

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 March 31, 2004 in Room 231-N of the Capitol.

All members were present except:

Senator Donald Betts- excused
Senator James Barnett- excused
Senator Kay O'Connor- excused

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:

Senator Lana Oleen
Ron Hein, Prairie Band Potawatomie Nation
Glenn Thompson, Stand up for Kansas
Rod Barnes, City Manager, Junction City, Kansas
Rick Dykstra, Geary County, Kansas
Robin Jennision, Ruffin Companies
Charles Yunker, American Legion
Jerry Griggs, Moose Lodge

Others attending:

See Attached List.

Chairperson Brungardt thanked the committee for attending the late meeting. He informed them that he was going to try and hear all of the conferees. Chairperson Brungardt opened the hearing on **SCR 1622, Privately-owned and privately-operated casinos**. He welcomed Senator Lana Oleen to the podium.

Senator Oleen explained her reasons for authoring the bill. She explained her desire to limit gaming in the state of Kansas. She then went over the resolution for the committee (Attachment 1).

Chairperson Brungardt asked the committee for questions.

Senator Vratil asked how the Governor's gaming proposal requires the state to promote gaming.

Senator Oleen explained that the state would be in the business of gaming. She explained that because pressure was to raise money, the state would be put in the position to promote gaming to raise money.

Senator Vratil observed that there was nothing in the Governor's proposal that required the state to market gaming opportunities.

Senator Oleen explained there was nothing to prevent such marketing.

Senator Vratil expressed concern of the 400 gaming machines tied to a local computing system, called for in the resolution. He wanted to know what would happen if times changed and computers became obsolete or 400 machines were either not enough or too much.

Senator Oleen explained that the constitution would have to be amended.

Chairperson Brungardt asked for additional questions.

Senator Gilstrap asked if Senator Oleen trusted the citizens of Kansas to vote on the Governor's gaming bill that passed out of the committee earlier in the session. He explained that the bill gave the people at

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:30 a.m. on March 31, 2004 in Room 231-N of the Capitol.

the county and city level the right to vote on gaming in their area.

Senator Oleen explained that she would trust the voters on a statewide level. She explained that it would maintain the consistency of having citizens vote on expanded gaming such as happened in the past.

Chairperson Brungardt thanked Senator Oleen and welcomed Ron Hein to the podium.

Mr. Hein presented testimony in favor of **SCR 1622** (Attachment 2). He explained that while the Potawatomie Nations oppose expanded gaming, if it comes, they favor the form presented in the resolution.

Chairperson Brungardt thanked Mr. Hein and informed the committee that they had written testimony from Matt All, Chief Counsel to the Governor (Attachment 3). He then welcomed Glenn Thompson to the podium.

Mr. Thompson presented testimony in opposition to **SCR 1622** (Attachment 4).

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

Mr. Barnes presented testimony in opposition to **SCR 1622** (Attachment 5). He explained to the committee Junction City's desire to have a large destination casino.

Chairperson Brungardt thanked Mr. Barnes and welcomed Rick Dykstra to the podium.

Mr. Dykstra presented testimony in opposition to **SCR 1622** (Attachment 6).

Chairperson Brungardt thanked Mr. Dykstra and welcomed Robin Jennison to the podium.

Mr. Jennison presented testimony in opposition to **SCR 1622** (Attachment 7). He expressed concern with leaving parimutuel tracks out of the resolution.

Chairperson Brungardt thanked Mr. Jennison and welcomed Charles Yunker to the podium.

Mr. Yunker presented testimony in opposition to **SCR 1622** (Attachment 8). He explained the desire and need for fraternal organizations to have a limited number of slot machines in their facilities.

Chairperson Brungardt thanked Mr. Yunker and welcomed Jerry Griggs to the podium.

Mr. Griggs presented testimony in opposition to **SCR 1622** (Attachment 9).

Chairperson Brungardt thanked Mr. Griggs. He asked the committee to approve the minutes for March 9, March 10, March 11, March 15, March 16 and March 17.

Senator Clark made a motion to approve the minutes. The motion was seconded by Senator Lyon. The minutes for March 9, March 10, March 11, March 15, March 16 and March 17 were approved.

Chairperson Brungardt informed the committee that the meeting on April 1, will be on call of the chair. He then thanked the committee and the conferees.

The meeting was adjourned at 12:30 p.m. The next meeting is scheduled for April 28, 2004 at 12:30 p.m. in room 231-N.

