

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on February 17, 2004 in Room 231-N of the Capitol.

All members were present.

Committee staff present:

Russell Mills, Legislative Research
Dennis Hodgins, Legislative Research
Theresa Kiernan, Revisor of Statutes' Office
John Beverlin, Committee Secretary

Conferees appearing before the committee:

Larry Waldrop, Riverfalls Gaming LLC.
John Pinegar, Butler National Corporation
Matthew All, Chief Council, Governor's Office
Dan Carey, President, Benedictine College
Rod Barnes, City Manager, Junction City
David Bossemeyer, President / CEO, Junction City Area Chamber of Commerce
Mike Taylor, Unified Government of Wyandotte County
Larry Seckington, Woodlands Racetrack
Tom Manning, Director of Marketing, Prairie Meadows Racetrack of Iowa
Betty Melson, Director of Economic Development, Greenwood County Kansas
Robin Jennison, Ruffin Companies
Jeff Rutland, Kansas Quarter Horse Racing Association
Doug Lawrence, Kansas Greyhound Association
Steve Ward, President, Kansas Greyhound Association
Pam Davis, Kansas Thoroughbred Association
Steve Kerney, Kansas Fraternal Organizations

Others attending:

See Attached List.

Chairperson Brungardt called the meeting to order and opened the hearing on **SB 499--Kansas expanded gaming opportunity act; authorizing destination casinos, electronic and video gaming and other games at certain locations**. He welcomed Larry Waldrop to the podium.

Mr. Waldrop presented testimony in favor of **SB 499** (Attachment 1).

Chairperson Brungardt thanked Mr. Waldrop and welcomed John Pinegar to the podium.

Mr. Pinegar presented testimony in favor of **SB 499** (Attachment 2).

Chairperson Brungardt thanked Mr. Pinegar and welcomed Matthew All to the podium.

Mr. All presented testimony in favor of **SB 499** and provided possible amendments to the bill (Attachment 3).

Chairperson Brungardt thanked Mr. All and welcomed Dan Carey to the podium.

Mr. Carey presented testimony in favor of **SB 499** (Attachment 4), including an amendment to the bill (Attachment 5).

Chairperson Brungardt thanked Mr. Carey and welcomed Rod Barnes to the podium.

Mr. Barnes presented testimony in favor of **SB 499** and provided reasons for including Junction City Kansas as a location for consideration of a destination casino (Attachment 6) and (Attachment 7).

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:30 a.m. on February 17, 2004 in Room 231-N of the Capitol.

Chairperson Brungardt thanked Mr. Barnes and welcomed David Bossemeyer to the podium.

Mr. Bossemeyer presented testimony in favor of **SB 499** ([Attachment 8](#)).

Chairperson Brungardt thanked Mr. Bossemeyer and welcomed Mike Taylor to the podium.

Mr. Taylor presented testimony in favor of **SB 499** ([Attachment 9](#)).

Chairperson Brungardt thanked Mr. Taylor and welcomed Larry Seckington to the podium.

Mr. Seckington presented testimony in favor of **SB 499** and the desire of the Woodlands to include a destination casino ([Attachment 10](#)).

Chairperson Brungardt thanked Mr. Seckington and welcomed Tom Manning to the podium.

Mr. Manning presented testimony in favor of **SB 499** including material that presents the economic impact of Prairie Meadows Racetrack on Iowa's economy and the racehorse industry ([Attachment 11](#)).

Chairperson Brungardt thanked Mr. Manning and welcomed Betty Melson to the podium.

Ms. Melson presented testimony in favor of **SB 499** including the economic effect of Eureka Downs on the local and state economy ([Attachment 12](#)).

Chairperson Brungardt thanked Ms. Melson and welcomed Robin Jennison to the podium.

Mr. Jennison presented testimony in favor of **SB 499** ([Attachment 13](#)). He asked the committee to consider the number of VLTs allowed in para-mutuel facilities.

Chairperson Brungardt thanked Mr. Jennison and welcomed Jeff Rutland to the podium.

Mr. Rutland presented testimony in favor of **SB 499** ([Attachment 14](#)).

Chairperson Brungardt thanked Mr. Rutland and welcomed Doug Lawrence to the podium.

Mr. Lawrence presented testimony in favor of **SB 499** ([Attachment 15](#)).

Chairperson Brungardt thanked Mr. Lawrence and welcomed Steve Ward to the podium.

Mr. Ward presented testimony in favor of **SB 499** ([Attachment 16](#)).

Chairperson Brungardt thanked Mr. Ward and welcomed Pam Davis.

Ms. Davis presented testimony in favor of **SB 499** ([Attachment 17](#)). She also talked about the 1996 Kansas Equine Survey.

Chairperson Brungardt thanked Ms. Davis and welcomed Steve Kearney to the podium.

Mr. Kearney presented testimony in favor of **SB 499** ([Attachment 18](#)) concerning fraternal organizations and their desire to be included in expanded gaming.

Chairperson Brungardt thanked Mr. Kearney and pointed out to the committee written testimony that had been handed-out.

Written testimony presented came from Mayor Carlos Mayans of the City of Wichita ([Attachment 19](#)), Michael Pepoon of Sedgwick County ([Attachment 20](#)), Jim DeHoff of Kansas AFL-CIO ([Attachment 21](#)), and Wayne Ward of the Kansas Greyhound Kennel Owner's Association ([Attachment 22](#)).

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:30 a.m. on February 17, 2004 in Room 231-N of the Capitol.

Chairperson Brungardt asked the committee for questions. None were asked.

The meeting was adjourned at 11:50 a.m. The next meeting is scheduled for February 18, 2004 at 10:30 a.m. in room 231-N.

Senate Federal and State Affairs Committee

Date: ~~FEBRUARY~~ 17, 2004

Name:

Representing:

Doug Penner	KICA
Dan Carey	Benedictine U.
Bob Kelly	KICA
TOM PALACE	PMCA OF KANSAS
John Frederica	Federica Consulty / Havrah's
Larry Seckington	KANSAS RACING LLC
JOHN C. BOTTENBERG	KANSAS RACING, LLC
Glenn Thompson	Stand Up For Ks.
John D. Pinegar	Butler National Corp.
Shuly Allen	Butler National Corp.
Paul Stump	KANSAS VETERANS OFF FOREIGN WARS
E. J. "Tom" Jan	Sn. Vice Com VFW Dist 1
B. J. Mc Lee	Commander VFW Post 1650
Howard Perer	VFW 1650 Post Dist Pndn,
Oryan W Wood	1 st Dist Quartermaster
Victor E. Poe Jr.	1 st DIST COMMANDER - VFW
Betty Nelson	Eureka City + Greenwood County
DAVE JOHNSON	No one - Just Interest
Tracy Wildey	Kansas Greyhound Assn.
ALAN PIPER	KANSAS GREYHOUND ASSC.
Steven Ward	Kansas Greyhound Assn.
Robert Rodgers	KS Horseman's Assoc.
DOUG LAWRENCE	KS Greyhounds Assn.
Rod Barmen	City of Junction City

Senate Federal and State Affairs Committee

Date: ~~FEBRUARY~~ 17, 2004

Name:

Representing:

David O Bissemey

Junction City Chamber

Lance Burr

Kickapoo Nation

Larry Cope

Junction City Econ Dev.

Ruth Ann Schoonover

self

Richard Stuckey

ELKS

Robin Jannison

Ruffin Companies

Whitney Damron

Kickapoo Tribe / Sac & Fox Nation

Justin Harelison

Little Government Relations

David Asmann

Kansas Throughbred Assoc

Bill M'Conry

17 12

**LARRY WALDROP
MANAGING MEMBER, RIVER FALLS ENTERTAINMENT LLC**

**Before the Senate Federal and State Affairs Committee
February 17, 2004**

Chairman Brungardt and members of the Committee, I thank you for the opportunity to address you concerning this very important issue today. I would also like to thank Governor Sebelius for introducing this proposed legislation.

River Falls Entertainment has proposed a "Destination Resort Casino" in Edwardsville, Wyandotte County that would bring a world class facility which would include a casino of over 80,000 square feet, a 400 room hotel, conference and convention space and a 2,000 seat performance theatre to attract current Branson tourist. In addition, the River Falls development team will direct a master planned development that will include 250,000 square feet of retail, an 18-hole golf course and 395 homes. With development cost approaching \$250 million, our proposed development will have a tremendous economic impact on Kansas and Wyandotte County while creating a true tourist attraction for the State of Kansas.

River Falls Entertainment supports Senate Bill 499, but there are several issues we feel should be addressed for clarification or change that will make this bill better for the citizens of Kansas.

First of all, the current language of the bill seems to minimize the authority and control of local governments in negotiating with prospective developers/managers of proposed destination resort casinos. We feel there are three areas that the local governments should have the authority to negotiate with the developer/manager. First, the city or county should be able to select the proposal that is located on a site that best fits the local governments master development plans. Secondly the city or county should be able to select the proposal that the local government feels will add the most to their community in economic development and tourism. And finally, the city or county should be able to negotiate with the developer/manager for a plan that has the most economic benefit for the local government. It appears that the current language of the bill gives absolute power for these decisions to the Destination Casino Committee that would be formed.

In discussions with various local governing bodies, some who will testify before you today, they feel that they should negotiate with prospective resort casino developers/managers and then have the developer/manager's plan and qualifications approved by the Commission. The Destination Casino Commission should serve as a quality assurance commission and not a selection committee that could in fact force the local governments to work with an entity they have not had the opportunity to develop a plan that best fits the local jurisdiction's master plans.

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Attachment: # **1**

Secondly, we feel that the bill restricts the State of Kansas from maximizing revenue by in essence granting regional exclusivity to one developer/manager. The bill states that once a developer/manager has received the authority to build a destination resort casino, no other facilities can be approved within a 50-mile radius for a minimum period of two years. Even though as a prospective developer/manager you might expect River Falls Entertainment to relish the prospects of having a monopoly, but we feel that the market should dictate the number of facilities to be built in Wyandotte County. It is suggested that this provision is in the bill to protect the state's interest and not have the state compete against itself. The state has nothing at risk since the developer/manager will finance and build the resort casino facility with no recourse to the state. Therefore, the lending institutions should be the ones that determine the market saturation point. The Kansas City Metro area and particularly Wyandotte County, with all the attractions of Village West, can support multiple facilities today. Should Kansans be concerned that a Missouri riverboats business be reduced with competition from Kansas, I believe not.

Another major reason that multiple facilities should be allowed in Wyandotte County is that multiple resorts will attract more tourists. As with a restaurant row or an auto mall, people like options and with more options, more tourists will visit the area. A prime example of the success of multiple resort casinos is Tunica, Mississippi. This small town is 35 miles south of Memphis, Tennessee and is the third largest gaming destination location in the country behind only Las Vegas and Atlantic City. Tunica would not attract those numbers of tourist if it only had one casino, instead of nine.

The last issue we would like to address is the length of the management contract. The bill calls for a term of not less than ten years. We strongly feel that the management contract term should be for a term of not less than fifteen years. An investment of between \$150 million and \$200 million in a resort casino will require a longer term to satisfy lending institutions.

We believe allowing the Kansas Lottery to have resort casinos and allowing multiple locations can produce up to \$200 million a year to the state's treasury that can have a significant impact on education.

**Testimony to the
Senate Committee of Federal & State Affairs
Senate Bill No. 499
by
John D. Pinegar
February 17, 2004**

Mr. Chairman, Members of the Committee:

Thank you, for the opportunity to appear before you today. I am John Pinegar and represent Butler National Corporation. I appear today in support of Senate Bill 499 with proposed amendments contained in this testimony.

Butler National is a Kansas Corporation based in Olathe, with facilities in Newton and Wichita. Butler National was the 2002 Kansas Exporter of the year. The company provides aviation modification services, avionics, environmental monitoring equipment and gaming management services.

Senate Bill 499 provides opportunities for communities such as Junction City, Dodge City, or Wyandotte County to enhance their local tourism efforts and stimulate the local economy with a destination gaming facility.

More importantly, Senate Bill 499 also offers the State a much-needed opportunity to increase its revenue base in light of the significant budget shortfalls. We believe that with some modifications, Senate Bill 499 offers a framework that can provide significant new revenues for the State in FY 2005.

State Revenue Accelerator – "Accelerated destination casino net payment"

We would suggest the modification of the definition of the "Accelerated destination casino net payment", new §3(a), to require a change of the word "may" to "shall". We believe any manager of a destination casino should make a payment to the State of \$15,000 per electronic gaming machine, for each electronic gaming machine that the manager expects to have at the respective destination casino. This would prohibit any preferential treatment among managers.

Additionally, we suggest that the acceleration of a portion of the state's share of future revenues should be recovered over a fixed 5-year period with fixed start and end dates to allow for certainty in financing. We suggest that the language on page 3, lines 27-28 be restated to be certain that the accelerated payment shall be "repaid over five years beginning on the date the accelerated payment is due. The accelerated payment shall be due upon the opening of the destination casino."

Destination Casino Proposal Requirements

Referencing §5(c)(3) of Senate Bill 499, the financial commitment to a destination location appears to have some relationship with the draw of gaming consumers. The proposed legislation suggests that a \$75 million investment is exempt from a requirement to prove that the facility draws non-residents, and a \$30 million investment requires proof the facility will draw 15% non-

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Attachment: # 2

residents. If a \$50 million facility were to be constructed, would there be an 8% non-resident consumer requirement? We suggest the correlation between investment and non-resident draw is misplaced and that the 15% factor be removed.

The Number of Destination Casinos

Based upon language of Senate Bill 499, the Governor supports the development of five destination casinos. With the objective of maximizing revenue to the State, we suggest that all five locations be authorized.

Consistent with the concept of the bill that the State will operate 5 destination locations, the language of §5(d) should be corrected. We suggest a technical correction of page 9, lines 6-7 to state: “commission shall select [delete “the”] proposals, that in the judgment of the destination casino commission, are [delete “is”]. . .”

