

## MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on March 21, 2006 in Room 123-S of the Capitol.

All members were present except:

David Wysong- unexcused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department

Helen Pedigo, Revisor of Statutes

Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Dr. William Thompson, University of Nevada, Las Vegas

Others attending:

See attached list.

Chairperson Brownlee introduced Dr. William Thompson of the University of Nevada at Las Vegas, Nevada to give a presentation on the Economic Impact of Gaming in the state of Kansas. Dr. Thompson presented written copy of his presentation. (Attachment 1) Dr. Thompson opened by stating he is a professor and past chair of the Public Administration Department at the University of Nevada, Las Vegas. He also stated he has published many books and papers on gambling and has many other credits to his name. He then began a review of his written presentation. Dr. Thompson stated under the right conditions gambling can be a tool for economic development and to generate revenue for the state, but if not under the right conditions, it can have very negative impacts on the state.

Dr. Thompson stated an expanded gaming approach that concentrates on economic development creates a positive impact on the state and local communities. Such an approach is also critical to insure that expanded gaming facilities will be competitive in already existing markets. As with any economic expansion, there are resulting social costs and business effects. Kansas can minimize the negative aspects of expanded gaming to local communities and to the state with strategy that maximized capital investment. He stated that Kansas City and Southeast Kansas would be prime locations for expanded gaming in Kansas. The environment for positive economic impacts from expanded gaming exists in those communities and for the State. Large casinos with the right mix of slot machines at pari-mutual tracks in border communities like Kansas City and Southeast Kansas can generate a substantial positive economic impact.

He further stated the expanded gaming approach which has a higher capital investment in destination casino facilities, a reasonable state revenue share and limited slots at tracks generate more and better jobs and have a much more positive economic impact on the state than an expanded gaming approach which relies too heavily on slot machines at pari-mutal tracks and casinos with a higher state revenue share. Placing slot machines at tracks in communities where there is no existing gaming market produces very negative impacts for those communities and the state. They will not attract more horse or dog players (one that bets), the dog and horse players will become slot machine players.

He also stated there will be issues with compulsive or problem gambling. Those costs are real and should not be ignored. Kansas already faces those costs in communities with gaming nearby, such as Northeast and Southeast Kansas. Adding gaming facilities in those communities would not significantly increase the costs of problem gaming. In communities like Wichita and Dodge City where there are not gaming facilities nearby, in addition to significant negative economic impacts of gaming facilities there would also be high social costs.

In closing his presentation, Dr. Thompson referred the Committee to the Economic Impact Summaries section of his written presentation. A discussion with the Committee followed. Senator Wagle joined the discussion asking Dr. Thompson if he meant after a period of time less money would be put in the slot machines. Dr. Thompson stated in Wichita and Dodge City the reason the slots would not do well is because it would be a new market and with those types of markets the problem with compulsive gambling was greater and therefore, the impact would be negative. Senator Barone entered the discussion asking Dr. Thompson if he was being sponsored today by any one in Kansas. Mr. Thompson stated he was being compensated by the three tribes making the gaming proposal, through their attorney. Senator Jordan entered the discussion asking about an

## CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on March 21, 2006 in Room 123-S of the Capitol.

assumption Dr. Thompson made earlier in his presentation. Dr. Thompson stated you need a draw to complement your casinos stating that Cabela's would be a good draw. Senator Jordan stated he was challenging Dr. Thompson's statement because one of the river boat casinos in Kansas City has closed even with Cabela's being open. Dr. Thompson stated what he is trying to say is, you can bring in people from other areas and other states and it will have positive economic returns. In order to do so, you must have complements to your casinos. He stated he was using Cabela's as only one example of the many draws that Kansas City has. Senator Reitz entered the discussion regarding the economy of Nevada and the remarks Dr. Thompson made earlier in his presentation regarding Nevada having a problem. Dr. Thompson stated they had too much money and had to figure a way to give some of it back to the citizens of Nevada, that was the problem he was referring to. Senator Reitz asked about the manufacturing in Nevada. Dr. Thompson stated Nevada is only a 3% manufacturing state. They are considered a service industry state. Senator Schodorf entered the discussion regarding new slot machine parlors in Wichita and Dodge City. She asked what if there was a destination casino there also. He stated they would be fighting an upward battle because of the geographic barrier between those locations and any population center. Senator Brownlee entered the discussion referring to sin and corruption. Mr. Thompson stated there is trouble with bribes but not from the casino's. The casino's get what they want because it is a gambling industry state. Corruption is something to guard against. Chairperson Brownlee also asked if there were any states that owned their own casino. He stated not in the United States.

Chairperson Brownlee stated the Committee will start tomorrow with working **HB 2928-Leave from employment for victims of domestic violence or sexual assault**, and apologized to anyone who came today regarding the bill.

Meeting adjourned at 9:30 a.m. with the next scheduled meeting March 22, 2006 at 8:30 a.m. in room 123S.



**Economic Impacts of Expanded Gaming in Kansas**

By

William N. Thompson, Ph.D.  
Professor of Public Administration  
University of Nevada, Las Vegas  
Las Vegas, NV 89154-6026

March 14, 2006

Senate Commerce Committee

March 21, 2006

Attachment 1-1

## ABOUT THE AUTHOR

**William N. Thompson** is the chair of the Public Administration Department at the University of Nevada, Las Vegas. He received B.A. and M.A. degrees (Political Science) from Michigan State. His Ph.D. is from the University of Missouri-Columbia. Thompson served on faculties of Southeast Missouri State, Western Michigan Univ., and Troy State Univ. (Europe). He also served as Research Associate with the National Association of Attorneys General, and Research Advisor to Administrator of Pension and Welfare Benefits Programs in the U.S. Dept. of Labor. For two years he was the elected Supervisor of Kalamazoo Township in Michigan.

Since coming to Nevada in 1980, he has been actively studying public policy and gambling. He and John Dombrink of the University of California-Irvine were gaming consultants to the President's Commission on Organized Crime. The two collaborated in writing The Last Resort: Success and Failure in Campaigns for Casinos (U.Nevada Press, 1990). Thompson's articles on gambling have appeared in numerous publications including the The Annals of the American Academy of Political Science, Indian Gaming, Journal of Gambling Studies, Casino Executive, Gaming Law Review and International Gaming and Wagering Business. He has lectured extensively on the topic of international casinos, and he wrote a 45 article series for the Las Vegas Sun on world casinos. He also co-authored (with Michele Comeau) Casino Customer Service=The WIN WIN Game(Gaming and Wagering Bus., 1992, 1996); he is also the author of Legalized Gambling: A Reference Handbook (1994, 2ed 1997), and Native American Issues (1996),(both ABC-CLIO). He was a consultant to the Wisconsin Public Research Institute, co-authoring: The Economic Impact of Native American Casinos in Wisconsin (1995), The Social Cost of Gambling in Wisconsin(1996), and Crime and Casinos in Wisconsin(1996).

Dr. Thompson appeared as a gambling authority on N.B.C.'s "Today Show" with Jane Pauley and Matt Lauer, A.B.C.'s "World News Tonight" with Peter Jennings, "Nightline" with Ted Koppel, and C.N.N.'s "Crossfire" with John Sununu and Mike Kinsley and "News Stand: Fortune Magazine," C.B.S.'s "48 Hours," "Newshour with Jim Lehrer," "Going Places" with Al Roker and "Frontline," each on P.B.S., "Lifestyles of the Rich and Famous," the C.B.C.'s "Sunday Morning," N.P.R.'s "Morning Edition," "All Things Considered," and "Studio 2" on TVOntario. He has been quoted in news media including Time, Newsweek, Business Week, Fortune, Forbes, Wall Street Journal, The Economist, Financial Post, Governing, Macleans, Canadian Business, Christian Science Monitor, Washington Post, New York Times, The Globe and Mail, Vancouver Sun, and Los Angeles Times. He served as a consultant for Loto Quebec, Crystal Casino, Winnipeg, The Detroit Casino Study Commission, Puerto Rico Tourism Co., Netherlands Board of Casino Games, and Native American gaming in Michigan, Arizona, Idaho, Texas, and Montana.