Senate Federal and State Affairs Committee

Date: MARCH 31, 2004

Name:

Representing:

Glenn Thompson	STAND UP FOR KS.
Bette Thompson	"
Robin Robin Jennison	Ruffin Companies
Yodha Perkins	Sac & Fox Nation
Ed Green	Sac & Fox Nation
TIFFANY MULLER	KUPA
JOHN C. BOTTENBERG	Ks RACING, LLC
Jamie Ann Lower	Ks Bowling Prop.
Susan Paxson	Ks Greyhound Assn.
CARL LINSEY	Ks ELKS ASSOC.
Richard Stucky	Kansas ELKS ASSOC. Inc.
Leonard Dale	Order of Mystic Shrine
Jerry L. Griggs	Kansas Moose Lodges ASSN.
Rod Barnes	City of Junction City
Harry Cope	City of Junction City
RICK DINSTR	City of Junction City
John Pinegar	buick national corporation
M L (Mrs) Michalski	POST 1650 VFW
B. J. MCGEE	POST 1650 VFW
E. L. Jan	Post 1650 VFW Dept Vice Pres.
Charles M Yunker	The American Legion Dept. of KS
Dan Murray	Federico Consulting
John McElroy	KSEd
Dodie Wellshear Johnson	Patricia Hurley & Co.

Senate Federal and State Affairs Committee

Date: ~~March~~ 31, 2009

Name:

Representing:

Ed Van Petten

Lottery

Keith Kocher

K's Lottery

Shirley Allen

Better Nat'l

W. Trice

Gov's office

Ron Klein

Prairie Band Potawatomi Nation

FILE

LANA OLEEN
SENATOR, 22ND DISTRICT
GEARY AND RILEY
COUNTIES
(785) 296-2497

State of Kansas



COMMITTEE ASSIGNMENTS
CHAIR: CONFIRMATION OVERSIGHT
STATE-TRIBAL RELATIONS
VICE CHAIR: ORGANIZATION, CALENDAR & RULES
MEMBER: STANDING & JOINT COMMITTEES

*Majority Leader
Kansas Senate*

SENATE CHAMBER, STATE CAPITOL
TOPEKA, KANSAS 66612-1504

Monday, March 22, 2004
Contact: Kristin Heuertz
785/296-8056

**SENATOR OLEEN PROPOSES CONSTITUTIONAL AMENDMENT
THAT PLACES GAMING ISSUE ON STATEWIDE BALLOT**

TOPEKA – Senate Majority Leader Lana Oleen today announced her proposal for the citizens of Kansas to vote on the issue of gaming. The proposal, in the form of a constitutional amendment, would allow the public to either approve or reject the expansion of the gaming industry in Kansas.

“The expansion of gambling comes up, in one form or another, every legislative session,” Oleen said. “I believe it is time the citizens of Kansas vote on whether or not they want gambling expanded in Kansas.”

Oleen added, “The voters of Kansas made two previous decisions to have a Kansas Lottery and parimutuel racing. My proposal continues that policy in allowing citizens to decide if they want slot machines and casinos in different locations in Kansas.”

The proposed amendment creates a five-member statewide Casino Gaming Oversight Commission. Prior to the approval of any casino, the Commission would require feasibility, economic impact and marketing studies. These reports would be conducted prior to a vote of an interested county’s designation as one of four sites to be awarded a state license to operate a casino.

Under this proposal, the state would have one privately-owned destination casino, located in Wyandotte County. The casino could be the result of either a state-tribal compact or by authorization of the Gaming Oversight Commission. In addition, the Commission would review proposals and could authorize up to four privately-owned casinos. There would be up to 400 electronic gaming machines per casino, all linked to a centrally monitored computer system within the Kansas Lottery. No casino may be located within 50 miles of any tribal casino that is currently operating.

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Attachment: # 1

Money derived from the electronic casino gaming machines, after the payment of costs of regulation and operations of the casino, will be divided in the following way: 25% to the licensee operating the casino; 25% shall be awarded, by the Kansas Department of Commerce, to programs and services supporting and enhancing tourism in the state; 16% to the State Board of Regents to vocational educational schools and technical colleges for equipment upgrades; 10% to a fund administered by the Kansas Commission on Veterans Affairs to be used to support and enhance veterans programs and services; 4% to the county in which the casino is located (if the casino is located within the city limits, this amount would be split 2% to the city and 2% to the county); 4% each to the Kansas horse and greyhound breeding development fund; 2% to problem gambling fund; and the balance will be credited to a fund administered by the Secretary on Aging to enhance programs and services provided under the Senior Care Act or other programs and services for the elderly.

The proposed amendment would need to pass both the Kansas Senate and House of Representatives by a two-thirds majority in order to be placed on the November 2004 ballot. If the amendment were to pass the electorate, any county wanting to pursue one of the four casino sites would be eligible to present a proposal to the Gaming Oversight Commission for consideration.