The Governor has stated that she does not support exclusivity. However, section 5(f) of the SB 499 offers a two-year start up advantage to destination casinos receiving certificates of authorization and management contracts. We suggest that there is no need for a two-year head start. However, if an exclusive market advantage is deemed necessary by the legislature, we suggest that a more reasonable mileage separation requirement would be 30 miles. The bill needs a clarifier as to whether miles are determined by the roadway system or “as the crow flies”. We would suggest that the road system is most appropriate.

Dedicated Funding

§6(c)(4) provides for “not less than 22%” to the State. In performing feasibility analysis, we have used the fixed 22% value, and we are proceeding under the presumption that the “fixed number” will be very close to 22%. For the purposes of obtaining firm financing commitments, we suggest that the “not less than” restriction be removed, and that a firm number, if not 22%, be incorporated. All percentages in the bill should be specifically defined to provide clarity.

Practical Financial Organization

Under the concept of Kansas-owned Gaming, the State is in full control of the money from its customers and all other financial aspects. We suggest modification of sections 21-24 to reflect a more efficient and practical approach to arriving at the result proposed in Senate Bill 499.

Every night, the money from each casino game is transferred to a destination casino account held by the State. After deposit to the State’s account for the respective casino, 28.5% (22% to general fund, 4% to local governments, 2% to the Lottery, 0.5% to problem gambling) should be transferred to the state treasurer for distribution. Following this distribution to the state treasurer, the balance is distributed to the manager for payment of operating expenses, debt service and fees. The immediate payment of the balance for payment of expenses decreases the burdens and paperwork requirements of the lottery commission.

Thank you again for the opportunity to appear today and we will be happy to answer any questions.



KANSAS

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

Testimony on the SB 499,
The Kansas Expanded Gaming Opportunity Act

MATTHEW D. ALL
Chief Counsel to the Governor

Before the SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS
Tuesday, February 17, 2004

Mister Chairman and Members of the Committee:

Thank you for considering and receiving testimony on SB 499, the Expanded Gaming Opportunity Act. We believe this Act will create jobs, encourage investment, attract tourists, and support agribusiness and educational opportunities through gaming in Kansas. I have met with each of you, and I hope I have answered any questions you may have. If not, I would be happy to meet with you at any time to discuss the bill further.

Because of the lack of time and the large number of proponents on today's schedule, I will stand on the testimony I presented, both orally and in writing, last Tuesday.

I would like to point out two specific provisions in SB 499 that require editing:

- **Page 8, line 35:** the percentage should be 25%, not 15%.
- **Section 6(b), beginning on page 12:** This subsection should refer to the percentage of money to be directed to the breeds, as developed through the process described in Section 5(b).

I am certain that others will find additional provisions in need of editing or revision. We believe this is a healthy part of the lawmaking process, and we look forward to working with you and others on SB 499.

I would be happy to stand for any questions you have today.



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Testimony before the Committee on Federal and State Affairs
SB 499 – Student Aid Component and Amendments
February 17, 2004

Mr. Chairman, members of the Committee, I am Dr. Dan Carey, President of Benedictine College, Atchison. I am not going to testify on the merits of gaming or the array of gaming options that Kansas should offer, since I have no expertise in that area. Instead, I am here to support the Governor's program to expand the State Scholarship and Comprehensive Grant programs contained in SB 499. The proposal excites me because it is an excellent way to earmark gaming funds, supporting postsecondary education opportunities for Kansas students.

The Governor's student aid proposal was developed by my good friend, Dr. Robert Kelly, the first state student aid director and a noted national expert on student aid. Bob initially developed this proposal when he served on a Board of Regents Student Aid Task Force a few years ago. He is here to answer any technical questions on the financial aid proposal. He will also answer any questions on the proposed amendments to implement the Governor's student aid proposal

This is the right proposal for the following reasons:

1. Kansas has an excellent, but underfunded, array of student aid programs. This proposal provides more funding to meet under-funded needs.
2. The current programs have two significant gaps: (a) no merit scholarships and (b) limited community college eligibility. This proposal fills these gaps.
3. Gaming does not produce the substantial revenues that most public policies, such as elementary and secondary education, require. Student aid does not demand great resources. This proposal matches program needs and revenues.
4. Gaming revenues need to be phased in; student aid programming requires four years to fund a first-year recipient to graduation. This proposal fits a phased in timetable.
5. The Governor recommended a substantial increase in Comprehensive Grant funding in her FY04 and FY05 budgets. She believed gaming could be an important revenue resource. This proposal brings together these programmatic and revenue initiatives.

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Attachment: # 4

As for the proposal itself, please look at the attached document, and I will emphasize the high points.

1. The State Scholarship Program. This program has been in existence for 40 years, but it is woefully underfunded at \$1 million. Under the program, the top 7% of Kansas high school graduates are selected as state scholars - - a good idea but only those with financial need receive scholarships and only for \$1,000 a year. We propose that all state scholars who enroll in a Kansas college or university receive \$1,500 a year in recognition of their academic excellence. This will aid economic development by stemming the "brain drain" and encouraging academic success. In addition, we propose that state scholars with financial need receive up to an additional \$1,500. The total will be \$3,000 or financial need, whichever is less. Students could renew their scholarships for up to four years, if they maintain a "B" average.
2. The Comprehensive Grant Program. This is the major state financial aid program for needy Kansas students attending Kansas independent colleges, such as Benedictine, or four-year public universities, such as K-State. The program is very well-designed and well-received; but it is underfunded. With gaming money, community college students can be added. Helping needy Kansans receive a Kansas college education will greatly help economic development.
3. Phased-In Funding. The proposal earmarks \$7.5 million the first year, \$15 million the next, then \$22.5 million and \$30 million, with the amounts divided equally between the State Scholarship and Comprehensive Grant programs.
4. Benefits of Aid Component. For emphasis, I will read from the green paper:
 - 1) Provide financial awards for our best high school seniors to enroll in Kansas postsecondary schools.
 - 2) Double the value of a state scholarship for superior students with financial need
 - 3) Foster economic development by providing financial incentives for outstanding Kansas students to attend college in Kansas and graduate in four years at a four-year college and two years at a two-year college.
 - 4) Allow Comprehensive Grant funds to cover the increase in public university tuitions for needy students.
 - 5) Make college more affordable for needy two-year college students.
 - 6) Improve access for all Kansas postsecondary students.
 - 7) Free up modest General Fund amounts to address other fiscal areas.

In conclusion, for a modest investment of gaming moneys, we honor and reward our outstanding high school graduates and help needy Kansans to attend our colleges and universities. Helping superior young people and enhancing future economic development are sound investments for revenues received from gaming.

Thank you. Bob and I would be pleased to answer any questions.

Student Assistance Initiative for Earmarked Gaming Funds

Purposes

- Enhance the existing student assistance programs so that they improve access, reward quality, and foster economic development.
- Establish a policy goal for limited earmarked revenues generated by a state gaming program.

Student Aid Component to Augment the Kansas State Scholarship Program

1. Earmark \$3.75 million increasing each year for four years (15 million in year four).
2. Award \$1,500 a year to every Kansas high school senior who qualifies as a state scholar (app. 2,000-2,250, 7% of high school graduates) and enrolls at a Kansas postsecondary institution.
3. Improve the present State Scholarship program by providing an additional \$1,500 (the total not to exceed the amount of financial need) to every needy Kansas state scholar who enrolls at a Kansas institution.
4. Continue to provide for four years (two years for two-year programs; five years for five-year programs) \$1,500 state scholarships to Kansas state scholars who are enrolled at a Kansas postsecondary institution and maintaining a 3.0 GPA. Additional stipends of up to \$1,500 would be available for those scholars with financial need.

Expand the Comprehensive Grant Program

1. Earmark \$3.75 million increasing each year for four years (\$15 million earmarked in year four).
2. Assist more eligible public university students and increase the award maximums (one-half of annual tuition and fees) due to increased public university tuitions.
3. Provide funds so that public university state scholars whose tuition and fees exceed \$3,000 have the entire amount paid by state funds.
4. Continue to support independent college students by funding more eligible students and having maximum awards grow to the statutory limit (one-half the difference between average public university and average independent college annual tuition).
5. Expand eligibility to include community college and accredited technical college students.
6. Require all awards to be subject to present requirements:
 - Statutory maximums
 - Full-time enrollment, 12 hours per semester
 - 2.00 GPA for renewal
 - Four, five, or two years to degree

BENEFITS OF AID COMPONENT:

1. Provide financial awards for our best high school seniors to enroll in Kansas postsecondary schools.
2. Double the value of a state scholarship for superior students with financial need
3. Foster economic development by providing financial incentives for outstanding Kansas students to attend college in Kansas and graduate in four years.
4. Allow Comprehensive Grant funds to cover the increase in public university tuitions for needy students.
5. Make college more affordable for needy two-year college students.
6. Improve access for all Kansas postsecondary students.
7. Free up modest General Fund amounts to address other fiscal areas.

Gaming Component

- Target gaming revenues such that \$7.5 million in FY05, \$15 million in FY06, \$22.5 million in FY07, and \$30 million in FY08 and subsequent years are earmarked to be expended on state student assistance programs.

BENEFITS OF GAMING COMPONENT:

1. Student aid funding can be controlled to match available gaming revenues.
2. Gaming revenues can have a major impact on student access.

Funding Detail

State Scholarship Program

The present state General Fund appropriation for the State Scholarship program is approximately \$1.2 million. It is suggested that the amount be maintained to cover all continuing scholars and support a first-year possible shortfall. In the fourth year, the General Fund support could be phased out. The detail below relates solely to gaming revenues.

Year One	Designated State Scholars (2,000-2,250)		
FY05	Attending Kansas postsecondary institution (est.)	1,600 @ \$1,500	\$2.85 M
\$3.75M	Number with financial need (est.)	900 @ \$1,500	1.35 M
TOTAL	Freshman funding amount (est.)		\$4.20 M

Year Two	Designated State Scholars (2,000-2,250)		
FYO6	Est. Freshmen funding amount (same as FY05)		\$4.20 M
\$7.50M	Sophomore enrolled full-time with 3.0 GPA (est.)	1,600 @ \$1,500	2.40 M
	Sophomore need-based eligible scholars (est.)	750 @ \$1,500	1.125M
TOTAL	Freshmen, Sophomores funding amount (est.)		\$7.725M

Year Three	Designated State Scholars (2,000-2,250)		
FY07	Est. Freshmen, Sophomores funding amt. (same as FYO6)		\$7.725 M
\$11.25M	Juniors enrolled full-time with 3.0 GPA (est.)	1,500 @ \$1,500	2.250 M
	Juniors need-based eligible scholars (est.)	750 @ \$1,500	1.125 M
TOTAL	Freshmen, Sophomores, Juniors funding amount (est.)		\$11.1 M

Year Four	Designated State Scholars (2,000-2,250)		
FY08	Est. Freshmen, Sophomores, Juniors funding level (same as FY07)		\$11.1 M
\$15M	Seniors enrolled full-time with 3.0 GPA (est.)	1,500 @ \$1,500	2.25 M
	Seniors need-based eligible scholars (est.)	750 @ \$1,500	1.125M
TOTAL	Freshmen, Sophomores, Juniors, Seniors funding amount (est.)		\$14.475M

Comprehensive Grant

The program is presently funded at approximately \$12.4 million, about \$10.4 million from the General Fund and \$1 million each in EDIF (lottery) and federal funds. The statute requires that Comprehensive Grant recipients be needy Kansas residents enrolled full-time at Kansas independent colleges or four-year public universities. It is proposed that two-year accredited public colleges be added. To be fully funded, the program would require around \$40 million.

Other problems to be addressed are:

1. Community college tuitions have risen and the students can use financial assistance. However, funding limitations have precluded the colleges from being eligible.
2. In FY03, 4,089 public four-year university students received awards, but 29,000 were eligible. The maximum award was approximately \$1,400 (one-half tuition and fees) in FY02 and has increased considerably at KU and KSU.
3. For independent college students, the underfunding is noted in reduced maximum grants as well as unfunded applicants. There were 2,600 recipients and 1,700 eligible unfunded applicants; however, the maximum grant was only \$3,000 while the legal maximum is approximately \$4,500.
4. The Board of Regents, using the statutory Comprehensive Grant Advisory Committee, has the authority to allocate funds to institutions and sectors on the basis of financial need.

72-6810

**SCHOOLS STATE SCHOLARSHIP PROGRAM
FOR STUDENTS AT INSTITUTIONS OF POSTSECONDARY EDUCATION**

72-6810. Definitions. As used in this act: (a) "State scholarship" means an award under this act by this state to a state scholar. ~~who has established financial need.~~

(b) "Supplemental state scholarship" means an award under this act by this state to a state scholar who has established financial need and means a state scholarship awarded to state scholars designated prior to July 1, 2004.

(b) (c) "State scholar" means a full-time, in-state student who has exhibited scholastic ability and who is initially acceptable for entering an eligible institution or who has so entered and is in good standing and making satisfactory progress.

(e) (d) "Full-time, in-state student" means a person who is a resident of Kansas and who is enrolled at an eligible institution in an educational program for at least 12 hours each semester or the equivalent thereof, or who is regularly enrolled at an eligible institution in a vocational or technical education program. The board of regents shall determine the number of hours for terms or program periods other than semesters to constitute the equivalent of 12 hours.

(d) (e) "Financial need" means the difference between the available financial resources of a student and such student's total anticipated expenses to attend an eligible institution. A student's financial resources shall include (1) four hundred and fifty dollars each year from the student's own work and resources, and (2) a contribution from the income and assets of the student's parents, if sufficient, as determined by a completed financial needs analysis statement and based upon the accepted criteria of a nationally recognized financial needs analysis agency. Financial need shall be redetermined annually.

(e) (f) "Eligible institution" means an institution of postsecondary education which maintains open enrollment, the main campus or principal place of operation of which is located in Kansas, and which qualifies as an eligible institution for the federal guaranteed-loan program under the higher education act of 1965 (P.L. 89-329), as amended.