# ECONOMIC IMPACTS OF EXPANDED GAMING

## OVERVIEW

The State of Kansas has in the past and is presently examining the possibility of expanding the availability of gambling within the state in order to foster economic development and generate government revenue. Such possibilities include the establishment of “state-owned and operated destination resort casinos” and a large number of slot machines at pari-mutuel race tracks. The state has also examined the possibility of tribal compacts creating destination casinos with tribal financial contributions to the state. The compacts would allow a limited number of slots at pari-mutuel tracks. This report examines the economic impacts to these two approaches to expanded gaming.

Expanded gaming is often touted as a tool for economic development and as a good vehicle to generate revenue for the state. It can be both under the right circumstances. It can also have very negative economic impacts under the wrong circumstances.

Gaming enterprises can certainly pay a lot of revenue to the state, hire a lot of people and direct revenues to a lot of operators and suppliers. Kansans are currently spending money at Missouri riverboats in Kansas City and Native American facilities in Northeast Kansas and Oklahoma which could benefit Kansas. As lawmakers grapple for answers to policy questions regarding legislation, regulation and taxation for expanded gaming, the economic impacts of expanded gaming are often presumed to be positive due to the revenue it would provide to state government.

Information on gaming proposals usually concentrates on gross gaming revenues and revenues the state and local community will receive. A federally established National Gambling Impact Study Commission strongly recommended that states authorizing casino gaming within their boundaries go beyond that simple revenue analysis to determine the actual economic impacts that will occur when gaming is authorized or expanded. This report provides an analysis of the economic impacts expanded gambling would have on the State of Kansas and the specific communities where expanded gambling facilities are proposed to be located.

The economic benefits and costs of two approaches to expanded gaming are analyzed:

- SB 587 which proposes two destination casinos in Kansas City and Southeast Kansas and 5000 or more slot machines at four pari-mutuel tracks in Kansas City, Frontenac, Wichita and Dodge City;
- Tribal Compact Approach which proposes two destination casinos in Kansas City and Southeast Kansas and 1200 slot machines at the pari-mutuel tracks in Kansas City and Frontenac.

The analysis follows the flow of money into and out of gaming facilities and assesses the positive and negative impacts of that monetary flow on the State and on the communities where facilities are proposed.

In developing this report, the following information was analyzed:

- The official Nevada Gaming Abstract
- Jason Ader's North American Gaming Almanac (ed.)
- Bear-Stearns North American Gaming Almanac 2002-2003
- Christiansen Capital Advisors LLC, The Feasibility of Electronic and/or Casino Gaming in Kansas, Final Report March 09, 2004.
- The Governor's (Kansas) Gaming Committee, Final Report, December 18, 2003
- Report of the Special Committee on Gaming to the 1996 Kansas Legislature (December 1995)
- Marquette Advisor's Gaming Feasibility Reports for Kansas City and Galena
- National Gambling Impact Study Commission Report
- Proposed State-Tribal Compacts for Kansas City and Southeast Kansas, 2004-2005
- Kansas Senate proposed legislation outline for expanded gaming, February 2006

This study identifies the factors to consider in determining the economic benefits and costs of expanded gaming in the areas where new gaming facilities are proposed and on the state as a whole. The analysis can be likened to a "bath tub" model which factors the inputs and outputs of revenue (water) in the economic "bath tubs" of those locales and the State of Kansas.

The source of the gambling money coming into the "bath tub" is important.

- Gambling money already being spent on gaming by Kansans in Missouri or Oklahoma gaming facilities adds revenue to the tub.
- Money from Missouri, Oklahoma and Arkansas residents spent at new Kansas gaming facilities adds revenue to the tub.
- Money spent by Kansans at new gaming facilities not previously spent on gaming does not add revenue to the tub. This money is already in the tub and some of it leaves due to gaming expenditures which leave the state.

Where the money goes is also important.

- Much of the tax money which flows to Topeka from new gaming facilities does not return to local economies, but benefits the state as a whole.
- Net wages and fringe benefits of Kansas residents from new jobs adds revenue to the state and local economic "bath tubs." Federal taxes flow out of the tubs.

- Gaming machines are purchased from Nevada and other states, representing a flow of revenue out of the state and local economic tubs.
- Cities on the border with Missouri have some job, construction, supply and advertising revenue flow across the border and out of the tub.
- Net revenues facility operators receive flow mainly toward the area of residence and location of the operator's other business concerns. Operator revenue which stays in a community and Kansas fills the tub, revenue which goes to other states drains the revenue in the tub.

These factors vary by locale of the gaming facility, by type of facility, by number of jobs created, and by where operator profits go. The impact of those factors on the flow into and out of various locales and the State of Kansas are developed under the market and revenue projections and assumptions set out in the following sections.

The State of Kansas engaged Christiansen Capital Advisors, a premier gaming industry analyst, to study the levels of gaming activity each Kansas market would support, what kind of expanded gaming the public wants and various types of gaming facilities which could capture the available market. The Christiansen study provided very good information for policymakers on those issues. However, Christiansen was not asked, and did not assess the economic impacts of expanded gaming on the communities studied or the state as a whole. Available gaming market revenue was projected and scenarios for capturing that market were analyzed. No tax rates were recommended and no net economic impact was discussed. This report utilizes Christiansen and Marquette GVA market projections and data in analyzing net economic impacts and the revenues available to the state under the two competing proposals.

Eugene Christiansen, in "Taxes and Regret: A Review of 2002 US Casino Results" asked "what kind of gambling industry do people... want?" He stated that "These are long term choices" and once a state embarks on the wrong pathway, it is hard to turn back. The wrong path is maximum government revenue but minimal capital investment, minimal job creation and maximum social costs. In Christiansen's study for the State of Kansas, he cited those economic considerations in the policy choices confronting policymakers and noted that simply adding gaming machines is not an optimum strategy.

An expanded gaming approach that concentrates on economic development creates the greatest positive impact on the state and local communities. Such an approach is also critical to insure that expanded gaming facilities will be competitive in already existing markets.

As with any economic expansion, there are resulting social costs and business effects. Kansas can minimize the negative aspects of expanded gaming to local communities and to the state with a strategy that maximizes capital investment.

Kansas facilities which capture Kansas money currently being spent at Kansas City riverboat casinos and at Oklahoma tribal facilities near Southeast Kansas, as well as Missouri and Oklahoma gaming revenue which would flow to Kansas facilities, make Kansas City and Southeast Kansas prime locations for expanded gaming in Kansas. The environment for



positive economic impacts from expanded gaming exists in those communities and for the State. Large casinos with the right mix of slot machines at pari-mutuel tracks in border communities like Kansas City and Southeast Kansas can generate substantial positive economic impacts.

This report finds that the expanded gaming approach which has a higher capital investment in destination casino facilities, a reasonable state revenue share and limited slots at tracks will generate more and better jobs and have a much more positive economic impact on the state than an expanded gaming approach which relies too heavily on slot machines at pari-mutuel tracks and casinos with a higher state revenue share. The report also finds that placing slot machines at tracks in communities where there is no existing gaming market produces very negative impacts for those communities and the state.

This report also looks at an issue that is often brushed off: the costs of compulsive or problem gambling. Those costs are real and should not be ignored. Kansas already faces those costs in communities with gaming nearby, such as Northeast and Southeast Kansas. Adding gaming facilities in those communities would not significantly increase the costs of problem gaming. In communities like Wichita and Dodge City where there are not gaming facilities nearby, in addition to significant negative economic impacts of racino gaming facilities there would also be high social costs.

The findings of the report are summarized in the Executive Summary.

## EXECUTIVE SUMMARY

This Report analyzes the net economic impacts created by two approaches to expanded gaming in Kansas:

- SB587 which proposes state-owned and operated casino facilities in Kansas City and Southeast Kansas and 5500 slot machines located at pari-mutuel tracks in Kansas City, Frontenac and Wichita, with the possibility of slot machines placed at a new pari-mutuel track in Dodge City;
- A Tribal Compact approach which proposes destination resort casinos in Kansas City and Southeast Kansas and 1200 slot machines located at two pari-mutuel tracks in Kansas City and Frontenac.

