

Approved: March 8, 2005  
Date

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on February 1, 2005 in Room 123-S of the Capitol.

Committee members absent: Senator Jim Barone - excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes  
Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Julian Efird, Kansas Legislative Research Department  
Debra Hollon, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Matt Spurgin, Kansas Legislative Research Department  
Dennis Hodgins, Kansas Legislative Research Department  
Judy Bromich, Administrative Analyst  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Ed VanPetten, Executive Director, Kansas Lottery Commission  
John McElroy, Executive Director, Kansas State Gaming Agency

Others attending:

See attached list.

### Bill Introduction

Senator Kelly moved, with a second by Senator Steineger, to introduce a conceptual bill that would transfer five acres of land from the Juvenile Justice Authority to the Helping Hands Humane Society in Topeka. Motion carried on a voice vote.

Chairman Umbarger called the committee's attention to discussion and possible final action on:

### **SB 8- Research foundation capital improvement projects; limitation on amount**

Senator Emler moved, with a second by Senator Teichman, to report **SB 8** favorable for passage. Motion carried on a roll call vote.

### **SB 46- Canceled state warrants, reissuance fee**

Senator Emler moved, with a second by Senator Betts, to report **SB 46** favorable for passage and be placed on the Consent Calendar. Motion carried on a roll call vote.

The Chairman welcomed Ed VanPetten, Executive Director, Kansas Lottery Commission, who presented an overview of the agency (Attachment 1). Mr. Van Petten provided some historical information with his testimony. He noted that Lottery sales have shown an increase the last three fiscal years, after decreases in FY 2000 and FY 2001. Mr. Van Petten addressed the 2002 Legislature allowing the Lottery to modify the method of calculating transfers made each month. He explained that rather than the statutory provision of transferring 30 percent of gross sales each month, the Omnibus Bill allowed for minimum monthly transfers of \$4.5 million, and a minimum annual total of \$59 million. This gave the Lottery more flexibility in operations and the possibility of increasing prize pay-outs to bolster sales.

## CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on February 1, 2005 in Room 123-S of the Capitol.

Mr. Van Petten also addressed their operations, partnerships with Kansas businesses and industries, the Veterans Benefit Games and the State of Oklahoma recently passing a number of gambling initiatives, which included the provision to start a lottery. Committee questions and discussion followed. Senator Betts and Senator Steineger requested additional information regarding the Kansas Lottery's contract with the Kansas Speedway.

Chairman Umbarger welcomed John McElroy, Executive Director, Kansas State Gaming Agency, who presented an overview of the agency (Attachment 2). Mr. McElroy explained that there are four Kansas tribes, the Iowa Tribe of Kansas and Nebraska, the Prairie Band Potawatomi Nation of Kansas, the Kickapoo Tribe in Kansas and the Sac and Fox Nation of Missouri in Kansas and Nebraska. Each tribe has a reservation and a casino and each casino operates through the terms of a Tribal State Contract. He explained that the Agency is entirely funded by contributions from the four recognized Kansas tribes. Mr. McElroy mentioned that all of the Tribes are current in paying their assessments and the Tribes pay no other funds to the State of Kansas.

Committee questions and discussion followed. Chairman Umbarger inquired about the Kansas State Gaming Agency being unable to inspect some gambling machines. Mr. McElroy responded that the Agency has been unable to inspect the gambling machines at the Sack and Fox Casino for over a year because the Agency needs the keys and the Casino holds the keys, but the Agency is working on it.

The Chairman recognized Dennis Hodgins, Principal Analyst, Kansas Legislative Research Department, who presented a staff briefing of bills and proposals in regard to gambling issues (Attachment 3). Details are contained in Mr. Hodgins' memorandum regarding the subjects of the Kansas Lottery, parimutuel wagering, charitable bingo and Indian casino gaming.

The meeting adjourned at 12:00 noon. The next meeting is scheduled for February 2, 2005.



