee's intentions were threefold: generate money for the state, revitalize the horse racing industry, and revitalize the greyhound racing industry in Kansas.

During the late 80s, Kansans in the Horse and Dog industry worked hard to successfully pass legislation to allow pari-mutuel wagering in Kansas. Our industries were thriving until the introduction of riverboat casinos just a few miles away from the Woodlands and the proliferation of Indian casinos in Kansas.

Last year when I testified on behalf of the Kansas Thoroughbred Association, I showed how Millions of dollars would be kept and spent in Kansas if pari-mutuel racing was revitalized at the Woodlands. Myself and representatives from the Greyhound racing industry told the committee why we were forced to race and breed our animals in other states and how desperately we wanted to keep our business in Kansas.

Now let's look at how this has been implemented at other states that allow slot machines at pari-mutuel racetracks. These five states have slot machines at pari-mutuel racetracks: Delaware, Iowa, Louisiana, New Mexico, and West Virginia. In those states the average payout of the gross revenue from slot machines to the horse industry is 15.4%. (Source: The Blood Horse - March 8, 2002) Today, 83% of money wagered on pari-mutuel horse racing is via simulcast. In order to have your simulcast signal picked up throughout the country you need to have quality racing. Let's take a closer look at our neighbors in Iowa since the demographics in Iowa and Kansas are similar. The horse race track in Iowa is Prairie Meadows, located just outside of Des Moines. It was built about the same time as the Woodlands. It started out successfully, but with the introduction of riverboat casinos, business declined and Prairie Meadows was forced into bankruptcy and closed. A few years' later, slot machines were allowed at Prairie Meadows where 12.5% of the gross slot machine revenue was placed into purses for horse racing at Prairie Meadows. Today, Iowa has a thriving horse racing and breeding industry.

During the 2002 Thoroughbred meet at Prairie Meadows, approximately one million dollars a day was wagered. Of that amount, about \$150,000.00 was wagered by patrons at the track and approximately \$850,000.00 was wagered through simulcast outlets. Kansas has a 6% pari-mutuel tax. If we can get high quality racing in Kansas that will allow a simulcast signal to be sent out, this would allow Kansas to collect tax dollars from patrons across the country.

In the bill introduced last year by Representative Cox he was diligent in his research. He suggested 7% of the gross slot machine revenue go to horse purses and 7% to greyhound purses. Although 14% is less than the national average, it a level that myself and many others in the horse industry in Kansas can support. SB 208 specifies a set % going to Thoroughbreds and Quarter Horses. We believe the purse distribution should be at the discretion of the track operator.

Thank you for allowing me to address you today.

David Assmann, Edwardsville, Kansas

Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 11

KANSAS

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

Testimony on Senate Bill 226

MATTHEW D. ALL
Chief Counsel to the Governor

Before the SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS
March 13, 2003

Madame Chairperson and Members of the Committee:

The Governor has been on record, both this year and in years past, in support of expanded gaming in communities that approve it. With a willing public, solid financial backers, and a good business plan, gaming can create new economic prospects in communities of various sizes and situations. If done well, the tourism and other activity gaming generates can create jobs, attract investment, and help the budgets of both state and local governments. In today's tough times, this new economic energy is badly needed.

To that end, the Governor has worked with a variety of interested parties to move toward consensus on a bill to expand gaming at a limited number of facilities in Kansas. This work has produced a framework that we would like to have considered as a conceptual amendment to Senate Bill 226.

The framework we are submitting calls for electronic gaming devices to be placed at the licensed pari-mutuel facilities, and at one additional facility, which is currently contemplated to be in Dodge City. As the attached tables show, our framework calls for a graduated state tax rate, based on the amount of gross gaming revenue at each gaming facility. The rate would be 20% if a facility's gross gaming revenue were less than \$50 million, but would rise to 30% if it exceeded \$200 million. Our framework also calls for substantial contributions to a problem gaming fund, charity, city and county governments, the greyhound and horse racing industries, and a tourism fund. Together with the state tax, the total taxes and contributions would range from 31.25% to 41.75%, depending on the amount of wins at each facility. Our research shows that this total tax rate is higher than other similarly situated states, including our most important competitor, Missouri.

In attempting to forge consensus, the Governor has insisted on some guaranteed amount of revenue to the state in the short term. The pari-mutuel facilities and the Dodge City group have agreed to provide the state with no less than \$30 million total in fiscal

March 13, 2003

Page 2

year 2004. If their wins do not generate that amount through the graduated tax structure, the facilities would be able to recoup the difference in fiscal years 2005 and 2006.

Although we have attempted to reach full consensus, we are not embarrassed to admit we have fallen short of that probably unattainable ideal. You will hear that the greyhound industry wants a greater share. You will hear some who want the state to have a greater share. You will hear some who want more gaming facilities. You will hear some who want expanded gaming only at Indian casinos. You will hear some who do not want any expanded gaming at all.

We hear them, too. We maintain an open mind toward their concerns—and we agree with many of them. We have not attempted to enforce our own ideal solution to this issue, but rather to reach the greatest consensus possible among the interested parties. We believe we have come a long way in the past weeks, and that the conceptual amendment we are advancing is a substantial improvement on the bills currently before you. But we expect and welcome continued give and take on this issue.

Although the Governor supports and would sign a bill containing the framework I have outlined today, there are likely many other bills she would also sign. We look forward to working with you and all the interested parties to develop a solution that allows communities who want expanded gaming and a revitalized local economy to do just that.

Thank you.

Conceptual Amendments to SB 226:

State Taxes per Facility based on Graduated Tax Rate:

Gaming Taxes	Percent	State's Revenue per Facility
\$0-\$50 million per facility	20.00%	\$10,000,000
\$50-\$100 million per facility	22.50%	\$21,250,000
\$100-\$150 million per facility	25.00%	\$33,750,000
\$150-\$200 million per facility	27.50%	\$47,500,000
\$200 million or more per facility	30.00%	Unlimited

Other Gaming Revenue Taxes:

	Percentage for tracks	Percentage for Dodge City
Problem Gaming	0.25%	0.25%
Charity	1.0%	1.0%
City	1.5%	1.5%
County	1.5%	1.5%
Dogs	3.5%	2.5%
Horses	3.5%	2.5%
Tourism	0.0%	2.5%
TOTAL:	11.25%	11.75%

Total Taxes and Splits with Graduated Tax Rate on Tracks:

\$0-\$50 million per facility	31.25%
\$50-\$100 million per facility	33.75%
\$100-\$150 million per facility	36.25%
\$150-\$200 million per facility	38.75%
\$200 million or more per facility	41.25%

Total Taxes and Splits with Graduated Tax Rate on Dodge City Facility:

\$0-\$50 million per facility	31.75%
\$50-\$100 million per facility	34.25%
\$100-\$150 million per facility	36.75%
\$150-\$200 million per facility	39.25%
\$200 million or more per facility	41.75%

SUMMARY OF TESTIMONY

By:

Kansas Racing L.L.C. dba The Woodlands

Larry Seckington, Secretary of the Board and General Counsel
On behalf of owners of pari-mutuel facilities in Kansas

We have submitted to you our thirty-seven pages of testimony, a previous summary of testimony including a fact sheet and a brochure of Grace Construction Company.

My remarks today will be limited to an explanation of the following nine critical points contained in our thirty-seven page booklet:

1. Page 4 - an explanation of the Kansas City Market analysis: How do we get our share?
2. Page 6 - the proposed Tax structure: Compare to competition.
3. Pages 8 and 9 - Phase I Development: Destination resort required.
4. Pages 10 - Phase II and III Development: Completion of Destination Resort.
5. Page 12 – Site plan: Overview of completed project.
6. Page 17 – Entrance to remodeled casino: Integration with pari-mutuel facility.
7. Page 21 – View from formal dining: Integration with pari-mutuel facility.
8. Page 22 – Floor plan: Completion of destination resort to be compatible with the entertainment district of Kansas City, Kansas.
9. Pages 26-28 – Why S.B.226?

Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 14



Racetrack - Racino - Hotel - Conference Center

Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 15

Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 15

Existing Woodlands

- **Built in 1989**
- **400 acre development including:**
 - 1,200 Stables
 - 18 Kennels housing 60 greyhounds each
- **\$80 Million Construction Cost**
- **320,000 square feet of Pavilion Space**
- **325 current employees**

Race Track

Racino



Hotel

Conference Center



15-3

The Woodlands

Leavenworth Road

K-7

I-435

Parallel Pkwy

Fairgrounds

State Avenue

Kansas
Speedway

I-70



2

Race Track

Racino

Hotel

Conference Center

1-3

15.4



Wyandotte
County
Lake

The Woodlands

I-435

Leavenworth Road



3

Race Track

Racino

Hotel

Conference Center

124

Kansas City Market Analysis

Kansas City Missouri Casinos - 2002

▪ Argosy	\$ 98,189,462.00
▪ Isle of Capri	\$ 97,424,665.00
▪ Ameristar	\$ 209,548,342.00
▪ Harrahs	\$ 206,896,105.00
Total	<u>\$ 612,058,574.00</u>

Additional Competition

- Four Tribal Facilities

Race Track

Racino



Hotel

Conference Center

Economic Impact

- **43% of Kansas City Riverboat patrons are Kansans – recapture “leaking” revenue**

- Missouri Gaming Commission

- **In 2005, the Woodlands Racino is estimated to capture \$122 million of the projected \$644 million Kansas City/St. Joseph market**

- Gaming Market Research

Race Track

Racino



Hotel

Conference Center

Kansas City Market Analysis

Available Revenue \$120,000,000.00

****Share of Gross Revenue:**

- State of Kansas 20.0 %
- Consolidated Government 3.0 %
- Greyhound Association 3.5 %
- Horse Associations 3.5 %
- Charity (Track East) 1.0 %
- Regulatory 1.0 %
- Problem Gaming .5 %

***Per introduction of SB 226*



Economic Impact

- Over 1,500 employees – creation of more than 1,000 new jobs
- Minimum of \$120,000,000 of new construction
- Over \$200,000,000 total construction investment

Race Track

Racino



Hotel

Conference Center

6-51

Proposed Development – Phase I

- **Casino**

- 52,000 square feet gaming floor
 - 2,000 Gaming Positions
 - Non-smoking designated areas
 - Cocktail lounge with Live entertainment

- **Restaurants & Dining**

- Buffet - 300 seats
 - Fine Dining - 150 seats
 - Casual Dining - 100 seats
 - Food Court

- **Special Events Center**

- 1,500 seat capacity



6-51

01-10

Proposed Development – Phase I

- Consolidation of Dog and Horse tracks

Dog racing year round

Horse Racing 60 days per year (over twice existing)

Addition of Night horse racing (lighted track)