(f) (g) "Open enrollment" means the policy of an institution of postsecondary education which provides the opportunity of enrollment for any student who meets its academic and other reasonable enrollment requirements, without regard for race, gender, religion, creed or national origin.

(g) (h) "Board of regents" means the state board of regents provided for in the constitution of this state and described in article 32 of chapter 74 of Kansas Statutes Annotated.

(h) (i) "Term" means one of two or more divisions of an academic year of an institution of postsecondary education in which substantially all courses begin and end at substantially the same time and during which instruction is regularly given to students.

(i) (j) "Semester" means one of two principal terms, when there are only two principal terms in the academic year, whether or not there are other shorter terms during the same academic year.

(j) (k) "Program period" means the duration of the period of time, or any division thereof, required for completion of a vocational or technical education program which is given in an institution of postsecondary education.

History: L. 1974, ch. 304, § 1; L. 1975, ch. 374, § 8; L. 1977, ch. 237, § 8; L. 1977, ch. 249, § 1; L. 1979, ch. 229, § 3; L. 1986, ch. 274, § 1; July 1.

72-6811

72-6811. Awarding state scholarships; limitation; determination of equivalent of semesters. A state scholarship may be awarded to any qualified state scholar enrolled at any eligible institution. A state scholar may be awarded a state scholarship for not more than eight semesters of undergraduate study or the equivalent thereof, except that a state scholar may be awarded a state scholarship for not more than an additional two semesters of study or the equivalent thereof when the requirements of the educational program in which the state scholar is enrolled include

the completion of a fifth year of study. The board of regents shall determine the equivalent of a semester when any program period or all or part of the terms for which a state scholar is awarded a state scholarship are not semesters.

History: L. 1974, ch. 304, § 2; L. 1975, ch. 374, § 9; L. 1985, ch. 243, § 4; L. 1986, ch. 274, § 2; July 1.

72-6812

72-6812. Amount of state scholarship equal to financial need; limitation. (a) The amount of a state scholarship awarded to a state scholar for the fall and spring semesters, or the equivalent thereof, shall be the amount of the state scholar's financial need for the period, except that state scholarships awarded to a state scholar in any year shall not exceed:

; amount of supplemental state scholarship
one thousand five hundred dollars. The amount of a supplemental state scholarship shall be
supplemental

(1) Five hundred dollars in any year if the state scholar initially is or was awarded a state scholarship for any program period, term or semester commencing prior to July 1, 1985; ~~and~~

(2) one thousand dollars in any year if the state scholar initially is awarded a state scholarship for any program period, term or semester commencing after July 1, 1985.

and prior to July 1, 2004, and

(b) When state scholarships are awarded to a state scholar for any program period or for one or more terms that are not semesters, the board of regents shall determine the equivalent of the fall and spring semesters.

(3) one thousand five hundred dollars in any year if the state scholar initially is awarded a state scholarship for any program period, term, or semester commencing after July 1, 2004.

and supplemental state scholarships

History: L. 1974, ch. 304, § 3; L. 1975, ch. 374, § 10; L. 1985, ch. 243, § 5; L. 1985, ch. 244, § 1; L. 1986, ch. 274, § 3; July 1.

72-6813

72-6813. ~~Payment of state scholarships; certification; approval; disposition upon discontinued attendance of~~
 student. (a) A state scholarship may be paid annually for both the fall and spring semesters, or the equivalent thereof.
 Payments under any state scholarship shall be allocated equally between the semesters, when the state scholar plans
 to attend two semesters in an academic year, and otherwise as specified by the board of regents. State scholarships
 shall be paid at the beginning of each semester, program period or other term upon certification by the eligible
 institution that the state scholar is enrolled and is a qualified student. Payments of state scholarships shall be made
 upon vouchers approved by the administrative officer of the board of regents designated by it upon warrants of the
 director of accounts and reports. Payments of state scholarships may be made by the issuance of a single warrant to
 each eligible institution at which a state scholar is enrolled for the total amount of state scholarships for all state
 scholars enrolled at that institution. The director of accounts and reports shall cause such warrant to be delivered to
 the eligible institution at which such scholar or scholars are enrolled. Upon receipt of such warrant, the eligible
 institution shall credit immediately the account of each state scholar enrolled at that institution by an amount
 specified by the board of regents for each such state scholar.

and supplemental state scholarships
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and supplemental state scholarships

(b) If a scholar discontinues attendance before the end of any semester, program period or other term, after the
 eligible institution has received payment under this section, the eligible institution shall pay to the state: (1) The
 entire amount which such scholar would otherwise qualify to have refunded not to exceed the amount of the payment
 made under such state scholarship at the beginning of such semester, program period or other term; or (2) if the
 scholar has received payments under any federal program of student assistance in the semester, program period or
 other term, the state's pro rata share of the entire amount which such scholar would otherwise qualify to have
 refunded, not to exceed the amount of the payment made under such state scholarship at the beginning of such
 semester, program period or other term.

and supplemental state scholarship

(c) All amounts paid to the state by an eligible institution under subsection (b) shall be deposited in the state treasury and credited to the state scholarship discontinued attendance fund, which is hereby created. All expenditures from the state scholarship discontinued attendance fund shall be for state scholarships.

History: L. 1974, ch. 304, § 4; L. 1975, ch. 374, § 11; L. 1979, ch. 229, § 4; L. 1985, ch. 243, § 6; L. 1986, ch. 274, § 4; July 1.

72-6814

72-6814. Administration of act by state board of regents; rules and regulations; apportionment; reports. The board of regents shall administer this act and shall:

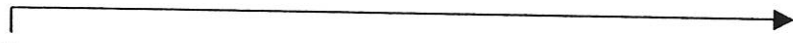
(a) Publicize application procedures;

(b) Provide application forms, test forms, and forms for determining financial need;

(c) Adopt rules and regulations for determining educational ability, selecting examinations of educational ability and methods for giving such examinations, selecting state scholars, determining financial need, selecting financial needs analysis agencies, determining priority or apportionment of state scholarships and other matters necessary for the administration of this act. The board of regents may provide for apportionment of state scholarships if the appropriations for state scholarships are insufficient to pay all state scholars ~~with financial need~~. To determine who is an in-state student for the purpose of this act, the board of regents shall adopt rules and regulations for determination of residence of students as provided by law; and supplemental state scholarships

(d) Designate and notify each state scholar;

(e) Approve and award state scholarships ;



and supplemental state scholarships

(f) Make an annual report to the governor and legislature, and evaluate the state scholarship program for the period;

(g) Require any eligible institution to promptly furnish any information which the board of regents requests relating to administration or effect of this act.

History: L. 1974, ch. 304, § 5; L. 1975, ch. 374, § 12; July 1.

72-6815

72-6815. Applications for scholarships; financial needs analysis statements. Each applicant for a state scholarship in accordance with the rules and regulations of the board of regents shall:



and supplemental state scholarship

(a) Be responsible for the submission to the board of regents of the results of an examination of educational ability which is given by the board of regents or in a manner approved by the board of regents;

(b) Complete and file an application for a state scholarship;

(c) Be responsible for the submission of a financial needs analysis statement to the board of regents;

(d) Report promptly to the board of regents any information requested relating to administration of this act;

(e) File a new application and financial needs analysis statement annually on the basis of which his or her eligibility for a state scholarship shall be evaluated and determined.

History: L. 1974, ch. 304, § 6; L. 1975, ch. 374, § 13; July 1.

72-6816

72-6816. Financial resources to include Kansas comprehensive grants. Any student who has applied for a Kansas comprehensive grant shall make note of such application when reporting such student's financial resources required by K.S.A. 72-6810, and amendments thereto. Any student who has received a Kansas comprehensive grant shall list the grant among such student's financial resources as required by K.S.A. 72-6810, and amendments thereto.

History: L. 1977, ch. 249, § 2; L. 1998, ch. 165, § 7; July 1.

74-32,120

**STATE BOARDS, COMMISSIONS AND AUTHORITIES
HIGHER EDUCATION COORDINATION; STATE BOARD OF REGENTS**

74-32,120. Kansas comprehensive grant program; definitions. As used in this act: (a) "Kansas comprehensive grant program" means a program under which the state, in recognition that the provision of higher education for all residents of the state who have the desire and ability to obtain such education is an important public purpose and in response to the concern that many residents of the state are deterred by financial considerations from attending institutions of higher education, provides assistance to students with financial need through the award of grants.

(b) "Kansas comprehensive grant" means an award of financial assistance under the Kansas comprehensive grant program to an eligible Kansas student.

(c) "Financial need" means the difference between a student's available financial resources and the student's total anticipated cost of attendance at a certain Kansas educational institution. A student's financial resources shall be determined on the basis of criteria provided under the federal methodology of need analysis.

(d) "Full-time, in-state student" means a person who is a resident of Kansas and who is enrolling or enrolled at a Kansas educational institution for at least 12 credit hours each semester or the equivalent thereof. The board of regents shall determine the number of hours for terms other than semesters to constitute the equivalent of 12 credit hours.

(e) "Kansas student" means a full-time, in-state student who has established financial need and who is initially acceptable for entering a Kansas educational institution or who has so entered and is in good standing and making satisfactory progress toward graduation.

(f) "Kansas educational institution" means a state educational institution under the control and supervision of the board of regents, a municipal university, or a not-for-profit independent institution of higher education which is accredited by the north central association of colleges and secondary schools accrediting agency based on its requirements as of April 1, 1985, is operated independently and not controlled or administered by the state or any agency or subdivision thereof, maintains open enrollment, and the main campus or principal place of operation of which is located in Kansas.

a community college, a technical college which is accredited by the north central association of colleges and secondary schools accrediting agency.

(g) "Open enrollment" means the policy of an institution of higher education which provides the opportunity of enrollment for any student who meets its academic and other reasonable enrollment requirements, without regard for race, gender, religion, creed or national origin.

(h) "Board of regents" means the state board of regents provided for in the constitution of this state and described in article 32 of chapter 74 of Kansas Statutes Annotated.

(i) "Term" means one of two or more divisions of an academic year of a Kansas educational institution in which substantially all courses begin and end at substantially the same time, and during which instruction is regularly given to students.

(j) "Semester" means one of two principal terms, when there are only two principal terms in the academic year, whether or not there are other shorter terms during the same academic year.

History: L. 1993, ch. 28, § 1; L. 1998, ch. 165, § 1; July 1.

74-32,121

74-32,121. Same; award of grants; limitations; determination of semester equivalence. A Kansas comprehensive grant may be awarded to any Kansas student enrolled at any Kansas educational institution. A Kansas student may be awarded grants for not more than eight semesters of undergraduate study or the equivalent thereof, except that a

at an institution that awards a baccalaureate degree or four semesters of undergraduate study or the equivalent thereof at an institution that only awards an associate degree

student may be awarded grants for not more than an additional two semesters of study, or the equivalent thereof, when the requirements of the educational program in which the student is enrolled include the completion of a fifth year of study. The board of regents shall determine the equivalent of a semester when all or part of the terms for which a Kansas student is awarded a Kansas comprehensive grant are not semesters.

History: L. 1993, ch. 28, § 2; L. 1998, ch. 165, § 2; July 1.

74-32,122

74-32,122. Same; amount of grants. (a) The amount of a Kansas comprehensive grant awarded to a Kansas student for the fall and spring semesters, or the equivalent thereof, shall be (1) for a student enrolled at a state educational institution or municipal university, the amount of the student's financial need for the period, except that a grant awarded to such a student in any year shall not exceed an amount equal to one-half of the average amount of the total tuition and fees required of full-time, in-state students for enrollment at the state educational institutions for two semesters or the equivalent thereof, and (2) for a student enrolled at an independent institution of higher education, the amount of the student's financial need for the period, except that a grant awarded to such a student in any year shall not exceed the lesser of an amount equal to the total tuition and required fees of the student for two semesters, or the equivalent thereof, or an amount equal to one-half of the difference between the average amount of the total tuition and required fees of full-time, in-state students who are enrolled at the state educational institutions and the average amount of the total tuition and required fees of full-time, in-state students who are enrolled at the independent institutions of higher education.

community college, technical college.

(b) When Kansas comprehensive grants are awarded to a Kansas student for one or more terms that are not semesters, the board of regents shall determine the equivalent of the fall and spring semesters.

History: L. 1993, ch. 28, § 3; L. 1998, ch. 165, § 3; July 1.

74-32,123

74-32,123. Same; payment of grants; certification of student enrollment and eligibility; disposition of amounts.

(a) A Kansas comprehensive grant may be paid annually for both the fall and spring semesters, or the equivalent thereof. Payments under any such grant shall be allocated equally between the semesters, when the student plans to attend two semesters in an academic year, and otherwise as specified by the board of regents. Kansas comprehensive grants shall be paid at the beginning of each semester or other term upon certification by the Kansas educational institution that the student is enrolled and is a Kansas student. Payments of Kansas comprehensive grants shall be made pursuant to vouchers approved by the administrative officer of the board of regents designated by the board upon warrants of the director of accounts and reports. Payments of Kansas comprehensive grants may be made by the issuance of a single warrant to each Kansas educational institution at which a Kansas student is enrolled for the total amount of grants for all Kansas students enrolled at that institution. The director of accounts and reports shall cause such warrant to be delivered to the Kansas educational institution at which such student or students are enrolled. Upon receipt of such warrant, the amount thereof shall be credited to the Kansas comprehensive grant fund of the Kansas educational institution and allocated within the fund to the account of each Kansas student enrolled at that institution. The amount to be credited to the account of each such student shall be specified by the board of regents.

(b) If a student discontinues attendance before the end of any semester or other term, after the Kansas educational institution has received payment under this section, the institution shall debit the account of the student by an amount equal to the entire amount which such student would otherwise qualify to have refunded, not to exceed the amount credited to the account of the student under the Kansas comprehensive grant program at the beginning of such semester or term and, if the student has received payments under any federal program of student assistance in the semester or other term, less an amount equal to the pro rata share of such entire amount which is attributable to the assistance received by the student under such federal program or programs.