Net Economic impacts of expanded gaming on local communities and the State of Kansas are calculated by determining

- The amount of money which comes into and flows out of the local communities in which gaming facilities would be located;
- The amount of money which flows to the Kansas economy and the amounts which flow out of the State of Kansas.

This “bath tub” economic model analyzes the sources of gambling money and where it flows.

Some gaming revenue is a positive addition to state and local economies.

- Gaming revenue from Kansans presently flowing to Missouri and Oklahoma gaming facilities which returns to new Kansas gaming facilities adds money to the local and state “bath tubs.” It captures money now leaving Kansas.
- Gaming money from Missourians, Oklahomans and Arkansans spent at new Kansas gaming facilities also adds revenue to the local and state economic “bath tubs.” It is new money flowing into those economies.

Some gaming revenue does not add revenue to local or state economies.

- Money from Kansans which is not currently being spent at out of state facilities, but will be spent at new Kansas gaming facilities, is already in the local and state economies.

Some revenue from gaming facilities leaves local and state economic “bath tubs.”

- Revenue flows out of state to buy slot machines from Nevada and other states.
- The State’s share of revenue from gaming flows out of the local economic “bath tub” to Topeka to the state tub and Federal taxes flow out. Some of those state revenues flow back to the local area.

- Employees' net salary and fringe benefits stay in the local tub where the employees live. Federal taxes on employee wages flows out of state to Washington, DC.
- The money that facility operators make mostly flows to the area of owner residence and location of the facility operator's other business concerns. This can either add to local and state economies or drain from them.

The net impact of these sources and flows of revenue on community and state economies determines in a very basic way whether a facility will have a positive or a negative economic impact.

The findings of this analysis are summarized as follows:

- Tribal destination resort casinos in Kansas City and Southeast Kansas plus 600 slot machines each at the Woodlands and Frontenac would have a significantly more positive economic impact on the State of Kansas than the SB 587 approach of two casinos and several thousand slot machines at four track facilities.
  - There is over \$100 million difference annually in the net positive impact on the State of Kansas between these two approaches—**a \$287 Million positive impact for the compact approach vs \$184 Million net positive economic impact for the SB 587 approach.**
- The tribal compact approach produces significantly better positive economic impacts for the state than the SB 587 approach in both Kansas City (**\$122 Million versus \$80 Million**) and Southeast Kansas (**\$165 Million versus \$144 Million**).
- Tribal destination casinos in Kansas City and Southeast Kansas with a 20% state revenue share would produce virtually identical revenue for the state as state-owned and operated casino facilities with a 24% state revenue share (**\$96 Million annually under SB 587 approach and \$95 Million under the compact scenario**).
- Before casinos are built, 5000 or more slot machines at 3 track facilities in Kansas City, Frontenac and Wichita under the SB 587 approach produce a less positive economic impact on the State of Kansas than 1200 slots at track facilities in Kansas City and Frontenac (**\$55 Million positive vs \$74 Million positive**).
- Before casinos are built, 1200 slot machines placed at two tracks in Kansas City and Frontenac under a tribal compact approach would produce a net positive impact for the State similar to 3000 slot machines at the Kansas City and Frontenac tracks contemplated under SB 587 (**\$74 Million positive vs \$86 Million positive**).
- The economic impacts on local communities between the compact approach and the SB 587 approach vary significantly.
  - The economic impact of slot machines at pari-mutuel facilities to the Wichita and Dodge City areas under the SB 587 approach is very negative:

- **over \$140 million negative for the Wichita area**
- **over \$40 million negative for the Dodge City region.**
- In Kansas City, the compact approach has three times the positive impact of SB 587—a **net of \$24 million vs \$8 million**—after casinos are built.
- Both before and after casinos begin operation, the negative impact of 2000 slots at the Woodlands in Kansas City under SB 587's approach is approximately 5 times greater than 600 slot machines at the Woodlands under the compact approach. (**Negative \$10 Million vs negative \$2 Million**)
- In the Frontenac area, the impacts of slot machines at the tracks under the tribal approach and SB 587 are very similar on both the state and local economies before a casino opens. After a casino opens, however, the compact approach produces a higher overall positive impact on both local and state economies. (**State: \$165 Million for compact approach vs \$144 Million under SB 587; Local: \$66 Million for compact approach vs \$43 Million under SB 587**).
- The tribal compact approach which limits slot machines to Kansas City and Frontenac would not generate a negative economic impact on Wichita and Dodge City.
- SB 587's approach would generate **\$233 million** as the **state share** from gaming after casinos are built but **net economic benefits to the state** would be only **\$184 Million**.
- The tribal compact approach would generate **\$133 Million** in **state revenue** after casinos are built but **net economic benefits to the state** would be over twice that amount, **\$287 Million**.
- The tribal compact approach produces somewhat fewer jobs than the SB 587 approach due to more gaming facilities under the SB 587 approach. However, approximately 350 more higher paying casino jobs are created under the tribal compact approach than under SB 587's approach.
- The net positive economic impact of expanded gaming in Kansas City and Southeast Kansas increases with fewer slot machines at the tracks.
- The number of slot machines placed at tracks in Kansas City and Frontenac will affect the amount of capital invested in and the size and attractiveness of new casinos in those vicinities.
- The availability of potential casino managers in Kansas City may be limited by the \$35 million upfront fee to garner a contract, the substantial investment and risk entailed in capturing market share in the heavily competed Kansas City market, and likely lower than normal ROI for the industry.

- Under a cost benefit analysis, the tribal compact approach is a far better path for the state to follow in pursuit of revenue from expanded gaming than the SB 587 approach.
- Social costs of problem gamblers and crime create additional negative impacts to a local economy where there are not already gaming facilities in the community. Casinos in areas where there are gaming facilities do not add new social costs.
- Social costs of \$23.1 million in the Wichita area would result from expanded gaming in addition to the other projected net negative economic impacts on the area which total over \$140 Million.
- The Dodge City area would experience negative social impact costs totaling \$3,103,707, in addition to the other projected net negative economic impacts from expanded gaming which total over \$40 Million.

## APPROACHES ANALYZED

Two proposed approaches to expanded gaming in Kansas are analyzed in this report:

Scenario 1: State-owned and operated casinos in Kansas City and Southeast Kansas; and 5500 state-owned and operated slot machines located at four pari-mutuel tracks in Kansas City, Frontenac, Wichita and Dodge City;

Scenario 2: Tribal destination casinos in two locations, Kansas City and Southeast Kansas; and 1200 state-owned and operated slot machines located at two pari-mutuel tracks, Kansas City and Frontenac.

The analysis in this report utilizes CCA market data and focuses on the flow of revenues and expenditures the two scenarios generate to determine net economic impacts. The report looks at where the money comes from, where it goes and whether the impact is positive or negative on the local community and state.

CCA emphasized that gaming revenue available in each market is limited by demand and advised that adding more facilities (casinos and slots at tracks) to a market does little to increase demand. The available market is divided between facilities according to the number of slot machines at track facilities and the size of casinos which are dependent on the amount of capital which can be responsibly invested. CCA provided market data and revenue projections for both a limited slots at tracks approach (600-800 slot machines) and a racino approach with a large number of slots at tracks.

The projected revenue from a scenario of destination casinos only, with no slots at tracks, was also projected by Christiansen Capital Advisors LLC (CCA) their study for the Kansas Lottery in 2004, though analysis of that scenario had not been requested by the state. This long-term, optimum economic development strategy for expanded gaming identified by CCA (i.e., destination resorts only) is not currently a policy option being considered by Kansas so the net economic impact of that approach is not analyzed herein.

## REVENUE DISTRIBUTIONS

Revenue distribution assumptions in the scenarios are based on

1. the expanded gaming approach proposed in SB587
2. a Tribal Compact approach based on a compact negotiated for consideration in 2004.
3. industry expenditure ranges and SB587 and compact provisions.