# TESTIMONY ON THE KANSAS LOTTERY

Before the Senate Ways and Means Committee

By: Ed Van Petten, Executive Director - Kansas Lottery

February 1, 2005

Committee Members:

You have been provided with some historical information along with a written copy of my testimony. Please feel free to contact me with any questions you have at any time regarding this information or any other questions you may have about the operation of the Kansas Lottery. I have prepared these remarks to show you a present picture as well as to let you know the direction that the Kansas Lottery is going.

## I. Sales

Sales have shown an increase the last three fiscal years, after decreases in FY00 and FY01. As you may recall, there was some scandal during the year 2000 that created bad publicity and this was rehashed repeatedly during the 2001 legislative session. Public perception of the Lottery during this time period was less favorable than during the previous years. We hope that perception has improved at this time. Sales projections developed for budget preparation for this fiscal year and next, are as follows:

	<u>FY05</u>	<u>FY06</u>
Instant Games	\$87,500,000	\$88,500,000
Keno	39,000,000	39,000,000
Super Kansas Cash	25,000,000	26,500,000
Pick 3	5,500,000	5,500,000
Powerball	54,000,000	55,000,000
2by2	2,500,000	2,500,000
Pull tabs	4,500,000	4,500,000
eScratch	<u>1,200,000</u>	<u>2,000,000</u>
<b>Total projected sales</b>	<b>\$219,200,000</b>	<b>\$223,500,000</b>

Sales for the first half of FY05 are:

Instant Games	\$47,293,310
Keno	18,718,753
Super Kansas Cash	9,576,158
Pick 3	2,543,135
Powerball	24,053,945
2by2	1,387,544
Pull tabs	2,010,305
eScratch	<u>344,903</u>
<b>Total sales</b>	<b>\$105,928,053</b>

Although all reports are generated based on fiscal year results, I have requested calendar year sales for 2004, which are as follows:

Instant Games	\$97,284,607
Keno	38,408,316
Super Kansas Cash	23,954,912
Pick 3	5,175,532
Powerball	47,855,475
2by2	2,861,881
Pull tabs	4,185,154
eScratch	<u>537,176</u>
<b>Total sales</b>	<b>\$220,263,053</b>

We feel that the increases we have experienced with instant ticket sales are a result of changes we have made in game development and marketing practices. We are printing smaller quantities of most of our instant games, but introducing more games to the market each week. This results in higher printing cost per ticket on the games affected, however, most games sell substantially out, which means fewer tickets are destroyed after a game is ended. We have seen a dramatic increase in total sales of our instant games since initiating this practice. Overall printing costs have not increased substantially, as we are printing more tickets of our staple games, such as Crossword and Bingo, and printing more games at a time, which gives us a cost savings from our printer.

We are presently exploring the viability of shipping all instant tickets to the retail location to eliminate the need for 3/4 ton delivery vans and weekly visits to retailers. If this is cost effective, it will be implemented by the first of the fiscal year.

Since we visited last year, we have begun the sale of a game called eScratch, available at all lottery retailers. This is a totally new concept in lottery games, where a player is given a PIN number when a ticket is purchased. The player then logs onto the given web site, [escratchks.com](http://escratchks.com), and is instructed on playing a number of games on the site. The tickets are predetermined to be winners or nonwinners at the time of purchase, thus not violating the prohibition for gambling on the internet. We have learned a lot since launching this game, and are currently planning a re-launch this spring, to address some of the concerns brought forward by retailers and players. These changes will simplify the

purchase and claim process. Although sales continue to increase, the performance thus far has been somewhat disappointing.

Sales of our lotto games, Powerball and Super Kansas Cash, are down substantially from this time one year ago, for the fiscal year. In fiscal '04, both of those games had two very high jackpots during the first half of the fiscal year, and this year we have not had that experience. The question I am asked most often by people on the streets, other than wanting to know the numbers, is, "Why don't you make many millionaires instead of having those extremely high jackpots?" The fact is however, that many people simply will not buy a Powerball ticket or a Super Kansas Cash ticket until the jackpot is extremely high.