Simulcast year round including outgoing and incoming broadcasts

- Rehabilitation of Infield

Lake

Tot Lot

Landscaping



Race Track

Racino

Hotel

Conference Center

01-10

Proposed Development – Phases II & III

11-51

- **Hotel**

- Two ten story towers
 - 400 Rooms
 - Indoor Pool & Spa
 - Exercise facilities

- **Conference Center**

- 1,200 seats
 - Expansion of Events Center



Race Track

Racino

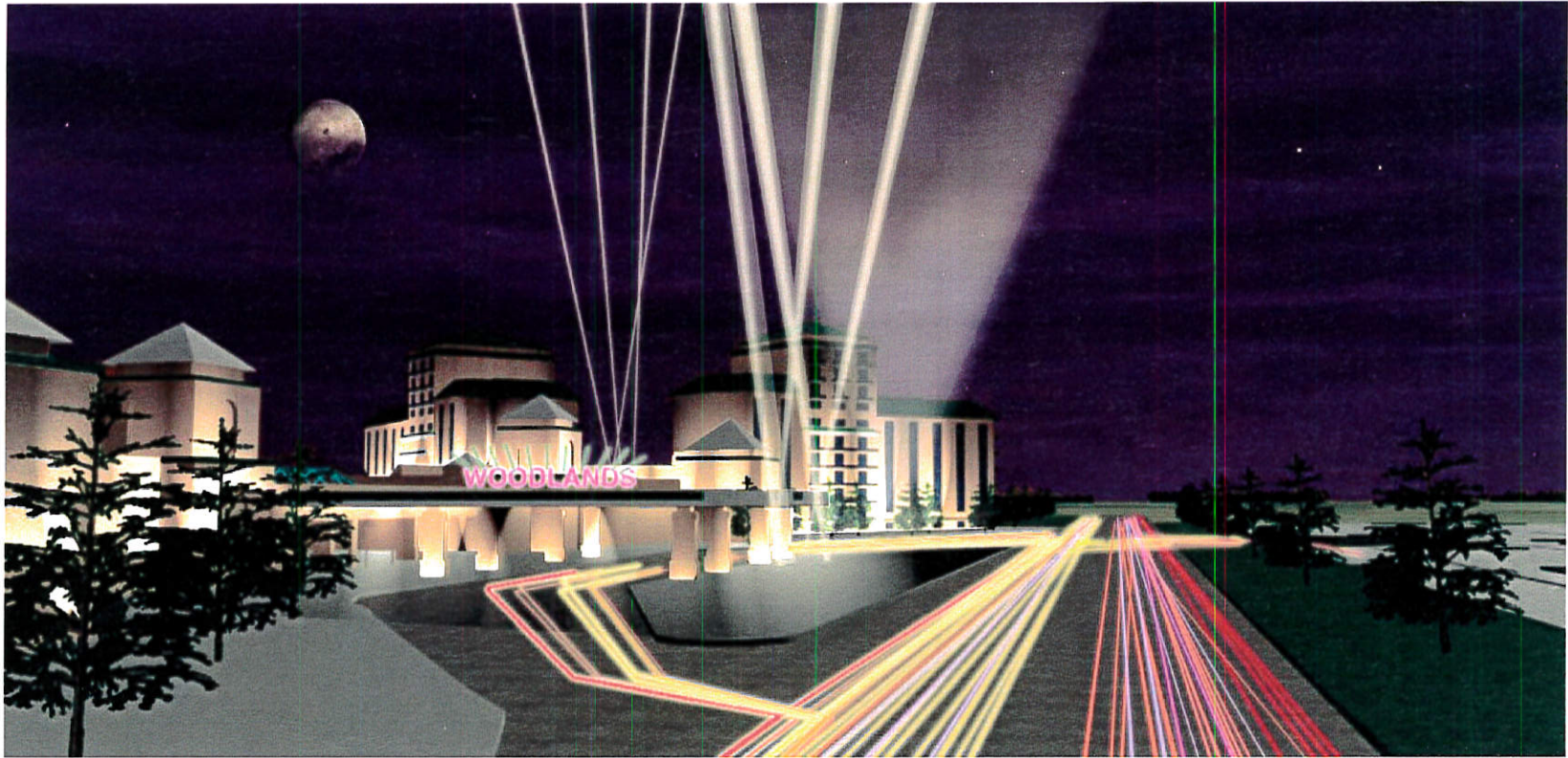


Hotel

Conference Center

10

11-11



Race Track

Racino



Hotel

Conference Center

15-13



Race Track

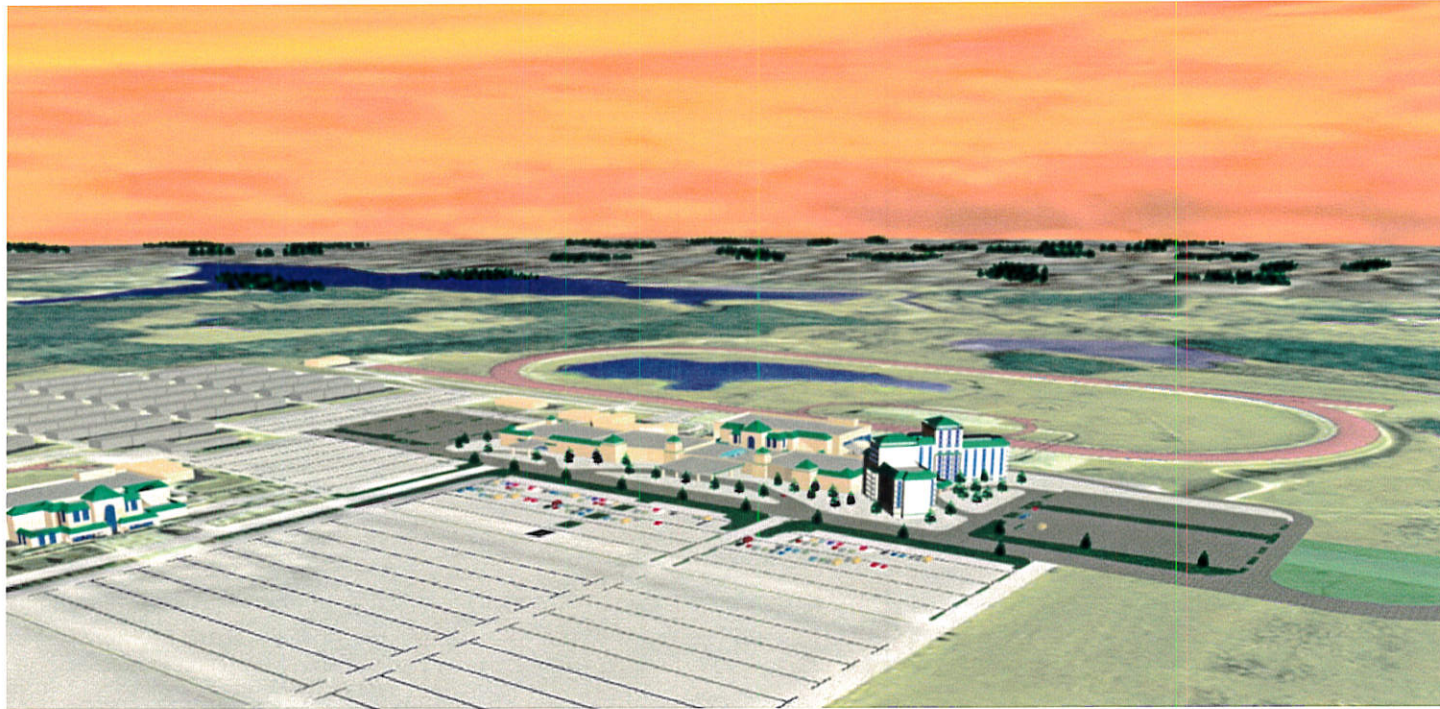
Racino

Hotel

Conference Center

15-13

15-14



Race Track

Racino



Hotel

Conference Center

15-14



Race Track

Racino



Hotel

Conference Center

15-14



Race Track

Racino

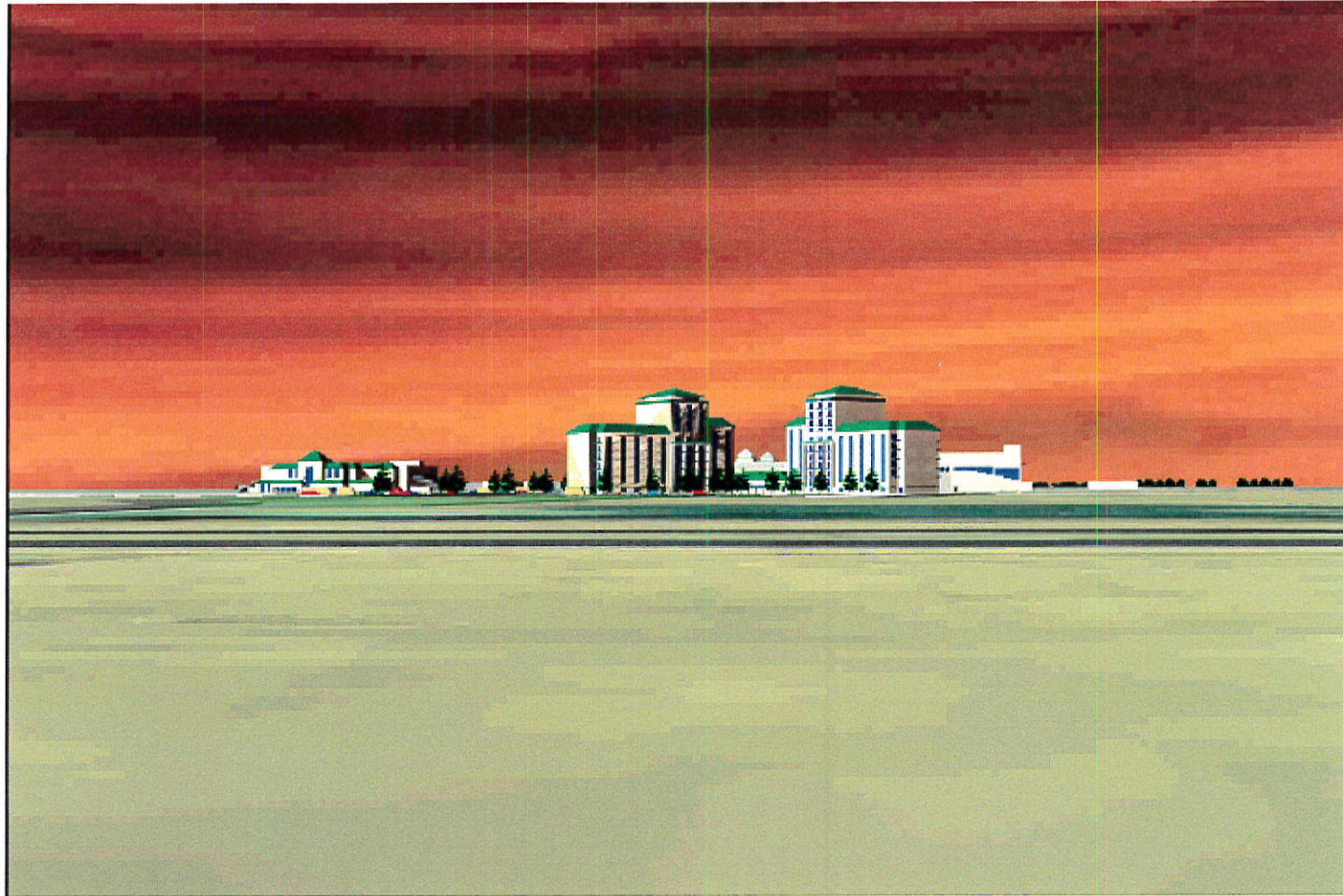


Hotel

Conference Center

15-14

15-17



Race Track

Racino



Hotel

Conference Center

15-17



Entry Fountain

Race Track

Racino



Hotel

Conference Center

15-19



Race Track

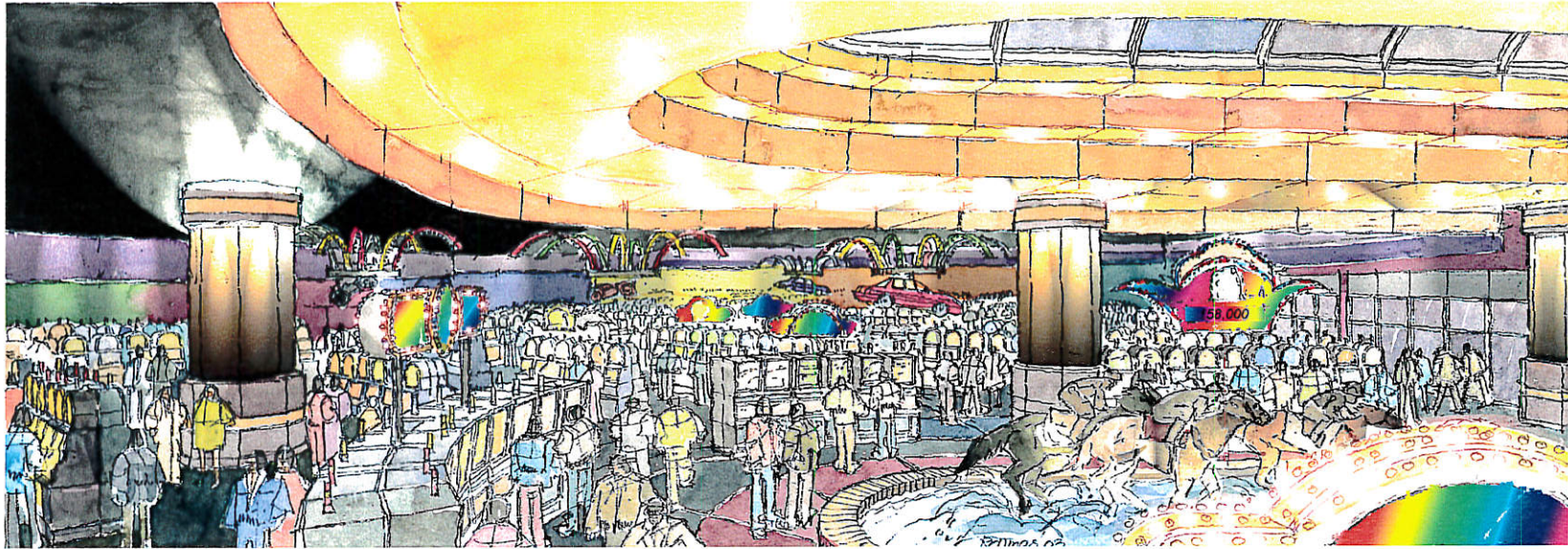
Racino



Hotel

Conference Center

15-19



Casino Floor

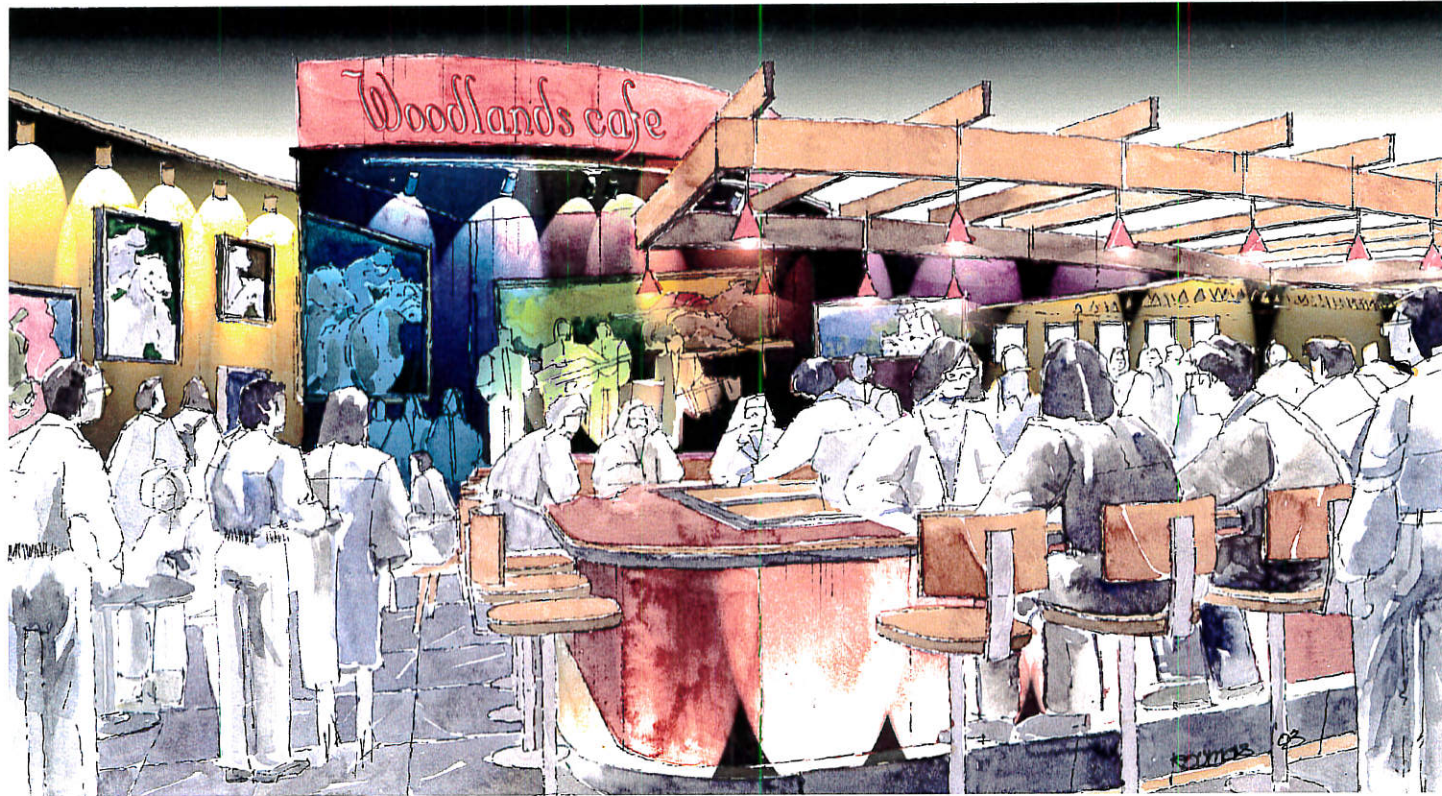
Race Track

Racino



Hotel

Conference Center



Entertainment / Lounge

Race Track

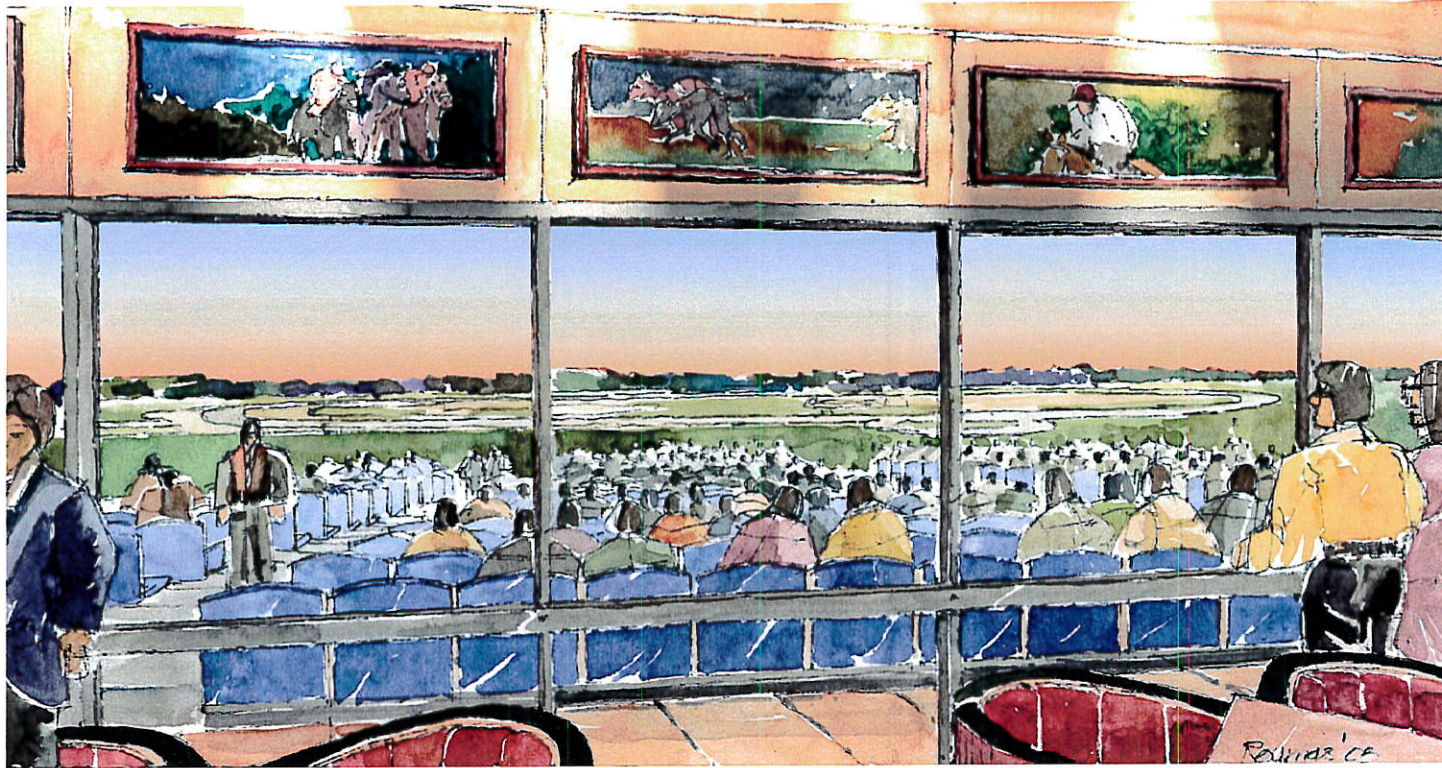
Racino



Hotel

Conference Center

15-22



Fine Dining

Race Track

Racino

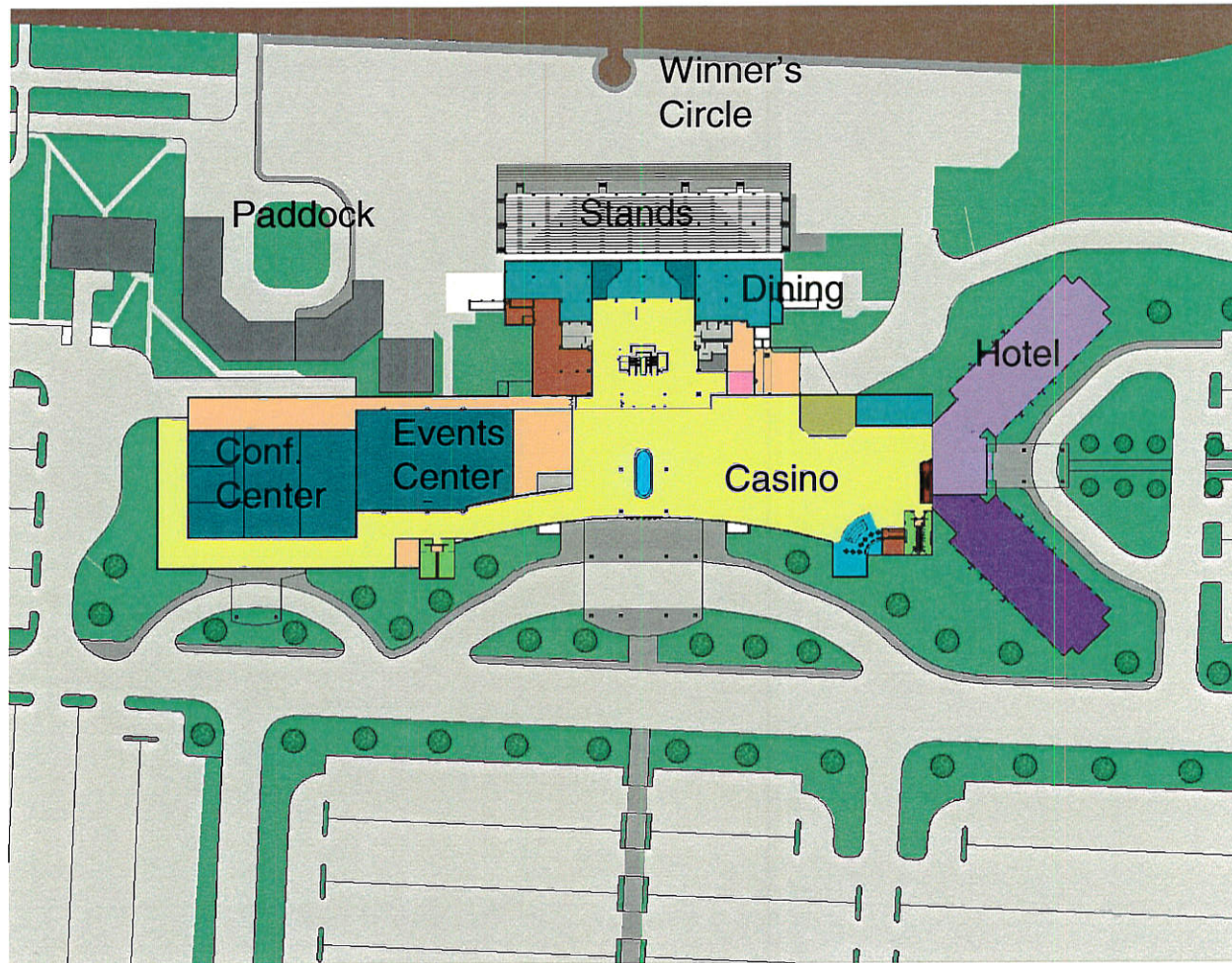


Hotel

Conference Center

15-22

15-23



Race Track

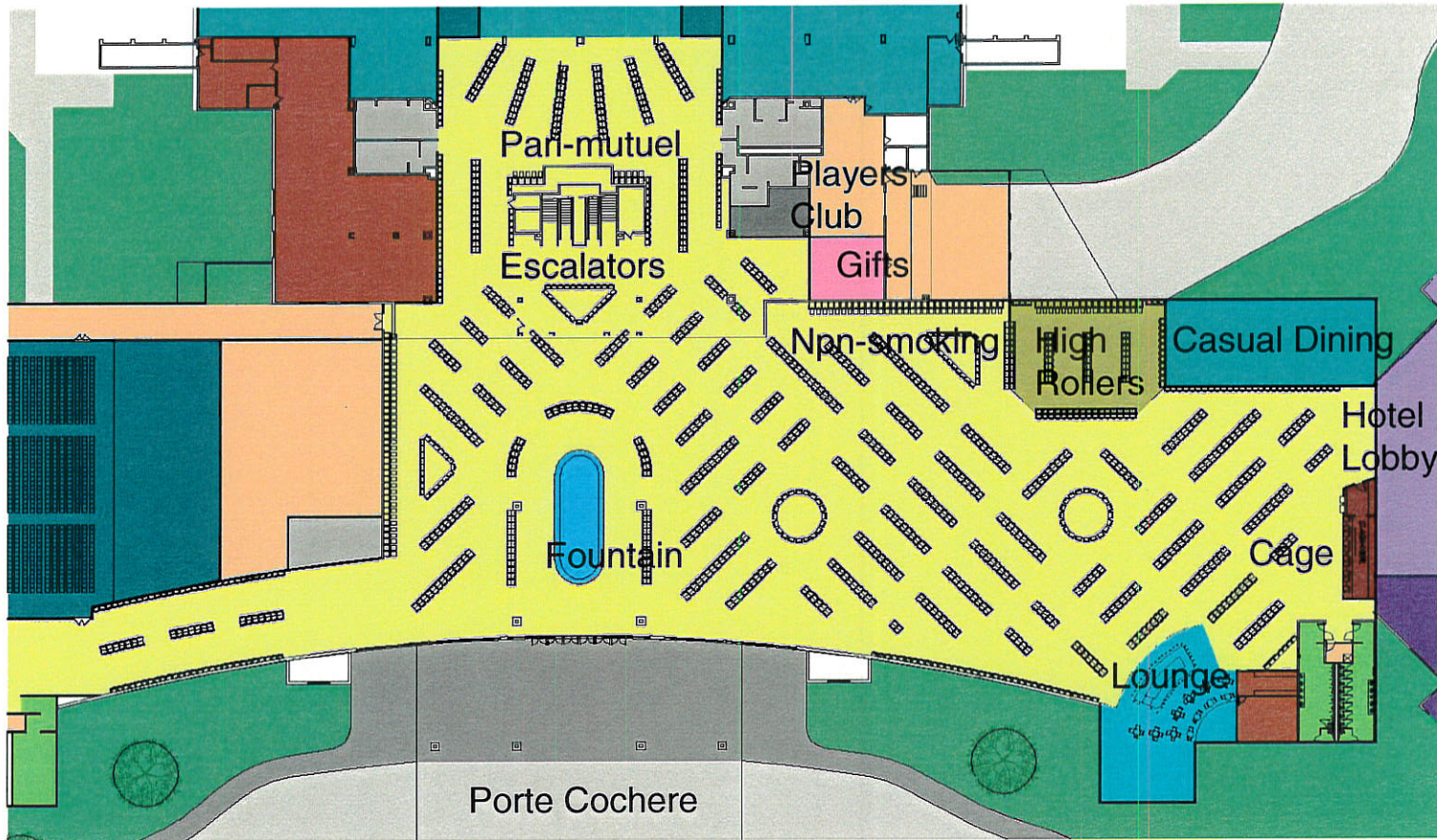
Racino

Hotel

Conference Center

15-23

15-24



Race Track

Racino

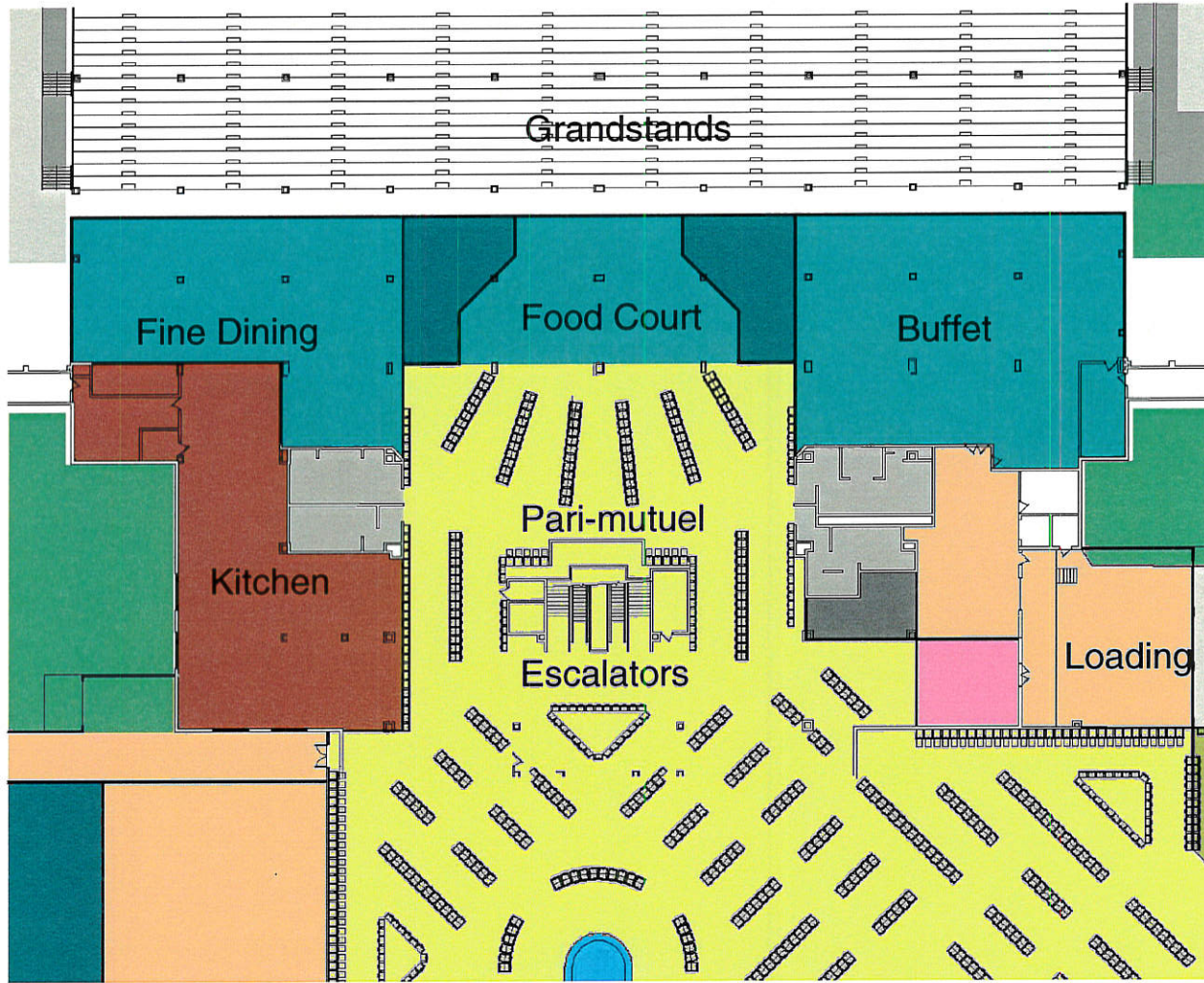


Hotel

Conference Center

he-1

52-51



Race Track

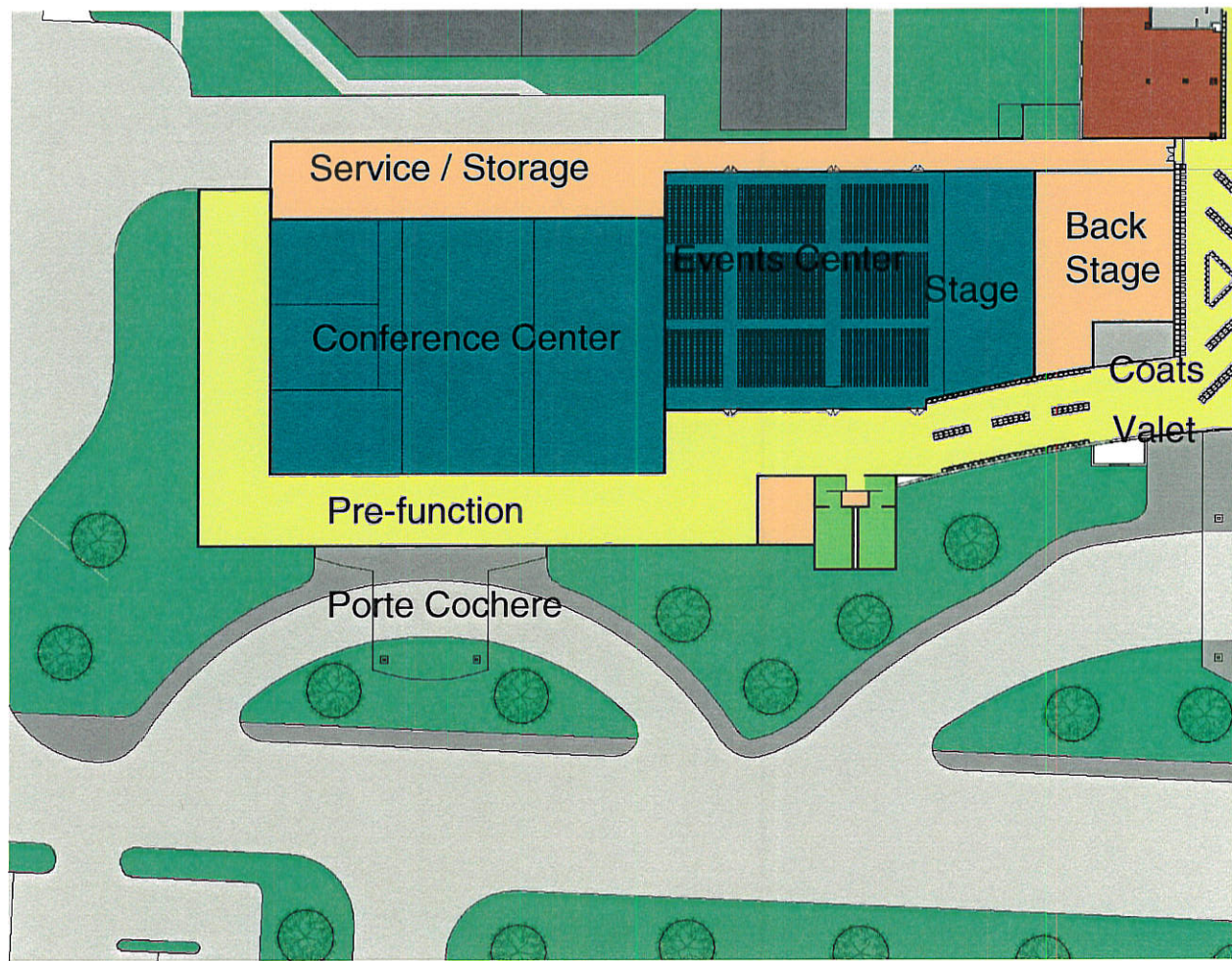
Racino

Hotel

Conference Center

52-51

15-26



Race Track

Racino



Hotel

Conference Center

15-26

Why The Woodlands?

15-27

- **Doesn't request tax incentives or public financing**
- **Continue to pay full taxes, including property taxes**
- **\$120 million in private investment**
- **High quality proposal to complement development around KS Speedway**



Race Track

Racino



Hotel

Conference Center

15-27

Why The Woodlands?

15-28

- Woodlands proposal will be up and running faster
- Woodlands proposal is more feasible – existing facility
- More meaningful economic impact on entire state
- Allows voters to decide



Race Track

Racino

Hotel

Conference Center

15-28

Why The Woodlands?

- **Committed to continued use of local union labor during construction**
- **Committed to continued use of local vendors during operation**

15-29



28

Race Track

Racino

Hotel

Conference Center

15-29

15-30

The Woodlands Racino – Project Summary

- **304,000 Square feet of new and renovated area**
- **Immediate Operation - Dog Pavilion utilized during Construction**
- **Use of Current Dog Pavilion for Community Events**

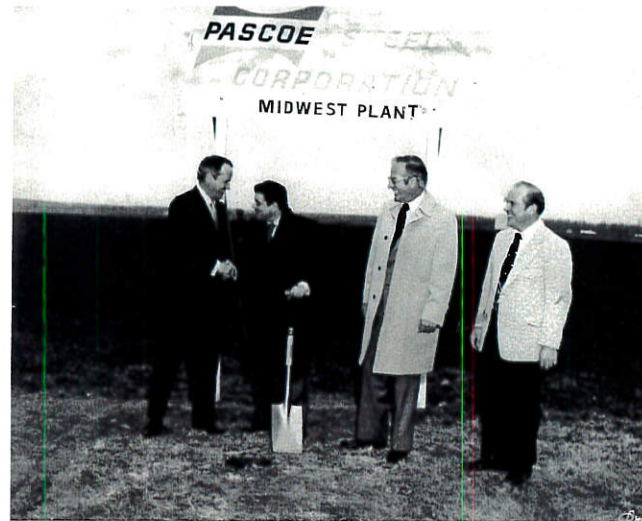


15-30

15-31

Grace Construction Company & Grace Development Company

- Established 1966 in St. Joseph, Missouri
- ENR Top 400 Contractors & Top 400 Developers
- Present Offices:
 - St. Joseph, MO
 - Phoenix, AZ



30

Race Track

Racino

Hotel

Conference Center

15-31

Grace Entertainment, Inc.

- Mark Twain Casino



Race Track

Racino



Hotel

Conference Center

Grace Entertainment, Inc.

- Lakeside Casino and Resort



Race Track

Racino

Hotel

Conference Center

15-34

Grace Entertainment, Inc.

- Casino White Cloud



33

Race Track

Racino

Hotel

Conference Center

15-34

15-35

Grace Entertainment, Inc.

- St. Joseph Frontier Casino



Race Track

Racino



Hotel

Conference Center

15-35

15-34

Grace Entertainment, Inc.

- Prescott Resort Casino & Conference Center



Race Track

Racino

Hotel

Conference Center

15-34

15-37

Berger Devine Yaeger, Inc.

A member of the Louis Berger Group

- Established in 1973
- Architecture & Engineering
- Sports and Entertainment



Race Track

Racino

Hotel

Conference Center

15-37

Berger Devine Yaeger, Inc.

A member of the Louis Berger Group

- Gaming Facilities



Race Track

Racino

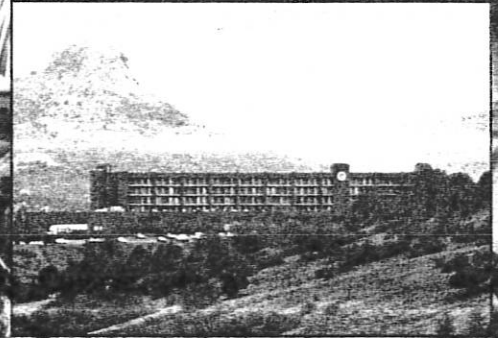
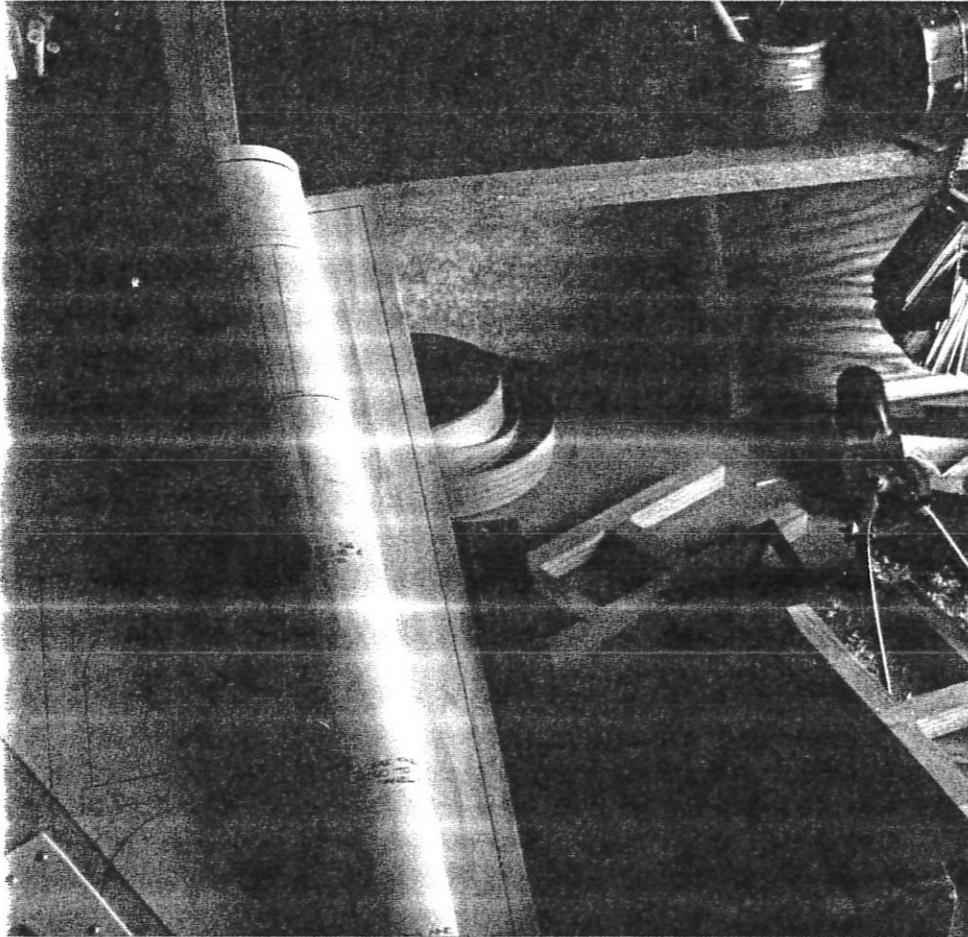
Hotel

Conference Center



Larry Seckington

W.M. GRACE CONTRACTORS, INC.



*Craftsmanship and Reliability
Since 1966*

Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 10



W.M. (Bill) Grace
Chairman of the Board
W.M. Grace Contractors, Inc.

Client Satisfaction Through Innovation and Performance

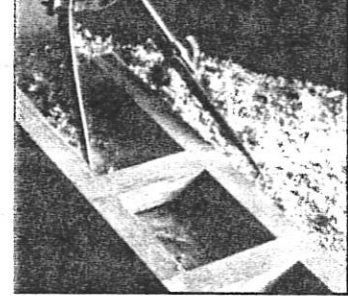
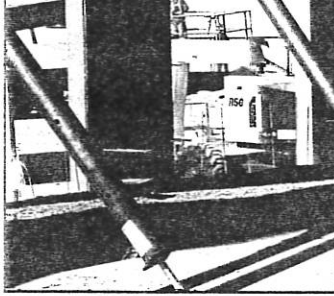
As an economics instructor at Arizona State University, I believed there was a better way to meet a client's needs in the business of construction. In 1966, I founded this company and our first contract was a \$31,000 radio station office. I quickly saw the value of integrating the concept of what is now widely called Design/Build. The idea of bringing together all parties involved in a project under one roof was so sensible, yet seen as radical at the time.

The most professional people in our industry were invited to join our team. In our company's first ten years of business we have used the Design/Build process to construct projects of virtually every type and size in 24 states. Our commitment to provide each project with the highest quality of service, the best people to perform the job and the utmost integrity has earned the company a reputation as an innovator with knowledge and understanding of all aspects of the construction industry.

Now, with over thirty-five years of experience, and as one of America's top 400 construction companies, W.M. Grace Contractors, Inc. brings an outstanding team of professional builders to every client's project. Our commitment to excellence never ends. It means we go a little farther, work a little harder, and put in a little more effort in bringing together all the pieces. That's what it takes to create a successful project, and we will accept nothing less.

We invite you to discover how we deliver craftsmanship, reliability and responsibility to your project.





The Importance of Communication

The clients of W.M. Grace Contractors, Inc. build projects that range from shopping centers to massive industrial and manufacturing complexes. In every case, we bring a hands-on style of project management. Meeting our clients' needs to their full satisfaction is our primary goal.

We enjoy professional relationships with leading architects and engineers who often join us when meeting clients at the earliest stage of a project. By

being involved during the feasibility phase, we have proven that we can provide input that truly adds value to a project.

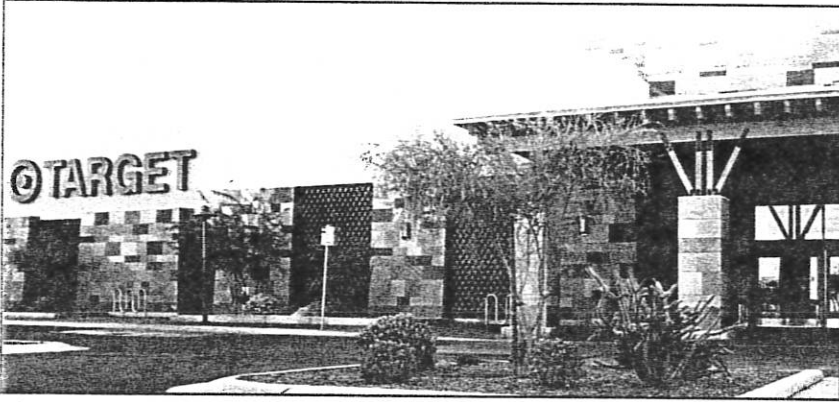
Quite possibly, the most important commitment we make to our clients is our promise to communicate clearly and professionally throughout construction. Fairness, reliability and integrity in our business relationships have earned us the reputation we enjoy today.

WE BUILD

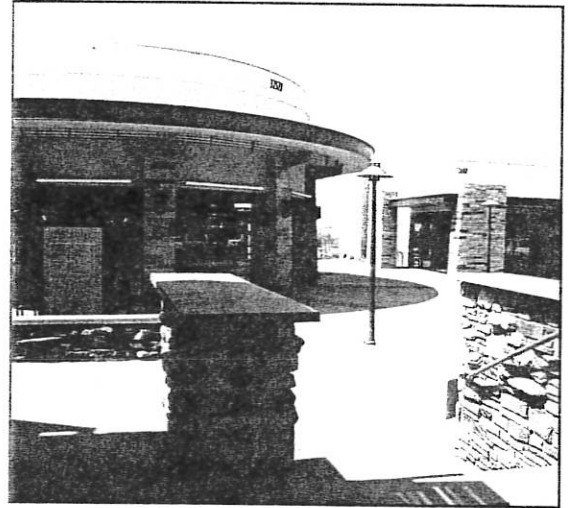
- COMMERCIAL • RETAIL • INDUSTRIAL • MANUFACTURING • DISTRIBUTION • OFFICES
- BANKS • HOTELS • RESTAURANTS • RESORTS • CASINOS • MULTI-FAMILY • PUBLIC BUILDINGS



COMMERCIAL AND RETAIL

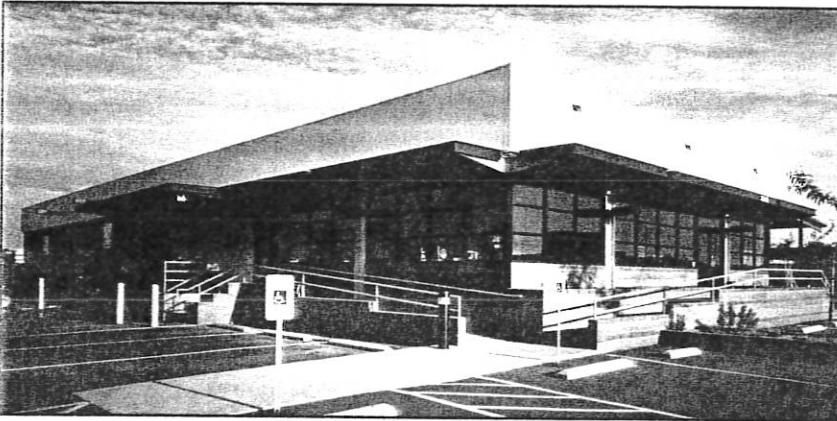


The Summit Shopping Center at Scottsdale, Arizona



The Summit Shopping Center at Scottsdale

Valley Rental Center, Arizona



Target Retail Store, Arizona



Fry's Food & Drug, Arizona



W.M. Grace Contractors, Inc. considers shopping centers to be one of its specialties, having built over 250 shopping centers totaling more than 25 million square feet.