PROJECTED GAMING REVENUE

Kansas City

Pre Casino Scenario 1

2000 slots @ Woodlands, \$200 WMPD		\$ 146,000,000
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Post Casino Scenario 1

2000 slots @ Woodlands, \$160 WMPD		\$ 116,800,000
Casino facility per CCA projection (based on market and capital availability, amenities equal to riverboat competitors)		177,300,000
Total Projected Gaming Revenue		\$294,100,000

Pre Casino Scenario 2

600 slots @ Woodlands, \$260 WMPD		\$ 56,940,000
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Post Casino Scenario 2

600 slots @ Woodlands, \$260 WMPD		\$ 56,900,000
Casino facility per CCA projection (based on market and capital availability, non-gaming amenities)		235,300,000
Total Projected Gaming Revenue		\$ 292,200,000

Southeast Kansas

Pre Casino Scenario 1

1000 slots @ Frontenac, \$205 WMPD		\$ 74,825,000
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Post Casino Scenario 1

1000 slots @ Frontenac, \$110 WMPD		\$40,150,000
Casino in Galena per CCA (adjusted for 400 more slots at Frontenac than in CCA study)		220,000,000
Total Projected Gaming Revenue		\$260,150,000

Pre Casino Scenario 2

600 slots @ Frontenac, \$340 WMPD		\$ 74,460,000
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Post Casino Scenario 2

600 slots @ Frontenac, \$130 WMPD		\$ 27,600,000
Casino in Galena per CCA		240,800,000
Total Projected Gaming Revenue		\$ 268,400,000

Wichita

Scenario 1

2500 slots @ Greyhound Park, \$240 WMPD		\$219,000,000
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Dodge City

Scenario 1

1000 slots @ pari-mutuel track, \$170 WMPD		\$ 62,000,000
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Total Projected Gaming Revenue

Pre Casino Scenario 1 (without Dodge City)		\$ 462,090,000
Post Casino Scenario 1		835,250,000
Pre Casino Scenario 2		131,400,000
Post Casino Scenario 2		\$ 560,600,000

Slots at Tracks Revenue Projections

- CCA projected gaming revenue of \$260/machine/day with 800 machines at the Woodlands. This average drops as demand is diffused over 2000 machines to \$200/machine/day before a casino is built and \$160/machine/day after the casino opens in Scenario 1. CCA's projection of \$260 is used for 600 machines at the Woodlands in Scenario 2.
- CCA projected approximately \$340/machine/day with 600 machines and no casino in Southeast Kansas and \$130/machine/day for Frontenac with 600 slot machines and a nearby destination casino. CCA's market projection for slots at Frontenac is diffused among 1000 machines pre-casino in Scenario 1 (\$205 WMPD). \$110 WMPD for 1000 slot machines at the Frontenac track is projected after a large casino in Southeast Kansas is constructed under Scenario 1. CCA's \$340 WMPD projection is used for Scenario 2 before a casino is built. CCA's \$130 WMPD projection for 600 machines and a casino in the vicinity is used in Scenario 2.
- CCA projected the Dodge City gaming market at \$62 million. A \$170/machine/day drop is calculated by dividing the available market among 1000 machines.
- In Wichita, CCA projected \$240/machine/day for 800 slots at the track with a destination casino nearby. No nearby casino or other seasonal racinos will diffuse the Wichita tracks' exclusive market. CCA's racino only projection for Wichita indicated a market of approximately \$209,000,000 with two other seasonal racinos in the surrounding market taking approximately \$42 million in revenue. Gaming revenue of \$219 Million is projected at Greyhound Park from 2500 slot machines @ \$240 WMPD.



### Casino Revenue Projections

- CCA's revenue projection for an average casino is utilized for Scenario 1 in Kansas City (\$177 million) when 2000 slots projected to garner \$117 Million from the market are placed at the Woodlands. CCA's projection of \$235 million in casino revenue is utilized in Scenario 2 where 800 slot machines projected to garner \$57 Million from the market are placed at the Woodlands.
- Casino revenue in Scenario 1 in Southeast Kansas is projected at \$225 Million when 1000 slots taking \$40 Million from the available market are placed in Frontenac. In Southeast Kansas, CCA's casino revenue projection of \$240 Million is used in Scenario 2 when 600 machines taking \$27 Million from the market are placed at the track in Frontenac.

### Existing Gaming Market Revenue vs New Gaming Revenue

- CCA projected negligible (less than 1%) revenue outside a 50 mile distance from facilities under both the Scenario 1 approach (\$177 million casino revenue) and the Scenario 2 approach (\$235 million casino revenue). Gaming revenue at the tracks is projected to come from within 50 miles of the facility, most of it from within 25 miles of the facility.
- This study projects that 50% of the gaming revenue for new Kansas City gaming facilities is already being spent in the Kansas City gaming market and 50% of the revenue will be new.
- At casinos in Kansas City, the revenue already in the market is projected to come 70% from Kansas and 30% from Missouri. Under Scenario 1, new gaming revenue is projected to be generated at the same 70/30 ratio. The casino in Scenario 2 would have a somewhat broader geographic reach, generating new revenue 50% from Kansas and 50% from Missouri.
- At the Woodlands 80% of the revenue from the existing market and 80% of the new revenue is projected to come from Kansas and 20% from Missouri.
- No existing gaming market revenue is projected for the Wichita market. With 1500 slots at Greyhound Park, 80% of the revenue is projected to come from within 25 miles of the facility. 10% of the revenue is projected to come from 25-50 miles of the facility and 10% outside a fifty-mile distance, with 5% of the total revenue is projected to come from out of state.
- For Southeast Kansas facilities, most of the population in this market resides outside Kansas. It is projected 80% of the revenues at a casino and at the Frontenac track would come from non-residents and 20% from Kansans. It is projected that 25% of the revenue is in the existing gaming market and 75% will be new gaming revenue, with the same 80/20 proportions from Kansas and Missouri.

- In Dodge City 35% of gaming revenue will come from within 50 miles of the facility and 65% from outside 50 miles. Approximately 25% of Dodge City gaming revenue is projected to come from out of state. None of the revenue is projected to come from an existing gaming market except out of state revenue.

Revenue Distribution Assumptions

- Scenario 1 assumptions on revenue distribution and expenditures is based on Senate Bill 587.

- The distribution of gross gaming revenue for casinos is provided as follows:

State of Kansas	24%
County/City	3%
Charitable Gaming	1%
Problem Gaming	1%
Regulation	<u>1%</u>
	30%

- A management contract will provide for amounts to be allocated for building lease/maintenance/utilities gaming enterprise expenses, including employees, supplies, gaming machines, marketing, administration and overhead.

- The following allocations are assumed for expenses:

Building/Utilities	11%
Employee Wages	24%
Gaming Supplies/Machines	7%
Other Supply	4%
Advertising/Comps	7%
General Administration	<u>2%</u>
	55%

- Net amount for a management fee is projected at 15% after all expenses and state and local revenue allocations.

- At casinos, employee compensation is projected to average \$41,325 based on salary of \$30,000 plus 30% fringe benefits totaling \$9000 and the employers 7.65% share of SSI/MC.

- The gaming operation is assumed to be state-owned and operated. It is assumed that the cost of all facilities and expenses of gaming will be paid by a casino manager through a contract with the state.

Slots at Tracks Assumptions

- In Scenario 1, the distribution of gross revenues under SB 587 is provided as follows:

State of Kansas	30% (of first \$150 WPMD, 40% on WPMD above \$150)
Greyhound Based Groups	7%
Horse Breed Groups	7%
Local Governments	3%
Charitable Gaming	1%
Problem Gaming	1%
Fair Racing	1%

- Gaming expenses of 15% of gross gaming revenues are provided which include:

Machines/Computer	7.5%
Other expenses (including building maintenance, supplies, general administration and regulation)	<u>7.5%</u>
	15%

- The Facility Manager is to receive the 35% of gaming revenues up to \$150 WPMD and 25% on WPMD above \$150.
- Cost of employees is deducted from the track operator share.
- No assumptions are made regarding construction of new facilities at tracks. Such costs would be paid from the track operator's share of revenue.
- Track employee total compensation including fringe benefits average \$34,412 (\$25,000 salary plus 30% fringe benefits equal to \$7500 and 7.65% employer share of SSI/MC equaling \$1912).