We do advertise our products, mostly by radio advertisements and point of sale materials. Quarterly costs for media advertising usually run about \$300,000. We usually advertise only featured or specialty games, such as the "Cabela's Cash" or "Atlantis" games with some periodic support for the lotto style games on radio and television. We do have extensive advertising also in the form of retail point of sale and promotional material. We have recently increased our support for the lotto games as well as Keno, 2by2 and eScratch.

We were very happy to welcome Casey's stores back to the Lottery during the start of this fiscal year. Although not all stores are selling due to ADA concerns, at this time we have added more than 75 Casey's stores to our network.

## **II. Transfers**

The 2002 legislature allowed the Lottery to modify the method of calculating transfers made each month. Rather than the statutory provision of transferring 30% of gross sales each month, the Omnibus bill allowed for minimum monthly transfers of \$4.5 million, and a minimum annual total of \$59 million. This request was made to give us more flexibility in operations and the possibility of increasing prize payouts to bolster sales. As a result of these changes, the lottery has on occasion transferred less than 30% of sales in a given month; however our average transfers have been running closer to 32%. This method was also adopted in 2003 and 2004, although increasing the minimum yearly total.

Our first year operating under the new plan resulted in \$62.5 million transferred. As you can see in your materials, last year we transferred \$70.2 million. By allowing the Lottery more flexibility in operations, we have been able to market higher price point games with higher prize payouts, and shown incremental increases in our sales.



### **III. Operations**

Our primary concern continues to be security, both in our gaming system and field operations. We have eliminated the ability of programmers to access the gaming system unaudited, by adding a test system, detached from the gaming system, for developing new programs. We have also increased the audit functions, or oversight, on the gaming system. We have recently concluded a Security Audit through Legislative Post Audit, which resulted in no major findings and limited recommendations, which we are in the process of either implementing or clarifying with the audit firm.

All divisions are required to reduce the use of paper to the greatest degree possible. Daily and weekly sales reports, which formerly were distributed on paper, are now paperless and maintained "on line" on our internal server. All draw information is also maintained paperless; however some reports and records must be maintained in paper form.

Our gaming system in the field now operates on a wireless communications system statewide. We utilize both satellite and radio technology, and have increased operations with approximately 99.9% up time. When operating on the telecommunications system, uptime ran approximately 98.5%. Total savings per year have run approximately \$1.6 million since implementation.

We are required to survey retailers to ensure compliance with the Americans with Disabilities Act, which is a continuing responsibility. We have enjoyed a good working relationship with Anthony Fadale, State ADA Coordinator, and with the Disability Rights Center of Kansas (DRC), formerly Kansas Advocacy and Protective Services, Inc. (KAPS). We currently conduct the surveys of retailers with staff from the Security Division, with concurrence of results from the Personnel Division. We felt that the prior system of surveys conducted by field sales staff had weaknesses inherent in it. We feel that now our surveys show more consistency.

### **IV. Partnerships**

We continue to develop marketing partnerships with Kansas businesses and industries. As you are aware we market games with Kansas Speedway, the Kansas State Fair, the Country Stampede, the beef industry, the 3i Show, Cabela's and various automobile dealers. We recently launched our second "Cabela's Cash" ticket, which follows the most successful second chance draw ticket in lottery history. Our intent with these games is to increase the exposure of Kansas business and industry and to generate enthusiasm in the Kansas citizens for our games. Our latest partnership was announced by Lt. Gov. Moore on January 24, 2005. That partnership was developed with Cobalt Boats of Neodesha, KS, and the Wichita River Festival.

In June 2004, the Lottery sponsored the ARCA race at the Kansas Speedway, calling the race the "Kansas Lottery \$200 Grand". This resulted in the most successful race on the

ARCA circuit by far. This relationship, as well as a presence at all other Kansas Speedway events, has proven very successful. We will continue that relationship into the future.