(c) All amounts debited by a Kansas educational institution under subsection (b) shall be reallocated within the Kansas comprehensive grant fund of the institution to the account of other eligible Kansas students as specified by the board of regents.

History: L. 1993, ch. 28, § 4; L. 1998, ch. 165, § 4; July 1.

74-32,124

74-32,124. Same; administration of program; duties of state board of regents. (a) The board of regents shall administer the Kansas comprehensive grant program and shall:

(1) Provide information regarding application procedures;

(2) adopt rules and regulations for determining financial need and cost of attendance at Kansas educational institutions, determining the average amount of tuition and fees required of full-time, in-state students for enrollment at the state educational institutions, the municipal university, and the independent institutions of higher education, determining residence, determining priority or apportionment of Kansas comprehensive grants and other matters necessary for administration of the program;

(3) allocate as base funding to each Kansas educational institution the amount of Kansas comprehensive grant funds awarded to the institution for fiscal year ~~1999~~; or, in the event funding is less than that provided for fiscal year ~~1999~~, the pro-rated share of that appropriation;

2005

2005

(4) appoint a ~~five~~-member advisory committee, including two representatives from state educational institutions, two representatives from not-for-profit independent institutions, and one representative from a municipal university, to recommend annually to the board of regents the formula to be used in apportioning funds in excess of the fiscal year 1999 appropriation to the Kansas educational institutions according to the formula based on financial need;

seven

two representatives of community colleges or technical colleges.

(5) approve Kansas students for the award of Kansas comprehensive grants; and

(6) evaluate the Kansas comprehensive grant program annually, and make a report thereon to the governor and legislature for the period.

(b) The board of regents may provide for apportionment of Kansas comprehensive grants if appropriations therefor are insufficient to pay all approved grants.

History: L. 1993, ch. 28, § 5; L. 1998, ch. 165, § 5; July 1.

74-32,125

74-32,125. Same; responsibilities of grant applicants. Each applicant for a Kansas comprehensive grant, in accordance with rules and regulations of the board of regents, shall:

(a) Complete and file an application for a grant.

(b) Report promptly to the board of regents and to the Kansas educational institution at which the applicant is enrolled or enrolling any information requested relating to administration of the Kansas comprehensive grant program.

Rodney D. Barnes
City Manager



P.O. Box 287
Municipal Building
Junction City, KS 66441
(785) 238-3103 ext. 300

CITY MANAGER'S OFFICE

February 17, 2004

Testimony to the
Kansas Senate Federal and State Affairs Committee

By Rod Barnes, City Manager, City of Junction City, Kansas

Chairman Brungardt, Vice Chair Lyon, Members of the Senate Federal and State Affairs Committee. Thank you for the opportunity to speak in support of destination casino gambling in Kansas.

Junction City and Geary County have windows of **opportunity**.

We have **Opportunity** because of our **location**. You will find Junction City and Geary County nestled in the beautiful Flint Hills of northeast Kansas. We are 130 miles west of Kansas City and at the location that Interstate 70 intersects US Highway 77 allowing for easy access from all directions.

We have **opportunity** because we are a **community** on the move. You will find the US Army post of Fort Riley that serves as "America's War Fighting Center", as well as a center for training of numerous nationwide national guard troops. With its complement of troop and dependent services, Fort Riley has become a strong draw for both the active and retiring military personnel. These active and retired individuals contribute to the wonderful diversity of cultures in Junction City and Geary County. Thousands of people pass through the gates of Fort Riley each year.

We have **opportunity** because we have one of the best **tourist attractions in the State of Kansas**. Over 2 million people visit Milford Lake, the largest reservoir in the state of Kansas each year. We have thousands of acres of public hunting and fishing as well as two full service marinas to serve all boating and water sport needs. Within 25 miles (with

Senate Federal and State Affairs Com.

Date: **FEBRUARY 17, 2004**

Attachment: # **6**

a large number located right in Junction City) there are 5 public golf courses, 25 public parks, 4 country clubs, 9 theaters, 6 public tennis courts, and 20 + walking and nature trails.

We have **opportunity** because we are prepared to showcase not only the community but the **state of Kansas**. We are the fishing capital of Kansas. The community successfully hosted the 2003 Cabela's National Walleye Fishing Tournament. We are one of four Kansas communities hosting the week long Kansas Humanities Council 2004 Chautauqua events. It celebrates our great history during "Bleeding Kansas".

We have **opportunity** because of **Interstate 70**. Over 18,000 cars a day pass through our City limits. John Q. Hammons recognized the opportunity in 2003 when he began construction on the John Q. Hammons Courtyard by Marriott Hotel & Convention Center. Coming in July of this year, the hotel will have 120 rooms and an adjoining 30,000 sq foot convention center. This center will offer convention/meeting space from 10 to 1,500 persons. This will be the only convention center in Kansas located adjacent to I-70.

We have **opportunity** because our community knows about **Economic Development**. During the past two years we have developed or retained over 1,400 jobs. Economic Development began with the expansion of ConAgra Foods. During 2003, the company completed a \$2.5 Million expansion. This enabled the facility to expand its refrigerated warehousing of incoming product. The expansion will allow the addition of 5 new jobs to their current employment.

Later, in the year ConAgra Foods Corporation Refrigerated Division announced another expansion at its Junction City facility. The \$10 million expansion will enable the facility to expand its product line through the implementation of a new brine pasteurization system. The expansion will allow the addition of 26 new jobs to the current employment number of 361.

Junction City landed ConAgra Foods in 1995 because we were able to construct a full service 2.5 million gallon per day wastewater treatment plant in nine months.

Next, we were able to retain 750 plus jobs at Footlocker's North American Distribution Facility by assisting with an upgrade the plant and equipment.

We were able to deliver again in September of 2003, when UPU Industries Ltd, a subsidiary of Steve Orr Ltd of Northern Ireland announced they would establish a new manufacturing facility in Junction City, Kansas.

UPU Industries Ltd. will invest \$14 million in the new state-of-the-art facility, which is expected to employ approximately 70 workers. Plans call for the new facility to be operational in June 2004.

The new facility will produce high performance round bale netting. During the last five years UPU Industries Ltd, based in Dromore, County Down, Northern Ireland, has developed significant sales of agricultural blade crop products in the United States market. UPU Industries is currently exporting to more than 23 countries.

Their company has won numerous awards for excellence in manufacturing. They include.

- Queen's Award for Enterprise
- Plastics Industry Awards for Best Sales and Marketing Initiative
- Best award in the IDB Exporter.
- Enterprise 2000 (Sponsored by Lloyd TSB, Financial Mail and Microsoft)

Junction City landed this company because we were prepared to construct a 102,000 square foot facility for them in six months.

We have **opportunity** because we have the **infrastructure** in place today that can be used to support a major destination attraction in our community. In the last ten years we have constructed a campus for Cloud County Community College; three additions to our local hospital; a 1,000,000 gallon water storage tank; a second fire station; a \$1.3 Million community center; a \$2.0 million downtown revitalization that won state and national awards; a \$3,000,000 Geary County Courthouse renovation; a \$1.8 million county office building; Construction of 125 new low to moderate income apartments; 5 mile Riverwalk Trail; and Wetlands Park.

We have **opportunity** because we have a willing **local developer**, Matlock Johnson, that has partnered with a Butler National, a Kansas corporation to construct and operate a first rate destination casino adjacent to Interstate 70 and directly across from the \$14.5 million dollar John Q. Hammons Hotel/Convention Center.

We have **opportunity** because we know it takes **partnerships** to make dreams come true. To develop projects in our community we have partnered with the Kansas Department of Commerce, Kansas Department of Wildlife and Parks, United States Department of Agriculture, Rural Development, Corps of Engineers, U. S. Army, Unified School District #475, Geary County Convention and Tourism, Kansas Department of Travel & Tourism, Kansas Housing Finance Authority, National Trust for Historic Preservation, local financial institutions, community nonprofit organizations and private business.

We have **opportunity** because our community knows how to manage **finances**. The City of Junction City has not raised property taxes in the last seven years. They developed projects through the partnerships and through grants. In addition, innovation has been used to deliver a high level of services to our citizens. This has included privatizing the City's public works functions, including street, sanitation, water distribution, sewer maintenance, motor pool, airport and building maintenance. This meant eliminating 35 full time positions in city government. This has meant the Parks

and Recreation Department offering programs through community partners like the YMCA, local school district and even operating a roller skate rink through a partnership with a local nonprofit organization. The community has managed finances through the loss of over \$400,000 a year in city/county revenue sharing and local advalorem tax from the State of Kansas.

The City has developed sales tax growth through the recognition of the importance of using Interstate 70 to attract people to our community. Junction City's sales tax grew over 6% in 2003 even though 7,000 troops were deployed from the community. One local business grew sales over 50% by relocating adjacent to Interstate 70. Another downtown home furnishings business attracts over 75% of its clients from out of town. A major destination gambling casino in Junction City would help a key revenue source grow. Sales tax revenue in Junction City funds the City's basic services. These include the police, fire, court, engineering, parks, recreation, inspection, administration, and streets. Growth in this revenue source is vital to the financial stability of Junction City/Geary County.

Junction City/Geary County have proved they have capacity for economic development, they have proved they are being innovative in delivering services to our citizens, they have proved that they can manage the communities finances in a sound manner during times of adversity. Now it is up the Kansas Legislature to give us the opportunity to develop a major tourist destination in our community. That opportunity is a destination casino that will attract out-of-state residents to Kansas and to Junction City/Geary County. Residents that will get to experience the great State of Kansas, and more importantly the wonderful rich heritage of the Junction City/ Geary County community. Whether it is catching a championship walleye, hunting for a wild turkey, eating at one of our distinct ethnic restaurants, participating in the largest free 4th of July event in the State of Kansas, supporting our troops around the world, Junction City/Geary County has it all.

Thank you for your time and consideration. I hope you will give the full Senate and the citizens of Junction City/Geary County the opportunity to consider a destination gambling casino.

TESTIMONY - ROD BARNES

WHY IS

Junction City, Kansas PERFECT FOR A CASINO?

Junction City has under construction a new state-of-the-art John Q. Hammons Convention Center and Marriott Courtyard which will be open in the fall of 2004. It is our intention to create a destination area for State Conventions, lodging, distinctive shopping, fine dining, a casino and more.

The site is located on Interstate 70. High traffic count and excellent visibility are positive attributes which will add to the desirability and success of this project.

Milford Lake is five minutes from the proposed casino. It is the largest body of water in the state of Kansas with 2.1 million visitors per year.

“Just say Yes”! to the River Walk Casino in Junction City, Kansas. Our community has the land, the people, the developer (Matlock-Johnson Developers), the operator (Butler-National) and the willingness to invest our confidence in what we know a casino will do for the good of Junction City.

Senate Federal and State Affairs Com.

Date: FEBRUARY 17, 2004

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Testimony
For the
Federal and State Affairs Committee

Kansas Expanded Gaming Opportunity Act

Presented by
David Bossemeyer
Junction City Area Chamber of Commerce President/CEO

As I am sure many of you are aware, three years ago Representative Bill Levinson, State Representative for Geary County, was instrumental in helping pass a bill through the house that allowed for a county vote for casino gaming. This bill specifically mentioned Geary County as a location. Bill passed away about a year ago. However, at that time the Mayor of Junction City formed a task force to continue his efforts.

Geary County has continued to express interest in the process. To that end, a joint City/County resolution of support was passed which showed their open support for a casino vote in Geary County. In addition, the Geary County Convention and Visitors Bureau, the Junction City/Geary County Economic Development Commission and the Junction City Area Chamber of Commerce have all come out in the favor of a county vote on the issue. In fact, a straw poll was taken by the Chamber and its members were 87% in favor of a Casino.

Junction City is directly on the I-70 and it is our intention to build the casino on property next to the I-70. The City has and continues to improve the site by providing a new road that will allow for access from two interstate exits. On the properties adjacent to the proposed site, John Q. Hammon, is at present building a new 109 room Courtyard Motel and a Convention Center. Recently a new Best Western was built directly across from the convention center for an additional 60 rooms. Even more recently, two new strip malls in the same proposed area have been announced.

We not only have a local developer whom is committed to the project but also a casino management company who as well is committed. We believe that with more than 2.1 million people visiting the lakes within a 60 mile circle of Junction City, of which 675,000 are visiting Lake Milford at Junction City, we can draw them to a quality entertainment facility. Kansas State University and Fort Riley draw thousands visitors from all over the United States. Tens of thousands of vehicles pass by Junction City on the interstate every day. The key here is, pass by. A quality entertainment complex can capture a portion of those travelers.

The deployment of troops to Afghanistan and to Iraq has once again made us more than aware of the need to diversify our local economy. If you can imagine the population of any city dropping by 8000, you can understand that need. We are all in Kansas facing the possibility of another round of Base Realignment and Closures, in which we could lose some of our military installations. Fort Riley seems to always be on

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Date: FEBRUARY 17, 2004

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that bubble. One item, which has always been considered, is employment for military spouses; this facility would provide employment for 800 plus with payrolls in excess of 26 million dollars.

Geary County is already a destination location; it is ready to proceed and has the foundations and auxiliary facilities necessary already in place. In closing, I would ask you to visualize the mid-states I-70 like an hour glass one end at St. Louis and the other at Denver. The connecting piece is the Kansas I-70 where the sand just runs through and never stops. Geary County is in the dead center of that connecting piece, a quality entertainment complex can stop some of those travelers who would spend money in Kansas rather than pass through.

Junction City/Geary County Casino Informational Sheet

Junction City/Geary County

Home to one of Kansas's Top Destination Attractions

MILFORD LAKE.....

Draw a 60-mile radius around Geary County and you'll discover that more than 2.1 million persons per year visit our four lake region. If Milford Lake was included in the Kansas Department of Commerce and Housing, Travel and Tourism Division "Top 30 Kansas Attraction Attendance" listing, it would be Number 3 on the list. When compared to other Kansas attractions, such as the Kansas Speedway, Woodlands Race Track, Wichita Greyhound Park, Kansas Cosmosphere, Sedgwick County Zoo - Milford Lake attracts more people.