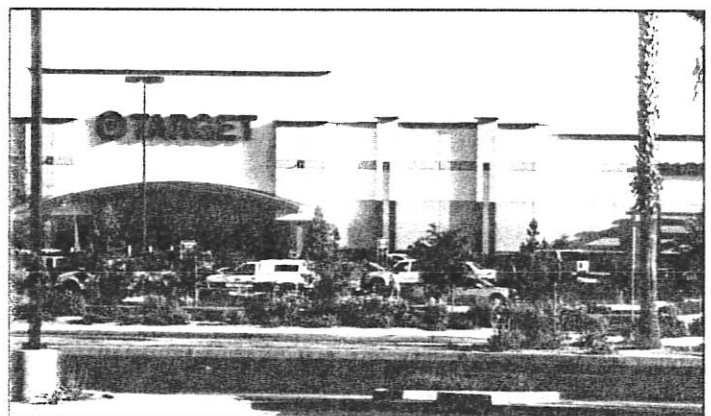
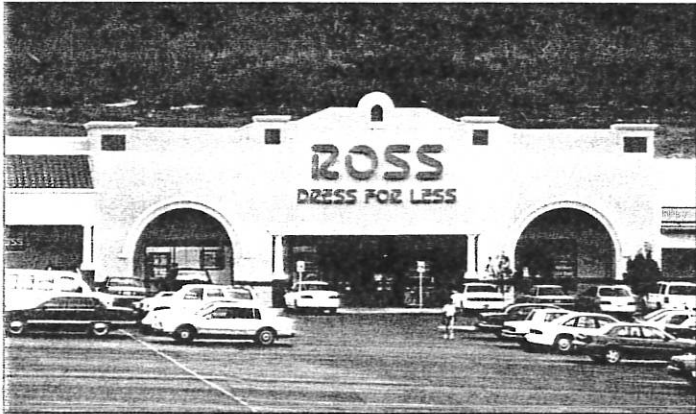
In particular, the company offers clients its extensive knowledge of location and design considerations to ensure success. Advice is also available on leasing strategies to improve a client's profitability.

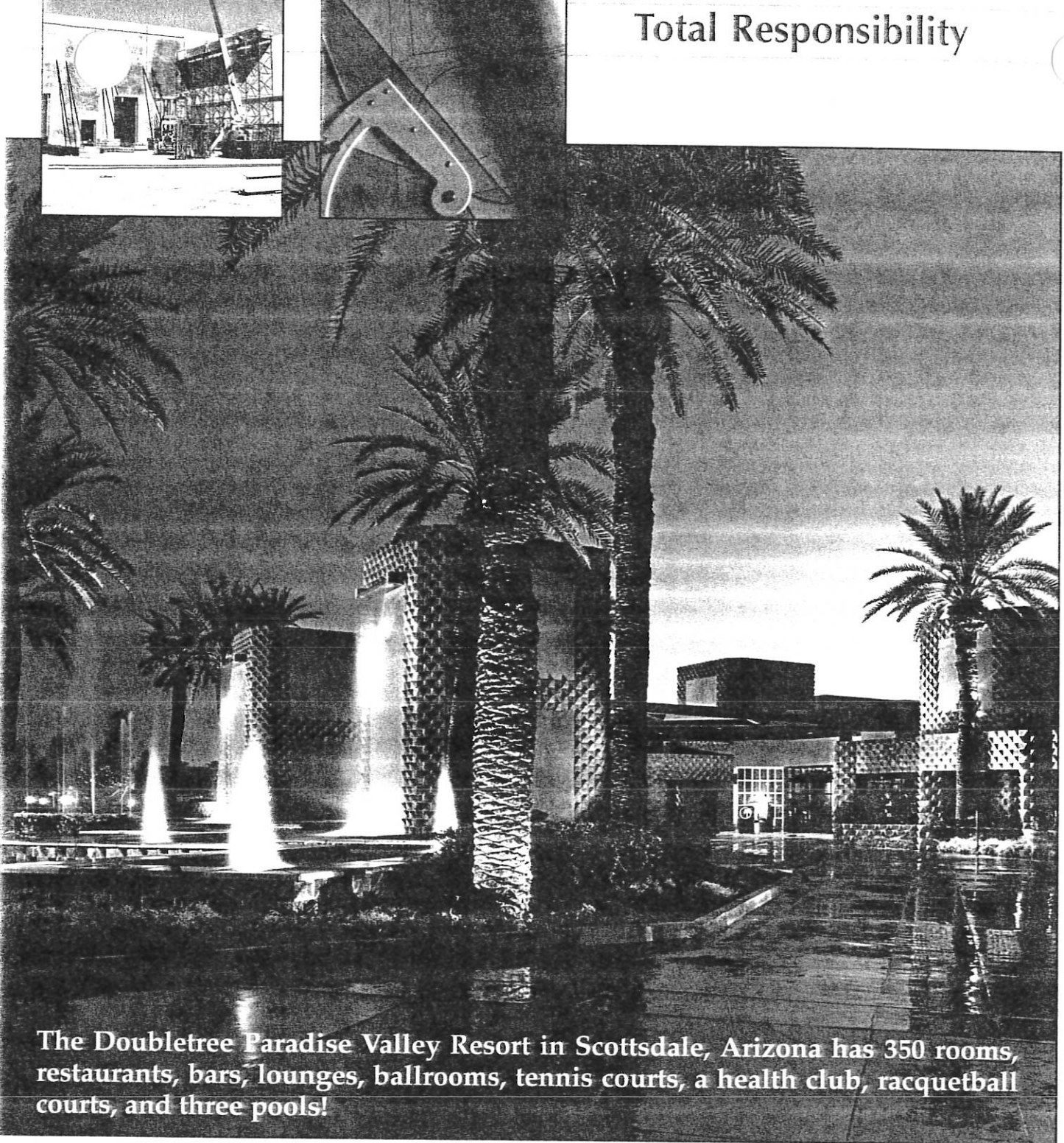
Construction of retail projects requires very specialized experience and the ability to work closely with architects and designers who understand the unique designs and construction materials used by the retail sector. Vehicular access, pedestrian traffic, fire and life safety issues, access for the disabled, security and loss prevention considerations are areas of expertise that the team at W.M. Grace Contractors, Inc. can bring to a project.

W.M. Grace Contractors, Inc. has an extensive portfolio from working with major clients, including:

- Target Stores
- Home Depot
- Wal-Mart
- Petco
- Michaels
- Bashas'
- Safeway
- Fry's
- Mervyn's
- Albertsons

National Companies Choose W.M. Grace Contractors, Inc.





The Doubletree Paradise Valley Resort in Scottsdale, Arizona has 350 rooms, restaurants, bars, lounges, ballrooms, tennis courts, a health club, racquetball courts, and three pools!

Total Project Responsibility

W.M. Grace Contractors, Inc. offers clients the opportunity to minimize costs while optimizing project quality through its "Total Project Responsibility" commitment. Our services often begin with economic feasibility studies, real estate selection, site evaluation, preliminary architectural design, land-use planning, and development of a project's budget. In addition, we can assist clients

from initial land negotiations through concept, final design and all stages of construction. Our innovative and professional approach to meeting our clients' needs has been consistently proven. As the project's construction nears completion, we will be there for final inspections and assistance with occupancy. We assume responsibility for your project as though it is our own!

HOSPITALITY, GAMING & RESTAURANTS



Doubletree Paradise Valley Resort, Arizona

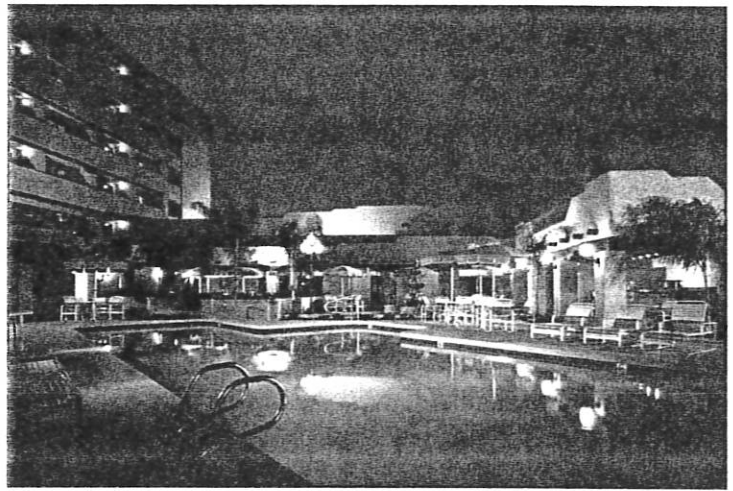


Prescott Resort and Conference Center, Arizona

Coco's Restaurant, Arizona



Bennigan's Restaurant, Arizona



The Grace Inn at Ahwatukee, Arizona

Hotels, resorts, casinos and restaurants are some of the most difficult projects to design and build properly. Issues of appearance, customer flow, food preparation, security and much more all require a comprehensive infrastructure. When wisely planned during the preliminary stages and constructed using sophisticated building techniques and technologies, a project will be a success. Our track record demonstrates our capability.

For example, W.M. Grace Contractors, Inc. constructed the Doubletree Paradise Valley Resort in Scottsdale, Arizona – a multi-million dollar resort of 350 rooms and many amenities, on 20 acres in only thirteen months. Other projects have included multi-million dollar casino/hotel complexes with unique construction issues that have all been met to our clients' satisfaction.

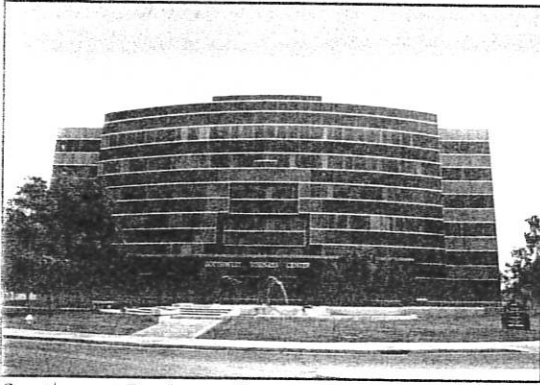
Many of our clients are Fortune 500 companies with strict guidelines pertaining to budget and schedule compliance. Our success is reflected in the fact that we constructed several projects for many of these clients.

National hotel and restaurant chains we have built for include:

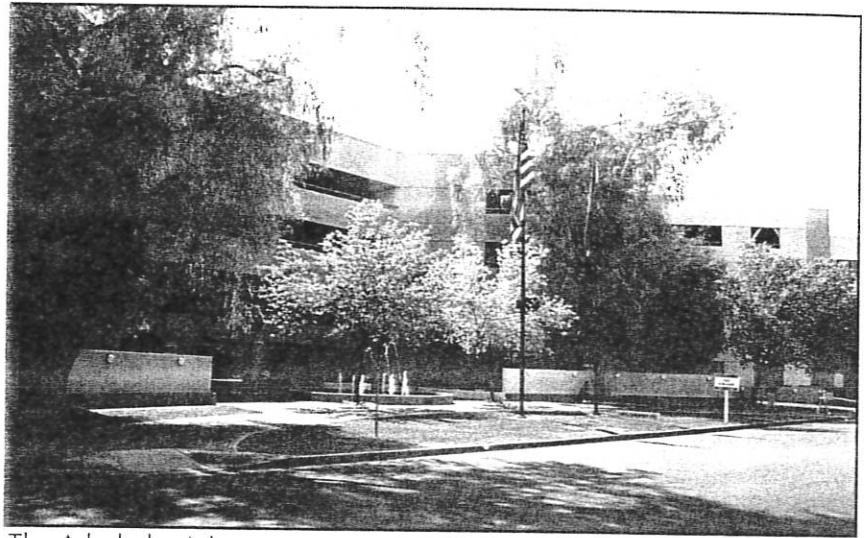
- Sheraton Hotels
- Ramada Inn
- McDonald's
- Peter Piper Pizza
- Bennigan's
- Taco Bell
- Arby's
- Best Western
- Perkins
- Anheuser Busch

Pei Wei Restaurant, Arizona





Southwest Business Center, Arizona



The Arboleda, Arizona

Construction of office space presents interesting challenges. The companies occupying the space often have design ideas that are intended to reflect their corporate image. The team at W.M. Grace Contractors, Inc. has worked with many clients to successfully achieve corporate identification goals while constructing a building of outstanding quality - within budget.

W.M. Grace Contractors, Inc. has exceeded the expectations of all its clients whether the office project was large or small.

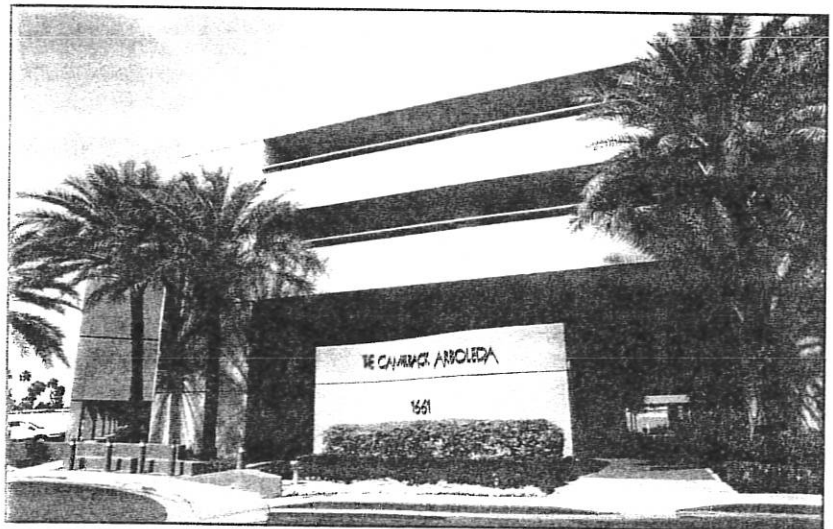
A representation of office building projects and/or clients include:

- Camelback Arboleda
- Ahwatukee Professional Building
- Bank of America
- American Express
- Arizona Bank
- General Electric Mortgage
- F.D.I.C.
- Home Federal Savings & Loan
- BNC National Bank
- Samaritan Health Center
- Fletcher - Mayo
- Provident Savings & Loan



Commerce Bank, Missouri

Missouri Western State College Offices



The Arboleda, Arizona

PUBLIC USE BUILDINGS

At W.M. Grace Contractors, Inc. we recognize the obligation that public officials have to responsibly manage public funds. Since 1966, our company has constructed all types of schools and university facilities including, but not limited to, classrooms, libraries, dormitories, auditoriums, performing arts complexes and administration buildings.

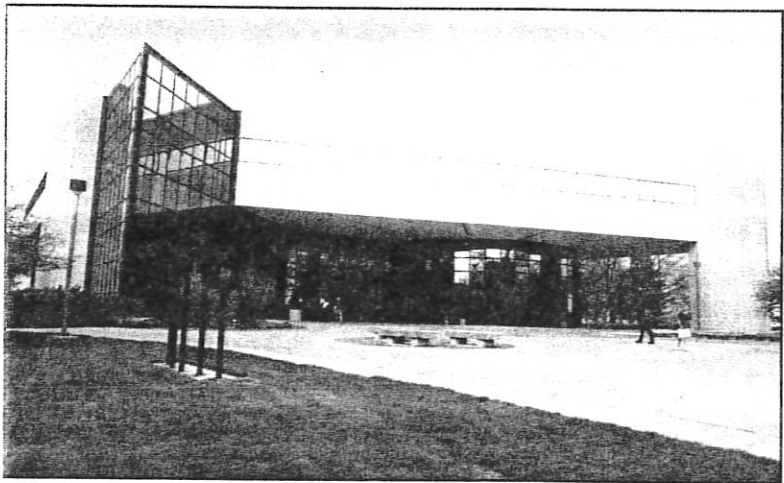
We have also constructed recreational facilities such as ice rinks, community centers, swimming pools and gymnasiums.

Our clients have included city, state and federal agencies of all sizes. One project of which we are particularly proud is the St. Joseph Civic Arena in St. Joseph, Missouri. At the time, the 172 foot, super-long span joists were the largest known to have been used in the country.

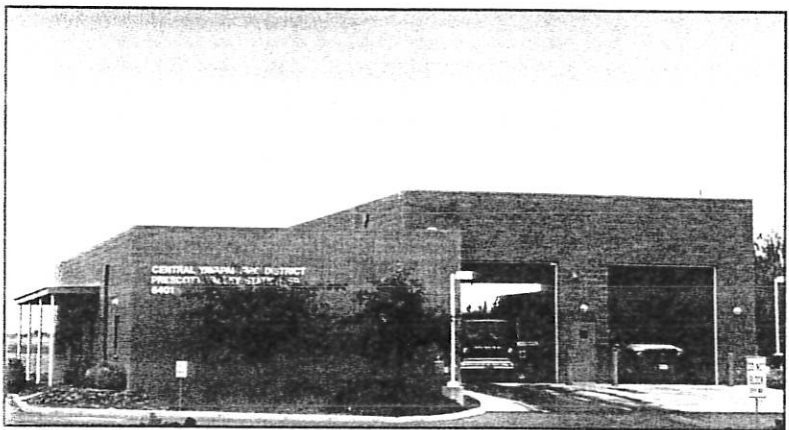
W.M. Grace Contractors, Inc. has extensive experience preparing competitive bids that will deliver the best possible project to its public clients.

We are proud to have worked with the following public sector clients:

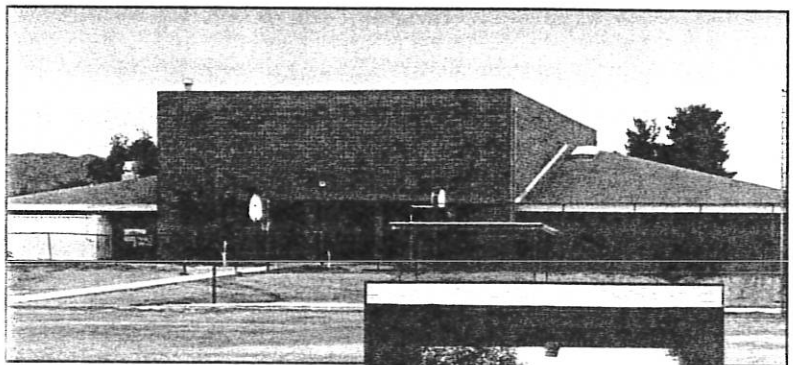
- Northwest Missouri State University
- HUD - Wesley Seniors Tower
- Missouri Western State College
- City of St. Joseph
- Balsz School District
- Central Yavapai Fire District
- Roosevelt School District



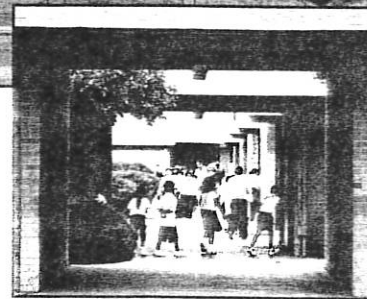
B. D. Owens Library, Missouri



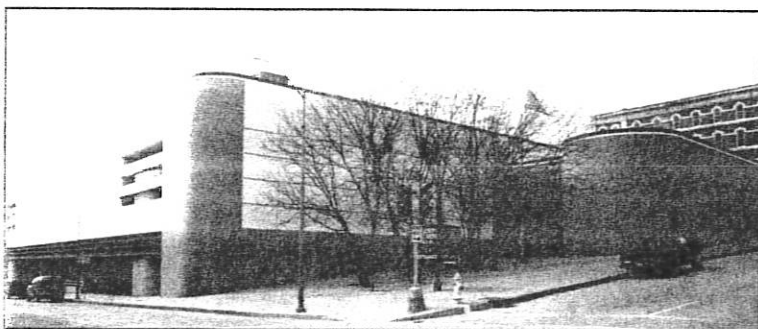
Prescott Valley Fire Station, Arizona



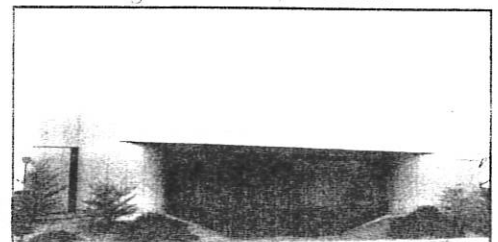
Sunland School, Arizona



Performing Arts Center, Missouri



St. Joseph Civic Arena, Missouri



16-9

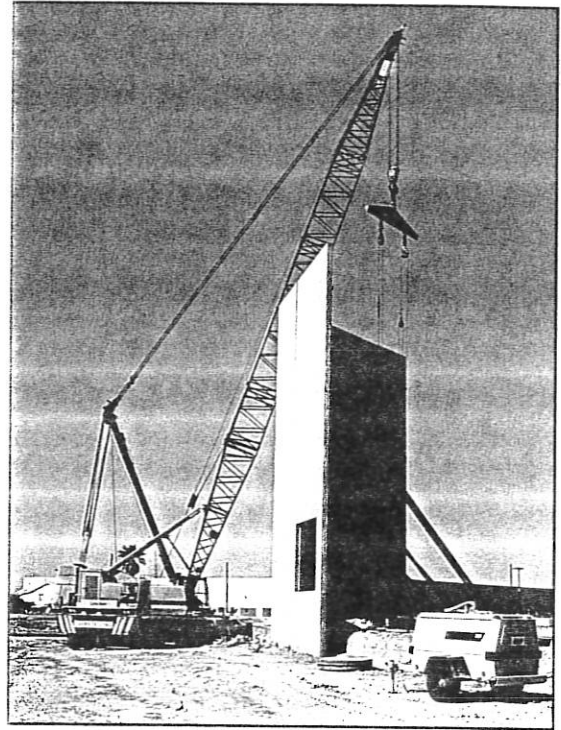


W.M. Grace Contractors, Inc. has been constructing manufacturing, industrial and distribution buildings since 1966 for an extensive portfolio of clients with diverse needs. As early as 1972, our company constructed a 565,000 sq. ft. distribution center in Kansas City. Included in this complex was a general administration building, a 440,000 sq. ft. dry grocery area, 26,000 sq. ft. of freezers, 30,000 sq. ft. for fresh fruits and a 17,000 sq. ft. dairy cooler. Twenty rail cars could be accommodated in the building and 72 trucks had separate unloading doors.

Whether it is a small project or a large project, our clients can be assured of our commitment to quality and total project responsibility. We want all of our clients to be completely satisfied with their project.

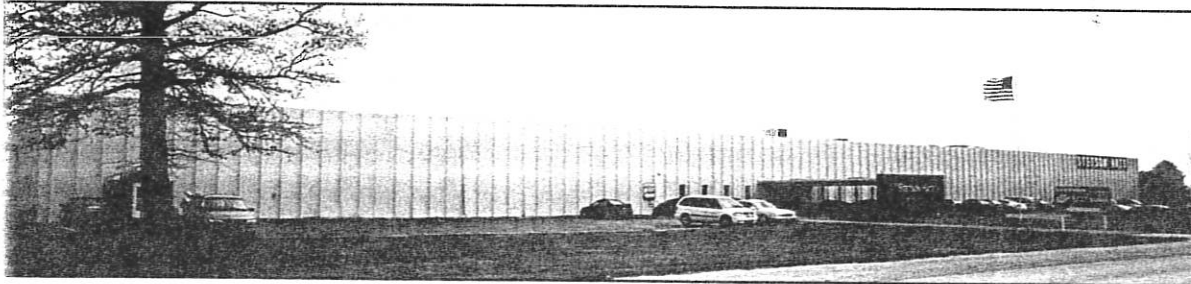
Projects have been built for:

- Rockwell International
- Fry's Distribution
- International Harvester
- Associated Grocers
- Carnation Company
- UPS
- Affiliated Foods Midwest



Stetson Hats, Missouri

Sundrella Casual Furniture, Arizona



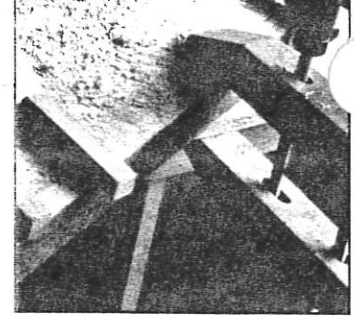
Affiliated Foods Midwest, Kansas

Rockwell International, Missouri





W.M. GRACE CONTRACTORS, INC.



"Our company has been built on relationships that develop respect among clients, the design community, our valued trades and suppliers, and our own team of professionals."

- W.M. (Bill) Grace



Retail Center with Home Depot & Target, Arizona



W.M. GRACE CONTRACTORS, INC.

W.M. Grace Contractors, Inc. will proudly provide a comprehensive portfolio of past clients and their projects upon request.



Wesley Seniors Tower, Missouri



W.M. GRACE CONTRACTORS, INC.

Arizona Office:

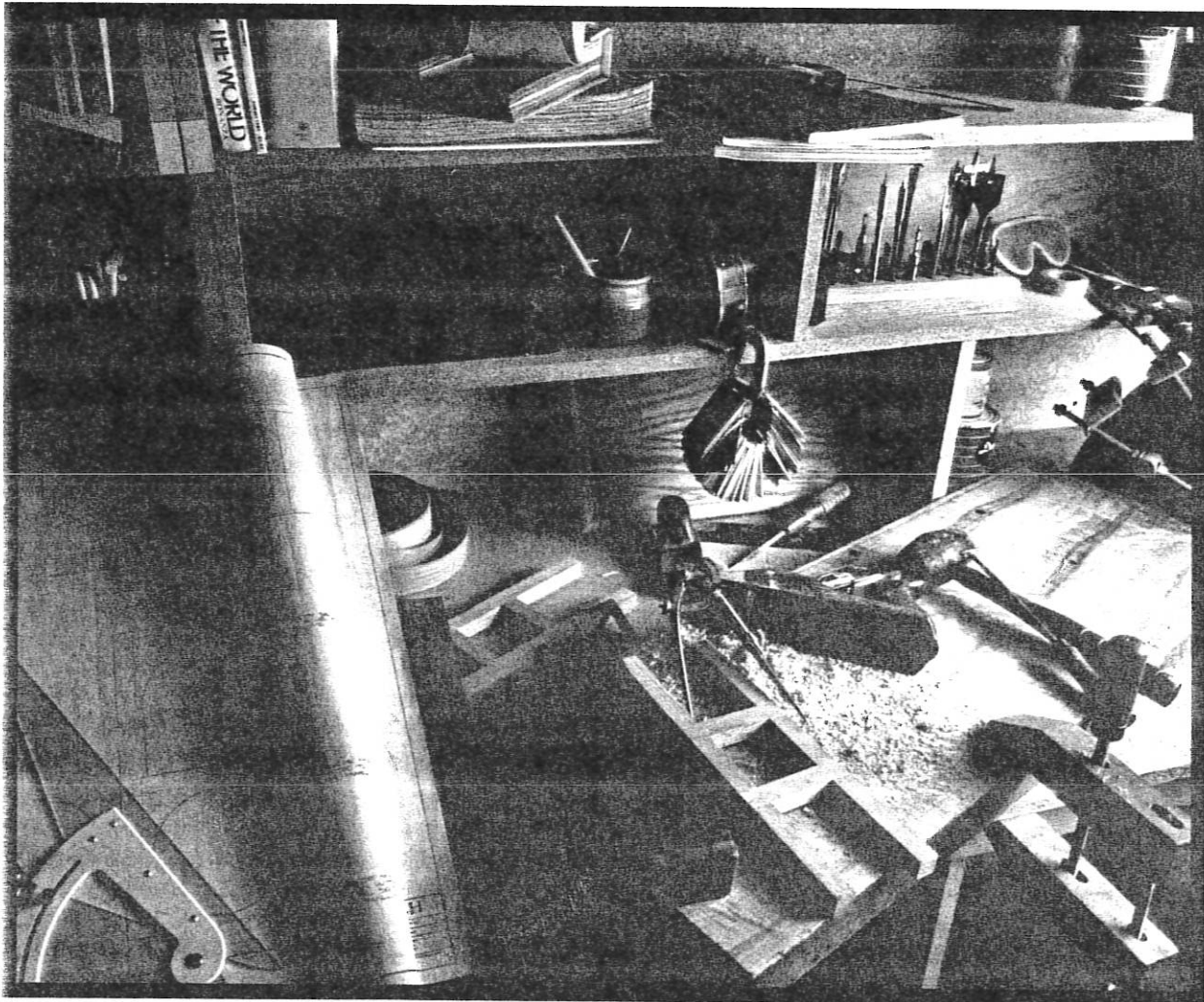
7575 North 16th Street
Suite One
Phoenix, Arizona 85020
602-956-8254
Fax 602-943-3548

Missouri Office:

777 Winner's Circle
P.O. Box 385
St. Joseph, Missouri 64502
816-233-8285
Fax 816-233-8240

www.wmgraceco.com

License#: 161742 Class KB-01



**Robin Jennison
Governmental Services
800 SW Jackson
Suite 1100
Topeka, Kansas 66612**

Senate Federal and State Affairs Committee
March 13, 2002

SB226

Madam Chairman and members of the committee, I am Robin Jennison. I represent Ruffin Companies. Ruffin Companies own Wichita Greyhound Park and the closed greyhound racing facility in Frontenac. Ruffin Companies support SB226 and the amendments offered this morning.

During my time this morning, I would like to acquaint the committee with the Ruffin Companies, the two greyhound racing facilities they have, their vision of the destination racinos they would develop, and the potential impact these facilities would have on tourism and economic development. Additionally, it is key to touch upon the impact they would have on the state and the local economies. Accompanying my testimony this morning, I am including a document that highlights these points.

Ruffin Companies is a Kansas company with its offices in Wichita, Kansas. Although Ruffin Companies is a Kansas company; it has gone beyond our borders to become the successful and diversified company it is today. Ruffin Companies have the resources, the expertise, and the vision to create destination attractions under the provisions of SB226.

The gaming business is a competitive business. The popularity of gaming and the number of new gaming facilities across the country, are evidence of that competitiveness. Ruffin companies operate The New Frontier in the most competitive market of all; Las Vegas and they operate the Crystal Palace in Nassau.

One of the issues you will discuss is the division of gaming revenues. It is imperative that adequate revenues go to the facilities to allow them to be competitive with other facilities. It is also important that adequate revenues go to the gaming facility so they can make the non-gaming investments that will create destination attractions resulting in more economic activity and tax revenue. The provisions of SB 226 do that.

There will be some that suggest the lottery will suffer with the addition of slot machines at the pari-mutuel facilities and the facility at Dodge City. That has not been the case in Missouri and Iowa. I have included documentation supporting that.

You will also be told that there are only so many entertainment dollars and that gaming will rob from other entertainment venues. In fact, unless there is already an established

Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 17

tourism industry gaming helps the surrounding entertainment rather than hurt it. To bring it a little closer to home the Young Nichols and Gilstrap study points out that Kansas gets our share of tourist because of our location, they just don't stay, they are passing through. The four facilities envisioned in SB226 and their locations would in fact, for the first time give Kansas the opportunity to capitalize on a very popular form of entertainment to slow our high volume of tourist down and introduce them to the rest of the state.