There are a number of businesses in the lottery industry that license certain products for use of logos and using their merchandise for prizes in conjunction with lottery games. These licenses are quite often very expensive, so we have tried to generate the same effect of "brand" or name recognition, and hopefully help a Kansas business in the process. Instead of costing the Lottery extra, the merchandise has been provided at no cost, or reduced cost, with no charges for the use of logos and names. This seems to be a good way to stimulate economic development in Kansas without the use of additional public funds to do so. In fact, we are generating additional public funding in the process.

#### V. Veterans Benefit Games

Unaudited sales figures for the Veterans Benefit Games are as follows:

Sunflower Salute	\$ 627,934
Veterans Cash 2	1,088,490
Veterans Cash 3	<u>525,159</u>
<b>Total sales</b>	<b>\$2,241,583</b>

All expenses relating to the game are to be deducted from gross sales to determine the amount transferred. We will transfer \$500,000 in January with the remainder being transferred at the end of the fiscal year. We anticipate a total transfer of approximately \$785,000.

#### VI. Oklahoma

As you are aware, the State of Oklahoma, recently passed a number of gambling initiatives, which included the provision to start a lottery. We have no way of knowing for sure when this will impact our sales, or how big that impact will be. We have a lot of players in the State of Oklahoma and know that most, if not all of those sales will be lost. One estimate from a number of years ago showed an impact to Kansas sales of \$12 to \$15 million.



# KANSAS LOTTERY

To Date Activity 12/31/04

9-1

<b>Net Sales</b>	<b>\$2,645,504,693</b>	<b>Game Prizes</b>	<b>\$1,382,753,288</b>
FY 88	\$65,804,532	FY 88	\$30,123,006
FY 89	68,188,022	FY 89	33,755,427
FY 90	64,530,640	FY 90	28,941,942
FY 91	70,206,003	FY 91	32,800,224
FY 92	77,147,506	FY 92	37,304,320
FY 93	114,499,165	FY 93	58,865,299
FY 94	152,292,802	FY 94	79,390,419
FY 95	177,074,245	FY 95	92,074,812
FY 96	182,113,628	FY 96	96,088,069
FY 97	185,356,681	FY 97	99,351,785
FY 98	192,017,310	FY 98	101,688,863
FY 99	198,920,985	FY 99	107,079,089
FY 2000	192,560,800	FY 2000	104,377,074
FY 2001	184,727,159	FY 2001	97,938,088
FY 2002	190,083,880	FY 2002	98,963,631
FY 2003	202,942,874	FY 2003	107,660,534
FY 2004	224,457,166	FY 2004	120,775,874
FY 2005	102,581,295	FY 2005	55,574,832
<b>Retailer Commissions</b>	<b>\$146,899,103</b>	<b>Transfers To State</b>	<b>\$811,442,406</b>
FY 88	\$3,618,110	FY 88 *	\$11,343,321
FY 89	3,602,985	FY 89	24,500,950
FY 90	3,318,244	FY 90	19,259,917
FY 91	3,657,131	FY 91	19,453,470
FY 92	4,071,319	FY 92	27,147,019
FY 93	5,819,600	FY 93	32,629,372
FY 94	7,845,162	FY 94	47,888,013
FY 95	9,145,434	FY 95	53,246,818
FY 96	9,949,228	FY 96	58,114,547
FY 97	10,409,462	FY 97	56,658,134
FY 98	10,935,736	FY 98	60,304,388
FY 99	11,133,848	FY 99	59,333,464
FY 2000	11,086,788	FY 2000	59,646,911
FY 2001	10,657,155	FY 2001	56,535,258
FY 2002	10,970,973	FY 2002 **	60,494,603
FY 2003	11,743,157	FY 2003	62,500,000
FY 2004	12,926,131	FY 2004 ***	70,217,944
FY 2005	6,008,640	FY 2005 ****	32,168,277