Over 675,000 persons visit Milford Lake each year, from throughout the United States. Yes, just like all Kansas Destination Attractions, Milford Lake attracts both in-state and out-of-state visitors. In 2003, Milford Lake hosted the Cabela's National Team Walleye Championship. In '04, '05 and '06, Milford Lake will be hosting Cabela's King-Kat Regional National Qualifier Tournaments. In 2007, the Cabela's King-Kat National Championship will be held at Milford Lake. Without a doubt, Milford Lake is the most promoted and marketed outdoor recreation area in Kansas.

Besides fishing, visitors discover great swimming, boating, camping, trails, and horseback riding areas.

If it's the woods or wetlands, then Milford Lake is the perfect location. The largest U.S. Army Corps of Engineers Wetlands Renovation project in the United States took place at Milford Lake. The largest KDWP public hunting lands are located around Milford Lake. And don't forget about the KONZA Prairie. Geary County has become the destination choice for people from across America - *It's Your Outdoors Destination Location.*

LOCATION—LOCATION—LOCATION.....

As most real estate professionals know, location makes a difference. We know it will make a difference for any casino being considered for Kansas. The location of the proposed Junction City Casino, next to I-70, will make it the only gaming facility in Kansas to be located directly next to I-70, The Interstate of America. **WE HAVE THE LAND, PEOPLE, DEVELOPER, AND THE INVESTMENT - NOW WE NEED YOU!!!**

Who supports giving the citizens of Geary County the right to vote on a J.C. Casino....

Junction City and Geary County Commissioners, Junction City Chamber of Commerce - Junction City/Geary County Economic Development Commission, Geary County Convention and Visitors Bureau.

Just Count the Cars!!!!!!

Take a trip to any casino in Kansas City, MO and look at the license plates. Don't be surprised by the number of Kansas tags you count. *It's Time for Kansas Prosperity... It's Time for Change!!!*

REAL JOBS.....

REAL PAYROLL.....

We'll keep it simple. The proposed Junction City casino will provide over 850 jobs and have a annual payroll that will exceed 26 million dollars! In addition, taxes will be paid to the State of Kansas, Geary County and Junction City. Payments will be made to KS Travel and Tourism, Veterans Organizations, plus other groups.

SUPPORT LEGISLATION TO EXPAND GAMING in KANSAS, TO INCLUDE A JUNCTION CITY CASINO COMPLEX. TAKE ACTION.

More Than a Casino.....

The proposed Junction City Casino project includes much more than just a gaming facility.

The proposed location, next to the new Geary County Convention Center, a J.Q. Hammonds property, also includes lodging, dining, entertainment and a shopping center.

YES to a Junction City Casino Complex...

Choices.....

The very foundation of Kansas was built upon allowing its citizens to make choices.

Since our early days to the present, the citizens of Kansas have always been relied upon for wisdom, which has been used to guide our state. It's once again time to rely upon the wisdom of our citizens. Don't make a choice for one community, make a choice for Kansas. *Give Geary County Voters the Right - The Right To Make a Choice.*

For more information on Junction City Gaming, write to 514 N. Eisenhower Dr., Junction City, KS 66441.



Testimony

TESTIMONY - MIKE TAYLOR Unified Government Public Relations
701 N. 7th Street, Room 620
Kansas City, Kansas 66101

Mike Taylor, Public Relations Director 913.573.5565
Don Denney, Media Relations Specialist 913.573.5544

Senate Bill 499 Expanded Gaming Opportunity Act

Delivered February 17, 2004
Senate Federal and State Affairs Committee

The Unified Government of Wyandotte County and the citizens who call Wyandotte County home strongly support the opportunity for expanded gaming in Kansas and most specifically, the opportunity for a destination casino in Wyandotte County. The Unified Government supports expanded casino gaming and wants a destination casino located in Wyandotte County. In a 1996 referendum, 82% of Kansas City, Kansas voters favored expanded casino gaming. We view it as a mandate from our citizens.

The Unified Government supports the casino gaming proposal that allows the community and its citizens the most local control, the most local revenue and the best opportunities for additional economic development benefits. Senate Bill 499 is structured in a way which meets all of these criteria.

For our community, the Expanded Gaming Opportunity Act should be re-named, the Expanded Economic Development Act. Kansas City, Kansas is the leading destination point in Kansas with the Kansas Speedway, The Woodlands, Cabela's and Nebraska Furniture Mart. Village West, the home of Cabela's and Nebraska Furniture Mart, will draw more than nine million people a year when completed. The Kansas Speedway attracts 100,000 people on major race weekends, with many of those fans staying in the area at least 4 days. The Missouri riverboat casinos are filled to capacity on race weekends. Kansas is missing the boat by not capturing those tourist dollars.

Revenues at the four Kansas City, Missouri casinos totaled nearly \$56-million for the month of January. That's an 11% increase over the year before. 984,000 people went to the four Kansas City casinos in January. The Argosy Casino sits less than one mile from the Kansas City, Kansas city limits. We believe a destination casino in Wyandotte County would draw a significant share of the nearly one-million people a month going to the casinos next door. A high percentage of the dollars Kansas is losing from its residents who step across the state line to gamble would stay in Kansas and the destination casino would draw a significant number of tourists. A destination casino in Wyandotte County will create an economic boom for our local economy and it will create new revenues which will benefit citizens across Kansas.

There are many communities in Kansas that want nothing to do with expanded gaming. Wyandotte County is a community which welcomes it. For our community, a destination casino is an attractive economic development opportunity. It makes sense in our community. And a destination casino in Wyandotte County will make lots of dollars for the State of Kansas.

Senate Federal and State Affairs Com.

Date: FEBRUARY 17, 2004

Attachment: # 9

Federal and State Affairs Committee

Mr. Chairman and members of the Committee, my name is Larry Seckington and it is a pleasure to be here today on behalf of the Woodlands to support the concept of expanded gaming in Kansas.

The policy decision resting with the legislature of course is to decide how much expansion is appropriate.

We believe that to be effective for the State and local governments, the concept of a destination resort is the most feasible. That concept will deliver the most revenue to the State and local governments, be the easiest to regulate, create the most jobs and require the most capital infusion by the developer.

We have carefully reviewed the Governor's proposed legislation and with some modification, we believe we can support the concepts she has brought forward. There are some voids and some vagueness in her proposal that we would like to adjust.

The Woodlands is owned by a Kansas Company. Attached to this statement is an exhibit showing the taxes and fees we now pay to the State and local governments. We employ about 350 people and have an annual payroll of almost \$4,000,000. See Attachment 1.

The original capital investment at the Woodlands was \$80,000,00.

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We are proposing a destination resort that would take advantage of the original investment and remodel and expand one of our grandstands with an additional capital expenditure of \$120,000,000. This would allow us to take advantage of the infrastructure already in place and spend almost all of our money on a destination resort rather than roads, sewer, etc.

There are several areas of the proposed legislation which we feel need to be clarified and those are:

1. There is a requirement of a \$15,000 per machine advance payment.

We assume this is only for the 1st machines purchased and not for post opening changes.

2. There is a requirement that we negotiate a fee with the horse and dog groups. We have two problems with this.

a. If they have VLT's at Eureka and Anthony they will generate enough money to supplement their own purses.

b. If they don't have VLT's then the legislation needs to give us 30 days to negotiate the supplement and if no agreement is reached then have the Kansas Racing and Gaming Commission make the decision.

c. The legislation states that the lottery director must make all significant gaming decisions. We all need to know what constitutes a “significant gaming decision”.

In addition, the panel that will chose a destination developer has some criteria on which to base their decision. However, we believe additional criteria should be developed including:

CRITERIA FOR KANSAS DESTINATION

1. Effect on current operations/industries;

The net tax effect to the State, if by choosing one developer, it would substantially harm or affect another industry.

2. Speed with which the developer can open a total destination.

3. Site must be owned by potential developer.

4. Kansas company – length of time doing business in Kansas.

5. Financing must be committed.

6. Market study to show total gaming revenue; how much revenue from existing market and how much new revenue.

7. Total investment including monies already spent.

You have or will hear from Robin Jennison representing the Ruffin Companies. We agree with that assessment. However, in the Kansas City Market, we feel even stronger about VLT's at the track. It won't work no

matter how many machines are put at the track. In order to compete with the four gaming operations in Missouri, we must be a destination resort. We will simply not do a VLT project.

Under the legislation, the horse group will have two full time operations. If that occurs, the horse groups can supplement their own purses. If that doesn't happen, then we need to go back to last years legislation and adopt the splits that were proposed.

We believe this is the year to put the gaming issue in Kansas to rest. The Governors proposal, with a few critical changes, has some merit. Without those changes and a positive vote, the tracks and the horse and dog industry may be put to "Rest in Peace" while the gaming issue lingers.

Thank you for the opportunity to address these issues

The Woodlands Summary of Taxes

	<u>FY 2003</u>	<u>FY 2002</u>	<u>FY 2001</u>
Other Taxes and Licenses:	\$ 30,231.08	\$ 17,139.24	\$ 18,237.49
Payroll Taxes - Employer:	\$ 307,378.74	\$ 285,033.54	\$ 285,639.49
Payroll Taxes - Employee:			
Wages:	\$3,742,980.07	\$ 3,657,114.83	\$ 3,583,023.32
State & Local Taxes:	\$ 100,238.22	\$ 93,779.09	\$ 96,494.13
Real Estate & Property Taxes:	\$ 786,772.27	\$ 812,017.38	\$ 807,072.90
Paramutuel Taxes:	\$2,299,676.08	\$ 2,209,238.93	\$ 2,408,517.13
Daily License Fees:	\$ 62,200.00	\$ 65,035.00	\$ 61,800.00
Sales & Excise Tax Generated:	<u>\$ 225,710.64</u>	<u>\$ 183,507.51</u>	<u>\$ 193,366.19</u>
Total Taxes & License Fees	\$3,609,068.03	\$ 3,665,750.69	\$ 3,871,127.33

Horse Racing in Iowa - the Impact of Slots at Race Tracks

History of Prairie Meadows

The Iowa pari-mutuel wagering act, designed to jump start Iowa's sagging economy, was passed in 1983. Prairie Meadows was established to achieve two main goals: to grow and nurture the horse racing and breeding industry in the state and to generate economic growth through jobs, tourism, and - not incidentally - state taxes.

Racing began in March, 1989 ... but wagering revenue was well below projections and by November, 1991, Prairie Meadows filed for Chapter 11 bankruptcy protection. Live racing was discontinued in 1992, with an exemption from the Iowa Senate, and in October, 1992 the Iowa Supreme Court ruled that Polk County taxpayers, not the track bondholders, were obligated for \$40 million in debt.

After a 24-24 defeat in the Iowa Senate in April, 1993, the Iowa House and Senate narrowly passed bills approving slots at Iowa tracks in 1994, and Polk County taxpayers passed a referendum allowing the addition of slots by a 62% majority. In 1995, purses increased from \$1 million to \$2.2 million, in anticipation of slot machines. In April, Prairie Meadows opened the country's first racetrack/casino with the 1,100 slots permitted by the legislature. April slot revenue was three times higher than projections.

In December, 1996, Prairie Meadows made its final \$4.5 million payment to Polk County, clearing the \$89.3 million in debt, 20 months after the opening of the casino. Polk County continues to own the real estate, for which RACI (the Racing Association of Central Iowa, the license holder under the Iowa stipulation that all gaming licenses are held by not-for-profit organizations) makes lease payments at a negotiated rate well above market value.

Prairie Meadows' Impact on Polk County and Des Moines

The impact of the not-for-profit license status is that all profits go to the community. By choosing to hire its own staff and manage the facility, rather than hiring a gaming management company as most Iowa license holders have done, Prairie Meadows has been able to channel substantially more into the community.

Since 1995, Prairie Meadows has paid Polk County well over \$200 million in excess of the debt obligation, and contributed more than \$24 million in charitable donations and grants.

Additionally, Prairie Meadows has 1,100 employees in Polk County, with a total payroll of over \$34 million. The base non-supervisory starting wage of over \$10 per hour is among the highest in the central Iowa hospitality industry.

Since 1995, both Polk County and the city of Altoona, in which Prairie Meadows is located, have received over \$5 million in local taxes. And live racing stimulates another \$5.3 million in annual tourism spending in the Des Moines area.

And Prairie Meadows offers a diverse entertainment facility which is second to none in central Iowa, visited by an average of over 7,000 guests per day.

Prairie Meadows' Impact on the state of Iowa

Since 1995, Prairie Meadows has paid well over one-quarter a billion dollars in state taxes ... \$254 million to be precise.

An independent study showed that horse racing and breeding had a \$250 million economic impact on Iowa; the horse industry supports 1,055 direct jobs and 2,698 total jobs in the state, apart from those employed by Prairie Meadows. All of this economic information in these reports is contained in packets of information that I'll leave with you.

Prairie Meadows' Impact on the Racing Industry

In three separate meets, Prairie Meadows offers 113 days of live racing, encompassing thoroughbreds, American Quarterhorses, and standardbreds.

Based on 2002 statistics, the last year for which they're available, Iowa is the second fastest-growing state in the country in the rate of live thoroughbred foals produced annually, with a percentage increase of over 175% since 1992.

From the \$1 million purses in 1992, total purse structure has grown to approximately \$17 million in 2004. In the information packet, there's also a study by Dr. Richard Thalheimer of the University of Louisville on the importance of purses to the industry.

Summary

Without the addition of slots in 1995, Prairie Meadows would not have been able to survive. The aggregate total of what Prairie Meadows has been able to contribute to the state, the community and the horse industry is approaching (if it hasn't already exceeded) one billion dollars in less than ten years.

Greenwood County Economic Development

311 N. Main
Eureka, KS 67045



Betty Melson, Coordinator

Phone (620) 583-8177

Fax (620) 583-8178

February 17, 2004

Chairman Pete Brungardt
And members of the
Senate Federal and State Affairs Committee

I would like to address the issue of the economic impact expanded gaming would have on the city of Eureka and Greenwood County.