The problem gambler will be another issue in your discussions. If you look you will find a number of studies, some suggesting it is a huge problem other suggesting it is relatively small and that problem gaming is a symptom of a problem rather than the problem itself. The social cost would be the same for many of these individuals whether legalized gaming existed or not. I really believe we can take a look at our own state. Currently 41% of our states population lives within 50 miles of a casino. If we applied some of the economic costs that have been associated with problem and pathological gamblers, we then begin to see how unrealistic these numbers are. Even though 41% of our population live within 50 miles of a casino Kansas gets no resources from the casinos to have a problem gambler program. Under the provisions of SB226 Kansas for the first time would have that help.

Madam Chairman, thank you for the opportunity to give testimony in support of SB226, at the appropriate time I would be happy to answer any questions the committee might have.

Kansas Gaming Issues

Are we expanding gaming in Kansas?

Legislation that passed in the mid to late 70s to allow lotteries was due mainly in response to wide spread illegal gambling. The Woodlands, a pari-mutuel facility, in Kansas City, Kansas operates in the \$600 million Kansas City, Missouri gaming market where 38% of the people live in Kansas. Directly north of the Capital City, are four Indian Casinos that operate year round, with the first operation opening in May of 1996. The invention of the Internet brought forth exposure to the whole world with out leaving the comfort of your desk chair in front of your PC. This also meant an expansion for many companies including online casinos that have been around also since 1996. Kansans have been exposed to gambling for many years. The Kansas Lottery has been one form of legal gambling for over a decade and is still going strong today with the passing of the renewal of the lottery by the 2001 Legislature. According to the Public Sector Gaming Study Commission, "A realization of today's society is that gambling is inevitable mainly due to the majority of Americans practice or tacitly endorse the institution of gambling." **Given the many opportunities to gamble, illegally and legally, in Kansas, including slot machines at the Pari-Mutuel facilities is not an expansion of gambling but rather an opportunity to better regulate, control and benefit from gaming that already exists in Kansas.**

Do Lottery revenues go down with increased gaming?

In comparison to Missouri and Iowa, Kansas's closest and most comparable markets, Lottery Revenue have continued to increase with the introduction of other gaming options. **Both states' lotteries have seen solid and steady sales since the introduction of destination casinos to Missouri and Iowa. Even our own Kansas Lottery has seen steady increases in sales with the on set of casino gaming in the Topeka and Kansas City markets.** It is important to compare apples to apples and oranges to oranges. In the tourism committee on the 25th of February 2002, Rep Mason asked Mr. Van Petten about the expected affect that legislation or legislation of this nature has had in other states. Mr. Van Petten's response was, something to the effect that, (when video lottery is introduced into a market, revenues from traditional lottery games go down.) In most cases, when video lottery is introduced into a market, lottery retailers are equipped with video lottery terminals in a "convenience gambling" setting. That is not what we are speaking of in Senate Bill 226, nor is this what they have done in Iowa or Missouri.

Does Casino gambling hurt the local economy?

Several studies have found that the only time existing businesses were negatively affected was if an established tourism industry had already been established within the market area. In all other cases the amount of people that come to the casinos helped to establish destination markets creating a demand for other service oriented and entertainment businesses. Therefore, locally owned restaurants, hotels, and other attractions will be aided by the presence of the destination casinos. The casinos themselves bring in many new jobs and gaming career opportunities for service industry workers. **Studies show, destination casinos provide a solid foundation for which a healthy tourism economy can be built. Casino gaming has also proven to improve employment opportunities bringing down the number of welfare dependents.**

Are there only so many tourism/entertainment dollars to go around?

On the 20th of February 2002 the Tourism Committee heard that in Kansas there were a limited amount of entertainment dollars to be spent. That statement is contrary to several tourism studies, including the *Young Nichols Gilstrap, Inc (YNG)* study done for Kansas in 1998. The YNG study goes on to say that, **“Instead of competing internally for shares of the ‘pie’, Kansas needs to compete externally and cooperate internally to grow the pie.”** Kansas does not even need to attract more tourists to have a significant increase in tourism revenue. YNG says, Kansas attracts its pro rata national market share of (1%) of the quantity of visitors. However, it only attracts (0.6%) of total spending. This suggests the state is not attracting its share of quality visitors (visitors that are not just passing through). The fact of the matter is; casinos alone could attract more visitors to Kansas, but even if they just keep some of our current travelers in Kansas longer we would benefit significantly. **The tourism ‘pie’, therefore, is an amount that can be expanded.** It is then fair to conclude, that if a destination casino increases the leisure travel spending by just (.1%), it is a huge gain when put into perspective. For each (.1%) increase in leisure travel spending an additional \$262.5 million will be spent. Furthermore an increase in just 100,000 of these ‘quality visitors’ would have the potential to increase the tourism spending by **\$50 to \$100 million** annually.

What should the effective tax rate be?

This year because of the shortfall in revenues greater emphasis has been placed on how much revenue the state should receive from gaming revenues. Given the fact the state must “operate” the gaming industry in Kansas it is understood that technically we are talking about sharing of revenues, not a tax.

That being understood, revenue that comes out of the net machine revenue for various reasons, including the state, for all practical purposes is a tax on gross revenues. A tax taken out before employees are paid, before equipment is purchased, a tax taken out before all of the other operational costs and capital investments are made. **These facilities will still pay state and federal income tax, property tax and sales tax. We tax no other business at this level.**

The gaming industry is a very competitive industry. To maximize revenues to the state and others interested in a share of the slot machine revenue it is important that we have a competitive model. That requires first-rate facilities, equipment and service. Not to mention advertising and promotion. If gaming is going to be successful for any of the parties involved we are going to have to compete with the facilities north of Topeka and the facilities across the river. The best way to do that is through private business with a competitive tax. **This business like other businesses is much more valuable for the economic activity it creates rather than the tax it pays.**

What of the problem and pathological gamblers?

A case can be made that given the amount of Missouri, Indian, Internet, and Illegal gaming that is present; there is no program to adequately address the current problem or pathological gamblers. Given this information, we then have the issue of gambling addiction without the means to effectively handle and treat this type of addiction. A Gambling Addiction like any other type of addiction is an unfortunate common phenomenon of today's society. **The legislation proposed has earmarked moneys that will, for the first time in Kansas, provide the State with the necessary means to provide programs rather than just a hot line to deal with our problem or pathological gamblers.** These categories of gamblers, which exist in the State today, will other wise go untreated.

IOWA LOTTERY SALES

15 Years

Sales Wrap-up

Total sales were strong during the first three quarters of the fiscal year, but sank in the last two months of fiscal year 2000 as gasoline prices soared. The decline in May and June caused the lottery's sales to sink 3 percent for the year and profit to decline by 2 percent.

However, the Iowa Lottery continued to benefit the state as it transferred more than \$44 million to the state's general fund during fiscal year 2000. Those transfers to the state exceeded the lottery's projections of \$43 million anticipated by the state budget to be transferred.

The size of Powerball jackpots also figured into the results for the fiscal year. Fiscal year 1999 saw two record jackpots and this fiscal year saw only one large jackpot (\$150 million in March 2000).

Lottery Funds Sent to General Fund

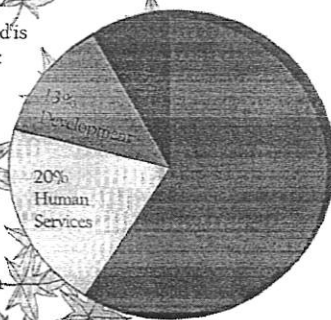
Iowa's general fund is allocated this way:

59% Iowa's K-12 and higher education systems

20% Iowa's human services, health and human rights programs

13% Iowa's agriculture, economic development, natural resources and other state activities

8% Iowa's attorney general, corrections, CBS districts, inspections and appeals, judicial branch, Law Enforcement Academy, Board of Parole, public defense, and public safety



Sales By Product By Fiscal Year (in millions)

Fiscal Year	Lotto	Multi-State (Powerball)	Pull-tabs	Cash Game	Dream Draw	Daily Millions	Cash 4	Pick 3	Replay
FY86	\$77.6	\$4.1							
FY87	72.9	29.6							
FY88	59.8	56.4	\$10.6						
FY89	72.6	30.8	20.2						
FY90	68.3	36.8	18.3						
FY91	75.5	27.5	17.6	\$7.7					
FY92	85.7	23.9	21.0	9.7					
FY93	96.6	38.1	36.9	10.0					
FY94	99.2	44.5	35.5	9.7					
FY95	103.9	48.9	32.4	9.7					
FY96	107.7	41.0	28.7	9.0					
FY97	91.2	32.9	25.8	6.4	\$1.0	\$6.1			
FY98	90.6	37.3	26.9	5.0		3.9	\$2.2		
FY99	91.0	51.8	28.6	4.8			4.2	3	
FY00	90.3	48.0	27.2	4.9					3.3

***IOWA LOTTERY SALES**

Year	Instant	Lotto	Pball	PTabs	CGame	Draw	DMill	C4life	P3	FPlay	Total
FY86	77.6	4.1									81.7
FY87	72.9	21.6									94.5
FY88	59.8	47.2	6.4	10.6							124
FY89	72.6	48.8	30.8	20.2							172.4
FY90	68.3	42.9	38.8	18.3							168.3
FY91	75.5	34.8	27.5	17.6	2.7						158.1
FY92	85.7	26.6	23.9	21.0	9.0						166.2
FY93	96.6	24.3	38.1	36.9	11.1						207
FY94	99.2	17.8	44.5	35.5	10.0						207
FY95	103.9	12.6	48.9	32.4	9.7						207.5
FY96	96.7	14.5	41.0	28.7	9.0						189.9
FY97	91.2	10.2	32.9	25.8	6.4	1.0	6.1				173.6
FY98	90.6	7.8	37.3	26.9	5.0	0	3.9	2.2			173.7
FY99	91.0	0	51.8	28.6	4.8	0	0	4.2	3.8		184.2
FY00	90.3	0	48.3	27.2	4.9	0	0	3.3	4.1	.4	178.5

First excursion boat gambling began in April and May of 1991. (Dubuque Casino Bell Inc., Emerald Lady, Diamond Lady in Bettendorf, President in Davenport) –June 12 Mississippi Belle II in Clinton began operation.

In 1992 three Indian casinos started.(Winnebago-April 30,Omaha-June 22,Sac and Fox-December)

Since the beginning of casino gaming in Iowa the number of facilities has grown to 10 excursion boats, three racetrack casinos and three Native American Indian casinos. Lottery sales have never slumped below the pre casino level of \$158.1 million.

*Robin Jennison- Information from Iowa Lottery Sales 15 year wrap up and Chronology of the Iowa Racing and Gaming Commission

WHERE THE MONEY GOES

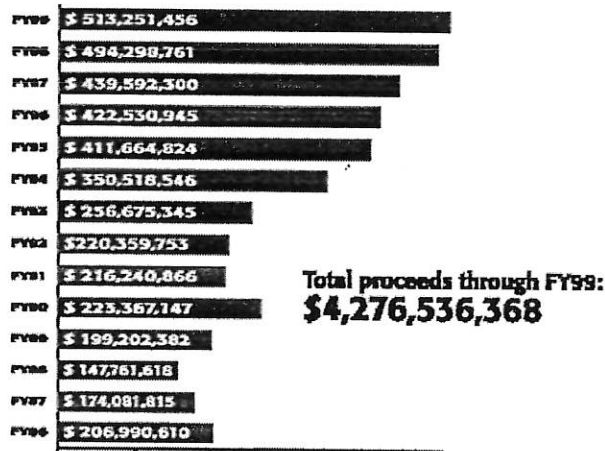
More Options...

Sales History

More than \$2 billion in prizes, ranging from \$1 to \$30.1 million in cash, have been awarded to Missouri Lottery players since the Lottery began in 1986. One hundred fifty-six Missouri Lottery players have become millionaires, winning instant and number game prizes ranging from \$1 million to \$69 million. In all, more than \$1 billion in jackpot prizes have been awarded.

Nearly 500 Missouri Lottery Powerball players have won \$100,000 and nearly 900 players have won \$25,000 tax paid playing SHOW ME 5.

Missouri Lottery Sales History



[Site Map](#)

Search **MOLOTTERY.COM**:

[top](#)

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 Question? Comment? Feel free to contact us at atwebmail@molottery.com

From: "Kevin Pope" <KWPop@ksnt.com>
To: <Elisea@house.state.ks.us>
Date: 5/9/02 4:27PM
Subject: Tourism Story

Elise,

Here's the story.

GOVERNOR GRAVES HAS DECLARED THIS TO BE KANSAS TOURISM WEEK.
 27'S LAURAGAIL LOCKE JOINS US NOW.
 LAURAGAIL - HOW IS OUR TOURISM INDUSTRY DOING?

IT'S DOING PRETTY WELL.

BOTH STATE AND LOCAL TOURISM EXPERTS SAY MORE PEOPLE ARE FINDING OUT WHAT KANSAS HAS TO OFFER.

[CG:SLUG\Increasing Kansas Tourism]

[CG:2LINE\KIMBERLY QUALLS\KS Tourism Marketing Manager]

<9:49 Kansas is doing really well. We have seen a huge increase in travelers to Kansas.>[Length:6]

[CG:2LINE\STEPHANIE WALLINGFORD\Topeka Tourism Marketing Manager]

<21:17 Normally we do about 150 visitors packets a month and since January we've had over 2000.>[Length:9]

THE TOURISM EXPERTS CREDIT THE INCREASE - TO A CHANGE IN ATTITUDES ABOUT THE SUNFLOWER STATE.

<14:58 Kansas is no longer being looked at as a pass through state - but as actually a place to stop and do things.>[Length:6]

[2001 Top KS Attractions

- | | |
|--|-----------|
| 1. Harrah's | 1,475,000 |
| 2. Sac & Fox Casino | 600,000 |
| 3. KS Speedway | 500,000 |
| 4. Sedgwick Co. Zoo | 455,000 |
| 5. Fort Larned National
Historic Site | 400,000 |

Source: Figures Reported by Attractions]

HERE'S A LOOK AT LAST YEAR'S TOP ATTRACTIONS - HARRAH'S CASINO DREW ALMOST A MILLION AND A HALF PEOPLE, SAC AND FOX CASINO CAME IN SECOND AT 6 HUNDRED THOUSAND, THE KANSAS SPEEDWAY IS AT NUMBER THREE - FOLLOWED BY THE SEDGWICK COUNTY ZOO. THE FIFTH PLACE SPOT WENT TO THE FORT LARNED NATIONAL HISTORIC SITE WITH JUST OVER FOUR HUNDRED THOUSAND VISITORS.

<11:26 The word is getting out about Kansas and what we have to see.>[Length:2]

SOON TOPEKA WILL ALSO HAVE EVEN MORE TO SEE.

<22:16 We're really focusing on czars - 400 years Imperial Grandeur, Brown versus Board of Education National park site that opens next spring.>[Length:13]

THE TOURISM EXPERTS ALSO SAY THEY'RE SEEING MORE KANSANS

TRAVEL ACROSS THE STATE TO ENJOY WHAT'S RIGHT IN THEIR OWN BACKYARD.###

Kevin Pope
 News Director
 KSNT-TV
 785-582-3237

Senate Fed & State
 Date: 03 / 13 / 2003
 Attachment # 22



Wichita Greyhound Park



Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 23

**RUFFIN
COMPANIES**

Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 23

Ruffin Profile



Ruffin Hotel Group

- Owns and operates 13 hotels
- Marriott Hotels, Courtyard by Marriott, Fairfield Inns and Suites

Ruffin Properties

- Over a half million square feet of property owned and operated in Wichita and Tulsa
- Offices and shopping complexes located in Wichita



The Douglas Building
Wichita, KS

Harper Trucks, Inc

- Largest manufacturer of hand trucks in the world



Casino and Gaming

- Crystal Palace Resort & Casino, Nassau
- Wichita Greyhound Park, located North of Wichita, offers a compliment to the area's other attractions
- Camptown/Frontenac Greyhound Track
- The New Frontier Casino Las Vegas, Nevada

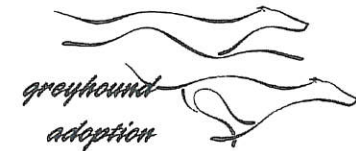


Fairfield Inn
Wichita, KS



Fairfield Inn

RACE THE WIND



WICHITA, KANSAS



Proposed Development

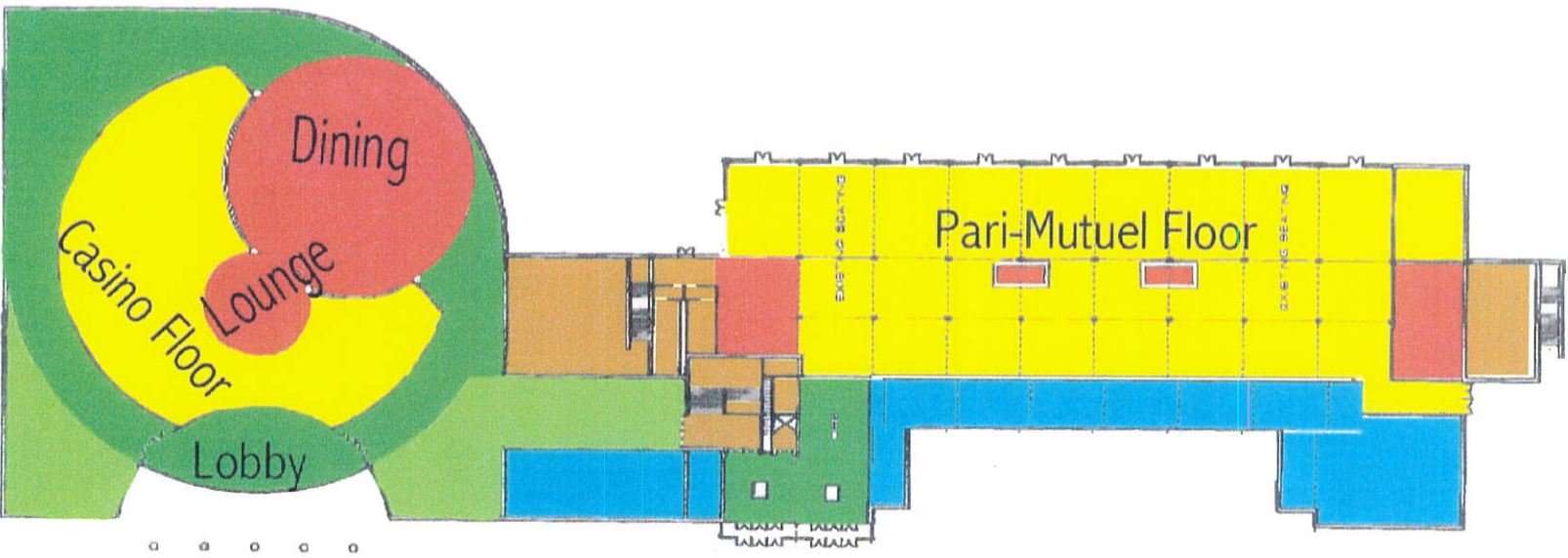
23-3

FIRST FLOOR PLAN
scale: 1:30

46,000 s.f.
TOTAL ADDITION



Track



Wichita Greyhound Park Expansion

23-3



Proposed Development (cont.)

23-4



FRONTENAC

23-4



Economic Impact

23-5

Wichita Greyhound Park

- 50,000 square feet of new construction on the existing facility immediately
- Between 370 to 400 new employees
- 1500-2000 electronic gaming machines
- Buffet and Fine dining
- Future developments: Hotels, Bowling alley, Theater, and Restaurants

Frontenac

- 50,000 square feet of new construction
- Over 400 new employees
- 1500 gaming machines
- Buffet and Fine dining
- Potential developments in the complex could include theaters, restaurants, and other entertainment venues



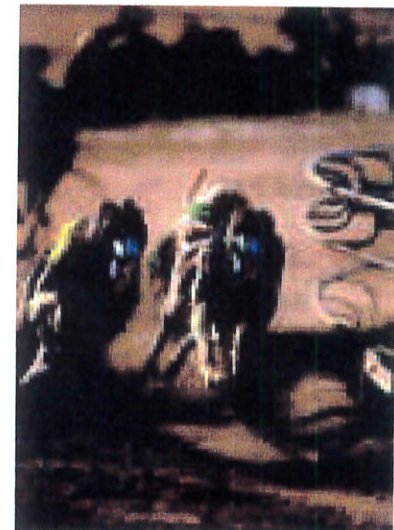
Third Floor Dining, Wichita Greyhound Park

Two Destination Racinos

Electronic Gaming Machines



Pari-Mutuel Greyhound Racing





Expected Revenues

23-0

Wichita Greyhound Park

- Minimum of 1500 electronic gaming machines
- Projected net machine revenue of \$268 per day
- Annually \$146 million net machine revenue
- Additional revenues as other non-gaming investments are made



Frontenac

- Minimum 1000 electronic gaming machines
- Projected net machine revenue of \$267 per day
- Annually \$97 million net machine revenue
- Non-gaming investments increase revenue

POST AUDIT 2002

	JENNISON	G-TECH
WICHITA	\$146 MILLION	\$149 MILLION
	1500 MACHINES@ \$268/DAY	1675 MACHINES@ \$245/DAY
PITTSBURG (FRONTENAC)	\$97 MILLION	\$98 MILLION
	1000 MACHINES@ \$267/DAY	1350MACHINES@ \$200/DAY

23-0



F-52

EXPECTED REVENUES

DOCUMENTATION

2003

400

January 14, 2002

Mr. Duane Goosen
Director of Budget
Division of the Budget
State Capitol Building
Topeka, Ks. 66612

RE: Fiscal Notes for Gaming Bills

Dear Mr. Goosen:

In trying to establish the gaming potential in Kansas we would suggest using Iowa for comparisons rather than West Virginia, as was the case during the 2001 session. It may be possible to compare Kansas to West Virginia and make valid assumptions to gauge the potential revenue from slot machines, but we think using Iowa is much more appropriate. Aside from the geographic similarity that Kansas has with Iowa there are numerous other similarities and demographic characteristics that make Iowa a more appropriate comparison than West Virginia.

Kansas compares more favorably to Iowa in population, with just less than 2.7 million compared to Iowa at just over 2.9 million. West Virginia is much smaller at 1.8 million. Kansas is growing faster than either one of the other states but Iowa, like Kansas, is growing much faster than West Virginia. Kansas's population grew 8.5% in the last decade compared to 5.4% for Iowa and only .8% for West Virginia. The median household income for Kansas is \$36,488 compared to Iowa at \$35,427 and West Virginia at \$27,432.

As we understand the methodology used last year in preparing the fiscal note; per capita instant ticket lottery sales in West Virginia were compared to per capita instant ticket lottery sales in Kansas. That comparison was applied to slot machine revenue in West Virginia to estimate slot machine revenue for Kansas.

According to the "Iowa Lottery FY 2000 Report" their total revenue from sales were \$178,205,366 and their instant ticket sales were \$90,256,619. Comparable figures for the Kansas lottery would be \$192,560,800 in total sales and \$84,245,412 of instant ticket sales. A case could be made that sales from all games should be compared rather than just instant ticket sales. From a practical standpoint, total sales represent Iowans propensity to play lottery type games. The same would apply to Kansas.

The comparison, on a per capita basis, shows Kansans spending 18% more on total lottery sales than Iowans and 1% more on instant ticket sales.

Iowa's slot machine revenue (Adjusted Gross Revenue or AGR) is \$797,604,463. This figure does not include table game revenue of \$89,391,255 or revenue from the native casinos. Iowa has 10 casinos, 3 pari-mutuels with slot machines, and 3 native casinos. In addition to a total "Slot Coin In" of \$5,638,962,613 Iowa has a Casino table drop of \$432,192,964. None of these figures take into account wagers at the 3 native casinos.

Based on the Kansas population there is clearly the potential to bring in \$732,760,348 in slot machine revenue. If we conclude, based on lottery numbers, that Kansans gamble more than Iowans, the potential is even greater. Using the instant ticket sales factor of 101% the potential would be \$740,087,951 or with the total sales factor of 118% it would be \$864,657,210. Obviously that market will not be reached overnight.

The limiting factor would be the number of machines and potentially their location. Eventually that potential would be met, either by the three pari-mutuel facilities expanding their operations to meet the demand or by additional facilities being located at other areas throughout the state. Considering the location of the three Pari-mutuel tracks, the population centers, and travel habits of Kansan it is reasonable to assume that a good part of the potential could be met at the three existing facilities. If that is the case the limiting factor is simply the number of machines. **There is no question that each facility would expand their facilities and their machine numbers to match the demand.**

Ruffin Companies believe that with the current space they could start out with 1500 machines at the Sedgwick county track and 1000 machines at the Crawford county track. Grace Entertainment believes they could start with 1500 machines as well. A quick study of Iowa and the Kansas City Market would suggest that those are reasonable if not on the low side for the number of machines that each market would support. Given the exclusivity of the Sedgwick and Crawford county markets we could expect that they would bring in the same machine income as the Prairie Meadows facility, which is \$267/machine/day. **Slot machine revenue from the Sedgwick county facility would be \$145,782,000 in addition to \$97,188,000 from the Crawford county facility.**

Considering that Sedgwick County has a population of 452,869 and Polk county Iowa has a population of just 374,601 a case could be made that the Sedgwick county slot machine revenue should be adjusted up for population. Prairie Meadows in Polk County has 1,413 machines. In addition to Polk County being smaller than Sedgwick County, Prairie Meadows faces competition from Lakeside Casino 50 miles away and the Mesquaki Indian Casino 80miles away. As a point of reference Polk County has a population to machine ratio of 265 to 1 as opposed to Sedgwick County, which would have a population to machine ratio of 301 to 1. Sedgwick County could go to 1,708 machines before they had the same ratio of population to machines that Polk County has. If

Sedgwick County went to 1708 machines and continued to get \$267/day, their slot machine revenue would be \$165,997,104.

The Kansas City Market is a \$550,000,000 market. Thirty-eight per cent of the market is in Kansas. The Woodlands would be the only land-based facility in the market. The only competitive disadvantage the Woodlands might have is that they wouldn't offer table games. In looking at the Iowa numbers that does not appear to be a problem from the standpoint of revenue per machine. In the Council Bluffs area where there are two casinos and Bluffs Run pari-mutuel facility the pari-mutuel facility has more machines than either one of the casinos and still has more revenue per machine. It is reasonable to assume that given the location of The Woodlands they would get at-least thirty per-cent of the Kansas City Market. It is also reasonable to assume that with the development around Kansas Speedway the Kansas City market will grow putting The Woodlands in a very good position to attract much of the growing market. **Thirty per-cent of the Kansas City market would be \$165,000,000 of machine revenue at The Woodlands.** At 1500 machines the machine revenue per day would be \$305. That is certainly at the high end of what could be expected per machine but given the market it would be a fair assumption that The Woodlands would match their machine type and numbers to the market.

In summary the Kansas market is easily **\$732,760,348**. If the state gets **20%**, that would bring in **\$146,552,069** to the state coffers. That market can be reached either by the pari-mutuel facilities expanding and adding more machines or potentially by new facilities being built. If Wichita Greyhound Park and the Woodlands go to 2000 machines a good part of that market would be reached. First year revenues to the state depend on what point during the state's fiscal year the pari-mutuel facilities get the authorization to proceed.

The number of machines used in this estimate could be put into service in the current facilities or with minor construction. Even though current facilities could accommodate the number of machines used in the estimates on a temporary basis, major renovation would take place to provide a more comfortable gaming environment and the flexibility to meet demand.

The estimate for the first full year of operation would be about \$407,970,000 of machine revenue, if the state gets 20% the states share would be \$81,594,000.

Duane, if any of this looks reasonable to you and you are interested I would be glad to share the documentation with you or your staff.

Sincerely,

Robin Jennison

Post Audit 2002

The remaining recent estimate (\$408 million) reflects a more optimistic assessment of how well the Kansas City track would be able to compete in the Kansas City gaming market. Two of the estimates, those provided by G-TECH and Mr. Jennison, include specific figures for each of the 3 Kansas racetracks. Those estimates are shown in this table. The only significant difference

Track	Jennison	G-TECH
Wichita	\$146 million (1,500 machines @ \$268/day)	\$149 million (1,675 machines @ \$245/day)
Pittsburg	\$97 million (1,000 machines @ \$267/day)	\$98 million (1,350 machines @ \$200/day)
Kansas City	\$155 million (1,500 machines @ \$303/day)	\$76 million (1,100 machines @ \$190/day)
Estimated Total of Net Revenues	\$408 million	\$323 million

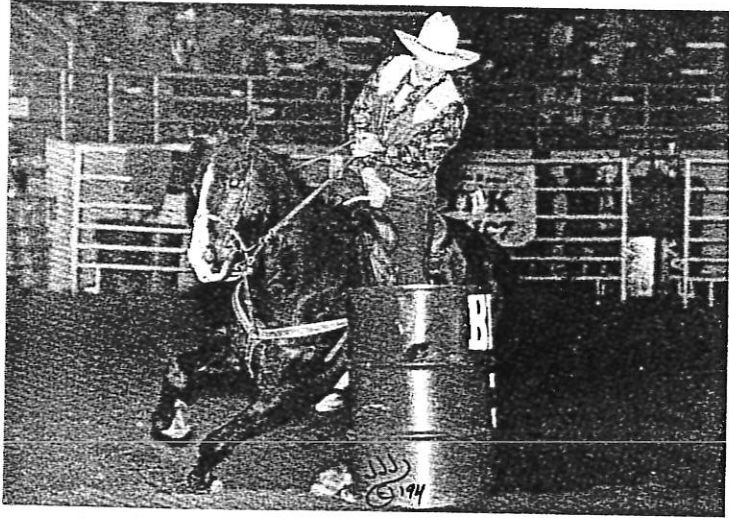
between the two estimates arises from differing estimates at the Kansas City track. If allowed to put in slot machines, that track would be competing directly with 4 Kansas City, Missouri, riverboat casinos.

Using the most current annual reported net slot machine revenues for that market (\$550 million), Mr. Jennison is estimating that the Kansas City track would acquire 30% of that market. That would make the track the biggest slot machine revenue operation in the market. G-TECH's assessment is not as optimistic, estimating that the Kansas City track would acquire about 14% of the Kansas City market. That would put the track at parity with the 2 smaller existing riverboat casinos in that market.

People we spoke with generally urged some degree of caution in dealing with the estimates. They generally acknowledged that these estimates shouldn't be expected to be exact because they're based at least in part on educated guesswork. Further, they pointed out that it would most likely take some time for net revenues to reach their eventual levels. That argues for caution in budgeting for anticipated revenues from slot machines at Kansas racetracks.