Distribution of Revenues/Net Impacts

- Taxes: Gaming taxes remain in the state of Kansas. It is assumed that 20% of gaming tax revenue will return to the Kansas City and Wichita areas, 5% to Southeast Kansas and Dodge City.
- Buildings: Casino building costs, utilities and maintenance remain in the region of the facilities, divided evenly between Kansas and Missouri in both Kansas City and Southeast Kansas.
- Employee Compensation:
  - In Kansas City, employees are assumed to come 65% from Kansas and 35% from Missouri.
  - In Southeast Kansas, the ratio is 50% from Kansans and 50% non-Kansans.

- In Wichita, 100% of employees would be from within Kansas and the Wichita area.
- SSI/MC portion of wages equal to 15.3% leaves the region and state, as does federal income tax of 12%.
- Fringe benefits will stay in the vicinity of the facilities, mostly in Kansas, but some to Missouri. In Kansas City, fringe benefits are allocated 65/35 in Kansas City between Kansas and Missouri. In Southeast Kansas fringe benefits are allocated 50/50 between Kansas and Missouri.
- State income taxes of 3% remain in Kansas. It is assumed 20% of such taxes return to the Kansas City and Wichita areas, 5% to Southeast Kansas and Dodge City.
- Other Expenses: Machine and gaming supply expenses leave the state and region as most machines are manufactured in Nevada, and other western locales outside Kansas.
- Other Supplies are assumed to be purchased in Kansas.
- Advertising: The Kansas City advertising is assumed to be 50% in Kansas, 50% in Missouri due to the predominance of media outlets in Missouri. In Southeast Kansas, advertising is projected to be spent 80% out of state, 20% in Kansas.
- Facility Manager Fees: It is assumed that 75% of net fees will go to the state of operator residence in both scenarios. It is projected 25% will remain in the area of the gaming facility as investment in operations and facilities under both scenarios.
- Breeds: Revenues for dog and horse breeding groups and purses from slots at tracks. Revenue is projected to stay 60% in Kansas and 40% out of state. One half the money staying in Kansas is assumed to stay in the area of the track facility.

Scenario 2

- The distribution of gross gaming revenue for casinos under a compact approach is provided as follows:

State of Kansas	20%
Local Government	4%
Problem Gaming	1%
Regulation	<u>1%</u>
	26%

- The following allocations are assumed for expenses:

Building/Utilities	11%
Employee Wages	24%
Gaming Supplies/Machines	7%
Other Supply	4%
Advertising/Comps	7%
General Administration	<u>2%</u>
	55%

- All other revenue expenditure allocation assumptions for casinos are the same as under Scenario 1.

## PROBLEM GAMBLING AND CRIME IMPACTS

The National Gambling Impact Study Commission in its Final Report (1999) stated that its National Opinion Research Center's surveys "found that the presence of a gambling facility within 50 miles roughly doubles the prevalence of problem and pathological gambling." (p. 4-4).

The Report also indicates that surveys find in America there is a 0.6% prevalence rate for pathological gamblers, and a .7% rate for problem gamblers.

As there are casino facilities now within 50 miles of Kansas City and Pittsburg and Galena, no new negative impacts are assumed if casinos and racinos are placed in those locations. We expect an extra .7% problem gamblers in Wichita and an extra .6% pathological gamblers in Wichita (50 mile area). As Wichita has 472,763 adults within a 50 mile radius, we find that the introduction of casinos will add 2836 pathological gamblers and 3309 new problem gamblers.

These troubled gamblers cost societies money as they are prone to miss work, incur debts without repaying the money, and to take property and money that does not belong to them. Moreover they also impose costs on society through criminal justice system and welfare system activity. A survey of Gamblers Anonymous members in southern Nevada found these costs—where they could be easily calculated in dollar terms (suicides and psychological costs could not be, and hence were not factored in to the analysis) came to be \$19,711 per pathological gambler per year. (Thompson and Schwer, "Beyond the Limits of Recreation," *Journal of Public Budgeting, Accounting, and Financial Management*, v. 17, no. 1, Spring 2005, pp. 62-93). However, other studies (cited in the above) found that pathological gamblers not in treatment (such as GA), imposed costs only 51% as high, hence \$10,053 per year/per person.

Further it was found that problem gamblers (less severe troubled gamblers) imposed costs only 49% as high as pathological gamblers, or \$4926 per year/per person.

Not all these costs resulted in money value leaving the economy—or wasted economic dollars—as some costs were merely transfers of wealth. Being conservative we determined that among the various costs only 33.6% represented losses to the economy. The bottomline economic losses, therefore, for one pathological gambler is \$3378 per year, and for one problem gambler \$1655 per year. Simple multiplication finds the added pathological gamblers costing the Wichita area economy \$9,580,008 per year, and problem gamblers costing the economy an extra \$5,476,395 per year. (See appendix for full Thompson, Schwer article).

Similarly we expect no extra crime costs in Kansas City and Pittsburg and Galena, but an extra effect in Wichita. The author's co-research (with Ricardo Gazel and Dan Rickman, *Crime and Casinos: What's the Connection*, 1996, Wisconsin Policy Research Institute) found the presence of casinos in communities resulting in an additional social cost of \$17 per adult due to extra crime costs. These costs can be added to the Wichita impacts.

The crime costs of gambling in the Wichita region with 472,763 adults within 50 miles is \$8,036,971. The total cost of problem gaming to the Wichita area is \$23,093,374.

Projected Pathological Gambling Cost	\$ 5,476,395
Projected Problem Gambling Cost	9,580,008
Crime Cost	<u>8,036,971</u>
	\$ 23,093,374

The projected problem gaming costs to the Dodge City area are similarly calculated with 63,542 adults within 50 miles for a total of 445 problem gamblers in the area and 381 pathological gamblers projected. The total projected cost to the Dodge City area for problem gamblers is \$3,103,707.

Projected Pathological Gambling Cost	\$ 287,018
Projected Problem Gambling Cost	736,475
Crime Cost	<u>1,080,214</u>
	\$ 3,103,707

**ECONOMIC IMPACT SUMMARIES**



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CASINO								
SCENARIO 1								
	IMPACTS		EMPLOYEES		BREEDS/PURSES	FACILITY OWNER/MANAGER	STATE	
	Net State Impact	Net Local Impact	No.	Wages/Kansas	Revenue	Fees	Revenue	
<b>Kansas City</b>								
Slots	\$ 35,398,491	\$ (11,063,509)	300	\$ 3,770,813	\$ 20,440,000	\$ 11,836,691	\$ 47,450,000	
<b>SE Kansas</b>								
Slots	\$ 50,762,613	\$ 8,893,931	150	\$ 1,450,313	\$ 10,475,500	\$ 19,019,375	\$ 24,455,000	
<b>Wichita</b>								
	\$ (31,248,375)	\$ (144,735,984)	375	\$ 7,251,563	\$ 30,660,000	\$ 55,532,813	\$ 73,912,500	
<b>TOTAL</b>	\$ 54,912,728	\$ (146,905,563)	825	\$ 12,472,688	\$ 61,575,500	\$ 86,388,878	\$ 145,817,500	
SCENARIO 2								
	IMPACTS		EMPLOYEES		BREEDS	FACILITY OWNER/MANAGER	STATE	
	Net State Impact	Net Local Impact	No.	Wages/Kansas	Revenue	Fees	Revenue	
<b>Kansas City</b>								
Slots	\$ 21,874,073	\$ (1,923,908)	90	\$ 1,131,244	\$ 7,971,600	\$ 2,072,719	\$ 25,623,000	
<b>SE Kansas</b>								
Slots	\$ 51,816,053	\$ 6,829,901	90	\$ 870,188	\$ 10,424,400	\$ 11,794,875	\$ 33,507,000	
<b>TOTAL</b>	\$ 73,690,125	\$ 4,905,994	180	\$ 2,001,431	\$ 18,396,000	\$ 13,867,594	\$ 59,130,000	