Speaking to her decision to propose the amendment, Oleen said, "while I have opposed the expansion of gambling in Kansas for many years, I am fearful that the Kansas Legislature will begin the slippery slope in some fashion in the near future. I have seen some sloppy, greed-driven measures gain significant support in the Kansas Legislative Chambers. This measure is a tightly-regulated, modest approach to expanded gambling which is tied to the approval by the citizens of Kansas. My proposal helps alleviate the undue financial influence gambling brings to the legislative process."

HEIN LAW FIRM, CHARTERED

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Ronald R. Hein

Attorney-at-Law

Email: rhein@heinlaw.com

**Testimony re: SCR 1622
Senate Federal and State Affairs
Presented by Ronald R. Hein
on behalf of
Prairie Band Potawatomi Nation
March 31, 2004**

Mr. Chairman, Members of the Committee:

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

PBPN Opposes Expansion of State Gaming

The Prairie Band Potawatomi Nation (PBPN) has consistently opposed legislation providing for the expansion of Class 3 gaming by the state of Kansas. The PBPN opposition stems primarily from the recognition that such gaming would negate the economic development and other benefits that Tribal gaming provides to Native American Indian Tribes through the federal Indian Gaming Regulatory Act (IGRA.)

Gaming is one of the few tools provided by federal and state law for Indian reservations to generate economic development and revenue necessary to run governmental programs. The areas being served by Tribal gaming and the reservations were severely economically disadvantaged before Tribal Gaming. Expanded gaming proposals have threatened this single source of revenue for the Tribes and the areas surrounding the reservations.

Slippery Slope

We have also opposed previous expanded gaming proposals because once the state starts down the slippery slope of casino gaming, the state will not be able to stop itself from falling further into expanded gaming as more groups and areas of the state demand to be included. Witness HB 2053. Now we have a bill which will establish up to five destination casinos, plus five track facilities with up to 4,000 slot machines, plus up to five slots each at several hundred locations throughout Kansas at Veterans and other organizations; plus slots at bowling alleys and recreational centers. Under HB 2053, gambling is everywhere. If the intent of HB 2053 is to insure that everyone in the state is within close proximity to a gambling machine, then HB 2053 fulfills that intent.

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Date: **MARCH 31, 2004**

Attachment: # **2**

A review of the history of parimutuel and other gambling in Kansas demonstrates that even "gambling everywhere" proposals such as HB 2053 will not be the end of efforts to expand gaming in Kansas. Gaming is likely to be a legislative issue every year for the next ten years as gambling interests seek greater and greater benefits, less and less restrictions, and more and more money. The legislature should not be deceived that even a massive gambling bill like HB 2053 will put an end to expanded gambling.

Governor's Gaming Committee

The Governor's Gaming Committee spent a great deal of time researching gambling this summer. Among other things, they made some findings as set out below:

"The state should expand gaming in the form of a large destination casino.The best location in Kansas for a destination casino is Wyandotte County...A destination casino should not be established outside of Wyandotte County without convincing and significant evidence of such a venture's viability." [Emphasis supplied.]

The committee also recommended:

"A large destination casino—either state-owned and operated or Indian—in Wyandotte County, supplemented by slots at the tracks. ... In addition to this destination casino, the committee feels that the state should maximize its potential for immediate revenue by placing a limited number of video lottery terminals at the parimutuel tracks." [Emphasis supplied.]

The Governor's Gaming Committee also noted the following:

"Because the Kansas Constitution generally prohibits gaming, the only two legal models currently available (absent a constitutional amendment) for a casino are a state-owned and operated casino (under Article 15, Section 3c of the Kansas Constitution) and an Indian casino (under IGRA). ... To pass muster under Article 15, Sections 3 and 3c of the Kansas Constitution, the gaming operation of a state-owned and operated casino must be controlled and directly managed by a state agency. ... This approach, however, would place the State of Kansas in the uncomfortable position of being the first state in the Union to own and operate a full casino. Taking the plunge into full-blown gaming presents the state with significant ethical and economic risks. The state should thus enter this territory with extreme caution." [Emphasis supplied.]

Conclusion

As I stated at the beginning of this testimony, the Prairie Band Potawatomi Nation opposes state expansion of gaming. But as I testified on February 19 to this committee, **IF** gaming is to be expanded in Kansas, it should involve Tribal Gaming (including a Tribal destination casino in Wyandotte County if coupled with closure of such Tribes' existing casinos); it should be restricted (both in number of communities and number of slot machines); and it should be structured to solve the issue for the foreseeable future, most preferably through a constitutional amendment. Gaming should not be omnipresent, nor should it be substituted for or operated to the detriment of other businesses which have made Kansas great.