Based on the 5 Recent Estimates Discussed Above, The State Could Actually Receive Between \$54 and \$82 Million Annually, Net of Regulatory and Other Costs

House Bill 2183 calls for the slot machine net revenues to be distributed to track owners and to the State for regulation of gaming activities, problem gambler programs, live racing purse supplements, and education programs. In dealing with this area, the question arises about how much revenue the State might get from slot machines to fund its other programs. The current provisions of HB 2183 call for net revenues from slot machines to be split generally as follows:



KANSAS

EQUINE SURVEY

1996



Compiled and Issued by

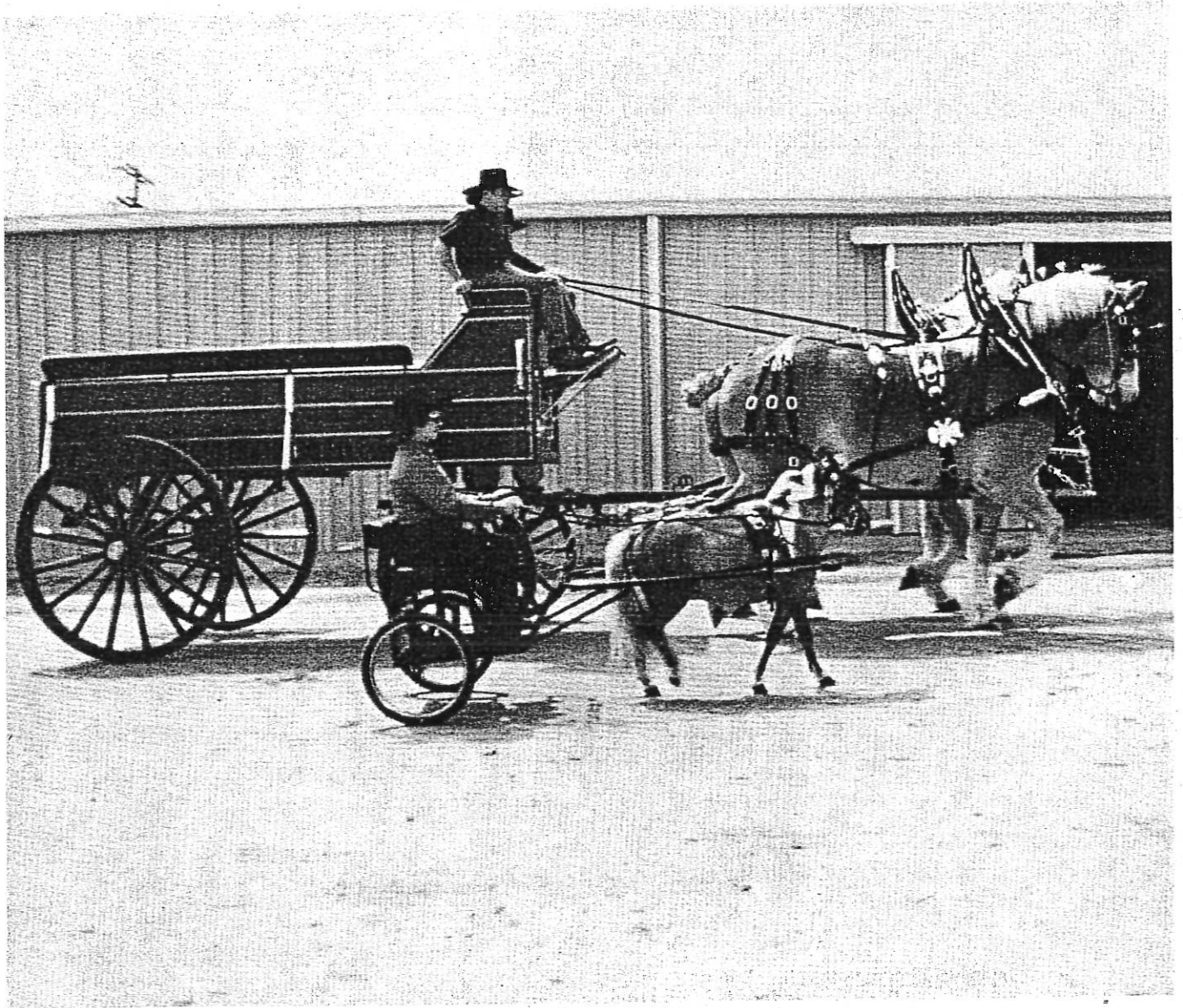
Kansas Agricultural Statistics
632 SW Van Buren, Rm 200
Topeka, Kansas 66603-3534

T.J. Byram, State Statistician
Eldon J. Thiessen, Deputy State Statistician
Charles Ruckman, Agricultural Statistician
Ivy LaGrone, Research Analyst

September 1996



Senate Fed & State
Date: 03 / 13 / 2003
Attachment # 24





Cooperative Extension Service
Extension Animal Sciences and Industry
241 Weber Hall
Manhattan, Kansas 66506-0201



**Kansas
Horse
Council**

Kansas Horse Council
1895 East 56 Road at Big Springs
Lecompton, Kansas 66050

October 1, 1996

Dear Horse Enthusiast:

Although equine located on Kansas farms are included in the 1992 U.S. Census of Agriculture, this report is the first which directly measures the number of equine and equine operations in Kansas. More importantly, it establishes the importance of the equine industry to the Kansas economy.

The accomplishment of any task on the magnitude of the Kansas Equine Economic Impact Survey requires the efforts of many individuals. There are countless 4-H members, horse project leaders, and county extension agents who were the critical backbone for this project. The completion of the survey would not have been possible without their support and help.

There are always key individuals who are instrumental in the success of a project, and in this case, these would include members of the original "Equine Task Force" which include Patty Weelborg (Canton), Karen Tolle (Topeka), Carole James (Abilene), Larry Childs (Topeka), Kevin Hood (Westmoreland), Bud Newell (Lecompton), F.E. Bliss (Longton, Deceased), Paul Ryding (Wichita), Randel Raub (Kansas State University), and Mark Arns (Kansas State University). In addition to this original task force, contributions from the Kansas Department of Agriculture, Kansas Department of Agriculture's Division of Statistics, Kansas Racing Commission, and the Kansas Horse Council contributed to the successful completion of the survey.

On behalf of all those who were instrumental in bringing you this publication, we hope that you can use the information presented herein in the pursuit of your equine endeavors.

Sincerely,

Mark J. Arns, Ph.D.
Extension Specialist - Horses

Randel Raub, Ph.D.
President, Kansas Horse Council

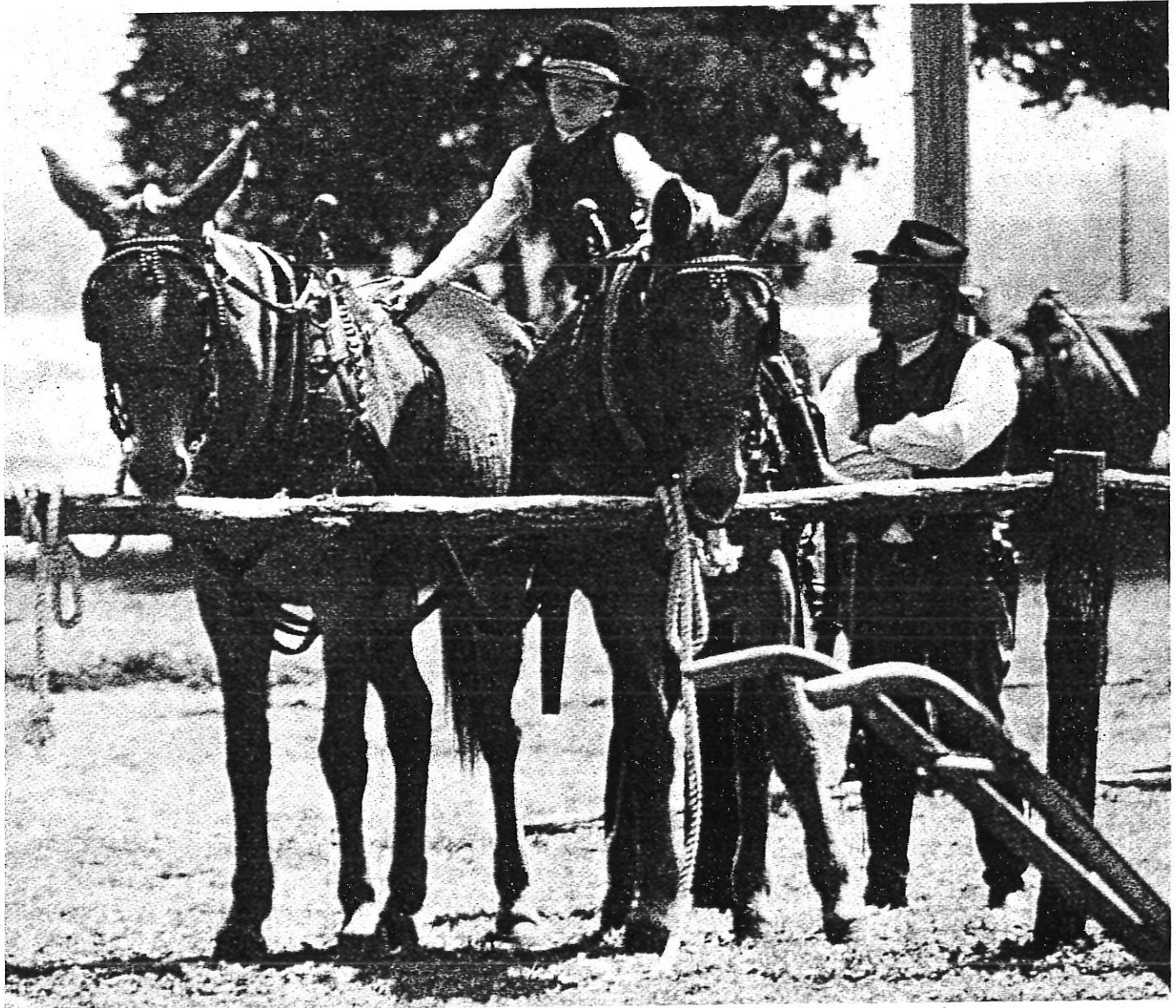
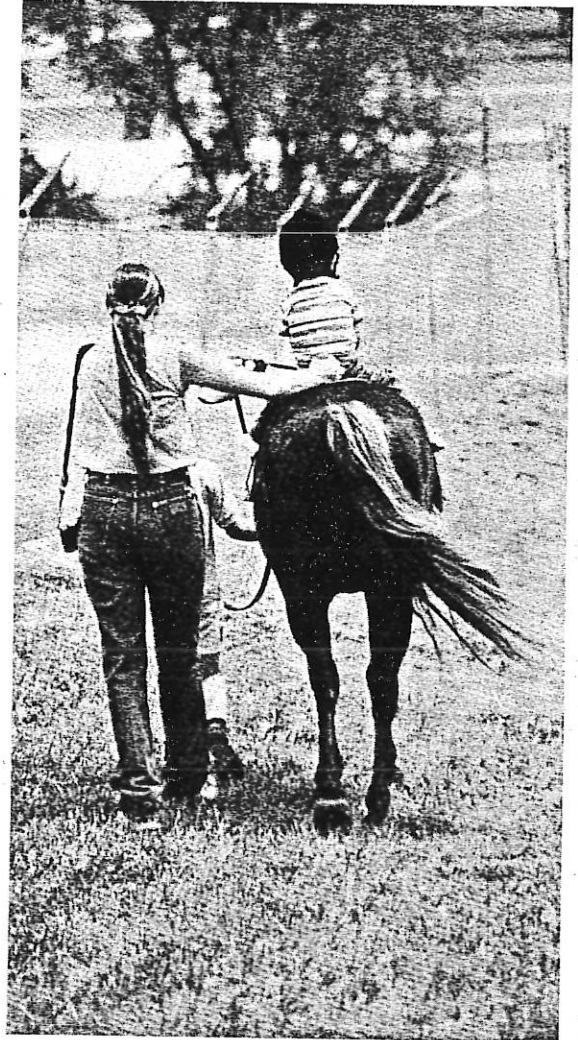


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SURVEY HIGHLIGHTS

Equine Population

Survey results indicated a total of 103,000 equine in Kansas as of January 1, 1996. All light horse breeds totaled a majority of the equine population with 92,600 reported. Race horse breeds made up about 7 percent of the light horse breed total, with 6,400 head. There were a total of 5,900 ponies and 3,000 donkeys and mules. Draft horse breeds accounted for the smallest category of general breeds, with 1,500 head.

Equine Value

An average value was computed per head from the data collected for each breed and aggregated to the total value for all equine. The total value of all equine as of January 1, 1996, was \$183 million. The value of light horse breeds-other than race breed horses-totaled \$161 million; race horse breeds, \$13.9 million; draft horse breeds, \$2.3 million; ponies, \$3.6 million; and donkeys and mules, \$2 million.

Equine Related Assets

Equine related assets totaled over \$1.03 billion dollars. The value of the land, fencing, and buildings composed 66 percent, or \$681 million, of the total assets. The survey indicated a total of 944,000 acres being devoted to equine purposes. The equine on hand accounted for \$183

Table 1. EQUINE BY TYPE, KANSAS, 1996

Type	1996
Total Light Horse Breeds	92,600
Race Horse Breeds	6,400
Other Light Horse Breeds	86,200
Draft Horse Breeds	1,500
Ponies	5,900
Donkeys/Mules	3,000
TOTAL EQUINE	103,000

million of the total assets; vehicles, equipment, and tack, \$156 million; and feed and supplies on hand, \$14.4 million. Survey findings showed that 15,200 horse trailers and/or horse vans are owned by Kansas equine operators.

Equine Expenditures

Survey respondents reported total expenditures of \$142.8 million during 1995. Feed expenses accounted for the largest percentage of the total operating expenditures, with \$35.3 million reported. Other leading operating expenses were: boarding and training fees, \$8.4 million; health, \$7.9 million; maintenance/repair, \$5.9 million; farrier, \$5.8 million; shipping and travel, \$4.8 million; fees and payments, \$3.9 million; and taxes, \$3.6 million. Additional operating expenditure categories are shown in table 13.

Capital expenditures of \$38.4 million made up about 28 percent of the total expenses. Equipment purchases totaled \$15.6 million; purchases of equine, \$14.2 million; and real estate purchases and improvements, \$8.5 million.

Labor expenses totaled over \$14 million. Cash labor expenses accounted for \$13.3 million or 94 percent of this total. The value of non-cash items accounted for the remainder, with \$889,000 reported. Not surprisingly, most equine operations were operated by unpaid family workers. Full-time unpaid family workers totaled 8,200 and part-time or seasonal unpaid family totaled 30,300.

Total operating and capital expenses per equine averaged about \$1,250. Total expenses including labor averaged about \$1,385 per equine.

Table 2. EQUINE SURVEY HIGHLIGHTS, KANSAS, 1996

Categories	Number	Average Per Equine ^{1/}	Total Value
		Dollars	1,000 Dollars
Equine by Type			
Racing Breed Horses	6,400	2,175	13,934
Other Light Horses	86,200	1,870	161,054
Draft Horses	1,500	1,535	2,299
Ponies	5,900	620	3,650
Donkeys/Mules	3,000	695	2,082
Total All Equine	103,000	1,775	183,019
Equine Operations by Type			
Commercial Boarding/Training	960		
Commercial Breeding	760		
Crop/Livestock Farms	14,840		
Non-Farm Residences	9,510		
Other	1,930		
Total Equine Operations	28,000		
Acres Used for Equine	944,000		
Asset Values, January 1, 1996			
Equine on Hand		1,775	183,019
Land, Fences, and Buildings		6,610	680,759
Vehicles, Equipment, and Tack		1,520	156,464
Equine Feed and Supplies		140	14,417
Total Equine Related Assets		10,045	1,034,659
Horse Trailers and Vans	15,200		
Expenditures During 1995			
Total Capital Expenditures			38,366
Total Operating Expenditures		880	90,242
Total Hired Labor Expenditures		140	14,148
Total Expenditures		1,385	142,756
Total Workers			
Full-Time Workers	1,060		
Part-Time Workers	1,280		
Total Hired Workers	2,340		
Workers for Whom Housing was Provided	507		

^{1/} Based on total equine on hand January 1, 1996.

Table 3. EQUINE BY TYPE AND DISTRICT, KANSAS 1996

Districts	Total Equine	Light Horses ^{1/}	Draft Horses	Ponies	Donkeys & Mules
----- Number -----					
Northwest	3,070	2,960	40	30	40
West Central	4,530	3,580	30	840	80
Southwest	9,770	9,510	30	130	100
North Central	6,750	6,190	190	200	170
Central	9,650	8,800	170	500	180
South Central	19,320	17,130	150	1,630	410
Northeast	11,740	10,040	120	560	1,020
East Central	21,760	18,750	720	1,440	850
Southeast	16,410	15,640	50	570	150
STATE	103,000	92,600	1,500	5,900	3,000

^{1/} Includes racing breeds.

Equine by District

(See map showing district boundaries on page 21)

Survey results indicated the east central district accounted for the largest percentage of the total 103,000 equine population, with 21,760. The south central was second, with 19,320; the southeast followed, with 16,410; and the northeast, with 11,740. Of the 92,600 reported total light horse breeds the same districts lead with the east central district having 18,750; south central, 17,130; southeast, 15,640; and the northeast, 10,040. The southeast, with 2,210, and the east central, with 1,460 equine, were the two leading districts for race horse breeds.

Respondents indicated the south central district, with 1,630 ponies, accounted for

28 percent of the total 5,900 pony population. The east central district was second, with 1,440; the west central district third, with 840; the southeast district fourth, with 570; and the northeast district a close fifth, with 560.

Draft horse breeds made up the smallest percentage (1.4 percent) of the total number of equine, with 1,500 reported. The east central district had the most, with 720; the north central district followed, with 190; and the central district was third, with 170.

Equine by Breed

The American Quarter Horse, with 58,900, accounted for 57 percent of the total Kansas equine population. Pintos and Paints came next, with 7,050 reported. Arabians followed very closely, with 6,000. As

shown in table 4, the survey indicated a total of 5,900 ponies, with a majority of these (4,850 or 82 percent) being breeds other than Pony of Americas. Belgians accounted for 900 (60 percent) of the total draft horse breeds, followed by Clydesdales, with 350.

Average Values per Breed

When an average value per head for each breed was computed, Warmbloods had the highest value per head, at \$5,900, and Thoroughbreds followed with an average value of \$3,030 per head. Morgans ranked third, with an average value of \$2,840 each, and Arabians ranked fourth, at 2,690 each. The American Quarter Horse averaged \$1,960 per head and accounted for 63 percent of the total equine value.

Table 4. EQUINE INVENTORY AND VALUE BY BREED, KANSAS, 1996

Breed	Total Equine	Total Value	Average Value
	Number	1,000 Dollars	Dollars
Light Horse Breeds	86,200	161,054	
American Quarter Horse	58,900	115,467	1,960
American Saddlebred	700	906	1,290
Appaloosa	3,650	4,143	1,140
Arabian	6,000	16,160	2,690
Half Arabian	650	968	1,490
Morgan	450	1,277	2,840
Palomino	1,200	1,055	880
Pinto or Paint	7,050	11,538	1,640
Warmbloods	200	1,181	5,900
Crossbred or Unknown	3,050	2,739	900
Other	4,350	5,620	1,290
Race Horse Breeds	6,400	13,934	
Standardbred	2,700	2,725	1,010
Thoroughbred	3,700	11,209	3,030
Draft Horse Breeds	1,500	2,299	
Belgian	900	1,141	1,270
Percheron	150	348	2,320
Clydesdale	350	570	1,630
Other	100	241	2,410
Ponies	5,900	3,650	
American	1,050	1,754	1,670
Other	4,850	1,896	390
Donkeys and Mules	3,000	2,082	695
TOTAL EQUINE	103,000	183,019	1,775

Equine by Primary Use

Respondents were asked to specify the primary use of each equine. A list of the choices given to respondents can be found in table 6. Only one use was recorded for each equine. Thirty-five percent, or 36,300, of all Kansas equine were kept for pleasure use. The southeast district led all other districts in this use, with 6,630 equine. The south central and northeast districts followed, with 6,490 and 5,230, respectively.

Indications show a total of 25,000 equine were used primarily for working. The biggest surprise of this category was the large number of Standardbreds used for this purpose (2,090 of the total 2,700 reported). The East Central district accounted for 7,210 working equine; the Southeast district, 4,020; and the South Central district, 3,930.

There were 16,820 equine found being primarily used for breeding purposes. Brood mares accounted for 82.8 percent of this total, with 13,920, and Stallions accounted for the remainder of the equine used for this purpose, with 2,900. The east central district had the highest number of breeding equine, with 3,450. The southeast district came next, with 2,720; the south central, 2,660; and the northeast, 2,420.

Sixty percent of the 9,750 equine used primarily for competition or sport were American Quarter Horses. The east central district again had the most equine used for this purpose, with 3,010, followed by the south central district, with 2,440.

Foals born in 1995 totaled 5,020. Foals born in 1994 totaled 2,840. All equine indicated for "other" uses, including retired equine, totaled 5,140.

Thoroughbreds accounted for 53 percent of all equine used primarily for racing. The American Quarter Horse followed with 36 percent or 770. The east central district led in the racing category, with 670, and the southeast district came next, with 470.

Table 5. EQUINE BY PRIMARY USE AND DISTRICT, KANSAS 1996

Districts	Total Equine	Breeding	Competition or Sport	Racing	Pleasure	Working	All Other
----- Number -----							
Northwest	3,070	500	310	-	1,060	800	400
West Central	4,530	1,430	300	10	1,140	1,350	300
Southwest	9,770	1,510	790	290	3,270	2,610	1,300
North Central	6,750	750	430	10	3,370	1,690	500
Central	9,650	1,380	690	50	4,590	1,840	1,100
South Central	19,300	2,660	2,440	400	6,490	3,930	3,400
Northeast	11,740	2,420	810	230	5,230	1,550	1,500
East Central	221,760	3,450	3,010	670	4,520	7,210	2,900
Southeast	16,410	2,720	970	470	6,630	4,020	1,600
STATE	103,000	16,820	9,750	2,130	36,300	25,000	13,000

Table 6. EQUINE BY PRIMARY USE AND BREED, KANSAS, 1996

Breed	Total Equine	Primary Use of Inventory								
		Breeding		Foals		Competition	Pleasure	Working	Other	Racing
		Brood Mares	Stallions	1994	1995					
<u>Number</u>										
Light Horse Breeds ..	86,200									
American Quarter Horse	58,900	7,800	1,420	1,790	2,990	5,860	19,070	18,100	1,100	770
American Saddlebred ..	700	330	1/	1/	1/	90	110	60	110	1/
Appaloosa	3,650	710	110	110	160	510	1,300	420	290	40
Arabian	6,000	410	130	60	190	990	3,960	50	190	20
Half Arabian	650	1/	1/	1/	1/	120	350	70	110	1/
Morgan	450	100	30	30	30	40	180	20	20	
Palomino	1,200	1/	1/	1/	1/	1/	760	200	240	1/
Pinto or Paint	7,050	1,740	460	290	920	570	1,820	560	650	40
Warmbloods	200	1/	1/	1/	1/	80	1/	1/	120	1/
Crossbred or Unknown .	3,050	140	40	20	70	310	1,500	810	160	
Other	4,350	400	90	80	110	180	1,960	600	830	100
Race Horse Breeds ..	6,400									
Standardbred	2,700	1/	1/	1/	1/	1/	540	2,090	70	1/
Thoroughbred	3,700	910	150	200	190	550	440	20	110	1,130
Draft Horse Breeds ...	1,500	120	40	30	50	50	110	1,030	70	
Belgian	900	2/	2/	2/	2/	2/	2/	2/	2/	2/
Percheron	150	2/	2/	2/	2/	2/	2/	2/	2/	2/
Clydesdale	350	2/	2/	2/	2/	2/	2/	2/	2/	2/
Other	100	2/	2/	2/	2/	2/	2/	2/	2/	2/
Ponies	5,900									
American	1,050	170	30	20	80	220	350	140	40	
Other	4,850	900	320	150	110	110	2,230	90	940	
Donkeys and Mules ..	3,000	90	60	10	40	60	1,550	690	500	
TOTAL EQUINE	103,000	13,920	2,900	2,840	5,020	9,750	36,300	25,000	5,140	2,130

1/ Included in Other Use of Inventory. 2/ Breakouts shown only for all draft horses.

Table 7. LIGHT HORSES BY BREED AND DISTRICT, KANSAS 1996

Districts	All Light Breeds 1/	Racing Breeds		All Other Light Breeds					
		Standard-Bred	Thoroughbred	American Quarter Horse	Pinto & Paint	Arabian	Appaloosa	Crossbred & Unknown	Other Breeds
----- Number -----									
Northwest	2,960	20	40	2,340	110	40	50	240	120
West Central	3,580		110	2,730	140	120	210	150	120
Southwest	9,510	40	590	7,280	530	50	110	210	700
North Central	6,190	10	10	5,050	430	200	80	160	250
Central	8,800		170	6,660	480	160	870	150	310
South Central	17,130	230	520	7,320	1,590	3,990	510	650	2,320
Northeast	10,040	630	360	6,180	440	150	890	370	1,020
East Central	18,750	130	1,330	11,870	1,760	880	400	520	1,860
Southeast	15,640	1,640	570	9,470	1,570	410	530	600	850
STATE	92,600	2,700	3,700	58,900	7,050	6,000	3,650	3,050	7,550

1/ Includes racing breeds.

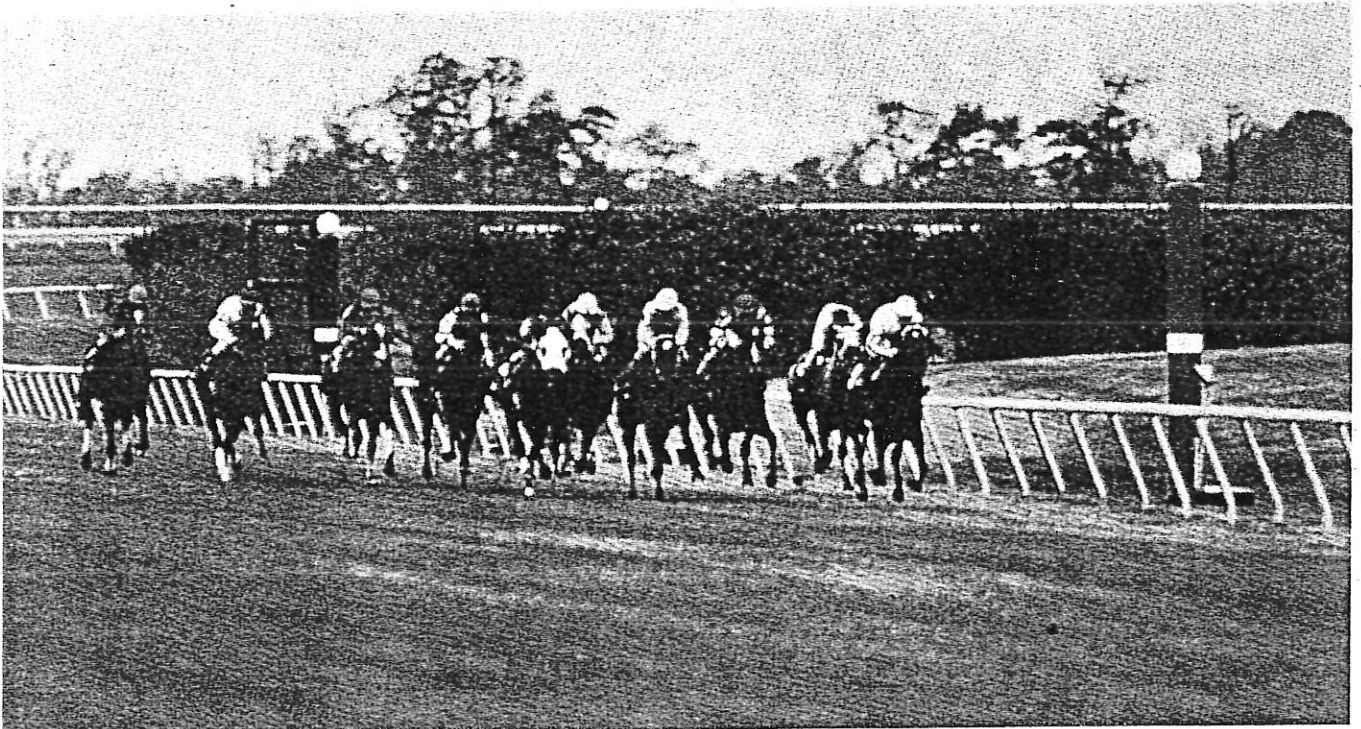
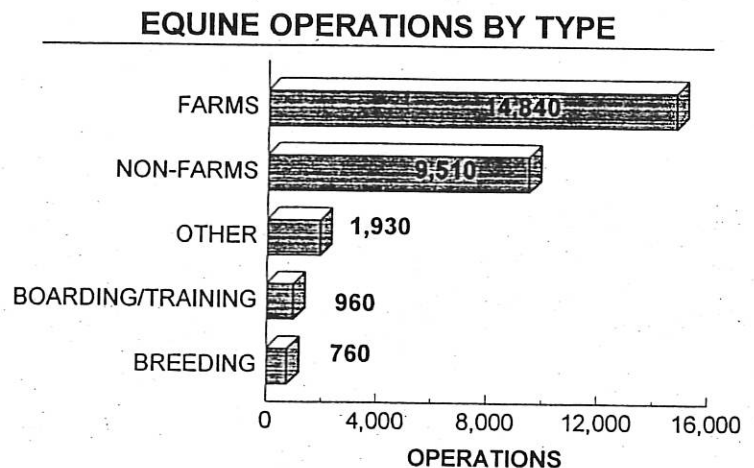


Table 8. EQUINE OPERATIONS BY TYPE AND DISTRICT, KANSAS 1996

Districts	Total	Primary Type				
		Commercial Breeding Farm	Crop, Livestock Farm	Non-Farm Residence	Commercial Boarding & Training	Other
----- Number -----						
Northwest	1,195	6	866	296	23	4
West Central	1,706	172	706	743	22	63
Southwest	1,653	74	914	456	48	161
North Central	1,489	12	1,147	176	16	138
Central	2,059	30	1,382	440	90	117
South Central	6,753	129	2,500	3,426	312	386
Northeast	3,797	62	2,285	1,060	138	252
East Central	5,097	148	2,844	1,489	182	434
Southeast	4,251	127	2,196	1,424	129	375
STATE	28,000	760	14,840	9,510	960	1,930

EQUINE OPERATIONS BY TYPE

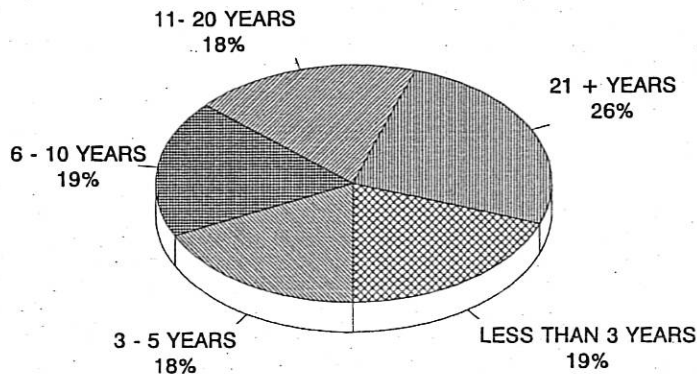
Survey indications showed 28,000 equine places in Kansas. Respondents were asked to indicate which activity best described their operation as a whole. Over half (53 percent) indicated their operations were primarily crop or livestock farms. The second most indicated places were non-farm residences. All "other" places came next, with 1,930 reported; commercial boarding and training followed, with 960; and commercial breeding, with 760.