\* Includes \$2,843,321 Loan & Interest Payback

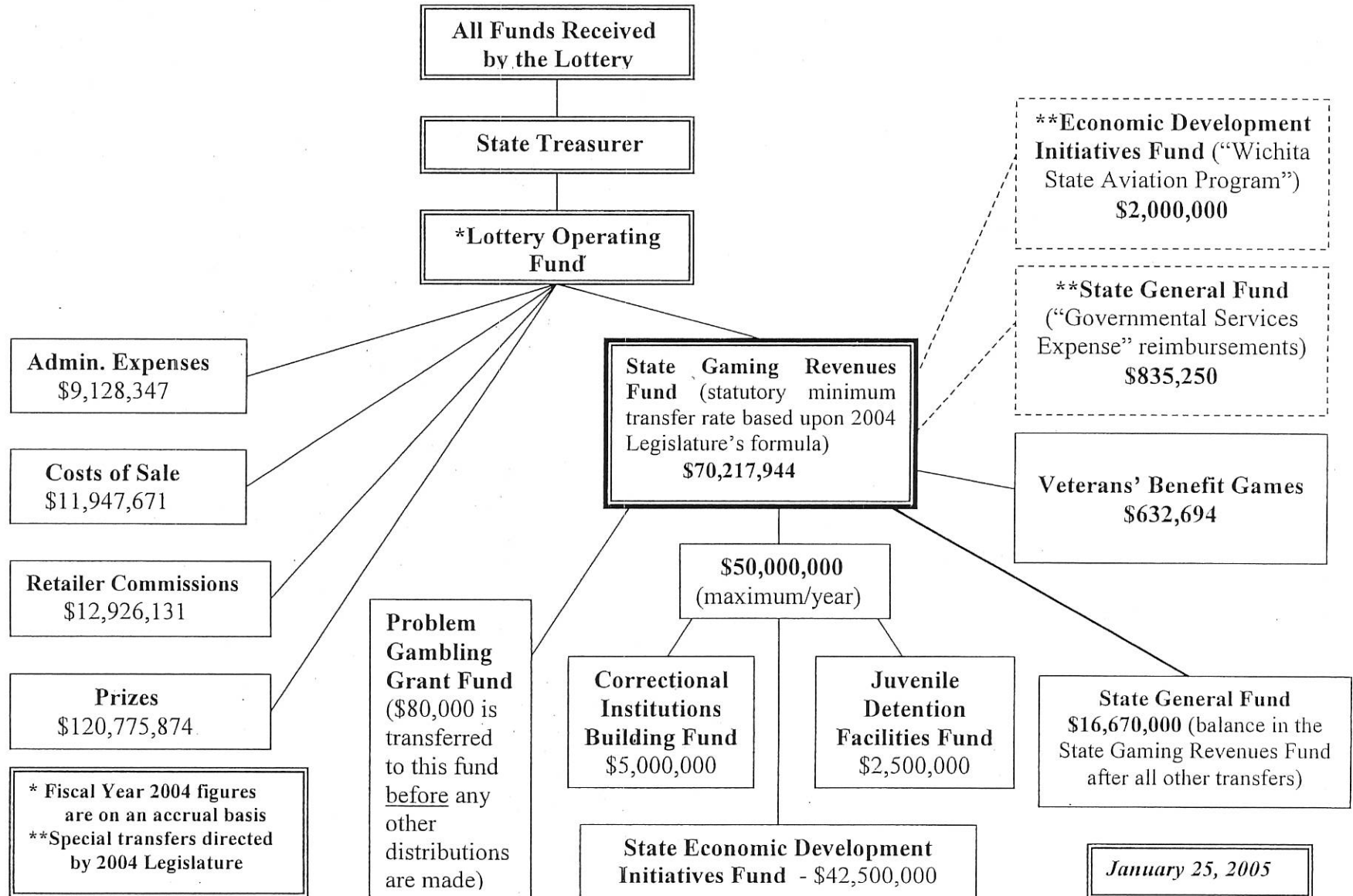
\*\* Includes \$4,000,000 payment on July 15, 2002

\*\*\* Includes: extra \$835,250 transfer; \$632,694 veteran's transfer; \$2,000,000 aviation program