SCR 1622 would meet many of the goals of the Governor's Gaming Committee. It would avoid the slippery slope of expanded gambling by putting constitutional limits on gambling expansion. It would avoid the extensive damage that HB 2053 would cause to surrounding, competing businesses and to government programs such as the State Lottery. SCR 1622 would let the people of the entire state, not just limited areas vote on the issue of gambling. SCR 1622 could meet the objectives which we outlined on February 19, by involving Tribal Gaming (including a Tribal destination casino in Wyandotte County if coupled with closure of such Tribes' existing casinos); by restricting both the number of communities and number of slot machines where gambling is permitted; and by addressing the issue for the foreseeable future. Lastly, SCR 1622 recognizes the current value of our existing Tribal casinos, both for the benefit of the Tribes, as well as for the benefit of the communities around the reservations.

We would have drafted SCR 1622 differently. We recognize that SCR 1622 possibly needs some revising to carry out the original intent, which we believe was to eliminate state-owned and operated casinos and to permit one destination casino in Wyandotte County, Tribal or privately owned, and four other privately-owned casino locations with a maximum of 400 slot machines.

However, for the reasons outlined above, the PBPN feels that **IF** the State is to expand gaming, the approach utilized by SCR 1622 presents a more reasonable and balanced approach to gambling in Kansas and is more beneficial to all Kansans than enactment of the massive, omnipresent gambling established in HB 2053.

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

Testimony on Senate Concurrent Resolution 1622

MATTHEW D. ALL
Chief Counsel to the Governor

Before the SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS
Wednesday, March 31, 2004

Mister Chairman and Members of the Committee:

Thank you for the opportunity to testify on Senate Concurrent Resolution 1622. We appreciate the effort and thought Senate Majority Leader Oleen has put into this proposed amendment. We know her views on this are heartfelt and long considered. She has long been a voice of moderation and reason in the Kansas Senate, and we are glad she has entered this debate.

We are encouraged by some of the features of her proposal. We agree, for example, that Wyandotte County should have a destination casino. We are pleased that her proposal would allow other sites in Kansas to have at least some limited gaming options. And we are pleased that her proposal would establish an oversight commission to monitor and regulate these gaming activities. All these things are similar to the Governor's approach in Senate Bill 499.

We are concerned, however, with several features of the proposal. First, we are concerned that its limits on the size of the gaming facilities outside of Wyandotte County could eliminate the possibility of a destination casino in other parts of the state. The recent study commissioned by the Kansas Lottery demonstrated that a destination casino in other locations could generate hundreds of millions of dollars every year. In southeastern Kansas, most of those revenues would come from out-of-state tourists. It makes no sense to pass up that opportunity.

Second, we are concerned that the proposal does not adequately support the parimutuel industry in Kansas. Although the proposal would send some

money toward greyhound and horse breeding funds, it is likely that parimutuel racetracks would be unable to compete with casinos unless the tracks themselves had slot machines or video lottery terminals. If the tracks closed, then the Kansas greyhound and horse industries would be harmed far in excess of any additional revenue that would be transferred to their breeding funds by this proposal.

Third, it is unclear exactly how the finances of the casinos would be managed or monitored. The proposal calls for the state to retain 75% of the casinos' revenues after expenses, but it is unclear exactly how those expenses would be determined or limited. We would prefer to see a floor of gross revenues set for the state in any proposal. In addition, it is unclear that 25% of revenues after expenses of both the casino and the commission would be attractive to a private entrepreneur.

Finally, and most importantly, we are concerned about the use of the constitutional process to enact such a detailed proposal. The Constitution is as close to a sacred document as we have in our system of government. It is there to express our principles as a people, and set forth our framework of self-government. It is not there to enact detailed proposals, just so they can never be undone, or because legislators prefer not to deal with them again. Most of the details of this proposal are inappropriate for a constitutional amendment, but should be made in the regular legislative process or by an administrative agency. We urge this Committee and the Legislature not to use the Constitution for this purpose.

Again, thank you, and thanks to Senator Oleen for her contribution to this debate. I would be happy to stand for questions.



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

Senate Concurrent Resolution No. 1622
Testimony To Senate Federal and State Affairs Committee

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

March 31, 2004

Good morning Chairman Brungardt and members of the committee. Thank you for this opportunity to speak at this public hearing. As you know, I represent a state-wide coalition of grassroots citizens who oppose the expansion of gambling in Kansas. We urge you to oppose SCR 1622.

This proposed constitutional amendment has several advantages over the governor's casino bill:

- Privately owned, rather than state-owned, casinos
- One destination casino and five electronic gaming machine casinos rather than hundreds of casinos

But, the amendment has significant deficiencies, which I will simply list to save time:

1. Only citizens living in the home county of a proposed casino could vote in a referendum. Citizens living in surrounding counties could not vote, although a large portion of casino revenues would be pulled from the surrounding counties. Furthermore, if a referendum fails to pass, there is no minimum time before another referendum could be held.
2. No limits on bets and prizes and no daily loss limits. Further, there is no prohibition on use of credit cards or ATMs in the casinos.
3. No prohibition on serving or consuming liquor in the casino area.
4. No required break time in casino daily operation.
5. No requirement for gambler identification cards, similar to those used in Missouri, and no requirement for casinos to report sources of casino revenues, by state and county. Consequently, the impact of the casinos on out-of-state tourism can not be reported.