**Table 9. EQUINE OPERATION BY LENGTH OF TIME
IN EQUINE-RELATED USAGE, KANSAS, 1995**

Districts	Total Operations	Less Than 3 Years	3-5 Years	6-10 Years	11-20 Years	21 Years +
----- Number -----						
Northwest	1,195	250	128	193	294	330
West Central	1,706	404	357	321	203	421
Southwest	1,653	329	241	344	222	517
North Central	1,489	132	204	226	264	663
Central	2,059	317	249	393	412	688
South Central	6,753	2,032	1,574	1,168	730	1,249
Northeast	3,797	573	938	592	786	908
East Central	5,097	739	836	1,020	1,140	1,362
Southeast	4,251	654	513	973	1,049	1,062
STATE	28,000	5,430	5,040	5,230	5,100	7,200

YEARS IN EQUINE BUSINESS

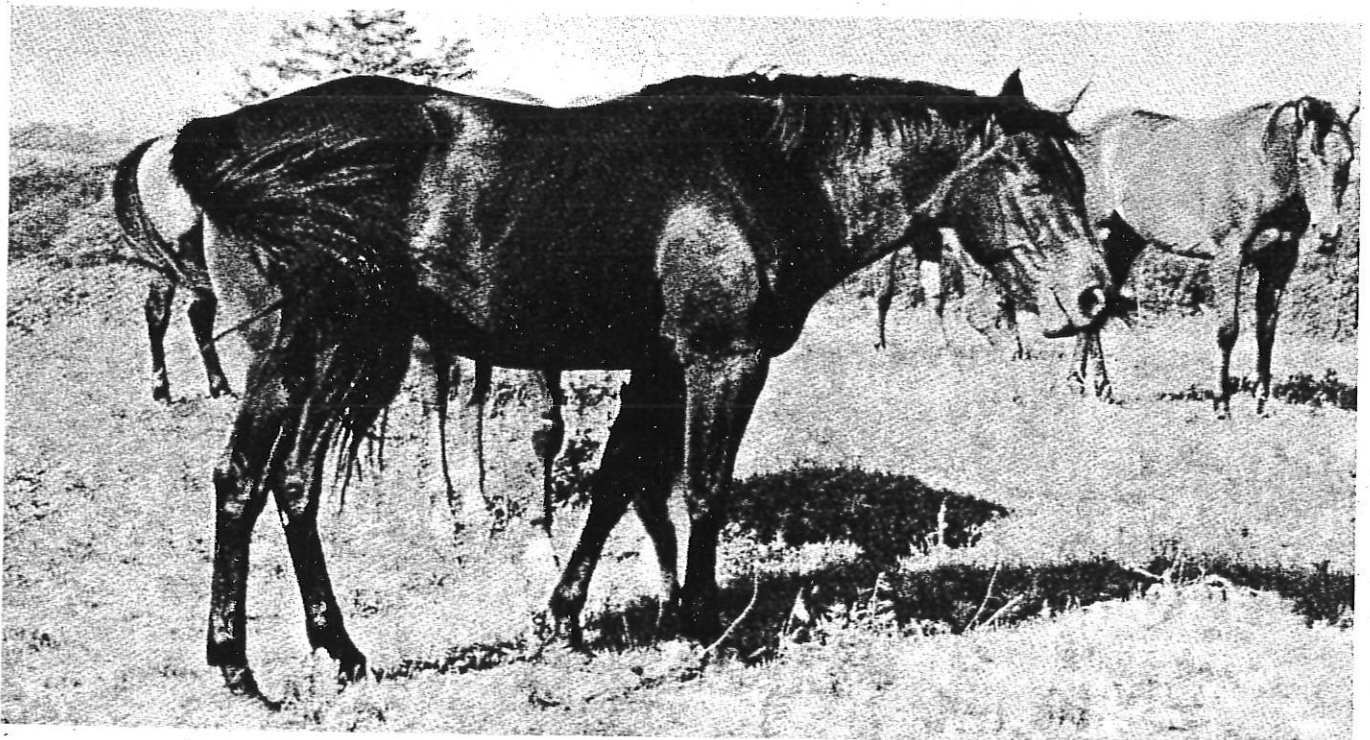


EQUINE OPERATIONS

As shown in table 9, the largest percentage of these equine operations (7,200) have been operating for over 21 years. The number of newer operations has grown steadily with operations that have had equine eleven to twenty years, at 5,100; six to ten years, 5,230; three to five years, 5,040; and those with equine on their operation less than three years, 5,430. The south central district showed the highest proportion of newer operations, while the east central and southeast districts showed the highest proportion of older equine operations.

**Table 10. ACREAGE IN EQUINE-RELATED USAGE AND VALUE
BY DISTRICT, KANSAS 1996**

Districts	Total Acres Operated	Acres Devoted to Equine	Total Value of Equine-Related Land, Fencing, and Buildings	Average Value per Equine Acre
	----- Acres -----		1,000 Dollars	Dollars
Northwest	1,303,000	96,200	24,294	253
West Central	1,047,800	42,100	23,729	564
Southwest	2,001,800	120,800	55,793	462
North Central	1,275,400	45,800	24,927	544
Central	1,467,000	71,900	53,962	751
South Central	2,081,000	130,100	153,066	1,177
Northeast	675,600	53,600	63,942	1,193
East Central	2,141,100	272,500	198,388	728
Southeast	2,035,300	11,019,000	82,657	745
STATE	14,028,000	944,000	680,759	721



**Table 11. VALUE OF EQUINE-RELATED ASSETS, BY DISTRICT
KANSAS, JANUARY 1, 19956**

Districts	Total Equine Related Assets	Value by Category			
		Equine on Hand	Equine-Related Land, Fencing and Buildings	Vehicles, Equipment, and Tack	Equine Feed and Supplies on Hand
----- 1,000 Dollars -----					
Northwest	40,957	10,302	24,294	5,673	687
West Central	37,313	6,830	23,729	6,119	634
Southwest	82,139	14,494	55,793	10,537	1,315
North Central	40,283	6,489	24,927	7,793	1,074
Central	78,475	10,763	53,963	12,728	1,021
South Central	232,700	41,340	153,066	35,862	2,432
Northeast	98,538	16,821	63,942	16,187	1,587
East Central	295,536	51,441	198,388	41,505	4,201
Southeast	128,719	24,537	82,657	20,058	1,466
STATE	1,034,659	183,019	680,759	156,464	14,417

EQUINE RELATED ASSETS

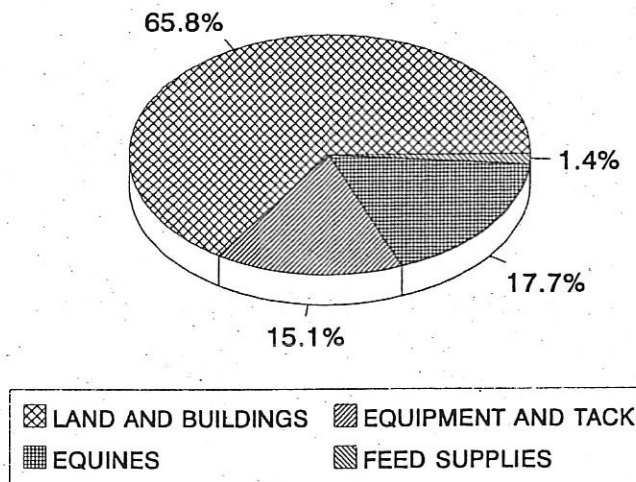


Table 12. EQUINE-RELATED LABOR, KANSAS, 1995

Category	Full Time (150 Days or More)	Part Time and/or Seasonal (Less than 150 Days)	Total
Number of Workers			
<u>Type of Worker</u>			
Manager, Assistant Manager	77	35	112
Trainer, Assistant Trainer	128	256	384
Groom, Exercise Rider, Etc.	85	126	211
General Farm Worker	800	863	1,633
TOTAL HIRED WORKERS	1,060	1,280	2,340
Workers for Whom Housing Was Provided			507
Unpaid Family Workers	8,200	30,300	38,500
			1,000
<u>Expenditures for Hired Labor During 1995</u>			<u>Dollars</u>
Cash Labor Expenditures			13,259
Value of Non-Cash Items Provided to Workers			889
Total Labor Expenditures			14,148

Equine-Related Labor

There were 2,340 equine-related positions for which people were hired during 1995 in Kansas. Fifty-five percent, or 1,280, of the total hired workers were considered part-time workers. A part-time or seasonal worker was defined as a person working less than 150 days in 1995. If a hired worker performed multiple duties, the person was counted only in the category for which the most important service to the operator was provided.

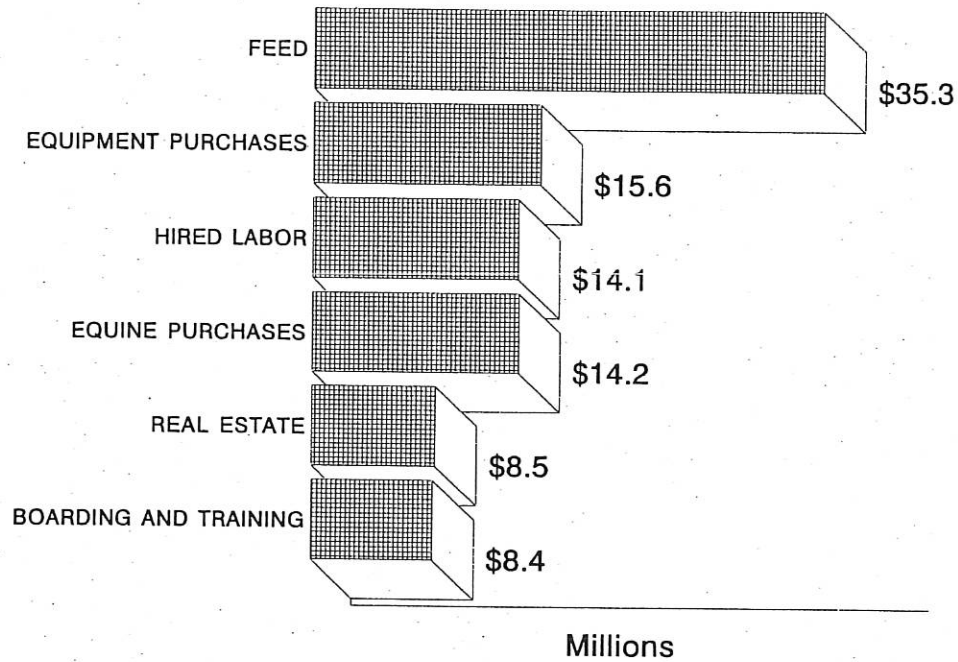
Cash labor expenditures of \$13.3 million, or \$18,800 per operation reporting cash labor expenses, included cash wages as well as the employer's cost of social security tax, workman's compensation, insurance, pensions, and unemployment compensation. The estimated value of non-cash items provided to workers during 1995 totaled \$889,000, or \$6,970 per operation providing non-cash items. These non-cash items included such things as housing, meals, clothing, horse board, lessons, and other benefits. A total of 507 workers were provided housing.

Unpaid family workers accounted for a majority of labor used on operations. Full-time family workers totaled 8,200 and part-time family workers totaled 30,300.

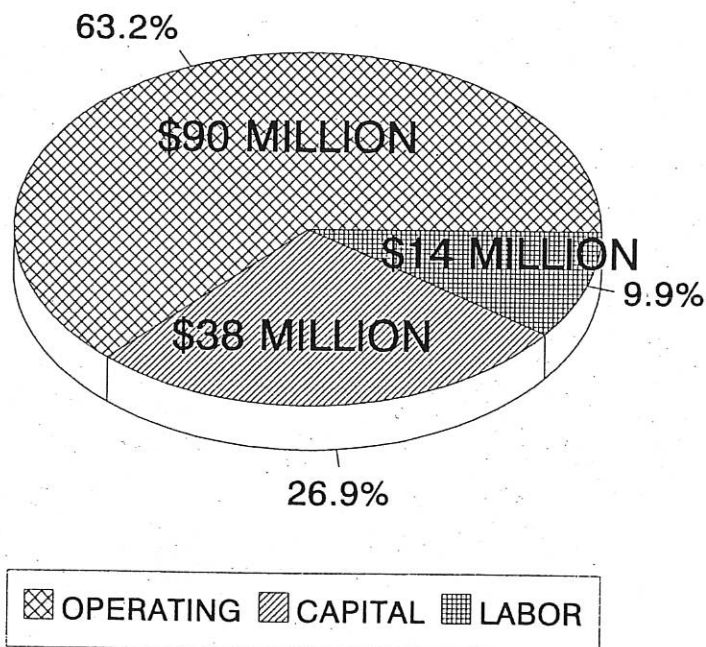
Table 13. EQUINE-RELATED EXPENDITURES, KANSAS, 1995

Expense Category	Total Expenditures	Average Per Operation
	1,000 Dollars	Dollars
<u>Operating Expenses</u>	90,242	
Boarding and Training Fees (Stall Fees and Fees Paid for Training Equine and/or Individuals)	8,356	5,562
Feed (Grain, Hay, and Supplements)	35,310	3,157
Bedding	1,633	669
Health (Veterinarian Fees)	6,098	986
Other Health (Medicines, Parasite Control, Lab Work, Etc.)	1,760	406
Supplies (Clippers, Soaps, Oils, Sprays, Brushes, Tack, Etc.)	3,197	508
Farrier	5,780	739
Breeding Fees	2,323	1,487
Maintenance/Repair (Contracted Labor and Materials for Buildings, Facilities, Fencing, Equipment, Etc.)	5,875	1,937
Insurance Premiums (Equine-Related; Liability, Collision, Mortality, Etc.)	2,383	910
Utilities (Equine-Related; Telephone, Water, Natural Gas, Heating Oil, Electricity, Etc.)	2,422	649
Taxes (Property Tax on Equine-Related Land)	3,605	663
Rent/Lease (Land, Buildings, Equine, Equipment, Etc.)	1,162	835
Fees and Payments (Equine Registration, Entry and Membership Fees, Etc.)	3,870	1,070
Shipping and Travel (Air Travel, Fuel, Truck and Car Expenses, Meals, Shipping of Equine, Etc.)	4,776	1,578
Miscellaneous (Cost of Ads, Entertainment, Pamphlets, Subscriptions, Etc.)	1,659	641
<u>Capital Expenses</u>	38,366	
Purchases of Equine	14,208	5,372
Real Estate Purchases and Improvement	8,514	8,331
Equipment Purchases	15,644	7,427
<u>Labor Expenses</u>	14,148	
Cash Labor Expenditures	13,259	1,644
Value of Non-Cash Items Provided to Workers	889	206
Total Expenses (Equine-Related)	142,756	

LEADING EQUINE EXPENDITURES



TOTAL EQUINE RELATED EXPENDITURES



**Table 14. EQUINE INVENTORY AND VALUE BY COUNTY,
KANSAS, JANUARY 1, 1996**

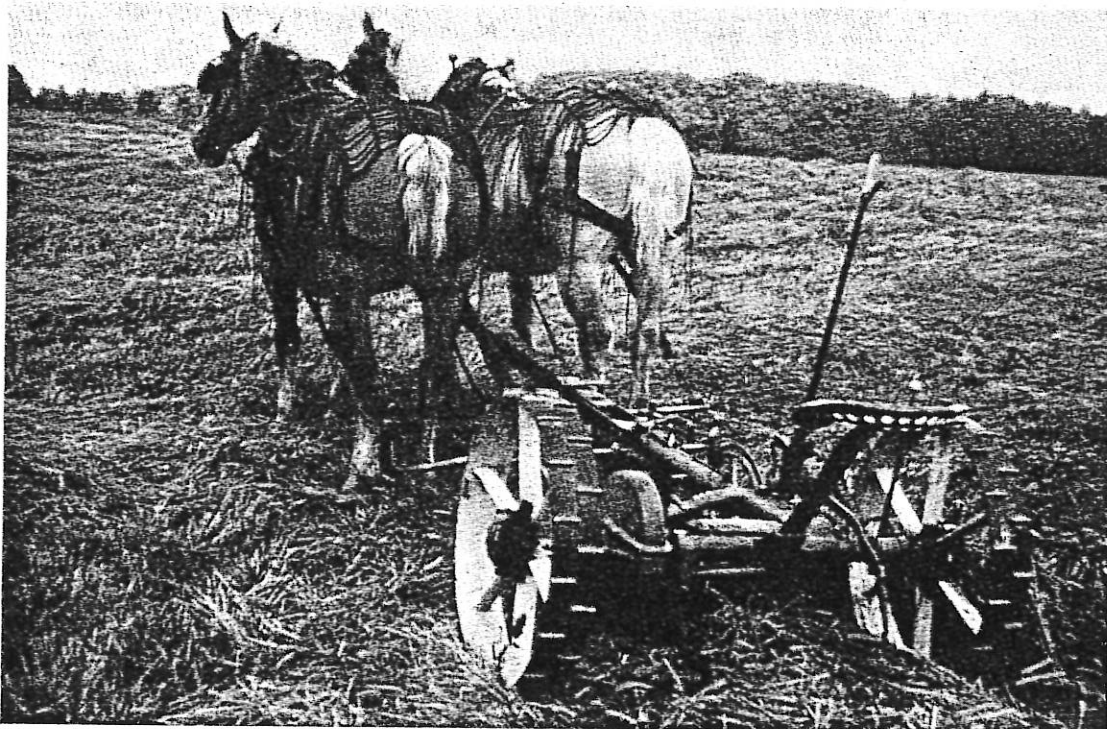
County & District	Total Equine	Rank in State	Inventory Value (\$000)	County & District	Total Equine	Rank in State	Inventory Value (\$000)
CHEYENNE	340	90	901	BARBER	740	51	818
DECATUR	250	96	1,023	COMANCHE	1,045	34	1,330
GRAHAM	350	89	717	EDWARDS	400	81	739
NORTON	620	57	1,693	HARPER	605	58	773
RAWLINS	490	72	949	HARVEY	1,345	24	2,767
SHERIDAN	85	104	123	KINGMAN	1,670	12	2,539
SHERMAN	535	64	800	KIOWA	285	93	507
THOMAS	400	81	930	PAWNEE	385	84	372
NW	3,070		7,136	PRATT	980	38	1,816
GOVE	380	85	377	RENO	3,325	3	5,960
GREELEY	280	94	287	SEDGWICK	6,515	1	11,858
LANE	485	73	990	STAFFORD	360	87	496
LOGAN	395	83	476	SUMNER	1,665	13	3,737
NESS	475	77	291	SC	19,320		33,712
SCOTT	935	41	2,044	ATCHISON	505	66	717
TREGO	200	98	354	BROWN	605	58	641
WALLACE	500	68	748	DONIPHAN	970	39	1,339
WICHITA	880	46	1,329	JACKSON	2,150	8	2,447
WC	4,530		6,896	JEFFERSON	1,650	14	1,885
CLARK	455	79	872	LEAVENWORTH	1,390	23	2,288
FINNEY	1,460	21	2,904	MARSHALL	810	49	1,156
FORD	1,060	33	4,712	NEMAHA	90	105	80
GRANT	355	88	1,322	POTTAWATOMIE	890	44	1,675
GRAY	1,030	35	1,869	RILEY	1,215	29	1,403
HAMILTON	440	80	349	WYANDOTTE	1,465	20	775
HASKELL	710	53	1,654	NE	11,740		14,406
HODGEMAN	150	100	375	ANDERSON	825	48	1,042
KEARNY	295	92	257	CHASE	890	44	1,135
MEADE	1,170	31	1,930	COFFEY	670	54	1,119
MORTON	575	62	1,473	DOUGLAS	1,540	19	9,743
SEWARD	1,320	26	3,203	FRANKLIN	2,875	5	5,385
STANTON	255	95	380	GEARY	480	74	520
STEVENS	495	71	794	JOHNSON	4,455	2	10,884
SW	9,770		22,094	LINN	895	43	802
CLAY	465	78	764	LYON	1,425	22	1,746
CLOUD	530	65	596	MIAMI	2,015	10	3,627
JEWELL	210	97	138	MORRIS	1,330	25	1,601
MITCHELL	315	91	591	OSAGE	1,220	28	1,599
OSBORNE	805	50	1,236	SHAWNEE	2,110	9	4,435
OTTAWA	605	58	1,589	WABAUNSEE	1,030	35	1,347
PHILLIPS	1,605	15	2,035	EC	21,760		44,985
REPUBLIC	640	55	1,028	ALLEN	990	37	716
ROOKS	480	74	526	BOURBON	1,105	32	1,606
SMITH	505	66	778	BUTLER	3,260	4	4,883
WASHINGTON	590	61	509	CHAUTAUQUA	500	68	1,033
NC	6,750		9,790	CHEROKEE	560	63	1,662
BARTON	955	40	2,024	COWLEY	1,590	17	3,779
DICKINSON	1,600	16	3,401	CRAWFORD	1,290	27	1,637
ELLIS	640	55	1,381	ELK	830	47	1,329
ELLSWORTH	480	74	981	GREENWOOD	1,180	30	1,510
LINCOLN	375	86	586	LABETTE	1,545	18	1,239
MCPHERSON	140	101	150	MONTGOMERY	2,325	7	6,786
MARION	1,760	11	2,516	NEOSHO	920	42	1,793
RICE	500	68	613	WILSON	185	99	184
RUSH	130	102	82	WOODSON	130	102	147
RUSSELL	715	52	828	SE	16,410		28,304
SALINE	2,355	6	3,134	STATE	103,000		183,019
C	9,650		15,696				

REPORTING DISTRICTS

Cheyenne	Rawlins	Decatur	Norton	Phillips	Smith	Jewell	Republic	Washington	Marshall	Nemaha	Brown	Doniphan		
Sherman	Thomas	Sheridan	Graham	Rooks	Osborne	Mitchell	Cloud	Clay	Pottawa	Jackson	Atchison	Wyan		
Wallace	Logan	Gove	Trego	Ellis	Russell	Lincoln	Ottawa	Riley	Geary	Wabaun	Shawnee	Douglas	Johnson	
Greeley	Wichita	Scott	Lane	Ness	Rush	Barton	Ellsworth	Saline	Dickins	Morris	Osage	Franklin	Miami	
				Hodgeman	Pawnee	Rice	McPherson	Marion	Chase	Lyon	Coffey	Anderson	Linn	
Hamilton	Kearny	Finney		Edwards	Stafford	Reno	Harvey				Woodson	Allen	Bourbon	
Stanton	Grant	Haskell	Gray	Ford	Kiowa	Pratt	Kingman	Sedgwick	Butler	Greenwood	Wilson	Neosho	Crawford	
Morton	Stevens	Seward	Meade	Clark	Comanche	Barber	Harper	Sumner	Cowley	Elk	Chautauq	Montgom	Labette	Cherokee

County Estimates

Three counties had predominantly high numbers of equine reported. Sedgwick County led, with 6,515; Johnson County was second, with 4,455; and Reno County came third, with 3,325.



EQUINE SURVEY PROCEDURES

PURPOSE

A survey to determine the size and economic impact of the Kansas equine industry was conducted in 1996 by Kansas Agricultural Statistics, in cooperation with the Kansas Horse Council and Kansas Equine Extension. Equine was defined as any horse, mule, donkey, or pony kept on an operation within Kansas. The purpose of this survey is to help those who are interested in expanding the Kansas equine industry through economic development and to develop a raised awareness of the role of equine in Kansas.

SURVEY DESIGN

The Equine list sampling frame was stratified using the size of the operation. A systematic random sampling was then taken from each strata. The total list frame sample was 3,006 operators. List frame data were collected by mail in late January 1996 with telephone follow-up interviews for those not responding by mail.

A list was compiled from the 1995 June Area Agricultural Survey of operators in agricultural strata who reported having equine on their operations. This list of equine operations was compared to those found on the list sampling frame. The operations from the June Area Agricultural Survey that were

from agricultural strata and were not found on the list frame were defined as "non-overlap." A complete sampling of all 237 non-overlap operations was taken. Of those, 38 were inaccessible or refused to participate in the survey. Manual estimations were done for these reports. Non-overlap operations data were collected by telephone interviews and by mailed surveys during late January 1996.

The area frame sample for urban strata consisted of 99 segments. Area frame segments are parcels of land that vary in size from approximately one square mile to one tenth of a square mile in size. The area frame was used to sample urban areas. Data were collected by personal interview from operations with equine or equine facilities found in these segments. There were 27 urban tracts with equine. Of those, only 2 refused to participate in the survey. Manual estimations were done for these reports. Using this method of multiple frames provided a complete sampling frame of Kansas equine operations.

SUMMARIZATION

All questionnaires were normally reviewed before being computer edited and summarized. Data from the list sample of 3,006 were

expanded by strata and summarized. Then the data from all the area tracts that were non-match with the equine list frame were expanded and added to the results of the list summary. This resulted in a multi-frame indicator which was rounded and published as an estimate.

RELIABILITY

The estimate from a sample survey will vary depending upon the units selected in the sample. The variation in the expansions are measured by the relative error of the estimate which is the estimate divided by the statistical sampling error. The relative error gives an indication of the confidence that can be assigned to the survey expansion. Statistically, this survey was designed to estimate the equine population at the State level.

The relative error for the total number of equine was 5.7 percent. For light horses, the relative error was 6.1 percent. Higher relative errors were produced for ponies, draft horses, donkeys, and mules due to the low number of sampling units reporting these classes of equine. The relative error for ponies was 16.3 percent. District estimates have larger relative errors than the State reliability shown above.

PHOTO ACKNOWLEDGMENT:

KSU Department of Animal Sciences & Industry

ASSISTANCE & SUPPORT:

Many equine organizations throughout Kansas supported this survey by providing names and addresses of horse owners. Kansas 4-H member's, Club leaders, County 4-H Extension, and State 4-H Extension provided excellent assistance in providing name and addresses in their localities. Their assistance in the list building effort was greatly appreciated.

1995 EQUINE SURVEY

Conducted in Cooperation With The Kansas Horse Council

Kansas Dept. of Agriculture
Division of Statistics
Project Code 400
List Version



Kansas Agricultural Statistics
632 SW Van Buren, Rm. 200
PO Box 3534
Topeka, KS 66601-3534
1-800-258-4564

Dear Respondent:

The economic importance of the equine industry has grown in recent years. This survey will provide information on both the number of equine and their value.

Regardless of whether you have just one horse or a large operation, we need your cooperation. Results of this survey will be provided to anyone interested in Kansas' equine industry.

Please make corrections in name, address, and zip code, if necessary.

Your response to this survey is voluntary, but your cooperation is extremely important in compiling accurate estimates. Your reported data will represent your own and other equine operations throughout the State. The information you provide will be kept **STRICTLY CONFIDENTIAL** and used only for compiling State and district estimates. Thank you for your cooperation.

T.J. Byram
State Statistician

INSTRUCTIONS

1. If you receive more than one questionnaire, please return all questionnaires together to help eliminate duplication.
2. Please report all value and expenses to the nearest whole dollar.
3. Land operated: includes land owned and operated, plus land rented from others, but excludes land rented to others.
4. If you do not have exact data for a question, please give your best estimate.

SECTION I - SCREENING

1. Is this operation known by any name other than (see label)?
 NO - Continue YES - Enter name _____ and continue
2. Did you produce any crops or keep any livestock, including horses, on the land you operated in 1995?
 NO - Go to item 4 YES - Enter total acres operated and continue Acres
001
3. Were there any equine, regardless of ownership, on the land you operated in 1995?
 NO - Continue YES - Go to SECTION II Number
4. Did you own any equine or have any equine related expenses during 1995?
 NO - go to SECTION VII YES - Enter total equine and continue 002
5. Where are these equine kept or boarded? (Record name and address where boarded and go to SECTION V)
 Name _____
 Street Address _____
 City, State, Zip _____

SECTION II - ASSETS

1. What is your estimate of the CURRENT VALUE of all equine-related land, fencing, and buildings on your operation? Dollars
003
\$
2. What is your estimate of the CURRENT VALUE of all vehicles, equipment, and tack related to your equine operation that you own? (Include trailers, saddles, harnesses, grooming equipment, tools, tractors, manure spreaders, starting gates, hot walkers, treadmills, etc.)
004
\$
3. What is your estimate of the CURRENT VALUE of all equine feed and supplies on hand that you own? (Include grain, hay, straw, other bedding, seeds, fertilizers, feed additives, vitamins, minerals, etc.)
005
\$
4. How many horse trailers and/or horse vans do you own?
Number
006

INSTRUCTIONS FOR COMPLETING SECTION III - EQUINE INVENTORY

Please record by breed the total number and corresponding estimated value of equine located on the total acres operated, regardless of equine ownership, as of January 1, 1996. Then, break down the total breed number by recording the number for each category. If a horse is used for more than one purpose, such as a stallion that is also used for pleasure riding, please list that horse only once in the category for which the horse provides the most important service to you.

PLEASE READ THE DEFINITIONS BELOW BEFORE RECORDING INVENTORY NUMBERS

- A. Estimated Value - should reflect the price one would pay to purchase these equine in today's market.
- B. Brood Mare - a female that is being kept primarily for breeding, now or in the future.
- C. Stallion - a male that is being kept primarily for breeding, now or in the future.
- D. Foals of 1994 - born during calendar year 1994.
- E. Foals of 1995 - born during calendar year 1995.
- F. Competition/Sport - equine used primarily for showing, polo, eventing, etc.
- G. Working Horses - used in ranching, feedyards, transportation, etc.
- H. Pleasure - equine used primarily for pleasure and trail riding, for hunting, pleasure driving, 4-H and other youth programs, and other recreational use.
- I. Other - equine not reported elsewhere, including any retired horses, etc.
- J. Racing - any horse being kept primarily for the intention of racing, whether or not a parimutuel event. Report foals and breeding stock in their own category.