\*\*\*\* Includes: extra \$668,277 transfer

--- FY 2005 is UNAUDITED ---

# KANSAS LOTTERY FUNDS TRANSFER FY 2004





# KANSAS

KANSAS STATE GAMING AGENCY  
JOHN McELROY, EXECUTIVE DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

## Testimony Before the Senate Ways and Means Committee of

John E. McElroy, JD, CFE  
Executive Director  
Kansas State Gaming Agency  
February 1, 2005

It is my pleasure to appear today before the Senate Ways and Means Committee to provide information about the Kansas State Gaming Agency. In Kansas, the Iowa Tribe of Kansas and Nebraska, the Prairie Band Potawatomi Nation of Kansas, the Kickapoo Tribe in Kansas, and the Sac and Fox Nation of Missouri in Kansas and Nebraska each have a reservation and a casino. Each casino operates through the terms of a Tribal State Compact.

KSA 74-9805 limits the jurisdiction of the Agency to oversight and investigations concerning tribal gaming operations in Kansas carried out in connection with Tribal State Compacts. Specifically, the Agency is charged with monitoring gaming activities at the casinos and doing background investigations of vendors who do significant business with casinos, gaming personnel and tribal gaming inspectors. Licensing is done by the individual Tribal Gaming Commissions who are also designated in the Compacts as the primary regulators. The Agency has no jurisdiction over any other type of gaming, legal or illegal.

The Agency was officially designated a part of the Kansas Racing and Gaming Commission in the Tribal Gaming Oversight Act, KSA 74-9801 et seq, in 1996. The Commission approves the Agency's budget, the number and qualifications of its employees and any expenditures for arbitration according to KSA 74-9803. All other management functions are left to the executive director and his designees. I have been the executive director of the Agency since April, 2003. I am a lawyer and spent eighteen years investigating white collar crime cases and public corruption cases for the KBI.

The Agency has three management/ supervisory personnel, three support personnel, five special investigators and eight enforcement agents. The Agency currently has five vacancies with plans to fill them soon. Special investigators are assigned to do Category II background investigations exclusively. Corporate and Category I background investigations are done by enforcement agents. Enforcement agents are sworn law enforcement officers. Enforcement agents are also responsible for monitoring gaming activity at the casinos. The Agency operates 11 vehicles.

The Agency is entirely funded by contributions from the four recognized Kansas tribes. The Agency budget for FY 2005 is \$1,650,758. A close examination of the budget for FY 2005 resulted in a proposed budget for FY 2006 of \$1,643,726, a reduction of \$7032 or 0.43% from FY 2005. Each Tribe receives a notice of assessment from the Agency by July 31 of each year. Any funds left over from the previous fiscal year are credited to the next year's tribal assessments before the notice is sent. Tribes must pay their assessments on or before September 21, January 1, and April 1. All of the Tribes are current in paying their assessments. The Tribes pay no other funds to the State.

From the discussion above, you see that the Agency begins each fiscal year at a zero balance. In order to fund the Agency until assessments are paid, the Agency borrows \$450,000 from the State General Fund at the beginning of each fiscal year. The loan is repaid from tribal assessment contributions before the end of each fiscal year.

State general funds are only used in the case of an arbitration award if the State is ordered to pay any of the costs of arbitration. During 2004, the Agency filed one arbitration which is still pending.

The Agency is housed on the fifth floor of 700 SW Harrison, Topeka, KS. In December 2004, the Agency moved to this state owned office space. Cost of rent increased with the move and badly needed space available to the Agency increased about 2000 square feet. It will now be possible for the Agency to hire some necessary and already approved employees.



During the summer of 2003, the Agency installed a server based computer network with high speed internet access. During the summer of 2004, the Agency purchased a document imaging system from a Topeka based company. These purchases have increased the efficiency of the Agency and now permit data files to be backed up every evening, reduce the need for file storage space, and prevent loss of data due to power failure.