Finally, the amendment specifies, in detail, how revenues from the electronic gaming machine casinos will be distributed but contains no similar requirement for distribution of revenues from the destination casino. I don't know whether this is an oversight or intentional; I am simply calling it to your attention.

Again, I urge you to oppose this proposed constitutional amendment for expanding gambling in Kansas.

Senate Federal and State Affairs Com.

Date: MARCH 31, 2004

Attachment: # 4

Rodney D. Barnes
City Manager



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

CITY MANAGER'S OFFICE

March 31, 2004

Testimony to the Kansas Senate
Federal and State Affairs Committee

Chairman Brungardt, Vice Chair Lyon, Members of the Senate Federal and State Affairs Committee. Thank you for the opportunity to speak in opposition to Concurrent Senate Resolution 1622.

A few weeks ago I stood before you to support the Governor's gaming bill. I gave you a number of reasons why Junction City and Geary County had windows of opportunity to develop a major destination location gambling/entertainment complex. Nothing from that earlier testimony has changed. However, Concurrent Senate Resolution 1622 would change two issues.

The first issue is about local control. The Geary County Commission and the City of Junction City Commissions believe in local control. They believe that our local citizens know what's best for our community. We do not need a statewide vote on gambling. Give our citizens local control, by giving them the choice to determine what's best for Geary County.

Our local Chamber of Commerce polls indicate that our businesses support the construction of a gaming facility in our community overwhelming. Give them the option to consider that on a local level, not a statewide vote.

The Governor's bill is about Kansas and about the ability for free enterprise to develop economic opportunities in the State in order to attract revenue from new sources. Our local community is committed to that same goal. The Geary County Commission and the Junction City City Commission are prepared to develop a major destination entertainment complex complete with a hotel, convention center, shops, theatres, restaurants and a casino. We have provided you with a handout that shows the complex in red. The hotel/convention center/casino would all be connected into one facility. The

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Date: *March 31, 2004*

Attachment: # *5*

hotel and convention center is under construction today and will open in July of this year. It is owned and operated by John Q. Hammons. One of the premier hotel owners in the country. The City has committed dollars to extend streets and infrastructure to the site. We are committed and prepared to develop a destination facility in a short period of time, thus bringing new revenue to the State of Kansas and the local economy. We are building a 105,000 square foot facility to house a manufacturing company from Northern Ireland in 5 months., we certainly can get a casino complex developed in a short period of time. Do not delay the process by sending Concurrent Senate Resolution 1622 to the floor of the Senate.

Finally, our community is about jobs. Fort Riley is home of "America's Warfighting Center". Fort Riley pumps over \$866 million annually into the State's economy. That means we have 10,000 soldiers and over 15,000 dependents located at Fort Riley. The dependents need jobs. What better way to fight against base realignment and closure than by demonstrating that our community has hundreds of jobs for our military dependents. A major destination entertainment/casino complex would provide jobs for those dependents.

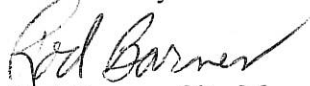
Please don't muddy the waters with another gaming proposal at this late date in the legislative session. Give the Senate the opportunity to work HB2053 that includes the Governor's proposal and give our citizens in Geary County the opportunity to say whether they want to develop a destination gaming facility in their community.

Junction City had 7,000 soldiers deployed during 2003, yet our sales tax grew by nearly 6%. It grew because we are a destination location for the State of Kansas. We're surviving in Junction City because be are learning that to grow sales tax, we need to promote and market our community as a regional destination location. We grew sales tax in 2003 because we hosted national fishing tournaments, we hosted America's Army, we hosted regional shoppers and we attracted out-of-state visitors to our community by promoting tourism to our area lakes.

Our community is committed to growing. Just last week, a local developer announced the construction of 400 market rate apartments. In the past few weeks, local developers have announced the development of over 150 new building lots in new subdivisions. We are a community on the move. Give us the opportunity to continue to move forward by our choice, vote no on Senate Concurrent Resolution 1622.

Thank you for giving me the opportunity to talk about this important issue. I beg you to give our community the opportunity to choose our destiny and allow us to create economic development on a local level that benefits everybody.