Races have been run at Eureka for 132 years earning it the title of the "Racing Capital of Kansas". Eureka Downs received its pari-mutuel license in 1988. I have researched the effect expanded gaming could have on our community. I have gather information from Prairie Meadows, in Altoona Iowa and SunRay Park, near Farmington New Mexico, for comparisons of what could happen in Eureka and Greenwood County.

The percentage of revenue from slot machines contributed back to the horse purses and breeding program would not only impact Eureka Downs, but also the racing industry in Kansas. Because of this revenue the purse structure would increase at Eureka Downs, which would increase the number of horses training and running at the track. The increase in purses would encourage breeding farms to start raising more Kansas Bred horses and would help revitalize the horse industry for Kansas.

The economic impact to the city of Eureka would come impart from the increase in horses stabled at the track during the racing season. The national average cost to train one horse is \$1,500 a month. Let's say at Eureka it is \$1,000, with the barns full during a 40-day race meet, the economic impact would amount to \$1.2 million. When you figure in the equation used by economist the amount of impact is \$8.5 million.

The city of Eureka and Greenwood County would receive a percentage of revenue from the slots at Eureka Downs. In 2003, the city of Altoona Iowa received \$700,000 and San Juan County in New Mexico received \$2 million, this money went into their General Fund for Capital Outlay. Improvements that were made in both of these communities enhanced the quality of life for their residents and encouraged new growth in commercial businesses. Eureka and Greenwood County both represent the essence of rural Kansas. This additional revenue would also improve the quality of life for our communities.

With the addition of slot machines at Eureka Downs there will be more jobs and more "second incomes" for individuals in the area. I would ask that the people of Greenwood County be allowed to vote on having slot machines at Eureka Downs. This is a very important economic issue for Greenwood County.

I have attached an outline of my research and references for additional information.

I would be glad to answer any questions, thank you.

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Statistics for Impact to Eureka, Greenwood County and Kansas from expanded gaming at race tracks.

1. Eureka Downs racing history. Eureka racing history dates back 132 years to Oct. 2, 1872, making it the oldest existing racetrack in Kansas. Later in 1903, the Greenwood County Fair Association was organized and took ownership of the track. Eureka Downs received its official designation as a quarter horse track in 1962. With the advent of pari-mutual legislation in 1988 Eureka Downs was the first track to receive a pari-mutuel license in Kansas. The nineteen-day race meet began on September 3, 1988. (All historical information was taken from *The History of Greenwood County, Kansas Volume II*, pages 151-154)
2. During the 2003 racing season at Eureka Downs, May 1 through July 5, total expenditures \$819,235. This amount includes \$136,717 for salaries paid to 66 employees. The concessions (which are separate from Eureka Downs) had gross expenditures of \$58,862 and employed an additional 27 local people. Total from these two expenditures was \$878,097. A majority of these dollars were spent in Greenwood County. Based on the widely accepted estimate, that each dollar spent turns over at least seven times, the economic impact to Greenwood County far exceeds \$6 million dollars. If race days double to 40 days and slots were added these figures would increase tremendously. Not to mention the jobs that would be added for year round operations.
3. An analysis completed on "The Importance of Purses To the Iowa Thoroughbred Race Horse Industry" by Thalheimer Research Associates, Inc., showed that the dedication of a specific amount of slot machine revenue to purses would result in large purse increases. The percent of gross revenue allotted to horse purses from the slot machines of the five existing pari-mutuel tracks will increase the purse structure for racing in Kansas. This in turn will create an economic ripple effect throughout the horse industry in Kansas. Breeders will be encouraged to raise more Kansas Bred horses so they can participate in the Kansas racing program. A higher quality of breeding stock will be in demand to compete for these purses, which will increase the value of horses raised in Kansas. Kansas will be able to compete with other state in the racing industry and attract owners, trainers, jockeys from other states to participate in the Kansas racing program.
4. The agricultural industry in Kansas would experience a much-needed boost. The total number of mares registered in Kansas in 2003 is 1,078; only 159 foals were registered in Kansas in 2003. The potential for the breeding program to be revitalized because of increased purse structure from expanded gaming is incredible. Breeders are taking their mares to other states to foal so they can compete for higher purses in other states programs. (Number of mares and foals provided by the Kansas Horseman's Association)
5. The national average cost to train one horse for a month is \$1,500. At Eureka Downs a fair estimated cost to train one horse per month would be \$1,000.

shoeing, license fees, veterinary expense, supplies, meals, housing, truck, horse trailer, walker, and miscellaneous equipment. At Eureka Downs there are 350 stalls. Because of the increased purse structure from the revenue of expanded gaming these 350 stalls would be filled with horses during the race meet. Assuming the 40-day race meet would be held throughout a three and half month period, the economic impact to the local community and the state would be \$8.5 million from the backside alone. These figures are based on the equation used by economists to calculate the number of times a dollar turns over in the local and state economy before it is dissipated.

6. Information about the Iowa Racing program taken from the Prairie Meadows racing media guide 1989-2001 edition, pages 123-128:
 - a. April 1995 Prairie Meadows opened the new casino taking in \$1million the 1st weekend.
 - b. Based on a study by Iowa Department of Agriculture horse breeding increased 80% in 1995. From 210 mares registered in the Iowa Bred program to 379 in 1995.
 - c. In 1997 Iowa State University economists release a study indicating horse racing, breeding and related tourism generated \$48 million in annual spending in Iowa, and provided 442 industry related jobs and a total of 1,133 jobs in Iowa's economy.
 - d. In 2000 Prairie Meadows expanded the casino and grand entrance 50,000 square feet.
 - e. Iowa's foal crop breeding statistics had increased 104.4% from 1986 to 1999.

7. Estimated Direct and Indirect Gross Sales and Employment in Iowa Horse and Horseracing Industries, 1999.

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

(Information taken from Prairie Meadows Economic Impact of the horse racing industry, 1999, page 1)

8. What expanded gaming can do for a community; information acquired per phone conversation, February 3, 2004 with Jeff Mark, City Administrator of Altoona, Iowa.
 - a. 1995 population in Altoona was 7,433 – 2000 population 10,345 – 2004 Estimated population 13,000

- b. Direct benefit is \$700,000 for the cities percent from expanded gaming revenue, which goes into the General Fund.
 - i. Some of the projects completed because of this revenue; Recreation Center, Library, Fire Station, Skate Park, Aquatic Park, and Bike Trails.
 - c. There has been a dramatic increase in commercial business growth for Altoona due to the casino and racetrack at Prairie Meadows.
 - d. Because of these amenities businesses and people are more inclined to move there.
9. Information about SunRay Park in Farmington, New Mexico per phone conversation February 3, 2004 with Rocky Watson, San Juan County Auditor and Tony Atkinson, County Manager February 6, 2004. SunRay Park is very similar to what could happen here at Eureka Downs with the addition of expanded gaming and year round simulcasting. SunRay Park is owned by San Jaun County, the County leases the track to a management company for the operation of the casino and racing. They run a 40-day race meet and currently have 480 slots at the casino that operates year round.
- a. The county receives the greatest of 15% or \$2 million a year for the lease of the fair grounds for this racetrack.
 - b. The income goes into the County General for Capital Outlay, which is used for roads, buildings, equipment etc.
 - c. One result of this income is the new 53,000 sq. ft. convention center at the fair grounds, which enabled the County to host the National Finals High School Rodeo in 2002 and 2003.
 - d. The County also expanded the fair grounds so they could host four RV conventions each year. 1,500 RV's from across the United State come together at the fair grounds for each of these four conventions
10. Many people have asked me "just what will slots do for our community"? I have put together some information based on the bill the Kansas Quarter Horse Racing Association is supporting. In this bill it states, "To any city where the pari-mutuel licensee location is located, it will receive 5% of net revenue from the gaming facility". It also states, "To any county where the pari-mutuel licensee location is located, it will receive 8% of net revenue from the gaming facility". The number of electronic gaming machines authorized in the contract shall not be less than 300 machines. Based on information I have gathered from SunRay Park in New Mexico and Prairie Meadows in Iowa I have put together the following estimates:
- a. Average yearly income from 300 machines is estimated to be \$22 million, 5% to Eureka City would be approximately \$1.1 million.
 - b. Greenwood County would receive 8%, which would be approximately \$1.7 million.
 - c. These funds could be put into the General Fund just as the other communities I have talked about did and used for Capital Outlay.

ference:

1. "The History of Greenwood County, Kansas Volume II", pages 151-154
2. Eureka Downs financial figures by Fred Putoff, KQHRA Treasurer
3. Kansas Horseman's Association, Joyce Billings
4. "An Analysis Of The Importance Of Purses To The Iowa Thoroughbred Race Horse Industry" completed in December 2003, by Thalheimer Research Associates, Inc., Lexington, KY, phone 859-255-3073
5. Prairie Meadows racing media guide 1989-2001 edition, pages 123-128
6. Prairie Meadows "Economic Impact of The Horse Racing Industry 1999" prepared by Dan Otto of Ames Economic Associates March 2001.
7. Tony Atkinson, San Juan County Manager, 505-334-9481
8. India Hatch, Director of New Mexico racing 505-841-6400
9. Jeff Mark, Altoona City Administrator 515-967-1941

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

Federal And State Affairs Committee: SB499

Feb 17, 2004

Mr. Chairman and members of the Committee:

I am Robin Jennison, representing Ruffin Companies, which own Wichita Greyhound Park and the closed pari-mutuel facility at Frontenac. Because electronic gaming machines have been allowed at pari-mutuel facilities in other states and increased gaming opportunities have been permitted in and around Kansas, Ruffin Companies have worked for a number of years to balance the playing field on behalf of the Kansas pari-mutuel industry.

Gambling is a very popular form of entertainment across the nation, including Kansas, as evidenced by the success of the Indian gaming facilities north of Topeka. Because other states subsidize racing purses with revenue from electronic gaming machines, numerous greyhounds and horses are leaving the state to run elsewhere. Gaming facilities on the Indian lands and the Missouri River have also made competition for the gaming dollar difficult for the Kansas pari-mutuel industry.

Ruffin Companies support many of the provisions of SB499. SB499 attempts to strike a balance between the constitutional requirements and the need for Kansas to protect its entertainment dollar. Kansas gets no direct benefit from the gaming that currently takes place within and on our borders. SB499 corrects that. With the popularity of gambling, Kansas currently has no way to include gaming in our tourism strategy. SB499 attempts to correct that as well.

SB499 recognizes the current environment and tries to place most gaming in Kansas in a position to hold its own. It is important for Kansas to change to give its gaming industry the chance to survive. It is important for Kansas to change to give our tourism industry a chance to compete. It is important for Kansas to change to keep our entertainment dollars at home. And finally, it is important for Kansas to change so the gaming activity in the state, which currently contributes no direct taxes, will pay its fair share.

Mr. Chairman, even though we are very appreciative of the Governor's efforts on this issue, we do have some suggestions that we are convinced will help this legislation meet the goals of the Governor and the legislature. The destination casino portion of the bill, with its flexibility, has the potential to meet everyone's expectations. The VLT portion of the bill however, needs to be improved.

Initially, the bill would give the pari-mutuel industry in Kansas the opportunity to compete with the pari-mutuel industry in other states and to some extent, gaming in other parts of the country. But the limit on the number and type of machines, compared to the

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current gaming market and the destination casinos that are envisioned in the bill, would pose an insurmountable threat to the pari-mutuel industry in Kansas. The limited number of VLTs at the pari-mutuel facilities and the percentage going to the "video lottery pari-mutuel sales agent" will make it impossible for the pari-mutuel industry to survive. This is especially evident when compared to the investment and variety of games at the destination facilities and the current gaming in and adjacent to Kansas.

We recognize that the Governor does not want the state to compete with its self. She also wants to preserve the pari-mutuel industry. The only way to preserve the pari-mutuel industry is to create a level playing field. As introduced, SB499 does not create that level playing field. At a minimum, the market study that is done before a destination casino gets a "certificate of authority" should include the impact the "destination casino" would have on the state's VLT operation, as well as the pari-mutuel industry itself. More appropriately, the legislation should initially give the pari-mutuel industry the tools to compete with not only the current gaming in and around Kansas, but also the new facilities that will most certainly be proposed under the Destination Casino portion of the bill.

Ruffin Companies have significant experience in the gaming industry. That experience tells them that even under the VLT portion of the bill, there will be significant costs incurred to protect the integrity of the state's VLT operation, as well as make it a successful venture. Costs such as security, monitoring, marketing, buses, and a rewards program just to name a few. These programs not only need an experienced staff, but investment as well, such as a vault, cashier's cage, numerous security cameras, security camera monitors and buses. As we stated before, we have serious concerns about whether the VLT portion of the bill will be able to compete with the current market in and around Kansas, let alone the new "destination casinos". But if these costs and investments are not envisioned for the VLT operations in the legislation, they will not compete and we have done nothing but temporarily extended the life of the pari-mutuel industry in Kansas.

In the past, Ruffin Companies have always been willing to make the investment necessary to create a destination attraction at Wichita Greyhound Park and the facility at Frontenac. They have the experience and the ability to make that a reality. They are still willing to do that, but there must be some recognition that to make such an investment requires an expectation of a reasonable return. The balance between the state's desire for destination attractions and a return to those making the investment has been in the bills we have supported in the past. That important balance is also contained in HB2632 as introduced by Representative Ballou and in that regard is superior to SB499.

It appears the need for investment and return is recognized in the Destination Casino portion of SB499, but it is not in the VLT portion. Ruffin Companies will most likely try to become a destination casino, but if they are unsuccessful a valuable asset to the Kansas pari-mutuel industry and Kansas tourism will be lost.