1-23

FACILITY-CASINO							
SCENARIO 1							
	IMPACTS		EMPLOYEES		BREEDS/PURSES	FACILITY OWNER/MANAGER	STATE
	Net State Impact	Net Local Impact	No.	Wages/Kansas	Revenue	Fees	Revenue
<b>Kansas City</b>							
<b>Casino</b>	\$ 54,677,777	\$ 17,423,177	1030	\$ 12,692,941		\$ 6,648,750	\$ 42,552,000
<b>Slots</b>	\$ 25,718,691	\$ (9,734,909)	300	\$ 3,770,813	\$ 16,352,000	\$ 10,011,691	\$ 35,770,000
<b>SE Kansas</b>							
<b>Casino</b>	\$ 117,845,690	\$ 37,273,190	1307	\$ 13,601,270		\$ 33,750,000	\$ 54,000,000
<b>Slots</b>	\$ 25,831,288	\$ 6,091,644	150	\$ 1,450,313	\$ 5,621,000	\$ 12,723,125	\$ 8,212,500
<b>Wichita</b>	\$ (31,248,375)	\$ (144,735,984)	375	\$ 7,251,563	\$ 30,660,000	\$ 55,532,813	\$ 73,912,500
<b>Dodge City</b>	\$ (9,152,300)	\$ (43,042,994)	150	\$ 2,900,625	\$ 8,687,000	\$ 15,825,625	\$ 19,345,000
<b>TOTAL</b>	\$ 183,672,770	\$ (136,725,877)	3311	\$ 41,667,524	\$ 61,320,000	\$ 134,492,003	\$ 233,792,000
SCENARIO 2							
	IMPACTS		EMPLOYEES		BREEDS	FACILITY OWNER/MANAGER	STATE
	Net State Impact	Net Local Impact	No.	Wages/Kansas	Revenue	Fees	Revenue
<b>Kansas City</b>							
<b>Casino</b>	\$ 100,360,596	\$ 26,565,846	1367	\$ 18,758,878		\$ 44,707,000	\$ 47,060,000
<b>Slots</b>	\$ 21,874,073	\$ (1,923,908)	90	\$ 1,131,244	\$ 7,971,600	\$ 2,072,719	\$ 25,623,000
<b>SE Kansas</b>							
<b>Casino</b>	\$ 146,499,418	\$ 63,519,418	1398	\$ 14,872,382		\$ 45,752,000	\$ 48,160,000
<b>Slots</b>	\$ 18,749,243	\$ 2,943,746	90	\$ 870,188	\$ 3,985,800	\$ 2,596,875	\$ 12,811,500
<b>TOTAL</b>	\$ 287,483,328	\$ 91,105,102	2945	\$ 35,632,691	\$ 11,957,400	\$ 95,128,594	\$ 133,654,500

1-24

**PROJECTED REVENUE SUMMARIES**

1-24

1-25

SCENARIO 1 - STATE REVENUE					
Slot Revenue					
YEAR	Mos.	KANSAS CITY	FRONTENAC	WICHITA	
2007	6	\$ 23,725,000	\$ 12,227,500	\$ 36,956,250	\$ 72,908,750
2008	12	\$ 47,450,000	\$ 24,455,000	\$ 73,912,500	\$ 145,817,500
2009	12	\$ 35,770,000	\$ 8,212,500	\$ 73,912,500	\$ 117,895,000
2010	12	\$ 35,770,000	\$ 8,212,500	\$ 73,912,500	\$ 117,895,000
<b>TOTAL</b>		\$ 142,715,000	\$ 53,107,500	\$ 258,693,750	\$ 454,516,250
Casino Revenue					
2009	12	\$ 42,552,000	\$ 54,000,000		\$ 96,552,000
2010	12	\$ 42,552,000	\$ 54,000,000		\$ 96,552,000
<b>TOTAL</b>		\$ 85,104,000	\$ 108,000,000		\$ 193,104,000
<b>TOTAL ALL</b>		\$ 227,819,000	\$ 161,107,500	\$ 258,693,750	\$ 647,620,250

SCENARIO 2 - STATE REVENUE					
Slot Revenue					
YEAR	Mos.	KANSAS CITY	FRONTENAC		
2007	6	\$ 12,811,500	\$ 16,753,500		\$ 29,565,000
2008	12	\$ 25,623,000	\$ 33,507,000		\$ 59,130,000
2009	12	\$ 25,623,000	\$ 12,811,500		\$ 38,434,500
2010	12	\$ 25,623,000	\$ 12,811,500		\$ 38,434,500
<b>TOTAL</b>		\$ 89,680,500	\$ 75,883,500		\$ 165,564,000
Casino Revenue					
2009	12	\$ 47,060,000	\$ 48,160,000		\$ 95,220,000
2010	12	\$ 47,060,000	\$ 48,160,000		\$ 95,220,000
<b>TOTAL</b>		\$ 94,120,000	\$ 96,320,000		\$ 190,440,000
<b>TOTAL ALL</b>		\$ 183,800,500	\$ 172,203,500		\$ 356,004,000

SCENARIO 1 - LOCAL REVENUE					
Slot Revenue					
YEAR	Mos.	KANSAS CITY	FRONTENAC	WICHITA	
2007	6	\$ 2,190,000	\$ 1,122,375	\$ 3,285,000	\$ 6,597,375
2008	12	\$ 4,380,000	\$ 2,244,750	\$ 6,570,000	\$ 13,194,750
2009	12	\$ 3,504,000	\$ 1,204,500	\$ 6,570,000	\$ 11,278,500
2010	12	\$ 3,504,000	\$ 1,204,500	\$ 6,570,000	\$ 11,278,500
<b>TOTAL</b>		\$ 13,578,000	\$ 5,776,125	\$ 22,995,000	\$ 42,349,125
Casino Revenue					
2009	12	\$ 5,319,000	\$ 6,750,000		\$ 12,069,000
2010	12	\$ 5,319,000	\$ 6,750,000		\$ 12,069,000
<b>TOTAL</b>		\$ 10,638,000	\$ 13,500,000		\$ 24,138,000
<b>TOTAL ALL</b>		\$ 24,216,000	\$ 19,276,125	\$ 22,995,000	\$ 66,487,125

SCENARIO 2 - LOCAL REVENUE					
Slot Revenue					
YEAR	Mos.	KANSAS CITY	FRONTENAC		
2007	6	\$ 854,100	\$ 1,116,900		\$ 1,971,000
2008	12	\$ 1,708,200	\$ 2,233,800		\$ 3,942,000
2009	12	\$ 1,708,200	\$ 854,100		\$ 2,562,300
2010	12	\$ 1,708,200	\$ 854,100		\$ 2,562,300
<b>TOTAL</b>		\$ 5,978,700	\$ 5,058,900		\$ 11,037,600
Casino Revenue					
2009	12	\$ 9,412,000	\$ 9,632,000		\$ 19,044,000
2010	12	\$ 9,412,000	\$ 9,632,000		\$ 19,044,000
<b>TOTAL</b>		\$ 18,824,000	\$ 19,264,000		\$ 38,088,000
<b>TOTAL ALL</b>		\$ 24,802,700	\$ 24,322,900		\$ 49,125,600

SCENARIO 1 - BREED REVENUE					
Slot Revenue					
YEAR	Mos.	KANSAS CITY	FRONTENAC	WICHITA	
2007	6	\$ 10,220,000	\$ 5,237,750	\$ 15,330,000	\$ 30,787,750
2008	12	\$ 20,440,000	\$ 10,475,500	\$ 30,660,000	\$ 40,000,000
2009	12	\$ 16,352,000	\$ 5,621,000	\$ 30,660,000	\$ 40,000,000
2010	12	\$ 16,352,000	\$ 5,621,000	\$ 30,660,000	\$ 40,000,000
<b>TOTAL</b>		\$ 63,364,000	\$ 26,955,250	\$ 107,310,000	\$ 197,629,250

SCENARIO 2 - BREED REVENUE					
Slot Revenue					
YEAR	Mos.	KANSAS CITY	FRONTENAC		
2007	6	\$ 3,985,800	\$ 5,212,200		\$ 9,198,000
2008	12	\$ 7,971,600	\$ 10,424,400		\$ 18,396,000
2009	12	\$ 7,971,600	\$ 3,985,800		\$ 11,957,400
2010	12	\$ 7,971,600	\$ 3,985,800		\$ 11,957,400
<b>TOTAL</b>		\$ 27,900,600	\$ 23,608,200		\$ 51,508,800