Enforcement agents of the Agency have investigated several criminal cases in 2003. One case involved an employee who allegedly possessed unauthorized computer files from a previous gaming employer. He was convicted after trial in FY 2004. In one case a patron attempted to use counterfeit bills in a slot machine. He pled guilty after an investigation by KSGA. The final case involved two out of state patrons who are alleged to have attempted to cheat a slot machine. Trial is pending in that case. In each of these cases, at least one person was apprehended and charged.

An investigation that began in FY 2003 has resulted in a former agent of the Arizona Department of Gaming and the president of a slot machine distributor being indicted in Arizona for bribery in early FY 2005. The information was initially developed by KSGA and relayed to ADOG who requested an investigation by the Arizona Attorney General.

I am unable to discuss with you any particular information in regard to any particular casino. KSA 45-221 (42) prohibits disclosure of records when disclosure is prohibited by a Tribal State Compact. All Tribal State Compacts clearly call attention to the confidential and proprietary nature of information provided to the Agency by the Tribes to permit the Agency to carry out its mission.

I am pleased to stand for questions. I can be reached by telephone at 368-6202 or by email at [john.mcelroy@ksgaming.org](mailto:john.mcelroy@ksgaming.org).

February 1, 2005

**To:** Senate Committee on Ways and Means  
**From:** Dennis Hodgins, Principal Analyst  
**Re:** Gambling Issues

## BACKGROUND ON GAMING IN KANSAS

### History of Gaming in Kansas

- 1859** Article 15, §3c, of the *Kansas Constitution* stated that: "Lotteries and the sale of lottery tickets are forever prohibited."
- 1974** The Constitution was amended to permit the Legislature to regulate, license, and tax operation of games of "bingo" by certain organizations.
- 1986** A Constitutional amendment authorized the Legislature to permit, regulate, license, and tax the operation or conduct of horse and dog racing by bona fide nonprofit organizations and parimutuel wagering.
- 1986** The Constitution was amended authorizing the Legislature to provide for a state-owned and operated lottery. A Constitutional definition of lottery is found in the 1994 Kansas Supreme Court case, *State of Kansas, ex rel. Robert T. Stephan, Attorney General, Petitioner, v The Honorable Joan Finney, Governor of the State of Kansas, Respondent*. In that case, the court stated:
- "A state-owned lottery, as that term is used in Article 15, §3c of the Kansas Constitution, means any state-owned and operated game, scheme, gift or enterprise, or similar contrivance wherein a person agrees to give valuable consideration for the chance to win a prize or prizes."
- 1995** The State entered into compacts with the four Native American tribes to allow Class III gaming (casinos).

Senate Ways and Means  
2-01-05  
Attachment 3



**Kansas Lottery**

**Revenue.** In FY 2004, revenue from the lottery and parimutuel wagering was transferred to the SGRF in the following manner:

Problem Gambling Fund	\$	80,000
Correctional Institutions Building Fund		4,992,000
Juvenile Detention Fund		2,496,000
Economic Development Initiatives Fund		42,432,000
State General Fund		<u>17,382,694</u>
Total	\$	<u><u>67,382,694</u></u>

**Appropriations.** In FY 2004, appropriations from gaming revenues in support of education-related programs were made from the Economic Development Initiatives Fund (EDIF), which included:

State Board of Regents	\$	14,008,000
Kansas Technology Enterprise Corporation	\$	10,095,000

**Transfer of Revenue.** No more than \$50 million from both the State Lottery and parimutuel wagering revenue can be transferred to the SGRF in any fiscal year; amounts in excess of \$50 million generally are credited to the State General Fund, except when otherwise provided by law, such as in FY 2004 the direct transfer of \$2,000,000 into the Economic Development Initiatives Fund for the aviation program at Wichita State University.

### ***Parimutuel Wagering***

**Parimutuel Racetracks.** As of September 27, 2004, there are two year-round parimutuel racetracks operating in Kansas:

- the Woodlands located in Kansas City; and
- the Wichita Greyhound Park in Wichita.

Parimutuel horse racing also is offered at two county fair locations for short periods during the year:

- Eureka Downs in Eureka, and
- Anthony Downs in Anthony.