Submitted by



Rod Barnes, City Manager
City of Junction City, Kansas

March 31, 2004

Testimony to the
Kansas Senate Federal and State Affairs Committee

By Rick Dykstra, Marketing Director, Geary County CVB

Chairman Brungardt, Vice Chair Lyon, Members of the Senate Federal and State Affairs Committee. Thank you for the opportunity to speak in support of expanded state-owned gaming in Kansas and against Senate Concurrent Resolution 1622.

How appropriate the debate of expanded gaming is taking place in 2004, the year that we celebrate the 150th Anniversary of Kansas becoming a territory. It appears words spoken in our territory over 150 years ago are just as appropriate today. As Col. Geary said, "*Let us all begin anew. Let the past be buried in oblivion. Let all strife and bitterness cease. Let us all honestly devote ourselves to the true interests of Kansas.*" Yes, let all of us devote ourselves to the true interest of Kansas.

Gaming in Kansas - An opportunity for prosperity, an opportunity for new tax revenues. The big question, "How should Kansas handle this opportunity?"

Many critical decisions on expanding gaming still have to be made. These range from language in House Bill 2053, American Indian Gaming versus State-Owned Gaming, to local voters making decisions on casino placements.

I want to take this opportunity to discuss a few with you.

Why should we have "State-Owned Gaming in Kansas?" We all know the answer - "Tax revenue dollars for Kansas." Though some have said the debate on allowing state-owned gaming to exist has been sloppy and includes greed-driven measures, I say the debate has been motivated by truly concerned elected officials trying to capitalize on generating new tax revenue, which Kansas needs badly. Let me repeat that, "Generating new tax revenue." In fact, the governor's staff has projected \$250 million dollars in revenue a year, as a result of state-owned gaming. This is much better than a recent amendment that was offered to the gaming bill, which made no projection on the amount of revenue that would be generated. I'll take \$250 million dollars any day. In addition, look at the current non-taxable money being spent by people traveling to current American Indian gaming operations, not on actual games, but other items. State-owned casinos would generate additional tax revenues from cigarettes, gifts, food, gasoline, and alcohol sales.

Yes, new tax revenues for Kansas. But wait, some elected officials are wanting to spend \$70,000.00 to \$100,000.00 in tax dollars just to decide if we should move forward. What is this \$70,000 to \$100,00 dollars? It's the cost of adding a statewide gaming question to the upcoming election ballot. To some of you, this might not seem like a large amount, but look at the impact it could make. Two additional teachers to a school; pay for after school programs, provide funding for a research project, pay for a senior citizens program

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or pay for public safety equipment. Yes, \$100,000.00 dollars might not seem like a lot of money, but in the real world, it can do a lot. Why should the state spend it at all, when local governments can pay all the expense.

As Governor Sebelius stated in her State of the State, "people of this state want to know that their hard-earned tax dollars are being spent wisely." You can let the people of Kansas know that you are spending their money wisely, in this case, not spending it at all. This is truly an issue that will effect local governments and local people, so give them the vote.

It does appear that a strong link has been formed between economic revenue from gaming and tourism. In fact, tourism appears to be a key factor in the development of state-owned gaming in Kansas. As a charter member of the Travel Industry Association of Kansas, the Geary County CVB has always understood the importance of partnerships and investing in Travel and Tourism as a way to increase revenues. Since its beginnings, the Geary County CVB has been a leader in Kansas concerning marketing and promotions.

Numerous times over the years, to include 2003, the Geary County CVB has been recognized by the Travel Industry Association of Kansas as producing some of the best marketing and advertising campaigns. How did Junction City and Geary County become one of the best? By having great "Destination Attractions" and a community that works together.

Matt All, the governor's chief counsel, has stated many times that Wyandotte County should have a large casino but thinks they should be allowed elsewhere as well. In a recent statement, Mr. All stated, "The governor's plan provides an opportunity to create jobs and money through tourism. That's why the focus of our plan is to have large, destination casinos." If it's a destination that you're looking for, then look no further than Junction City and Geary County. It's funny that Mr. All would mention Wyandotte County, when he really should be saying, "Build a casino next to the Kansas Speedway and Cabela's." Do you know what the Kansas Speedway, Woodlands Race Tracks, Kansas Cosmosphere and Space Center, Kansas History Center, Cheyenne Bottoms, Eisenhower Center, and 24 other noted Kansas Destination Attractions have in common with Junction City and Geary County? Truthfully nothing, except all have destination attraction visitation numbers less than one of Junction City's most popular destination attractions, Milford Lake. Some of you might be wondering about Cabela's, as they were not on the list. We consider them our tourism partner. People buy outdoor gear from Cabela's and then travel on I-70 to our region to use it. In fact, over 2.1 million people per year use outdoor gear at our four-lake area. Yes, 2.1 million people per year!