**ECONOMIC IMPACTS BY COMMUNITY  
AND APPROACH**

12-1

<b>SCENARIO 1: KANSAS CITY</b>						
<b>CASINO GAMING REVENUE</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Kansas City Area</b>	<b>Leaving Kansas City/Staying in KS</b>
Total Revenue		\$ 177,300,000	\$ 124,110,000	\$ 53,190,000		
Existing Market Revenue			<b>\$ 62,055,000</b>	<b>\$ 26,595,000</b>		
New Market Revenue			<b>\$ 62,055,000</b>	<b>\$ 26,595,000</b>		
State of Kansas	24%	\$ 42,552,000	\$ 42,552,000		\$ 8,510,400	\$ 34,041,600
Local Government	3%	\$ 5,319,000	\$ 5,319,000		\$ 5,319,000	\$ -
Regulation	1%	\$ 1,773,000	\$ 1,773,000		\$ 886,500	\$ 886,500
Charitable Gaming	1%	\$ 1,773,000	\$ 1,773,000		\$ 886,500	\$ 886,500
Problem Gaming	1%	\$ 1,773,000	\$ 1,773,000		\$ 1,773,000	\$ -
Building/Utilities	11%	\$ 19,503,000	\$ 19,503,000		\$ 19,503,000	\$ -
Gaming Supply/Machines	7%	\$ 12,411,000		\$ 12,411,000		\$ -
Other Supply	4%	\$ 7,092,000	\$ 7,092,000		\$ 7,092,000	\$ -
Advertising/Comps	7%	\$ 12,411,000	\$ 6,205,500	\$ 6,205,500	\$ 6,205,500	\$ -
General Administration	2%	\$ 3,546,000	\$ 3,546,000		\$ 3,546,000	\$ -
Wages - No. of employees =	1,030					
Salary	\$ 30,000	\$ 30,890,744				
Fringes	30%	\$ 9,267,223				
SS/MC-ER	7.65%	\$ 2,363,142				
Total Employee Cost		\$ 42,521,109				
Less Fringes	30%	\$ 9,267,223	\$ 6,023,695	\$ 3,243,528	\$ 6,023,695	\$ -
Less SS/MC	15.3%	\$ 4,726,284		\$ 4,726,284		\$ -
Less FIT	12%	\$ 7,200,000		\$ 7,200,000		\$ -
Less SIT	3%	\$ 1,800,000	\$ 1,800,000		\$ 360,000	\$ 1,440,000
Net Employee Wages		\$ 19,527,602	\$ 12,692,941	\$ 6,834,661	\$ 12,692,941	\$ -
Manager Fee	15%	\$ 26,595,000	\$ 6,648,750	\$ 19,946,250	\$ 6,648,750	\$ -
				\$ 60,567,223		\$ 37,254,600
Net Impact on Region/State*			<b>\$ 54,677,777</b>		<b>\$ 17,423,177</b>	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Kansas City area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

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<b>PRE CASINO - SLOTS AT WOODLANDS</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Kansas City Area</b>	<b>Leaving Kansas City/Staying in KS</b>
Total Revenue		\$ 146,000,000	\$ 102,200,000	\$ 43,800,000		
Existing Market Revenue			<b>\$ 51,100,000</b>	<b>\$ 21,900,000</b>		
New Market Revenue			\$ 51,100,000	\$ 21,900,000		
Revenue Sharing - State	33%	\$ 47,450,000	\$ 47,450,000		\$ 9,490,000	\$ 37,960,000
Revenue Sharing - Local	3%	\$ 4,380,000	\$ 4,380,000		\$ 4,380,000	\$ -
Race Purses/Breed Assoc.	14%	\$ 20,440,000	\$ 12,264,000	\$ 8,176,000	\$ 6,132,000	\$ 6,132,000
Charitable Fund	1%	\$ 1,460,000	\$ 1,460,000		\$ 730,000	\$ 730,000
Problem Gaming Fund	1%	\$ 1,460,000	\$ 1,460,000		\$ 1,460,000	\$ -
Fair Racing	1%	\$ 1,460,000	\$ 1,460,000			\$ 1,460,000
Expenses	15%	\$ 21,900,000				\$ -
Machines	7.5%	\$ 10,950,000		\$ 10,950,000		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 10,950,000	\$ 10,950,000		\$ 10,950,000	\$ -
Wages - No. Employees =	300					
Salary	\$ 25,000	\$ 7,500,000				
Fringes	30%	\$ 2,250,000				
SS/MC-ER	7.65%	\$ 573,750				
Total Employee Cost	7.07%	\$ 10,323,750				
Less Fringes	30%	\$ 2,250,000	\$ 1,462,500	\$ 787,500	\$ 1,462,500	\$ -
Less SS/MC	15.3%	\$ 1,147,500		\$ 1,147,500		\$ -
Less FIT	12%	\$ 900,000		\$ 900,000		\$ -
Less SIT	3%	\$ 225,000	\$ 225,000		\$ 45,000	\$ 180,000
Net Employee Wages		\$ 5,801,250	\$ 3,770,813	\$ 2,030,438	\$ 3,770,813	\$ -
Net Track Owner Share	32%	\$ 47,346,763	\$ 11,836,691	\$ 35,510,072	\$ 11,836,691	\$ -
				\$ 59,501,509		\$ 46,462,000
Net Impact on Region/State*			\$ 35,398,491		\$ (11,063,509)	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Kansas City area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

12-1

<b>POST CASINO - SLOTS AT WOODLANDS</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Kansas City Area</b>	<b>Leaving Kansas City/Staying in KS</b>
Total Revenue		\$ 116,800,000	\$ 81,760,000	\$ 35,040,000		
Existing Market Revenue			<b>\$ 40,880,000</b>	<b>\$ 17,520,000</b>		
New Market Revenue			\$ 40,880,000	\$ 17,520,000		
Revenue Sharing - State	31%	\$ 35,770,000	\$ 35,770,000		\$ 7,154,000	\$ 28,616,000
Revenue Sharing - Local	3%	\$ 3,504,000	\$ 3,504,000		\$ 3,504,000	\$ -
Race Purses/Breed Assoc.	14%	\$ 16,352,000	\$ 9,811,200	\$ 6,540,800	\$ 4,905,600	\$ 4,905,600
Charitable Fund	1%	\$ 1,168,000	\$ 1,168,000		\$ 584,000	\$ 584,000
Problem Gaming Fund	1%	\$ 1,168,000	\$ 1,168,000		\$ 1,168,000	\$ -
Fair Racing	1%	\$ 1,168,000	\$ 1,168,000			\$ 1,168,000
Expenses	15%	\$ 17,520,000				\$ -
Machines	7.5%	\$ 8,760,000		\$ 8,760,000		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 8,760,000	\$ 8,760,000		\$ 8,760,000	\$ -
Wages - No. Employees =	300					
Salary	\$ 25,000	\$ 7,500,000				
Fringes	30%	\$ 2,250,000				
SS/MC-ER	7.65%	\$ 573,750				
Total Employee Cost	8.84%	\$ 10,323,750				
Less Fringes	30%	\$ 2,250,000	\$ 1,462,500	\$ 787,500	\$ 1,462,500	\$ -
Less SS/MC	15.3%	\$ 1,147,500		\$ 1,147,500		\$ -
Less FIT	12%	\$ 900,000		\$ 900,000		\$ -
Less SIT	3%	\$ 225,000	\$ 225,000		\$ 45,000	\$ 180,000
Net Employee Wages		\$ 5,801,250	\$ 3,770,813	\$ 2,030,438	\$ 3,770,813	\$ -
Net Track Owner Share	34%	\$ 40,046,763	\$ 10,011,691	\$ 30,035,072	\$ 10,011,691	\$ -
				\$ 50,201,309		\$ 35,453,600
Net Impact on Region/State*			\$ 25,718,691		\$ (9,734,909)	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Kansas City area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.