Rutland Ranch
Jeff & Laurie Rutland
1047 East College Avenue
Independence, KS 67301
(620) 331-2485 ~ fax (620) 331-2235

Date: February 17, 2004

To: Pete Brungardt, Chairman
Senate Federal and State Affairs Committee

From: Jeff Rutland
Horse Owner/Breeder
Independence, Kansas

Re: Support for SB 499, with amendments

Chairman Brungardt and Committee Members:

I am Jeff Rutland from Independence, Kansas where I was born, raised and continue to operate my family's horse operation. I am proud to be the son of the late Guy Ray Rutland, who is still known and respected as one of the all time leading breeders of racing quarter horses in the nation. Three years ago my family was honored by the American Quarter Horse Association with their prestigious Legacy Award in recognition of over 50 years of continuous breeding, all right here in Kansas. We have a single mare barn with 148 stalls that is literally bigger than a football field. One of our grass roots stallions, Pacific Bailey, has sired more registered foals than any other stallion of any breed in the country's history. People have come to our ranch from all over the United States, Mexico and Canada to buy our colts at annual auctions, filling every motel in Independence on the 3rd weekend in October for 25 years. We would breed more than 400 registered broodmares that we owned each year as well as 400 mares that would be brought in from other states to breed to our stallions. Our tax returns show that in a single year we spent over \$350,000 on feed and hay alone.

Yes, those were the "good old days" when horse racing was at one of its finest times. Yet I have described only one breeder of the state. Does this not spur one's curiosity of what could happen if racing once again generated the opportunity for our agri-business as it did back then? During this time, Kansas ranked as the 5th leading state in the nation in the production of racing quarter horses. Yes, it is a big business that deserves your attention as we are now fighting for survival. Why such the demise?

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As we lost opportunities to start our horses in Kansas, we lost breeders and owners, both old and new, which simply could no longer afford to invest. We lost these opportunities to race due to the lack of sufficient purses to attract the horses, which in turn eliminated the need to produce more. Simply put, supply and demand. The people of Kansas acknowledged the racing industry as a valuable part of our state's culture when they voted to pass a constitutional amendment legalizing parimutuel wagering. This wagering is our industry's primary source of income. However, the dollars generated no longer can sustain our need. The playing field has fallen uneven for us since now there is fierce competition for that gambling dollar that did not exist 15 years ago. Today, legal gambling is available in many places, not just the racetrack. As we have warned for several years, our income is being stripped away by the riverboats and Native American casinos that put little back into our economy. Racing must be able to retrieve part of this expanded gaming dollar to exist. Its time that you restructure the way gambling by Kansans is handled. It's not that we are asking for something new to be introduced to our residents, we're simply asking that gambling be regulated in such a way that it will allow a substantial agri-based industry to survive and realize it's potential. Yes, we most definitely need a change, as does any successful industry as time goes along. But, since it is such a tightly regulated industry, when racing needs to change its business plan, we must have your legislative approval.

Our sport is important to us all, in some manner. Horse racing has taught our society many things through the years. It presents the occasion to drink a mint julep with friends on the first Saturday in May as promising young colts reach for stardom in Kentucky. The movie *The Black Stallion* showed us the love and friendship that a horse can give to a young boy who is lost in life. *Casey's Shadow* demonstrated the importance of responsibility and faith and that dreams really do come true. Easy Goer and Sunday Silence gave us an incredible exhibition of competitive spirit as they battled eyeball-to-eyeball, stride for stride down the stretch in the 1989 Preakness. Secretariat gave us an unbelievable heart of a champion as he made that final turn in the last leg of the Triple Crown nearly 20 lengths in front of the rest. Just last year, Funny Cide brought heartbreak of the underdog while coming so close to immortality, yet never giving up. And *Seabiscuit*, that run-down, obnoxious, shell of a has-been, that so many had lost hope for, inspired us to remember that everyone deserves a second chance. Ladies and gentlemen, racing is asking for that second chance. Allow us to give rural Kansas new opportunities it deserves.

Respectfully,



Jeff Rutland

Testimony on SB 499

**Doug Lawrence
Kansas Greyhound Association**

**Senate Federal and State Affairs
February 17, 2004**

Chairman Brungardt and members of the committee, I appreciate the opportunity to address you this morning. My intention today is to discuss a number of issues that we believe need to be addressed as a part of your consideration of SB 499.

Over the course of the last six months, I have been working on behalf of the Kansas Greyhound Association in an attempt to consolidate the issues and reach agreement with the various breed groups that are dependent on the financial viability of the horse and greyhound racetracks in Kansas.

During that time, there have been many meetings across the state and in Topeka as we sought common ground among the agricultural interests that benefit from the racetrack operations and the potential of benefiting from the expansion of gaming at the racetracks in Kansas.

The good news from our effort is that we have an agreement among the Greyhound, Quarterhorse and Thoroughbred industries. That agreement was completed last week at the end of seven hours of negotiation, which capped a six month effort on everyone's part.

While we had spent six months working on a "breed bill" our ability to come to any final agreement required the opportunity to see the final language as proposed by Governor Sebelius in SB 499.

We applaud the Governor's effort. As one who has worked to craft two different gaming bills in the last two years – the Breed Bill and SB 283 – I truly understand how difficult it is to write this particular type of legislation.

In particular, we are pleased that SB 499 gives reason for supporters of gaming to collaborate rather than pitting various interests against each other.

Those things said, no bill is perfect.

I would like to take a moment to highlight the areas where we feel the bill needs to be strengthened to benefit the interests if all Kansans.

Senate Federal and State Affairs Com.

Date: FEBRUARY 17, 2004

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Kansas should place a priority on enhancing the agricultural elements of the Live Racing Industry.

Enhancing purses, in general, and creating special purses for Kansas Bred Greyhounds, Thoroughbreds and Quarterhorses will spread the benefit of expanded gaming across the entire state.

Examples:

- Page 28, lines 5 – 18
 - Greyhound Kansas Bred awards are completely left out of this bill
 - Language is necessary to allow creation of a program payment of special breed awards to the owners of Kansas Whelped Greyhounds. “Points”
 - More specifics are needed in how to deal with funds made available for Quarterhorse and Thoroughbred breed awards.
- Days of Racing Requirements
 - Critical to Kansas Horse and Greyhound breeders is a place to race with an adequate number of races to offer a marketplace
 - SB 499 does not require a parimutuel licensee to hold a single day of racing to qualify for video lottery terminals. In one case, a track that holds a license, but has not conducted any racing for several years would qualify for VLT’s under this legislation.
 - The only reference to racing and gaming commission authority is on page 28 and relates to how purse supplements are created.

On Going Viability of the parimutuel race tracks are of concern to the breed groups in light of the potential of developing additional gaming outlets within the same marketplace.

- Entry of competing facilities into the same marketplace, and how that entry would occur are concerns
- Number of Machines necessary to be competitive in the marketplace
- Unbalanced competition between two “state owned” facilities in the same market place.

The breed groups have agreed to a number of changes, which we believe are necessary to resolve our concerns. We would like an opportunity to meet with a broader coalition of gaming interests, including the parimutuel racetrack interests, and those who support “stand alone” destination resorts in an effort to develop a comprehensive agreement on issues of concerns to everyone.

I am absolutely convinced that we can find common ground with the other parties who are interested in expanding gaming in Kansas.

Testimony on Senate Bill 499

**Steven Ward
President
Kansas Greyhound Association**

**Senate Federal and State Affairs Committee
February 17, 2004**

Chairman Brungardt and members of the committee, I appreciate the opportunity to speak to you concerning this proposal to expand gaming in Kansas and its significance for a very important industry in our state.

The Kansas Greyhound Association supports the Governor's proposal, and in particular supports the plan to allow new gaming opportunities at the state's parimutuel racing facilities.

The Kansas Greyhound Industry is big business in Kansas, with deep roots that stretch border to border in our state. This past summer, the KGA commissioned an economic impact study, which focused on only the agricultural portion of the greyhound racing industry.

A summary of that study is attached to my testimony, along with a post card, which illustrates the information graphically. Frankly, even I was surprised by the results of this study. We like to say "Kansas is to greyhounds, what Kentucky is to Thoroughbreds." Kansas greyhounds run in 18 states, and Kansans brought more than 30 million dollars in purses back to Kansas last year. Less than half of the active racing greyhounds in Kansas are actually raced in our state.

In direct dollars today, the agricultural portion of the greyhound racing industry represents a 150 million dollar economic impact.

As President of the KGA, I am proud of the success and capability of the Kansans who are the heart of our industry.

This past fall, a Kansas Greyhound set a new record at the National Greyhound Association's fall meet. Rooftop Gizmo, born and trained in Emporia Kansas, was sold in Abilene for \$70-thousand dollars. The buyer, who was from Colorado, ordered the dog to be shipped to Wheeling, West Virginia. Why? Because Wheeling West Virginia has Video Lottery Terminals and purses among the best in the nation.

When the purses are paid for rooftop gizmo, they won't come back to Kansas, they'll go to Colorado. Expenses paid for training, feeding and racing that dog will be paid into the Wheeling economy. Income taxes will be paid to West Virginia and Colorado. And the Breeding fees, when the dog retires ... will go to Colorado.

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Kansans want to practice their trade where they live. As other states are using a portion of their gaming revenues to encourage development of a state greyhound industry, Kansans are facing tough choices. Increasingly, states like West Virginia are taking an active role in creating special breed stakes races, and breed awards for West Virginia dogs. Their goal is to encourage development of a breeding industry in their state. They hope to see the success in their state that we have in Kansas.

Their success will come at Kansas's expense. Our best operators are increasingly finding it hard to ignore the opportunity to race for better purses, and compete for breed awards. We are losing an important part of our industry ... and expertise.

In 1986, Kansans recognized the value of the live racing industry in our economy. In support of both the Horse and Greyhound racing industries by passing a constitutional amendment allowing parimutuel racing in our state. Before there was the Woodlands, and Wichita Greyhound Park, there was an industry that Kansans chose to support.

Today, with the addition of Missouri Riverboats, Indian Casinos and other gaming options the tracks that are crucial to the live racing industry face a critical moment. The KGA believes the tracks can compete in the marketplace, but they must be given all of the tools to be competitive.

The addition of VLT's at the track, as authorized by SB 499, simply reflects the reality of our industry and the reality that a multitude of gaming options exist in Kansas today.

SB 499 must be amended to ensure the availability of live racing in Kansas, and that purse enhancements for Kansas whelped greyhounds will produce benefits across the state through a healthy and growing greyhound industry.

The KGA, along with the Kansas Quarterhorse Racing Association and Kansas Thoroughbred Association have been working over the last six months to find ways to make sure that the agricultural portion of the live racing industry benefits from any expansion of gaming at the race tracks. The good news is that we have reached agreement. We hope to work with the race track owners over the next several days to see if we can't come to terms on something that is good for everyone in Kansas.

Kansas Greyhound Industry Economic Impact Study Summary

The Kansas Greyhound Industry is big business in Kansas, with deep roots that stretch border to border in our state. The scope of the agriculture elements of the greyhound industry has not been well understood.

The Kansas Greyhound Association recently commissioned an economic impact study by a nationally recognized research firm to determine the economic impact of the industry.

Industry Snap Shot

The Greyhound Industry's economic impact in Kansas exceeds 150 million dollars in direct economic benefits. That calculation are direct economic benefits and do not account consider any potential multiplier effects.

Direct Income:	\$50 Million
Direct Expenditures:	\$30 Million
Direct Investments	\$25 Million
Livestock Investment	\$32 Million
Total Taxes	\$ 3 Million
Total Debt	\$10 Million

Kansans own nearly 24 thousand greyhounds actively engaged in industry activity including breeding, training, and racing. They race in 18 states, and earn nearly \$35 million in purses and prizes. Only 40% of the active racing greyhounds are actually raced in Kansas

Kansas is a national player in the Greyhound Industry

The Kansas Greyhound Industry has a 60-year history in Kansas.

Home of the National Greyhound Association (Abilene) and two national racing stock auctions (Abilene), which generate millions of dollars Kansas is to greyhound racing what Kentucky is to the Thoroughbred industry.

This year a Kansas bred greyhound, rooftop gizmo, established a new national auction record when sold at the NGA Fall Meet this past October for \$70,000.

Kansas Kennel operators hold significant bookings at some of the largest greyhound tracks in the country, and earn a significant portion of the purses awarded nationally.

Good morning-

My name is Pam Davis, Westmoreland, in Pottawatomie County. I am currently employed at the College of Veterinary Medicine at Kansas State University in the Department of Anatomy & Physiology where I have been for 26 years. I have been a member of the Kansas Thoroughbred Assoc. since it began 18 years ago. I raise Thoroughbred race horses. I am also involved with 4-H as President of the State Horse Parent Action Committee and also currently a member of the Rural Agricultural Leadership Class, KARL Class VII.

My purpose is to present some information relating to the equine and agricultural economy in our state.

Since 1989 to 2003 there has been a change in number of horses Thoroughbred and Quarter Horses put into the Kansas Bred Program. Starting with 3230 and falling to 252, when you compare these numbers with states that have recently added alternative gaming the numbers of mares bred and stallions standing in those states have increased. These numbers greatly impact the equine industry in our state. With every mare bred there are usually 2 or 3 offspring too young to race, at home. All these animals have to be fed and cared for in order for them to develop into athletes. This fact impacts our agricultural business and Ag related occupations. Your feed and tack stores, farriers, veterinarians, custom hay producers, accountants, trainers, grooms, haulers, race tracks, training centers, and state agencies, all of these allow and supply jobs to our state.

As reported in the 1996 KS Equine Survey, 35.3 million dollars was spent of feed alone. Equipment purchased was 15.6 million. Just think of the dollars generated in property and sales tax. These dollars support local communities and the state.

The number of equine operations reported by type: 14,840 farms, typically family farms.

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Boarding and training facilities numbered 960. These operations encompass over 14 million acres with approximately 950 million acres devoted to the horse part of the farming operation.

As the racing industry gets stronger, that means the potential to generate dollars. We would bet that those dollars would go right back into the equine operation to expand and develop the farm's program, whether it be breeding or racing these horses.

Horses are labor intensive. Over \$14 million was reported in expenses for labor. I can speak to this subject first hand. I feed and clean stalls daily.