Equine Category	Total Number	Total Estimated Value (Dollars)	Of the total reported, how many were primarily used for:								
			Breeding Equine		Foals of 1994	Foals of 1995	Competition or Sport Equine	Working Equine	Pleasure Equine	Other Equine	Racing Equine
			Brood Mares	Stallions							
A. LIGHT HORSE BREEDS											
1. American Quarter Horse	008	009	010	011	012	013	014	015	016	017	018
2. American Saddlebred	019	020	021	022	023	024	025	026	027	028	029
3. Appaloosa	030	031	032	033	034	035	036	037	038	039	040
4. Arabian	041	042	043	044	045	046	047	048	049	050	051
5. Half Arabian	052	053	054	055	056	057	058	059	060	061	062
6. Morgan	063	064	065	066	067	068	069	070	071	072	073
7. Palomino	074	075	076	077	078	079	080	081	082	083	084
8. Pinto or Paint	085	086	087	088	089	090	091	092	093	094	095
9. Warmbloods	096	097	098	099	100	101	102	103	104	105	106
10. Crossbred or Unknown	107	108	109	110	111	112	113	114	115	116	117
11. Standardbred	118	119	120	121	122	123	124	125	126	127	128
12. Thoroughbred	129	130	131	132	133	134	135	136	137	138	139
13. Other (Specify) _____	140	141	142	143	144	145	146	147	148	149	150
B. DRAFT HORSE BREEDS											
1. Belgian	152	153	154	155	156	157	158	159	160	161	
2. Percheron	162	163	164	165	166	167	168	169	170	171	
3. Clydesdale	172	173	174	175	176	177	178	179	180	181	
4. Other (Specify) _____	182	183	184	185	186	187	188	189	190	191	
C. PONIES											
1. Pony of the Americas	193	194	195	196	197	198	199	200	201	202	
2. Other (Specify) _____	203	204	205	206	207	208	209	210	211	212	
D. DONKEYS AND MULES											
	213	214	215	216	217	218	219	220	221	222	
E. TOTAL Equine (Sum of A+B+C+D)											
	223	224	225	226	227	228	229	230	231	232	

SECTION IV - GENERAL

1. Are the day-to-day decisions for this equine operation made by:

- An individual operator? A hired manager?
 Partners? (Partners jointly operate land and share in decision making)
 Please identify the other person(s) in this partnership to help us detect duplication on our list.

Name	Address	Office Use
_____	_____	233

2. Please provide any other names associated with equine in this operation or family that would help us detect duplication within our list.

3. Which of the following best describes the **MOST IMPORTANT ACTIVITY** of your operation? (Commercial activity is activity for the purpose of earning current or future income.)

- CHECK ONE:
- Commercial boarding, training, riding, lessons, show, racing, livery
 Commercial breeding
 Farm (crops/livestock)
 Residence only (non-commercial/non-farm)
 Other (specify) _____

Office Use
234

4. How long have you had equine at your present location? (CHECK ONE)

- Less than 3 years 3-5 years 6-10 years 11-20 years 20 years +
-

Office Use
235

5. How had your equine-related property last been used before you got involved with equine? (CHECK ONE)

- Mostly Crop Farming Mostly Livestock Farming (Exclude Equine) Horse Farm Land was not used for Agricultural Purposes Don't Know
-

Office Use
236

6. How many of the acres you operate (Section 1, Item 2) are used for equine-related purposes? (Include hay, pasture, cropland, training areas, buildings, etc.)

Acres
237

7. In what county is your operation headquarters located? _____

238

SECTION V - EQUINE RELATED EXPENDITURES FOR ANIMALS TOTALLY OR PARTIALLY OWNED BY YOU

A. OPERATING EXPENSES INCURRED BY YOU DURING 1995 (Estimate for entire year)

1. BOARDING FEES PAID TO OTHERS (Include boarding and fees paid for training equine and/or individuals)

Dollars

239
\$

IMPORTANT: If you listed expenses as "boarding and training fees" in Item 1, the only other expenses that should be listed are those not included in "boarding and training." Do **NOT** list a "boarding and training" total and then break it down in the answer cells below.

2. FEED (If home-grown, estimate value) (Include grain, hay, and supplements)
3. BEDDING (If home-grown, estimate value)
4. HEALTH (Veterinarian fees)
- Other health care products, medicines, parasite control, lab work, etc.
5. SUPPLIES (Include clippers, soaps, oils, sprays, brushes, tack, etc.)
6. FARRIER
7. BREEDING FEES
8. MAINTENANCE/REPAIR (Include contracted labor and materials for maintenance of buildings, facilities, fencing, equipment, etc.)

240
\$
241
\$
242
\$
277
\$
243
\$
244
\$
245
\$
246
\$

- 9. INSURANCE PREMIUMS (Equine-related liability, collision, mortality, etc. Report insurance on people in Section VI, Item 3) 247 \$
- 10. UTILITIES (Equine-related telephone, water, natural gas, heating oil, electricity, etc.) 248 \$
- 11. TAXES (Include property tax on equine-related land) 249 \$
- 12. RENT/LEASE (Include rental of land and buildings, rental of equine, rental of equipment, etc.) 250 \$
- 13. FEES & PAYMENTS (Include equine registration, entry, license, stall, memberships, futurity fees, etc.) 251 \$
- 14. SHIPPING & TRAVEL (Include air travel, fuel, truck & car expenses, meals, shipping of equine, etc.) 252 \$
- 15. MISCELLANEOUS (Include cost of ads, entertainment, pamphlets, subscriptions, etc.) 253 \$
- B. CAPITAL EXPENSES INCURRED BY YOU DURING 1995 (Estimate for entire year) (Include only equine-related share of expenses)
 - 1. PURCHASES OF EQUINE (Include partial ownerships) 255 \$
 - 2. REAL ESTATE PURCHASES AND IMPROVEMENT (Include materials for construction of or additions to equine-related buildings, fences, etc.) 256 \$
 - 3. EQUIPMENT PURCHASES (Include tractors, manure spreaders, motor homes, campers, pick-ups, autos, horse vans, trailers, portable stalls, starting gates, hot walkers, treadmills, sulkies, carts, buggies, etc.) 257 \$

SECTION VI - EMPLOYMENT DURING 1995

NOTE: If a hired worker performs multiple duties, please list the worker only once in the category for which the worker provides the most important service to you.

WORKERS

	Full time 32 Hours per Week or More	Part Time (Less Than 32 Hours per Week)/ Seasonal
1. Total number of workers paid in either cash or non-cash items	258	259
A. Manager, assistant manager	260	261
B. Trainer, assistant trainer	262	263
C. Groom, exercise rider, etc.	264	265
D. General farm worker	266	267
2. Unpaid family (Including operator)	268	269
3. Total cash labor expense for entire year (Include cash wages and employer cost of social security tax, worker's compensation, insurance, pensions, unemployment compensation, etc.)	Dollars	
	270	
	\$	
4. Estimated value of non-cash items provided to workers for entire year (Include housing, meals, clothing, horse board, lessons, and other benefits)	Dollars	
	271	
	\$	
5. How many workers did you provide housing for during 1995 (Exclude owners)?	Number	
	272	

SECTION VII - CONCLUSION

- 1. Do you make any day-to-day decisions for any other operation where equine are kept?
 - NO - Continue
 - YES - List name and address of the other operation(s) and continue
 - 2. Can you help me identify anyone else operating land within these boundaries who owns or boards equine?
 - 3. Would you like to receive a free copy of the results of this Equine Survey? 273
 - NO YES - Enter a 1 in the box
- That completes the survey. Thank you for your help.
- Reported by _____ Phone () _____
 Title _____ Date _____
(Owner, Manager, President, Secretary)

FOR OFFICE USE

RESPONSE CODE

- 1 - M 7 - TR
- 2 - T 8 - IR
- 3 - I 9 - INAC
- 6 - MR 10 - EST

ENUM

274 275

1995 EQUINE SURVEY

Conducted in Cooperation With The Kansas Horse Council

Kansas Dept. of Agriculture
 Division of Statistics
 Project Code 406
 Area Version



Kansas Agricultural Statistics
 632 SW Van Buren, Rm. 200
 PO Box 3534
 Topeka, KS 66601-3534
 1-800-258-4564

 Operation Name

 Name of Operator

Address _____
 Street _____

 City State Zip Code

Dear Respondent:

The economic importance of the equine industry has grown in recent years. This survey will provide information on both the number of equine and their value.

Regardless of whether you have just one horse or a large operation, we need your cooperation. Results of this survey will be provided to anyone interested in Kansas' equine industry.

Your response to this survey is voluntary, but your cooperation is extremely important in compiling accurate estimates. Your reported data will represent your own and other equine operations throughout the State. The information you provide will be kept **STRICTLY CONFIDENTIAL** and used only for compiling State and district estimates. Thank you for your cooperation.

T.J. Byram
 State Statistician

 Strata Segment Tract

SECTION I - SCREENING

1. Is this operation known by any name other than (noted above)?
 NO - Continue YES - Enter name _____ and continue
Acres

276
001

2. How many acres are inside these blue tract boundaries?

3. How many total acres were in your entire operation on January 1, 1996?

Enumerator Note: Use information obtained from the face page of screening form to help in completing question four and five.

4. Were there any equine, regardless of ownership, on the land you operated in 1995?
 NO - Continue YES - Go to SECTION II

5. Did you own any equine or have any equine related expenses during 1995?
 NO - go to SECTION VII YES - Enter total equine and continue

Number
002

6. Where are these equine kept or boarded? (Record name and address where boarded and go to SECTION V)
 Name _____
 Street Address _____
 City, State, Zip _____

SECTION II - ASSETS

1. What is your estimate of the CURRENT VALUE of all equine-related land, fencing, and buildings on your operation?
2. What is your estimate of the CURRENT VALUE of all vehicles, equipment, and tack related to your equine operation that you own? (Include trailers, saddles, harnesses, grooming equipment, tools, tractors, manure spreaders, starting gates, hot walkers, treadmills, etc.)
3. What is your estimate of the CURRENT VALUE of all equine feed and supplies on hand that you own? (Include grain, hay, straw, other bedding, seeds, fertilizers, feed additives, vitamins, minerals, etc.)
4. How many horse trailers and/or horse vans do you own?

	Dollars
003	\$
004	\$
005	\$
006	Number

INSTRUCTIONS FOR COMPLETING SECTION III - EQUINE INVENTORY

Please record by breed the total number and corresponding estimated value of equine located on the total acres operated, regardless of equine ownership, as of January 1, 1996. Then, break down the total breed number by recording the number for each category. If a horse is used for more than one purpose, such as a stallion that is also used for pleasure riding, please list that horse only once in the category for which the horse provides the most important service to you.

PLEASE READ THE DEFINITIONS BELOW BEFORE RECORDING INVENTORY NUMBERS

- A. Estimated Value - should reflect the price one would pay to purchase these equine in today's market.
- B. Brood Mare - a female that is being kept primarily for breeding, now or in the future.
- C. Stallion - a male that is being kept primarily for breeding, now or in the future.
- D. Foals of 1994 - born during calendar year 1994.
- E. Foals of 1995 - born during calendar year 1995.
- F. Competition/Sport - equine used primarily for showing, polo, eventing, etc.
- G. Working Horses - used in ranching, feedyards, transportation, etc.
- H. Pleasure - equine used primarily for pleasure and trail riding, for hunting, pleasure driving, 4-H and other youth programs, and other recreational use.
- I. Other - equine not reported elsewhere, including any retired horses, etc.
- J. Racing - any horse being kept primarily for the intention of racing, whether or not a parimutuel event. Report foals and breeding stock in their own category.

Equine Category	Total Number	Total Estimated Value (Dollars)	Of the total reported, how many were primarily used for:								
			Breeding Equine		Foals of 1994	Foals of 1995	Competition or Sport Equine	Working Equine	Pleasure Equine	Other Equine	Racing Equine
			Brood Mares	Stallions							
A. LIGHT HORSE BREEDS											
1. American Quarter Horse	008	009	010	011	012	013	014	015	016	017	018
2. American Saddlebred	019	020	021	022	023	024	025	026	027	028	029
3. Appaloosa	030	031	032	033	034	035	036	037	038	039	040
4. Arabian	041	042	043	044	045	046	047	048	049	050	051
5. Half Arabian	052	053	054	055	056	057	058	059	060	061	062
6. Morgan	063	064	065	066	067	068	069	070	071	072	073
7. Palomino	074	075	076	077	078	079	080	081	082	083	084
8. Pinto or Paint	085	086	087	088	089	090	091	092	093	094	095
9. Warmbloods	096	097	098	099	100	101	102	103	104	105	106
10. Crossbred or Unknown	107	108	109	110	111	112	113	114	115	116	117
11. Standardbred	118	119	120	121	122	123	124	125	126	127	128
12. Thoroughbred	129	130	131	132	133	134	135	136	137	138	139
13. Other (Specify) _____	140	141	142	143	144	145	146	147	148	149	150
B. DRAFT HORSE BREEDS											
1. Belgian	152	153	154	155	156	157	158	159	160	161	
2. Percheron	162	163	164	165	166	167	168	169	170	171	
3. Clydesdale	172	173	174	175	176	177	178	179	180	181	
4. Other (Specify) _____	182	183	184	185	186	187	188	189	190	191	
C. PONIES											
1. Pony of the Americas	193	194	195	196	197	198	199	200	201	202	
2. Other (Specify) _____	203	204	205	206	207	208	209	210	211	212	
D. DONKEYS AND MULES											
	213	214	215	216	217	218	219	220	221	222	
E. TOTAL Equine (Sum of A+B+C+D)	223	224	225	226	227	228	229	230	231	232	

SECTION IV - GENERAL

1. Are the day-to-day decisions for this equine operation made by:

- An individual operator? A hired manager?
 Partners? (Partners jointly operate land and share in decision making)

Please identify the other person(s) in this partnership to help us detect duplication on our list.

Name	Address	Office Use
_____	_____	233
_____	_____	

2. Please provide any other names associated with equine in this operation or family that would help us detect duplication within our list.

3. Which of the following best describes the MOST IMPORTANT ACTIVITY of your operation? (Commercial activity is activity for the purpose of earning current or future income.)

- CHECK ONE:
- Commercial boarding, training, riding, lessons, show, racing, livery
 Commercial breeding
 Farm (crops/livestock)
 Residence only (non-commercial/non-farm)
 Other (specify) _____

Office Use
234

4. How long have you had equine at your present location? (CHECK ONE)

- Less than 3 years 3-5 years 6-10 years 11-20 years 20 years +
-

Office Use
235

5. How had your equine-related property last been used before you got involved with equine? (CHECK ONE)

- Mostly Crop Farming Mostly Livestock Farming (Exclude Equine) Horse Farm Land was not used for Agricultural Purposes Don't Know
-

Office Use
236

6. How many of the acres you operate (Section 1, Item 3) are used for equine-related purposes? (Include hay, pasture, cropland, training areas, buildings, etc.)

Acres
237

7. In what county is your operation headquarters located? _____

238

SECTION V - EQUINE RELATED EXPENDITURES FOR ANIMALS TOTALLY OR PARTIALLY OWNED BY YOU

A. OPERATING EXPENSES INCURRED BY YOU DURING 1995 (Estimate for entire year)

1. BOARDING FEES PAID TO OTHERS (Include boarding and fees paid for training equine and/or individuals) Dollars

239
\$

IMPORTANT: If you listed expenses as "boarding and training fees" in Item 1, the only other expenses that should be listed are those not included in "boarding and training." Do NOT list a "boarding and training" total and then break it down in the answer cells below.

- | | |
|---|-----|
| 2. FEED (If home-grown, estimate value) (Include grain, hay, and supplements) | 240 |
| | \$ |
| 3. BEDDING (If home-grown, estimate value) | 241 |
| | \$ |
| 4. HEALTH (Veterinarian fees) | 242 |
| | \$ |
| Other health care products, medicines, parasite control, lab work, etc. ... | 277 |
| | \$ |
| 5. SUPPLIES (Include clippers, soaps, oils, sprays, brushes, tack, etc.) | 243 |
| | \$ |
| 6. FARRIER | 244 |
| | \$ |
| 7. BREEDING FEES | 245 |
| | \$ |
| 8. MAINTENANCE/REPAIR (Include contracted labor and materials for maintenance of buildings, facilities, fencing, equipment, etc.) | 246 |
| | \$ |

9. INSURANCE PREMIUMS (Equine-related liability, collision, mortality, etc. Report insurance on people in Section VI, Item 3)	247 \$
10. UTILITIES (Equine-related telephone, water, natural gas, heating oil, electricity, etc.)	248 \$
11. TAXES (Include property tax on equine-related land)	249 \$
12. RENT/LEASE (Include rental of land and buildings, rental of equine, rental of equipment, etc.)	250 \$
13. FEES & PAYMENTS (Include equine registration, entry, license, stall, memberships, futurity fees, etc.)	251 \$
14. SHIPPING & TRAVEL (Include air travel, fuel, truck & car expenses, meals, shipping of equine, etc.)	252 \$
15. MISCELLANEOUS (Include cost of ads, entertainment, pamphlets, subscriptions, etc.)	253 \$
B. CAPITAL EXPENSES INCURRED BY YOU DURING 1995 (Estimate for entire year) (Include only equine-related share of expenses)	
1. PURCHASES OF EQUINE (Include partial ownerships)	255 \$
2. REAL ESTATE PURCHASES AND IMPROVEMENT (Include materials for construction of or additions to equine-related buildings, fences, etc.)	256 \$
3. EQUIPMENT PURCHASES (Include tractors, manure spreaders, motor homes, campers, pick-ups, autos, horse vans, trailers, portable stalls, starting gates, hot walkers, treadmills, sulkies, carts, buggies, etc.)	257 \$

SECTION VI - EMPLOYMENT DURING 1995

NOTE: If a hired worker performs multiple duties, please list the worker only once in the category for which the worker provides the most important service to you.

		WORKERS	
		Full time 32 Hours per Week or More	Part Time (Less Than 32 Hours per Week)/ Seasonal
1. Total number of workers paid in either cash or non-cash items		258	259
A. Manager, assistant manager		260	261
B. Trainer, assistant trainer		262	263
C. Groom, exercise rider, etc.		264	265
D. General farm worker		266	267
2. Unpaid family (Including operator)		268	269
		Dollars	
3. Total cash labor expense for entire year (Include cash wages and employer cost of social security tax, worker's compensation, insurance, pensions, unemployment compensation, etc.)		270 \$	
		Dollars	
4. Estimated value of non-cash items provided to workers for entire year (Include housing, meals, clothing, horse board, lessons, and other benefits)		271 \$	
		Number	
5. How many workers did you provide housing for during 1995 (Exclude owners)?		272	

SECTION VII - CONCLUSION

1. Do you make any day-to-day decisions for any other operation where equine are kept?
 NO - Continue
 YES - List name and address of the other operation(s) and continue

2. Would you like to receive a free copy of the results of this Equine Survey?
 NO YES - Enter a 1 in the box 273
 That completes the survey. Thank you for your help.

Reported by _____ Phone () _____
 Title _____ Date _____
(Owner, Manager, President, Secretary)

FOR OFFICE USE

RESPONSE CODE

1 - M 7 - TR
 2 - T 8 - IR
 3 - I 9 - INAC
 6 - MR 10 - EST

274

ENUM

275

PRAIRIE MEADOWS

Economic Impact Of The Horse Racing Industry

1999

**Prepared by Dan Otto of
Ames Economic Associates**

March 2001

REVISED - 4-13-01

Senate Fed & State

Date: 03 / 13 / 2003

Attachment # 25

Overview of Results

This short report is a study of the economic impacts of several elements of horse production in Iowa. Part 1 of this report estimates the economic impact associated with owners involved with horses at least partially as a business in Iowa. In Part 2 of this report we detail the enterprise economic impacts of Prairie Meadows Live Racing facilities, tourism impacts associated with the attraction of Prairie Meadows, and we profile the impacts of purse payments to Iowa horse owners.

The several tables in this report detail the total economic impacts of the various dimensions of horse production and horse racing in Iowa. The following table lists the amount of producer sales and employment directly and indirectly attributable to Iowa's horse industry.

Estimated Direct and Indirect Gross Sales and Employment in Iowa Horse and Horse-Racing Industries, 1999.

Activity	Gross Sales (\$Millions)	Total Employment
Horse Racing and Breeding (Table 5)	\$ 228.9	2,698
Prairie Meadows Live Racing (Table 6)	18.3	474
Tourism (horse racing only) (Table 7)	5.37	89
TOTAL	\$ 252.57	3,261

On an annual basis, horse racing and breeding, along with horse-racing tourism, account for \$252.57 million in direct and indirect sales and 3,261 total jobs in Iowa. Some other relevant statistics from the report include:

- **Investment:** In 1999, total horse and horse-related facilities investment by Iowa horse producers were valued at \$270.922 million.
- **Impacts:** The horse industry supports 1,055 direct jobs and accounts for 2,698 total jobs in the Iowa economy.
- **Impacts:** Live racing at Prairie Meadows supports 216 direct jobs and 474 total jobs during the live racing season.
- **Tourism:** Live racing at Prairie Meadows stimulates an additional \$5.37 million in tourism and indirect spending in the Des Moines area annually.
- **Purses:** Purses paid to Iowa owners are important sources of income. They represent 38 percent of horse production related incomes by Iowa horse owners and racers. For each million dollars in purses paid to Iowa owners, 30 jobs are created or supported in the horse industry and a total of 70 jobs are created or supported in the state's overall economy.

The Economic Importance of the Iowa Horse Industry, 1999

The Iowa horse industry is a major agriculturally related industry in the state supporting traditional agriculture with purchases of hay and feed grain supplies. Horse owners generate considerable economic impacts, as well, through their investments in facilities, equipment, and supplies that support their professional and recreational uses of horses. Since the Iowa horse industry was last surveyed and studied in 1996, the number and quality of horses in Iowa has continued to increase, as has the level of investment supporting these horses. This report uses an update of the 1996 horse owner survey that was completed in September 2000 to compare how the industry has changed and to estimate its current importance to the Iowa economy.

As in the previous report, our study focuses on estimating the economic impact associated with professional owners who are involved with horses, at least partially, as a business, and from which their horse enterprises generate income from sources such as breeding or racing. Information on characteristics and investments of this segment of the Iowa horse industry is based on a survey of horse owners conducted during the summer of 1996 and again in summer 2000. Our report summarizes these surveys on horse related investments, revenues, and expenditures as they relate to overall economic impact in Iowa. This base information is then used to investigate linkages to the rest of the Iowa economy and overall annual economic importance of the horse industry.

Method

The primary source of information on the Iowa horse was obtained from a survey of horse owners conducted by Central Surveys Inc. of Shenandoah Iowa in August 1996 and repeated in August and September 2000. Supplemental information was obtained from horse surveys conducted in 1986 and 1990 by the Iowa Department of Agriculture and Land

Stewardship (IDALS). The target population for their surveys was horse owners, horse breeders, stable owners, and trainers involved in the equine industry. The sampling frame for the survey consists mainly owners of racehorses registered with IDALS and supplemental lists of names from several horse breed associations. The 1996 and 2000 surveys collected primary data on characteristics of horse owners, their investment in facilities and animals, annual expenditures and income flows associated with their participation in the horse industry.

A second vital piece of information necessary to assessing the economic importance of the Iowa horse industry is a reliable estimate of the number of horses and owners in the state. Currently, horses associated with the racing industry are required to be registered with the IDALS. In addition to the racehorses, there are many serious show horses in Iowa whose owners compete for prizes and premium breeding fees. These owners were also in the targeted population of horse owners for this survey. Our impact analysis also targets these two categories of owners with their higher quality animals with higher levels of investment.

Besides these professional horse owners, there are many thousands of recreational horses throughout the state requiring feed and other investments, but not at the scale of spending associated with horses in the racing industry. Because these horses and their owners are dispersed throughout the state and many do not belong to any associations, it is not economically feasible to identify and enumerate all these recreational horse owners.

Although we will not be including this purely recreational segment in our study of the horse industry, their numbers suggest that we are using conservative estimates for the total value of the Iowa horse industry.

In previous studies we estimated populations of 8,300 horses in 1995 and 9,050 in 1997 based on information from IDALS. The 2000 survey indicated a sizeable increase in the

number of brood mares owned in Iowa (Table 1). This continued growth in the number and quality of brood mares in Iowa is confirmed by Morris Boswell, manager of the race horse and greyhound program at IDALS. He identifies the current count of registered mares, yearlings and foals at 12,500.

Table 1. Horses Owned by Respondents of Survey, 1995, 1999.

	Number Responding		Horses Per Owner		Horses Owned by Respondents	
	1995	1999	1995	1999	1995	1999
Breeding Stallions	65	84	1.6	1.5	106	126
Breeding Mares	192	226	4.5	5.8	856	1,311
Racing	139	163	3.5	3.9	488	636
Teasers	11	7	1.4	1.6	15	11
Race Horses in Training	77	104	2.14	2.3	165	239
Weanlings	119	168	3.1	3.9	369	655
Yearlings	240	267	2.6	3.2	624	854

Estimated Total Horses in State					8,300	12,500
Estimated Total Horse Owners					1,224	1,450

Source: "Economic Impact Study, Iowa Equine Industry," 2000, Question 12.

Although the 2000 survey focused on racehorses, the population of horse owners surveyed includes other breeds of horses and other professional horse activities. The discussion portion of the 2000 Central Survey Inc. report indicated a sampling frame of 800 owners from which names were drawn for subsequent telephone interviews. This sampling frame provides a minimum estimate for the number of horse owners in Iowa. In the 1996 study, our discussion with horse industry people and IDALS suggested there were 1224 professional horse owners in Iowa. The increasing horse population and the higher averages of horses per owner suggests the population of our targeted horse owners had increased to 1334 by 1997. Using a similar procedure and after discussions with horse industry people, we estimate that the number of horse owners in this target population has increased to approximately 1,450 owners in 1999.

This estimate of 1,450 horse owners in the state allows us to develop a profile of the aggregate value of economic activity generated and supported by the Iowa horse industry. The 2000 survey collected information on the average investment per owner in horses and horse facilities in 1999 that is reported in Table 2. The overall current average investment per horse owner is \$186,586, compared to \$110,923 in 1995 for an increase of \$75,663. Statewide this suggests an aggregate value of the Iowa horse industry of \$270.9 million, a substantial increase from the \$125.6 million in 1995. The average value of horse investment per survey respondent was \$65,793, compared to \$26,940 in 1995. Investments in structures and equipment for horses averaged \$70,840 in 1999 compared to \$58,636 per respondent in 1995. These values for equipment and structures aggregate to statewide totals of \$102.86 million in 1999, an increase of \$45.8million from the \$57 million in 1995.

Table 2. Average and Total Investment in Horses and Horse-Related Facilities by Iowa Horse Industry, 1995 and 1999.

	Investment		Per		Total for All Owners	
	Per Horse (\$)		Respondent		(\$1,000)	
	1995	1999	1995	1999	1995	1999
Equipment	3,347	3,562	26,443	24,166	27,781	35,089
Structures	3,521	6,880	32,193	46,674	29,224	67,770
Land	4,316	11,113	42,831	75,394	35,824	109,472
Horses	3,459	9,698	26,940	65,793	28,715	95,531
Feed/Supply	487	1,177	4,150	7,988	4,042	11,598
Total	15,130	27,506	110,923	186,586	125,586	270,922

Source: "Economic Impact Study, Iowa Equine Industry," 1996 and 2000.

Reflecting the business aspects of the horse racing industry, many of the Iowa horse owners reported sizeable income streams from their involvement in the horse industry. In 1995 owners reported that revenues from commercial and professional horse-related activities were \$17.54 million. By 1999, this amount had grown to \$50.13 million. In 1999, the largest

sources of income from horse industry activities were from prize winnings, \$26.4 million, and sale of horses, \$9.3 million of revenue. The purse winnings included all sources, measuring more than racing at Prairie Meadows. Based on the reported payout of \$5.653 million of the 1999 Prairie Meadows purses to Iowa owners compared to \$1.51 million in 1995, an estimated 83.9 percent of the prize winnings were from out-of-state sources in 1999 compared to an estimated 70 percent from out-of-state sources in 1995. These high percentages indicate that Iowa horses are competitive in out-state venues.

Table 3. Sources of Income, 1995 and 1999 by Iowa Horse Industry Owners.

	Percent Reporting		Average Revenue (\$)		State Total (\$1,000)	
	1995	1999	1995	1999	1995	1999
Purses and Prizes	46	47.4	13,224	38,392	7,445	26,386
Sales of Equine > 2 years	38	40.7	9,348	11,674	4,347	5,412
Sales of Yearling	20	26	4,511	10,338	1,105	3,897
Boarding Horses	15	19.2	6,784	9,003	1,245	2,506
Stud Fees	14	16.6	2,074	3,976	354	957
Other Equine Services	13	13.7	10,585	31,303	1,684	6,218
Training	9	11.5	10,195	19,439	1,121	3,240
Stud Fees, Out of State	6	10.7	2,357	5,153	172	799
Farrier	3	6.3	982	7,396	36	675
Riding Lessons	3	2.2	798	1,229	29	39
Total			\$19,994	\$47,053	\$17,538	\$50,129

Source: "Economic Impact Study, Iowa Equine Industry, 2000. Central Surveys, Inc. Table 20.

Since the horse industry also involves a significant recreational dimension for owners, it is not surprising that the average annual level of expenditure on horse-related activities exceeds the average income flow from horse-related activities. In other words, owning horses is largely a consumption activity. Based on the 1996 and 2000 surveys, the annual expenditure per horse owner in 1995 averaged \$33,147 compared to an average income of \$19,994 per owner for those reporting any income. In 1999, these figures are average

expenses of \$66,966 per owner compared to average revenues of \$47,053 per owner for those reporting income in the horse survey. Aggregating expenditures to a statewide total based on the 2000 survey yields an estimated \$97.1 million total annual expenditure by Iowa horse owners (Table 4). The largest expense category was wages and training fees, averaging \$17,769 per owner, up from the \$8,550 per owner in 1990 and \$10,463 per owner in 1995. Purchases of agriculturally related supplies were also a major expense item. The 1996 survey reported average expenditure on hay, feed, and bedding of \$4,734 per owner, or \$5.8 million on a statewide basis. For 1999 we estimate the costs for this category as \$9,873 per owner, or \$14.3 million on a statewide basis, an increase of \$8.5 million from the 1995 totals.