The parimutuel track located in Frontenac, Camptown Greyhound Park, has been closed since November, 2000.

**Revenue.** In FY 2004, the revenue transfer was \$265,613 to the SGRF.

### ***Charitable Bingo***

The allocation of bingo tax revenue was changed from a formula which allocated equal shares to the State General Fund, the Department of Revenue, and local units, to a new formula allocating two-thirds to the State General Fund and one-third to the Bingo Regulation Fund.

There is an annual transfer of \$20,000 from the Bingo Regulation Fund to the problem gambling program.

**Revenue.** The number of licensed organizations has dropped steadily from 634 in FY 1985 to 378 in FY 2003. The bingo tax revenue generated \$651,000 in FY 2004.

### ***Indian Casino Gaming***

In 1995, the State of Kansas and each of the four resident tribes in Kansas entered into tribal-state gaming compacts to permit Class III (casino) gaming at tribal casinos.

In accordance with the federal Indian Gaming Regulatory Act (IGRA), all four of the compacts approved by the Kansas Legislature were forwarded to the Bureau of Indian Affairs and were approved. At the present time, all four resident tribes have opened and are operating a casino gaming facility:

- Kickapoo Tribe (the **Golden Eagle Casino**) in May, 1996;
- Prairie Band Potawatomi Nation opened a temporary facility in October, 1996, and then **Harrah's Prairie Band Casino** in January, 1998;
- Sac and Fox Tribe (**Sac and Fox Casino**) in February, 1997;
- Iowa Tribe opened a temporary facility in May, 1998, and then **Casino White Cloud** in December, 1998.

**Revenue.** Financial information concerning the operation of the four casinos is confidential. Under the existing compacts, the state does not receive revenue with the casinos, except for its oversight activities.

COMPARISON OF SELECTED BILLS CONCERNING GAMING

	SB 226-2003	HB 2053-2004	Indian Gaming Compact-2004
Games Authorized	Electronic gaming machines	Destination gaming casinos Video lottery terminals (VLTs) Electronic gaming machines	Class III Gaming, Slots
Authorized Locations	Parimutuel tracks	Parimutuel tracks, Club locations, Destination casinos sites	Wyandotte County Woodlands track, Wichita Greyhound track, Camptown racetracks
Regulatory Agencies	Kansas Lottery; Racing and Gaming Commission	Kansas Lottery, Destination Casino Commission	State Gaming Agency
County Election Required	Yes	Yes	No
Required Payout	At least 87 percent	At least 87 percent and not more than 95 %	At least 87%
Limits on Number of Machines	No	4000 VLTs, 5 state-owned and operated destination casinos, 5 VLTs at each club	1,800 slot machines (600 Woodlands, 600 Wichita Greyhound track, and 600 Camptown)*
Effective Date	<i>Kansas Register</i>	<i>Kansas Register</i>	Approval by the Legislature, Governor and the Bureau of Indian Affairs
Disposition of Net Gaming Revenue	<b>Parimutuel Licensees:</b> Regulation 1.0% Problem Gambler 0.5% County 1.5% City 1.5% State General Fund 20.0% Horse Supplements 3.5% Dog Supplements 3.5% Nonprofit Organizations 1.0% Machine Contractors 67.5% 100.0%	<b>Destination at Parimutuel track</b> Gaming Oversight Fund 2.0% County and City 2.0-4.0% State 18.0% <b>Destination Not at Parimutuel track</b> Gaming Oversight Fund 2.0% County and City 2.0-4.0% State 22.0% <b>Electronic Gaming Machine Fund</b> <b>Boot Hill Gaming Inc., Geary County</b> <b>VLTs</b> Sales Agent 21.0% Horse Purse 7.0% Greyhound Purse 7.0% Problem Gambling ½ of 1% SGF would be designated for specific purposes	<b>State</b> 12% of the first \$100.00 million of the AGGR 22% over \$100.00 million of the AGGR 27% from Keno revenues <b>Affected County</b> 4.0% <b>Problem Gambling</b> 0.375%
			* Exclusionary rights.