So how is Milford Lake able to attract enough people to rate it as one of the top Kansas Destination Attractions? It's done with hard work, creative promotions and marketing, and a community that knows how to get the job done.

Let me add what I think is the most intriguing and eye-opening fact about our visitation numbers; we do it without a major populated city next door! *NO* Kansas City! *NO* Wichita! *NO* Topeka! *NO* Omaha. How do we do it? We attract America. Visitors from across America are making Junction City and Geary County their recreational destination location.

Without a doubt, tourism in Kansas is now playing a key role in economic development. From the great outdoors to big city activities, people are traveling to Kansas for adventure and discovery. The problem, Kansas Travel and Tourism is limited in its efforts by a budget so small it would rank as one of the poorest in the nation, if not the poorest.

By allowing state-owned gaming, Kansas Department of Commerce, Travel and Tourism Division, would add another operating revenue source.

By staying with American Indian operated gaming, Mr. All's prediction of money for tourism would be just that, a prediction. Without a new source of funding, how can we expect Kansas Travel and Tourism to compete at the regional or national level? Allowing state-owned gaming in Kansas expands tourism opportunities. Staying with the status quo, American Indian operated gaming, narrows the partnerships between expanding tourism and the tax revenue generated for Kansas.

In addition to funding for tourism, state-owned casinos would be a gateway for new discoveries. As an example, someone traveling to a state-owned casino in Junction City might also discover Konza Prairie, Historic Abilene, Rolling Hills Zoo, or Custer House. Each discovery translates to additional monies being spent.

Considering I started with a quote from 150 years ago, let me close with one from 1855 and another famous Kansan, Dr. Charles Robinson. "*It is for us to choose . . . what institutions shall bless or curse our beautiful Kansas.*" The leaders of Geary County and the surrounding area have spoken loudly in support of state-owned gaming in Junction City, just look at the testimony presented on Feb. 17 to this committee by Mr. Rod Barnes, Junction City Manager.

We are now asking requesting you make two decisions for the economic prosperity of Kansas. The first, casting your support for allowing state-owned gaming in Kansas. The second, making a stand against Senate Concurrent Resolution 1622.

Thank You.

Rick Dykstra

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

March 31, 2004

SCR 1622

Senate Federal and State Affairs Committee

Chairman Brungardt and members of the committee:

I am Robin Jennison, representing Ruffin Companies and presenting testimony on behalf of the Woodlands as well. For a number of years Ruffin Companies and the Woodlands have proposed expanded gaming in Kansas as a way to keep our gaming entertainment venues competitive with the rest of the country. Ruffin Companies and the Woodlands have always been willing to make the non gaming investment necessary to create destination tourist attractions in Kansas.

An amendment to the Kansas constitution would certainly show the citizens of Kansas support expanded gaming, so naturally we support that. However the language of SCR1622 would not provide for the creation of the destination attractions that Kansas needs and that Ruffin Companies and the Woodlands have always envisioned.

The constitution should be used to set the general parameters and the specifics should be left to the legislature or the gaming oversight commission. The most visible flaw to SCR 1622 is the 400 machine limitation. Those facilities will not be destination attractions and will not be able to compete with gaming venues in other states. Having the percentage going to the various entities contained in the constitution precludes the legislature and the oversight commission from creating a model that will maximize investment, tourism, and return to the state.

SCR1622 gives no recognition that Kansans have already approved gaming at the racetracks. Even though 1622 provides for monies to the breed development funds it does not provide for electronic gaming at the tracks. Consequently the competitive disadvantage that currently challenges our Kansas pari-mutuel industry would be exacerbated.

A more general amendment could create a very clear direction for the state and more appropriately leave the specifics to the legislature and the oversight commission.

We appreciate the intent behind a constitutional amendment providing for privately-owned casinos but we cannot support SCR1622 in its current form.

Senate Federal and State Affairs Com.

Date: MAR 31, 2004

Attachment: # 17

The American Legion, Department of Kansas
Testimony in opposition to a Constitutional Amendment
Relating to Video Lottery
Charles M. Yunker, Adjutant

Thank you for the opportunity to appear before you today in opposition to the proposal for a Constitutional Amendment relating to expanded gaming and video lottery. The American Legion opposes such an amendment because we do not believe it is required in that the current bills before the legislature, most notably Senate Bill 499, fall within the intent previously approved by the citizens of Kansas when they approved the lottery.

That is; we believe SB 499 is merely an extension of the current lottery thus we view the call for a Constitutional Amendment nothing more than a delaying tactic which will fail because the citizens of Kansas desire the type of gaming proposed by SB 499 in its original form.