Economic Impacts

The \$97.1 million of statewide expenditures obtained from aggregating the survey results becomes our basis for measuring the economic activity directly and indirectly associated with the Iowa horse industry. In addition to these agriculturally based and horse industry related expenditures, income earned by workers in these activities is spent on consumer services and main street businesses, thereby stimulating other sectors in the state's economy. The purchase of goods and services beyond the horse industry is part of the multiplier effect. An economic multiplier is referred to as the ratio of total direct and secondary spending to the initial direct effect. To identify and estimate these multiplier effects, an Input-Output model is configured for the state of Iowa and applied to this question of economic impacts. An I-O model is basically a general accounting system that details the transactions taking place among industries, businesses and consumers in an economy. These purchases and sales are adjusted for in state vs. out-of-state sources and then summed to arrive at estimates of total impacts arising from the direct effects of a policy scenario or an

economic event or activity. The I-O model used in this study is based on the IMPLAN system developed

Table 4. Average Annual Expenditures: Money Spent Annually Caring for and Maintaining Horses per Horseowner.

	1995	1999
Wages	\$10,463	\$17,769
Hay, Feed, Bedding	4,734	9,873
Vet Fees and Medicine	1,934	4,058
Farrier	816	1,536
Licenses	134	155
Taxes on Land	1,106	1,596
Nomination Fees	1,561	1,910
Commissions	1,746	5,606
Boarding of Horses	2,427	4,993
Tack & Stable Supplies	991	1,773
Insurance	772	1,393
Advertising	365	815
Vanning & Transportation	2,990	4,032
Miscellaneous	3,108	11,457
Average Total Expenditure	\$33,147	\$66,966
Estimated Horse Owners	1,224	1,450
Estimated Total Expenditures	\$40,571,000	\$97,100,000

Source: "Economic Impact Study, Iowa Equine Industry," 1996 and 2000.

initially by the U.S. Forest Service, but which has been extensively revised and improved to assess industrial and commercial sector activities in the U.S. economy and its sub-regions.

The basic scenario in this analysis looks at the overall importance and annual contribution of the horse industry to the Iowa economy based on the estimated levels of expenditures and horse investments identified in the 2000 survey. This approach is similar to quantifying the economic impact of removing the horse industry from the state. The resulting analysis incorporates the full range of linkages to the horse industry including input purchases

to multiplier effects associated with consumer related purchases by persons employed in the horse industry.

The results of the I-O analysis are presented in Table 5. The \$97.1 million of

Table 5. The Economic Impacts of the Horse Industry in Iowa, 1999.

	Producer Sales (\$1000)	Employment Compensation (\$1000)	Total Income (\$1,000)	Value Added (\$1,000)	Jobs
Horse Industry	97,100	11,651	25,644	26,926	1,055
Agriculture	32,006	1,663	10,911	11,156	490
Construction	5,357	1,101	2,019	2,047	53
Manufacturing	45,821	6,242	8,613	8,815	185
Transp, Comm & Utilities	9,296	2,774	4,948	5,448	91
Trade	11,427	5,898	7,823	9,324	363
Finance, Ins & Real Estate	13,485	1,996	5,905	7,732	104
Services	13,469	5,549	8,335	8,554	346
Government	913	411	656	656	11
TOTAL	228,879	37,290	74,858	80,662	2,698

expenditures detailed in Table 4 are used as the direct input to the I-O model, which then estimates the value of linkages to the rest of the Iowa economy. Based on estimates of output to worker ratios and wage levels contained in the I-O model, 1,055 jobs and \$ 25.6 million of total income are identified as the direct impacts. This \$97.1 million of direct total expenditures detailed in the first row of Table 4 is linked to \$131.8 million of additional spending in the rest of the Iowa economy. Overall, an estimated \$229 million of gross sales or output in the economy is directly or indirectly related to the Iowa horse industry for an output multiplier of 2.35 (\$229/\$97.1). Other indicators of impacts associated with the horse industry include 2,698 jobs, \$74.8 million of wage, salary and proprietor's income, and \$80.6 million of value added to the Iowa economy. These 1999 indicators are an increase over the 1,326 jobs, \$36.7 million of income, \$39.6 million of value added, and \$112.32 million of

sales identified in the 1997 and are the result of higher levels of per owner spending identified in the 2000 survey. These estimates of resources used in the Iowa horse industry are consistent with the survey results on number of workers employed and inputs purchased.

II. The Economic Impact of Live Horse Racing at Prairie Meadows

An additional component of the horse industry in Iowa is found at the Prairie Meadows Race Track in Altoona, Iowa. Seasonal racing at the track is one revenue source for the Iowa horse industry. As indicated in Table 1, 60 percent of the respondents to the survey in 2000 indicated that they had racing horses, and 16.6 percent of the horses owned by the respondents were racing horses. Were the track not in existence, the viability of this component of the Iowa horse industry would decline. According to Table 3, 52.6 percent of the survey respondents' revenues came from purses and prizes. Although not all purse and prize income comes from Prairie Meadows, the facility does represent an important revenue source for a significant portion of the Iowa horse industry. This section examines changes in racetrack revenues and impacts since 1997.

The economic impacts of Prairie Meadows horse racing activities are limited to the live racing—simulcast activities exist at the track as well, but are excluded from our analysis. According to Prairie Meadows officials, 66 workers with \$916,176 in wages are employed specifically to accommodate live racing. Additional demand for facility concessions and gaming activities from live racing attendees indirectly support approximately 150 additional workers at the Prairie Meadows facility. Totally, these 216 workers received about \$3.0 million in wages and salaries in 1999. These totals are similar to the employment and income levels in 1997 and are consistent with the small increase of 1,594 patrons between 1997 and 1999. Total income generated directly and indirectly by racetrack employees amounts to

\$4.79 million, and total value added, which included indirect taxes paid to state and local governments amounted to about \$6.9 million.

Total economic impacts associated with live racing are presented in Table 6. Live racing, along with the indirect and induced economic activity stimulated by live racing generated \$9.0 million in total incomes, and \$11.9 million in total value added. A total of 474 total seasonal jobs were also stimulated compared to a total of 471 jobs in 1997. The vast preponderance of these jobs are in the service and trade industries. The associated multiplier for jobs is 2.35, which means that for each direct job involved in live racing, there are an additional 1.35 jobs generated in other sectors. The income multiplier of 2.12 means that each dollar earned by live racing workers, there is \$1.12 earned elsewhere in the local economy. The additional workers added by the track since 1995 has resulted in \$1.9 million of higher income, \$2.8 million of higher value added, and 74 higher total job numbers since the 1996 study.

Table 6. The Economic Impacts of Horse Racing in Iowa, 1999.

	Producer Sales	Employment Compensation	Total Income	Value Added	Jobs
Live Horse Racing	7,230,000	2,191,200	3,495,862	5,053,420	216
Ag & Ag Services	135,882	13,669	46,323	48,441	2.5
Construction	468,470	96,318	176,562	184,259	4.3
Manufacturing	1,943,229	214,279	365,275	382,974	6.6
Transp, Comm & Utilities	712,605	185,042	379,324	438,447	5.1
Trade	2,303,936	1,177,208	1,577,290	1,905,885	78.2
Finance, Ins & Real Estate	2,483,179	296,169	1,068,234	1,423,814	12.2
Services	2,855,395	889,013	1,767,015	2,346,546	146.9
Government	168,754	80,244	121,252	124,749	<u>1.9</u>
TOTAL	18,301,450	5,142,545	8,996,580	11,907,616	473.7

III Tourism Impacts

Horse racing at Prairie Meadows is a major tourism attraction in Central Iowa; drawing a substantial numbers of visitors from the surrounding regions as well as being a major entertainment activity for Des Moines area residents. With an expansion of the live racing season to 98 days since 1997, and to 104 days in 1999, track attendance on race days has increased. This section estimates Prairie Meadows' impacts to tourism-related sectors of the Central Iowa economy.

Total attendance on the 104 race days at Prairie Meadows in 1999 was 1,148,397 or a daily average of 11,042. In contrast, attendance on non-racing days totaled 2,168,917 patrons, or a daily average of 8,310 visitors. The incremental attendance on race days of 2,732 visitors is credited to the presence of the live racing option on those days. Over the 104 days of the 1999 racing season, the incremental attendance implies a total seasonal attendance of 284,128 visitors compared to an increment of 282,534 patrons in 1997 season.

As tourists, many of the visitors to Prairie Meadows Live Racing purchase other area goods and services, which generate an economic impact. The level of spending on tourism related activities is driven by racetrack attendance and an estimate of per capita spending by these attendees. The base data on the spending pattern by racetrack visitors is derived from an earlier survey of racing participants adjusted to 1999 dollars. The survey collected information on visitor spending for several major categories of tourism and hospitality spending which are summarized in Table 7.

Table 7. Projected Tourism Related Purchases by Visitors to Prairie Meadows

Spending Category	Direct Spending (\$Millions)	Total Direct and Secondary (\$Millions)
Transportation	\$2.081	\$3.530
Lodging	\$0.250	\$0.425
Restaurants	\$0.806	\$1.289
Other Retail	\$0.077	\$0.123
Total	\$3.214	\$5.367

The steady growth of track visitors results in a substantial tourism contribution from the Prairie Meadows facility. An estimated \$3.214 million in retail and service purchases are made in the area. The greatest amounts of spending are for transportation and restaurant services, followed by lodging and all other retail spending. The tourism impacts represent the normal spending by out-of-town visitors to the facility. Nearly all visiting parties will require gasoline and meals, and a smaller fraction of visitors will require lodging.

Purse Impacts

Winnings by competitors represent an important source of income for the owners of racehorses in Iowa. To an extent, the purses paid by Prairie Meadows Live Racing represent a demand for racing horses. Accordingly, the purses help to support the state racehorse industry and its affiliated services, which in turn stimulate additional spending and impacts in the remainder of the state economy. As Iowa horses become more competitive, they can expect greater shares of total purses paid, which in turn helps to stimulate jobs in the total economy. Table 8 displays the distribution of purses and supplements to Iowa versus out of state owners. The total payout to Iowa and out-of-state owners is increasing. In the long run, the larger purses will lead to a continued improvement in the quality of horses in Iowa.

Table 8. Purse and Supplemental Distribution: Iowa Owners vs. Out-of-State Owners

	1999 (\$000)	1997 (\$000)	1996 (\$000)	1995 (\$000)
Iowa Owners	5,653	4,561	2,281*	1,511*
Out-of-State Owners	8,278	5,621	2,405*	1,498*
Total Purse & Supplements	13,931	10182	4,686	3,009

* Includes Horsemen's Fees for Stakes Races

Table 9 presents the impact of the purses paid by Prairie Meadow Live Racing. Line 1 of the table lists the direct impacts per million dollars of purse payments. These are the expected direct impacts on the expected expansion of horse industry activities in the state by horse owners. Line 2 lists the total impacts per million dollars of purse payments. These include the expected direct, indirect, and induced impacts of stimulating the horse industry. Line 3 and 4 list the direct and total estimated impacts, respectively, of purses paid in 1995. The 1995 impacts are presented in lines 5 and 6, the 1997 are in lines 7 and 8 and 1999 are in line 9 and 10. The \$5.653 million in purses paid to Iowa owners in 1999 stimulated 398 direct and indirect jobs in the industry and \$4.384 million in total wages and salaries.

Table 9. Purse Impacts of Live Racing.

	Purse	Employment Compensation	Proprietors' Income	Value Added	Jobs
Per \$ Million of Purse - Direct	\$1,000,000	\$365,477	\$485,568	\$682,215	29.9
Per \$ Million of Purse - Total	\$2,514,279	\$775,563	\$1,249,790	\$1,607,830	70.4
Impacts					
1995 Purse of \$1.511 Million - Direct	\$1,511,000	\$552,236	\$733,694	\$1,030,827	45.2
1995 Purse of \$1.511 Million - Total	\$3,799,076	\$1,171,875	\$1,888,433	\$2,429,431	106.4
1996 Purse of \$2.281 Million -Direct	\$2,281,000	\$833,654	\$1,107,582	\$1,556,132	68.2
1996 Purse of \$2.281 Million -Total	\$5,735,072	\$1,769,058	\$2,850,771	\$3,667,460	160.5
1997 Purse of \$4.561 Million - Direct	\$4,561,000	\$1,666,940	\$2,214,662	\$3,111,582	136.4
1997 Purse of \$4.561 Million - Total	\$11,466,354	\$3,537,342	\$5,700,292	\$7,333,312	321.1
1999 Purse of \$5.653 Million - Direct	\$5,653,241	\$2,066,041	\$2,744,915	\$3,856,561	169
1999 Purse of \$5.653 Million - Total	\$14,211,642	\$4,384,250	\$7,065,062	\$9,089,063	398

The values in Table 9 are an alternative representation of the value of purse payments in support of the Iowa horse industry. They are already included within the direct and total

impacts listed in Table 5 and are not to be added to any of the previous totals. These numbers are listed here only to illustrate the value of purse payments relative to impacts generated by the horse industry and in the remainder of the state economy.

References:

- "Economic Impact Study of the Iowa Equine Industry," Central Surveys, Inc. 1996.
- Survey tables from the Iowa Department of Agriculture and Land Stewardship.
- Financial data from Prairie Meadows officials for Fiscal 1997.
- "The Economic Impact of the Horse Industry in the United States, v. 1: National Summary," Barents Group, LLC. 1996.
- "Economic Impact Study: Shutdown Versus Operating Costs Analysis and Operational Suggestions for Prairie Meadows Racetrack," Arthur Anderson & Company, 1991.
- Otto, Daniel & David Swenson, "The Economic Impact of the Iowa Horse Industry and of Prairie Meadows Live Racing Activities," February 1996.



Boot Hill

GAMING

DODGE CITY, KS

Testimony before Senate Federal and

State Affairs Committee

March 13, 2003

Senate Fed & State

Date: 03 / 13 / 2003

Attachment # 24



**Testimony before the
Senate Federal and State Affairs Committee**

March 13, 2003

By:

**Jeff Thorpe
Board of Directors and Past Chair
Boot Hill Museum, Inc.
Dodge City, Kansas**

Boot Hill Museum, through its wholly owned subsidiary Boot Hill Gaming, represents the collective tourist and economic development interests of Dodge City to speak today in support of SB-226 to allow electronic gaming machines at racetracks and as it may be amended to include other certain locations.

Dodge City appreciates the kind reception by the Chair and conferees in hearing our testimony in support of expanded gaming, specifically as it relates to Southwest Kansas. For us, this is simply family business – develop a partnership that will increase tourism, economic development to Kansas, and generate meaningful tax revenues at the State, regional, and local levels. Governor Sebelius, speaking yesterday to Dodge City residents, stated that her administration “look to partnerships with local communities for tourism and travel as a strategy for growing this economy”. As one of Kansas’ primary destination center, Dodge City agrees.

Ford County and Dodge City voters took the lead several years ago when they approved a sales tax to build entertainment facilities. Today, we have a nationally recognized motor-speedway complex, state-of-the-art baseball and soccer facilities, and even a professional basketball team. This one-half-cent sales tax has no sunset and includes a commitment to fund a \$20 Million convention/special events center.

Now, Dodge City has developed a proposal to build a western-heritage gaming casino, hotel and convention center complex. This idea has been brought together through the cooperation of many sectors of Dodge City and their single focus to develop a first-class destination gaming/convention site that will ultimately benefit all of Southwest Kansas tourism – directly and indirectly.

Dodge City has served as the 'Entertainment Capital' of Southwest Kansas since 1872 when two clerks from Fort Dodge's sutler store opened the first saloon. In 1875 the cowboy made his appearance in Dodge City, finding numerous saloons like the Long Branch Saloon that would become legendary. Bat Masterson, Wyatt Earp, and Doc Holliday all ran gambling tables in Dodge City. Legends of these daring men, who could draw an ace as well as a pistol, still lives on in the town they helped make famous.

You can still find the Long Branch Saloon on Boot Hill – rest your foot on the brass rail and order the same brand of beer served over 125 years ago – listen to the melodies of Miss Kitty and enjoy the raucous dancing of Can Can girls.

Boot Hill Museum celebrates and markets the rich western heritage associated with Dodge City. Old west history clearly involved gaming parlors and games of chance. Dodge City has been a destination site in Kansas since 1872 and we're proud of our brand names – known worldwide. The re-introduction of gaming is a comfortable companion to Dodge's invitation to revisit the legend and our promise of 'Old West – New Excitement'.

Overview –

- Boot Hill Museum, through its for-profit subsidiary Boot Hill Gaming, would be the proposed licensee.
- A telephone poll completed two weeks ago revealed that 69% of Ford County residents approved the idea of an expanded gaming facility in Dodge City. A second poll of southwest Kansas residents provided a 61% approval rating. [Both polls were conducted by High Plains Publishers, with a 3% +/- degree of error]
- Boot Hill Gaming has developed architectural elevations and conceptual site design. The specific site indicated, if selected, is currently owned by the City of Dodge City, limiting land acquisition to areas required for adjacent parking.
- Boot Hill Gaming has agreed to proposed percentage splits of gaming revenue that will direct about 35% to State general fund, State and Southwest Kansas tourism, and local and county municipalities that will total nearly \$20 Million annually.

Dodge City is prepared to provide a first-class destination gaming facility. It's a very natural extension of our existing brand name – known world wide.

Gaming and Dodge City. We make it very simple – it just fits!



Gaming & Boot Hill

It Just Fits!

- Our History
- Boot Hill Museum
- Dodge City Tourism
- Facilities
- Research
- Financial Distribution



Boot Hill Gaming, Inc. • Dodge City

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History

- 1870's Cattletown
- Cowboys, Lawmen & Gamblers
- 1940's Boot Hill Museum
- 2003 Entertainment capital of Southwest Kansas



Boot Hill Gaming, Inc. • Dodge City

Boot Hill Museum

- 90,000+ visitors in 2002
- #1 Attraction in Dodge City
- Heritage and History of Dodge City
- Longbranch Saloon



Boot Hill Gaming, Inc. • Dodge City

Dodge City Tourism

- Local, State & National Promotions
- Visitors from 50 States & 47 international countries
- Potential for larger conventions
- Established Group Tour services
- Established auxiliary attractions



Boot Hill Gaming, Inc. • Dodge City

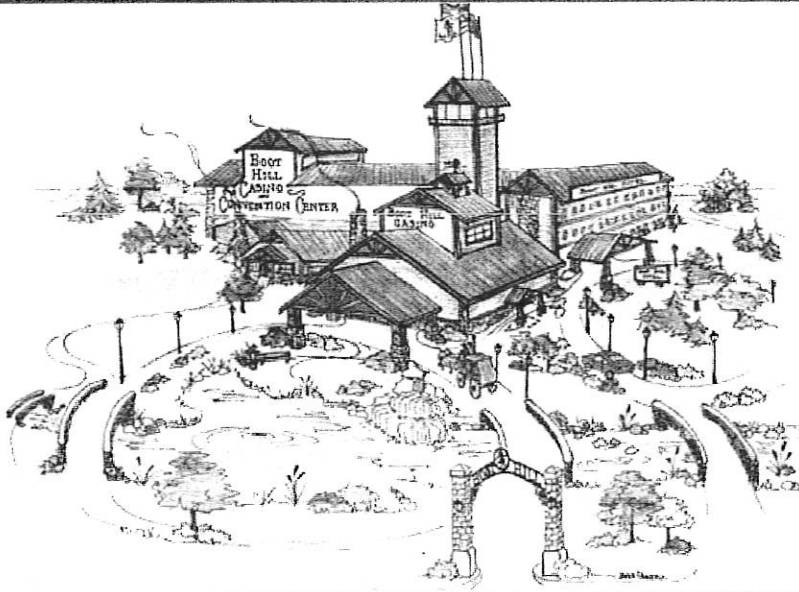
Facilities

- Casino
- Hotel
- Restaurant
- Theater
- Convention Center

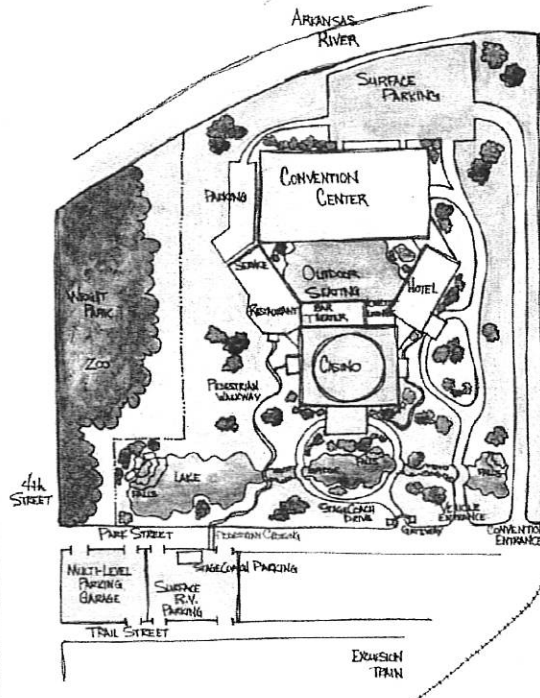


Boot Hill Gaming, Inc. • Dodge City

Boot Hill Casino & Hotel



Site Plan



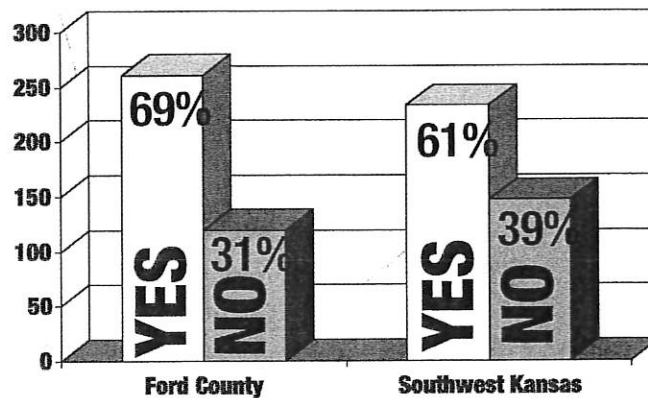
Research

“Would you support legalized, limited gaming in Dodge City?”



Boot Hill Gaming, Inc. • Dodge City

Research



Survey taken Feb. 26-March 3, 2003 • Margin of error: +/- 3%



Boot Hill Gaming, Inc. • Dodge City

March 13, 2003

The Honorable Nancey Harrington, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 143-N
Topeka, KS 66612

Senator Harrington and Federal and State Affairs Committee Members:

I am Robert Rodgers from Hesston, Kansas. I come before you first and foremost as a Kansan, a Kansas Horseman, and finally as President of the Kansas Horsemen's Association. (KHA). As some of you may know the KHA is the Breed Registry agency that contracts with the KS Racing and Gaming Commission to Administer the Kansas Bred Program. Our Board of Directors is made up of 5 people from the Kansas Quarter Horse Association and 5 people from the Kansas Thoroughbred Association.

Today I wish to speak in support of Senate Bill 208. This bill was brought by Senator Corbin. To my way of thinking it is the finest piece of "Slots at Racetrack" Legislation that we have seen to date. Sen. Corbin masterfully crafted this bill to benefit everybody. First the State gets 25% of NMI a figure higher than any other state. The Breeds (Horses and Dogs) get 5% each which is less than any other state. The Racetrack Operators get 58.5% which is more than any other state and various other entities get lesser amounts. This Bill is one that everybody can find reason to support.

The most important item is that the State get it's fair share to help alleviate the fiscal crisis in which we find ourselves. Secondly it is critical that the Breeds get adequate money for purses and for the Kansas Bred Programs in order to expand and grow our industry. All the money that stays in Kansas will be spent over and over again and expand the Agriculture economy of this our great state. Increased money flowing into our industry will attract new breeders and people from out of state to send their horses to Kansas. Money going to the Breeds is economic development pure and simple. We need only look as far as New Mexico and Louisiana to see how positive Slot Legislation has blossomed into a huge investment in these states. By making sure we get a minimum of 5% NMI we can hopefully make that happen. Senate Bill 226 only gives 3 ½ % which in my opinion is a Blueprint for disaster for the Horse Racing and Breeding Industry in Kansas. Since the beginning of the Pari-mutuel era in Kansas, Horseman have hoped that we would see widespread economic benefits in our industry and the Agriculture Industry at large. Unfortunately things didn't work out that way. We started with 102 days of racing, then the Racetracks cut our racing days to 75, then to 60, then to 20. Little wonder we are nervous when we look at Slot Legislation that gives the Breeds less than ½ the amount that most other states receive. What 3 ½ % means is that you have Racetracks piggy backing in on the backs of the Racing Industry to get their Casino with little concern for the Racing Industry at large, and Racetrack operators that make no bones about the fact they would wish to do away with racing or at least run a minimal amount of days.

Important components of any Slots Legislation that you consider are included in Senate Bill 208 and are as follows:

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(New Section 2) page 2

(f) (1) have sufficient financial resources to support activities required under this act.

(we lost horse racing opportunities (race days) due to track financial difficulties and eventual bankruptcy) *In the past*

(New Section 5) pages 6-7

(b) provides availability for wagering on horse and greyhound racing, by displaying live racing and installing parimutuel windows in locations where slot machines are located.

(c) (2) provide for minimum number of horse race days (65) and 10 live races conducted each program with a minimum of seven live thoroughbred and three live quarter horse per day. (65 is 20% of the total 2002 greyhound days-as required by 74-8813 (t))

(e) provides provisions for operation of slot machines at Eureka Downs and Anthony Downs.

(New Section 6) pages 7-8

(b) Live horse racing purse supplement fund - provides 20% of this fund for the Kansas Breeders Development fund divided 62.5% thoroughbred and 37.5% quarterhorses (in 2002 there were 54% thoroughbred horses and 46% quarterhorses registered in the state Kansas Bred program). Also provides for the remaining horse racing purse supplement fund to be divided 62.5% thoroughbred and 37.5% quarterhorses. (in 2002 there were 60.93% thoroughbreds and 39.02% quarterhorses racing at Kansas racetracks. (these figures were agreed as a result of years of meetings since 1996 with horsemen's groups, interested parties and the tracks) (c) Live greyhound purse supplement funds -outlines % distribution and point awards

(New Section 7) (b) pages 8-9

(7) five percent live horse racing purse supplement fund

(earlier years agreements with the horsemen and track was 8%)

(horsemen in Iowa receive 12%, in Louisiana 17% and in New Mexico 20%)

(8) five percent live greyhound purse supplement fund

(9) state general fund 25%

New Section 22) page 16

(a) allows for at-large parimutuel facility-not to be within 75 mile radius of a parimutuel location

(d) (4) & (5) supplements 5% horses and 5% greyhounds (7) state 36.5%

As you are aware there are several other bills supporting slot machines and/or casinos. I believe that Senate Bill 208 is the only bill that provides for legislation to promote and enhance the economic development of the Kansas horse and greyhound industries. These industries provide jobs and tax dollars. If other forms of gaming are allowed to compete in the same market area the parimutuel horse and greyhound facilities will most certainly not survive. If you go back to the parimutuel racing act 74-8804 (d) it says; the commission shall allocate equitably race meeting dates, racing days and hours to all organization licensees and assign such dates and hours within the same geographic market area. I believe that when parimutuel was passed by the people of the State of Kansas, they believed that the parimutuel horse and greyhound industries would provide much needed economic development to the State of Kansas and revenue to the state.

Thank you for your attention and best wishes as you deal with so many important matters for our state and for the people of Kansas.

Sincerely,

Robert Rodgers

Robert Rodgers

President, KHA

~~_____~~

The Kansas Quarter Horse Racing Association

P.O. Box 228 • 210 N. Jefferson • Eureka, KS 67045
Phone 620/583-7510 • Toll Free 1-866-583-7510 • FAX 620/583-7118
Web Page Address: www.kqhra.com • E-Mail: kqhra@eureka Herald.com

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

I am Paul Treadwell, Member of the Board of Directors and 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 **Senate Bill 208 and Senate Bill 226** (as amended by the proposed conceptual amendment offered here this morning by the Governor's staff).

As a Breeder of Quarter Horses, 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 **Senate Bill 208 and Senate Bill 226** (as conceptually amended) 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 began our sixth year of Kansas regulated parimutuel racing. 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

Alton Hoover
PRESIDENT, KQHRA
1231 Road 130 • Emporia, KS 66801
620/342-7610

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

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that has proved itself many times. **Senate Bill 208 and Senate Bill 226** (as conceptually amended) is a logical and healthy extension of that industry's activities, and we think that electronic gaming devices can also be a well-run and regulated addition to our racing programs as well as a significant revenue generator for Kansas government.

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 **Senate Bill 208 and Senate Bill 226** (as conceptually amended) 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 **Senate Bill 208 and Senate Bill 226** (as conceptually amended).

Sincerely,

Paul Treadwell
Member, Legislative Committee and Board of Directors
Kansas Quarter Horse Racing Association



GOVERNMENT RELATIONS

Sedgwick County Courthouse
525 N. Main, Suite 365
Wichita, KS 67203
Phone: (316) 660-9378
Fax: (316) 383-7946
mpepoon@sedgwick.gov

Michael D. Pepoon
Director

TESTIMIMONY SB 226
SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS
MARCH 13, 2003

Madam Chair and members of the committee, I appreciate the opportunity to present written testimony concerning SB 226 on behalf of the Board of County Commissioners of Sedgwick County. SB 226 is a bill that would provide for expanded gaming in the form of slot machines and other electronic gaming equipment at the parimutual racetracks in the state of Kansas.

Sedgwick County does not take a position on whether there should be expanded gaming in the state of Kansas. In large part, this issue has been settled for many years with the Indian casinos operating a few miles north of Topeka and providing a broad array of gambling services to the citizens of our state. But Sedgwick County supports provisions in the bill that would allow the board of county commissioners of a county where a parimutual licensee is located to adopt a resolution allowing the citizens of said county the right to vote on whether there should be expanded gaming at the parimutual racetrack located in that county. In effect, giving Sedgwick County citizens the option of driving a few miles north of Wichita to engage in this form of entertainment as opposed to driving 150 miles to Topeka or even farther to the riverboats in Kansas City, Missouri. Sedgwick County also strongly supports measures in the bill allowing counties where expanded gaming is created to have a percentage of the proceeds from such gaming.

One provision in SB 226 that needs to be amended deals with the percentage of money that Sedgwick County would receive pursuant to this proposed legislation. SB 226 in its current form provides that a county receives 1.5% of the net proceeds and the "city where the parimutual track is located" receives 1.5%. The Wichita Greyhound Park is located on county-owned property and is not located within a city. Thus we would propose language that would provide that in any county wherein a racetrack is located that is not also located in a city, that said county should receive 3% of the net proceeds. Sedgwick County could then use this money to the benefit of the taxpayers in all of the cities located in the County.

In summary, whether gaming should be expanded in the state of Kansas is a difficult decision that should be left to the discretion of the voters to decide what they feel is best for their community. For the above reasons we ask your support SB 226.

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