Another positive impact of the income from the racing industry is supporting equine and canine research at Kansas State. Since, 1990 to 2003 there has been over 2.6 million dollars spent as reported in the KS Racing Commission's annual report. This research has had a positive impact on our future veterinarians' education and has been major benefit to understanding our equine and canine athletes.

One of the problems we have as an industry is a lack of enhancement for our breeding and racing programs. Some people foal and breed their mares out side our state to take advantage of other racing and breeding programs. And many people race their horses outside the state as well. Now is the time to strengthen our racing program.

Ag in the Classroom is a great program for our students. Many states have a website that one can look up and learn about the state's agricultural products. Our state doesn't even mention horses on its page and we have great numbers, more than many states that have horses listed. We have the best situation for rearing horses, affordable land and a great agricultural infrastructure.

For the first time all the breed associations are united in the effort to expand and improve our racing and breeding environment. It is a MUST that we have quarantined live racing in any bill that is put forth. We also feel strongly that the number of 2500 slot machines is just not enough to grow our industry and improve the

agricultural economy based on this industry. Let's take this opportunity to make the breeding and racing industry strong. This can only happen with the support of you, our legislators.

Kansas Horsemen's Association

NUMBER OF HORSES REGISTERED SINCE INCEPTION OF PROGRAM

1989	3230
1990	197
1991	467
1992	342
1993	357
1994	357
1995	221
1996	213
1997	123
1998	202
1999	151
2000	193
2001	188
2002	254
2003	252

BUSINESS OFFICE: 3400 VAN BUREN • SUITE A • TOPEKA, KANSAS 66611

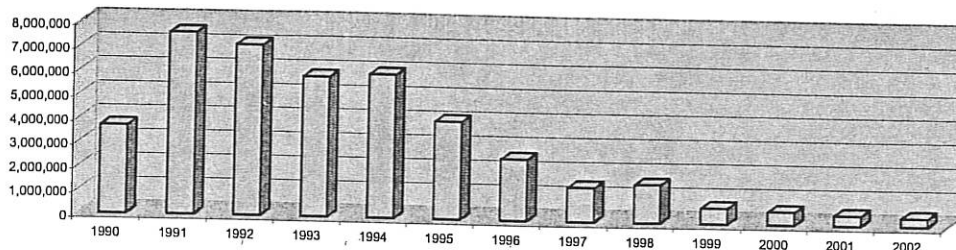
TEL (913) 368-6563

FAX (913) 296-1939

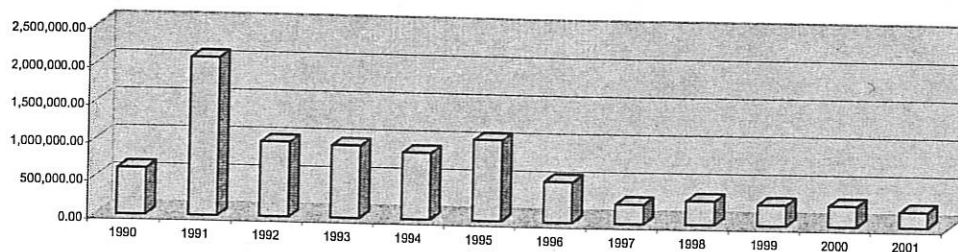


Benefits of Parimutuel Racing

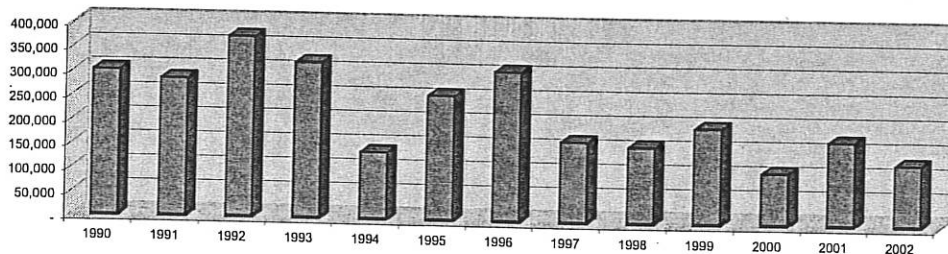
Transfers to State Gaming Revenue Fund



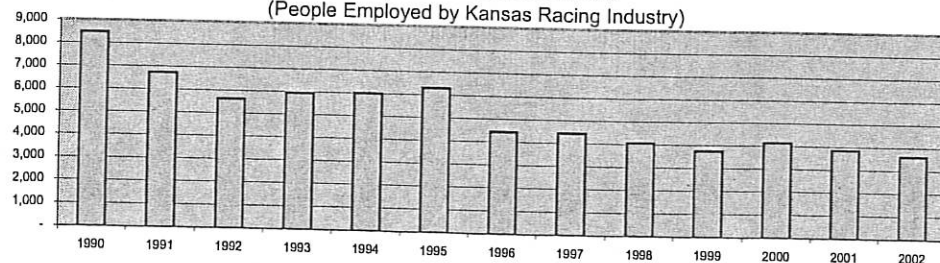
Charitable Contributions



Research Grants Funded



Occupational Licenses Issued (People Employed by Kansas Racing Industry)



Testimony in Support of Senate Bill 499
By the Kansas Sunflower Club Association
February 17, 2004

Chairman Brungardt and members of the committee:

Thank you for your attention to this important matter. I am Steve Kearney and I am here to make a few remarks regarding SB499 for the Kansas Sunflower Club Association. The Kansas Sunflower Club Association is comprised largely of the Fraternal Organizations you see enumerated in the measure before you.

The Kansas Sunflower Club Association supports those segments of Senate Bill 499 that offer their member Veteran and Fraternal Organizations the ability to participate in the "video lottery program" as a "club location." This Act defines Veteran and Fraternal Organizations as:

"... an organization which is licensed as a class A club pursuant to the club and drinking establishment act, has been in continuous existence and operation for a period of not less than five years prior to the date of application to become a video lottery club sales agent and is a bona fide member of one of the following organizations:

- (1) The American Legion;
- (2) the Veterans of Foreign Wars;
- (3) the Fraternal Order of Eagles;
- (4) the Benevolent and Protective Order of Elks;
- (5) the Knights of Columbus;
- (6) the Loyal Order of Moose; or
- (7) the Order of the Mystic Shrine."

SB 499 sets the limit of video lottery terminals at a maximum of five machines per club location regardless of size. The members of the Kansas Sunflower Club Association suggest that during your deliberations that you consider a formula beyond the minimum that would allow more machines at larger locations.

The members of the Kansas Sunflower Club Association appreciate your continued efforts regarding this matter. As you deliberate regarding the inclusion or exclusion of other provisions we respectfully request your continued support of the Veteran and Fraternal Organizations. The inclusion of their members in the final work product of this Committee will provide them a source of revenue to continue their community service and philanthropic efforts unabated.

:Senate Federal and State Affairs Com.

Date: FEBRUARY 17, 2004

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The Honorable Pete Brungardt
Committee on Federal and State Affairs
State Capitol, Room 231-N
Topeka, Kansas 66612

2/17/04

To: Senator Pete Brungardt:
From: Mayor Carlos Mayans

Subject: *Senate Bill 499- Gaming*

The City of Wichita is concerned that the state is denying local control through the wording of SB 499. This bill would take away the rights of a city's local control in deciding and would violate the spirit of the Home Rule. The Home Rule Amendment is the foundation of local government and the bedrock of our belief in independence.

The Wichita City Council has not taken a position on the issue of expanded gaming in Kansas. However, the City has consistently supported a fair and equitable distribution of revenue. While expanded gaming options, such as casinos, will create new economic development opportunities for many communities, expanded gaming will also have a financial impact on these communities. Local governments should therefore receive revenues generated from these operations, as gaming will result in increased demands for city services. The city should play a role in making important decisions about who develops such a facility, the nature of such development, the location and infrastructure necessary to support a project of this magnitude.

In Conclusion:

The City of Wichita strongly believes that Cities should review gaming proposals and should share in gaming revenues. The City is opposed to local revenue sharing being determined by a State Commission. The City of Wichita supports the local control as stated in the Kansas Constitution, Article 12, Section 5, pertaining to Home Rule and local empowerment.

Senate Federal and State Affairs Com.

Date: FEBRUARY 17, 2004

Attachment: #

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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 499
SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS
FEBRUARY 17, 2004

Chairman Brungardt and members of the committee, I appreciate the opportunity to submit written testimony on behalf of the Board of County Commissioners of Sedgwick County in support of SB 499. SB 499 is a bill that would allow for a limited number of destination casinos in Kansas with significant input from a county commission. This bill also allows for the placement of 2500 video lottery terminals at the five existing parimutual tracks, including the Wichita Greyhound Park that is located in Sedgwick County and on land the County leases to this facility.

Sedgwick County does not take a position on whether expanded gaming is in the best interest of the citizens 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 this bill that would allow the board of county commissioners of a county where a destination casino is to be located to adopt a resolution allowing the citizens of said county the right to vote on whether there should be a casino in their county. This would give Sedgwick County residents the option of driving a few miles to engage in this form of entertainment as opposed to driving 150 miles to Topeka, or even farther to the casinos 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.

Sedgwick County supports provisions in SB 499 that give local governments early input in whether a destination casino is to be located in a particular city and county and that locals may receive up to 4% of the revenues. We support provisions in the bill that require a proponent to submit its plan concurrently with the county commission while allowing the county commission a reasonable period of time to submit recommendations to the Destination Casino Commission. The only concern that Sedgwick County has with this legislation is that there is no provision for the County to receive a portion of the net revenues from the video lottery terminals and that the citizens have no right to vote on this expanded form of gaming.

In summary, Sedgwick County supports SB 499 and giving our citiz Senate Federal and State Affairs Com.
whether expanded gaming should occur in the state of Kansas.

“Sedgwick County...working for you.”

Date: FEBRUARY 17, 2004
Attachment: #

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President
Ron Eldridge

Executive Secretary
Treasurer
Jim DeHoff

Executive Vice
President
Wil Leiker

Executive Board

*Mike Brink
Kurt Chaffee
Jim Clapper
Robin Cook
Richard Crusinberry
Barbara Fuller
David Han
Jerry Helmick
Larry Horseman
Lloyd Lavin
Jerry Lewis
Shawn Lietz
Pam Pearson
Dave Peterson
Emil Ramirez
Bruce Reves
Steve Rooney
Debbie Snow
Wilma Ventura
Betty Vines
Dan Woodard*

Testimony Presented to
Senate Federal and State Affairs Committee
by the
Kansas AFL CIO
In Support of SB 499
by Jim DeHoff, Executive Secretary

Chairman Brungardt and Committee Members,

I am Jim DeHoff, Executive Secretary of the Kansas AFL CIO. I appear on behalf of the 100,000 members of the Kansas AFL CIO in support of SB 499.

Kansas has the opportunity to expand gaming for Kansas residents, who in many cases, simply drive to Missouri for recreation gaming. SB 499 could be an excellent economic development tool for Kansans with the additional job opportunities that expanded gaming would provide. These jobs would be higher paying jobs with the operation of the casinos. Also, a large amount of jobs will be created with the initial construction of the casinos as well as updating the facilities at a later time. Support businesses in the area of the constructed casinos would realize a major impact.

Having a commission that would designate not more than five casinos in the state, Kansas residents would have a controlled number of facilities. The Kansas AFL CIO strongly supports Section (7) that sets county option and approval as a means of locating a casino.

We believe passage of SB 499 will be very beneficial to Kansas residents, as well as be an additional source of tax revenue for the State.

We urge your support and consideration and respectfully ask that you pass SB 499.

Thank you.

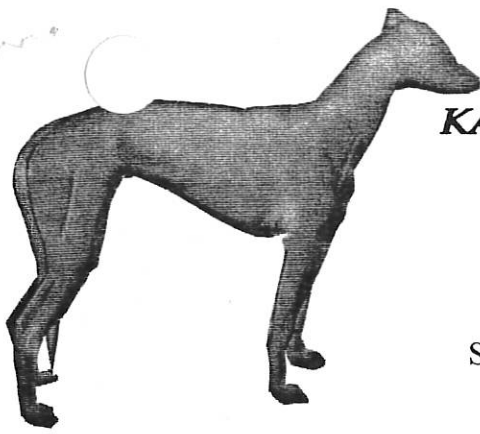


Senate Federal and State Affairs Com.

Date: **FEBRUARY 17, 2004**

Attachment: #

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KANSAS GREYHOUND KENNEL OWNERS' ASSOCIATION

P.O. Box 487
Abilene, Kansas 67410
(913) 263-7272

Wayne Ward, President

Testimony
Senate Federal and State Affairs Committee
February 17th, 2004

To: Chairman Brungardt and members of the committee

The Kansas Kennel Owners Association supports the effort to expand gaming opportunities at the Parimutuel Race Tracks in Kansas, provided such expansion will enhance the live racing industry as it exists across the entire state.

Live Greyhound Racing is big business all across our state. Kennel owners are an important part of that business. As is the breeding and training business.

Expansion of gaming in Kansas, and at the parimutuel race tracks should provide funds dedicated to stakes races and breed awards for Kansas Whelped dogs. Those funds will ensure a strong and viable agricultural base for our industry and make sure that the benefits of the effort touch the entire state.

Greyhounds are a 150 Million dollar industry in Kansas today, just in agricultural terms, excluding the racetracks. That industry is spread from border to border, north, south, east and west and touches more than 80 different communities.

Senate Bill 499, as proposed by Governor Sebelius, is a good start. It must be amended to enhance purses for Kansas whelped greyhounds. It must also ensure that live racing benefits through expansion of the number of days of racing,

The Kansas Kennel Owners Association understands that an agreement has been reached between all of the breed organizations in the state, and that a balloon amendment will be presented for the committee's consideration. We urge you to support the agreed language.

Sincerely,

Wayne R. Ward
President

Senate Federal and State Affairs Com.

Date: FEBRUARY, 17 2004

Attachment: # 22