Further, the call for a Constitutional Amendment does not include the veterans and fraternal organizations included in SB 499 which we believe need to be included in any expansion of gaming. Frankly we can not understand why some legislators apparently do not trust veteran and fraternal organizations such as The American Legion, Veterans of Foreign Wars, the Eagles, Elks, Moose, Shrine and Knights of Columbus. Our members are responsible citizens of their communities and our charitable programs benefit their communities. Do these legislators feel members of our organization's members are only trustworthy on Election Day? Why can't we be trusted to offer our own members the opportunity to engage in video lottery within the confines of our Class 'A' private clubs where access is strictly controlled to our members and their bonafide guests?

In our opinion, the Kansas Legislature should amend SB 499 to include our requested five machines per Class 'A' Club plus one machine per fifty members of that private club, eliminate the addition of sporting venues, require approval by voters of each county, pass the bill and get on with more pressing business of the Legislature. In that way local voters can decide if they wish to have video lottery in their communities.

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At a minimum, should the Legislature deem it advisable to seek a Constitutional Amendment, the best attributes of SB 499 should be included in that Constitutional Amendment so voters know exactly what they are voting for or against. Thank you for your time this morning.

**Testimony before the
Senate Federal and State Affairs Committee
Regarding SCR 1622
March 31, 2004**

Chairman Brungardt and members of the Committee. I am Jerry Griggs the current Governor of Moose Lodge #555 located here in Topeka. I am speaking today on behalf of the Fraternal and Veterans organizations that comprise the Kansas Sunflower Club. Thank you for your time and attention regarding this matter. Our primary concern is that unlike SB 499, SCR 1622 in its current form ignores the organizations I represent. Our case for inclusion in any gaming matter that you take action on in 2004 is as follows:

WHO: In the State of Kansas there are approximately 500 locations of Fraternal/Veterans non-profit organizations that provide needs to Kansans that cannot be provided by the State. We are Class "A" non-profit Private Clubs as defined by the Kansas State Statutes and are comprised of the following: American Legion, the Veterans of Foreign Wars, Fraternal Order of Eagles, Benevolent and Protective Order of Elks, Knights of Columbus, Loyal Order of Moose, the Order of the Mystic Shrine, and other such organizations that qualify as a Class "A" non-profit Private Club.

WHAT: Limited Video Lottery regulated by the State of Kansas as an extension of the current lottery system.

WHERE: Restricted to Alcohol Beverage Control licensed Class "A" Private Clubs premises that are also licensed as a limited video lottery retailer and are further restricted to allow their adult (age 21 or older) members and their member's guests to play video lottery games.

WHEN: During current established Kansas Lottery hours of operation and effective upon publication in the State Statute book.

WHY: To enhance licensed organization's children and youth, community service, senior citizen, and patriotic programs; to provide a source of revenue to support the Kansas Veterans Cemetery System, the Kansas Veterans Home at Winfield, Kansas and the Kansas Commission on Veterans Affairs Veterans Services programs; and to provide additional revenue to the State of Kansas General Fund.

In 1997 the State of Missouri opened Casino's. At this time Bingo was flourishing in Kansas. This is the only outside revenue source available to the fraternal and veterans organizations in Kansas by law to raise money for Charity. Bingo began dropping in eastern Kansas as people began traveling to Missouri to gamble. As funds in the communities began diverting to Missouri, so did Charity money and Lodge and Veterans participation. In January 1998 the Indian Reservations opened Casinos with class II and

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Attachment: # 9

Class III gaming as provided in section 2710 of the Indian Gaming Regulation Act. The Indian Casinos run Bingo with high stakes payouts and tournament bingo games. The Fraternal/Veterans are governed as to how much is paid out during each session. This does not apply to Federally Governed Casinos. This almost, and in some cases eliminated Bingo, reduced membership, and monies in all Lodges and Posts surrounding the Casinos. The Fraternal/Veterans organizations cannot compete with the payouts at these casinos. People are looking at their entertainment dollars. People have decisions to make, belonging to an organization that provides charity, or to the fast action of gambling. Our Fraternal/Veterans organizations have lost a significant amount of profit from our bingo revenues to the casinos. This loss negatively impacts our ability to serve our charities we cater to in the community.

We must be included in any gambling bill presented in the 2004 legislature if our organizations are to survive. Without the services and activities being absorbed by non-profit organizations such as the Moose, Elks, VFW, American Legion, Eagles, Shrine, and Knights of Columbus, the ultimate expense of assisting our citizens in need would certainly fall back to the State.

The 500 plus local fraternal and veterans organizations represent over a quarter of a million voters in the State of Kansas. If you do not do anything else with gaming in Kansas we would ask that you please pass legislation allowing the non-profits to be able to provide gaming in our posts and lodges to keep our charities alive.

Sincerely,

Jerry L. Griggs, Governor
Moose Lodge #555
Topeka, Kansas