<b>SCENARIO 1: SE KANSAS</b>						
<b>CASINO GAMING REVENUE</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>SE KS Area</b>	<b>Leaving SE KS/Staying in KS</b>
Total Revenue		\$ 225,000,000	\$ 45,000,000	\$ 180,000,000		
Existing Market Revenue			\$ 11,250,000	\$ 45,000,000		
New Market Revenue			\$ 33,750,000	\$ 135,000,000		
State of Kansas	24%	\$ 54,000,000	\$ 54,000,000		\$ 2,700,000	\$ 51,300,000
Local Government	3%	\$ 6,750,000	\$ 6,750,000		\$ 6,750,000	\$ -
Regulation	1%	\$ 2,250,000	\$ 2,250,000		\$ 1,125,000	\$ 1,125,000
Charitable Gaming	1%	\$ 2,250,000	\$ 2,250,000		\$ 1,125,000	\$ 1,125,000
Problem Gaming	1%	\$ 2,250,000	\$ 2,250,000		\$ 2,250,000	\$ -
Building/Utilities	11%	\$ 24,750,000	\$ 12,375,000	\$ 12,375,000	\$ 12,375,000	\$ -
Gaming Supply/Machines	7%	\$ 15,750,000		\$ 15,750,000		\$ -
Other Supply	4%	\$ 9,000,000	\$ 9,000,000		\$ 9,000,000	\$ -
Advertising/Comps	7%	\$ 15,750,000	\$ 3,150,000	\$ 12,600,000	\$ 3,150,000	\$ -
General Administration	2%	\$ 4,500,000	\$ 4,500,000		\$ 4,500,000	\$ -
Wages - No. of employees =	1,307					
Salary	\$ 30,000	\$ 39,201,452				
Fringes	30%	\$ 11,760,436				
SS/MC-ER	7.65%	\$ 2,998,911				
Total Employee Cost		\$ 53,960,799				
Less Fringes	30%	\$ 11,760,436	\$ 5,880,218	\$ 5,880,218	\$ 5,880,218	\$ -
Less SS/MC	15.3%	\$ 5,997,822		\$ 5,997,822		\$ -
Less FIT	12%	\$ 7,200,000		\$ 7,200,000		\$ -
Less SIT	3%	\$ 1,800,000	\$ 1,800,000		\$ 90,000	\$ 1,710,000
Net Employee Wages		\$ 27,202,541	\$ 13,601,270	\$ 13,601,270	\$ 13,601,270	\$ -
Manager Fee	15%	\$ 33,750,000	\$ 33,750,000		\$ 8,437,500	\$ 25,312,500
				\$ 73,404,310		\$ 80,572,500
Net Impact on Region/State*			\$ 117,845,690		\$ 37,273,190	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Frontenac area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

<b>PRE CASINO - SLOTS AT FRONTENAC</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>SE KS Area</b>	<b>Leaving SE KS/Staying in KS</b>
Total Revenue		\$ 74,825,000	\$ 18,706,250	\$ 56,118,750		
Existing Market Revenue			<b>\$ 3,741,250</b>	<b>\$ 14,965,000</b>		
New Market Revenue			\$ 11,223,750	<b>\$ 44,895,000</b>		
Revenue Sharing - State	33%	\$ 24,455,000	\$ 24,455,000		\$ 1,222,750	\$ 23,232,250
Revenue Sharing - Local	3%	\$ 2,244,750	\$ 2,244,750		\$ 2,244,750	\$ -
Race Purses/Breed Assoc.	14%	\$ 10,475,500	\$ 6,285,300	\$ 4,190,200	\$ 3,142,650	\$ 3,142,650
Charitable Fund	1%	\$ 748,250	\$ 748,250		\$ 374,125	\$ 374,125
Problem Gaming Fund	1%	\$ 748,250	\$ 748,250		\$ 748,250	\$ -
Fair Racing	1%	\$ 748,250	\$ 748,250			\$ 748,250
Expenses	15%	\$ 11,223,750				\$ -
Machines	7.5%	\$ 5,611,875		\$ 5,611,875		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 5,611,875	\$ 5,611,875		\$ 5,611,875	\$ -
Wages - No. Employees =	150					
Salary	\$ 25,000	\$ 3,750,000				
Fringes	30%	\$ 1,125,000				
SS/MC-ER	7.65%	\$ 286,875				
Total Employee Cost	6.90%	\$ 5,161,875				
Less Fringes	30%	\$ 1,125,000	\$ 562,500	\$ 562,500	\$ 562,500	\$ -
Less SS/MC	15.3%	\$ 573,750		\$ 573,750		\$ -
Less FIT	12%	\$ 450,000		\$ 450,000		\$ -
Less SIT	3%	\$ 112,500	\$ 112,500		\$ 5,625	\$ 106,875
Net Employee Wages		\$ 2,900,625	\$ 1,450,313	\$ 1,450,313	\$ 1,450,313	\$ -
Net Track Owner Share	25.4%	\$ 19,019,375	\$ 19,019,375		\$ 4,754,844	\$ 14,264,531
				\$ 12,838,638		\$ 18,636,431
Net Impact on Region/State*			\$ 50,762,613		\$ 8,893,931	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Frontenac area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

<b>POST CASINO - SLOTS AT FRONTENAC</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>SE KS Area</b>	<b>Leaving SE KS/Staying in KS</b>
Total Revenue		\$ 40,150,000	\$ 10,037,500	\$ 30,112,500		
Existing Market Revenue			<b>\$ 2,007,500</b>	<b>\$ 8,030,000</b>		
New Market Revenue			\$ 6,022,500	<b>\$ 24,090,000</b>		
Revenue Sharing - State	20%	\$ 8,212,500	\$ 8,212,500		\$ 410,625	\$ 7,801,875
Revenue Sharing - Local	3%	\$ 1,204,500	\$ 1,204,500		\$ 1,204,500	\$ -
Race Purses/Breed Assoc.	14%	\$ 5,621,000	\$ 3,372,600	\$ 2,248,400	\$ 1,686,300	\$ 1,686,300
Charitable Fund	1%	\$ 401,500	\$ 401,500		\$ 200,750	\$ 200,750
Problem Gaming Fund	1%	\$ 401,500	\$ 401,500		\$ 401,500	\$ -
Fair Racing	1%	\$ 401,500	\$ 401,500			\$ 401,500
Expenses	15%	\$ 6,022,500				\$ -
Machines	7.5%	\$ 3,011,250		\$ 3,011,250		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 3,011,250	\$ 3,011,250		\$ 3,011,250	\$ -
Wages - No. Employees =	150					
Salary	\$ 25,000	\$ 3,750,000				
Fringes	30%	\$ 1,125,000				
SS/MC-ER	7.65%	\$ 286,875				
Total Employee Cost	12.86%	\$ 5,161,875				
Less Fringes	30%	\$ 1,125,000	\$ 562,500	\$ 562,500	\$ 562,500	\$ -
Less SS/MC	15.3%	\$ 573,750		\$ 573,750		\$ -
Less FIT	12%	\$ 450,000		\$ 450,000		\$ -
Less SIT	3%	\$ 112,500	\$ 112,500		\$ 5,625	\$ 106,875
Net Employee Wages		\$ 2,900,625	\$ 1,450,313	\$ 1,450,313	\$ 1,450,313	\$ -
Net Track Owner Share	31.7%	\$ 12,723,125	\$ 12,723,125		\$ 3,180,781	\$ 9,542,344
				\$ 8,296,213		\$ 19,739,644
Net Impact on Region/State*			<b>\$ 25,831,288</b>		<b>\$ 6,091,644</b>	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Frontenac area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

<b>WICHITA, KANSAS</b>						
<b>SLOTS AT GREYHOUND PARK</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Wichita Area</b>	<b>Leaving Wichita/ Staying in KS</b>
Total Revenue		\$ 219,000,000	\$ 208,050,000	\$ 10,950,000		
Revenue Sharing - State	34%	\$ 73,912,500	\$ 73,912,500		\$ 14,782,500	\$ 59,130,000
Revenue Sharing - Local	3%	\$ 6,570,000	\$ 6,570,000		\$ 6,570,000	\$ -
Race Purses/Breed Assoc.	14%	\$ 30,660,000	\$ 18,396,000	\$ 12,264,000	\$ 9,198,000	\$ 9,198,000
Charitable Fund	1%	\$ 2,190,000	\$ 2,190,000		\$ 1,095,000	\$ 1,095,000
Problem Gaming Fund	1%	\$ 2,190,000	\$ 2,190,000		\$ 2,190,000	\$ -
Fair Racing	1%	\$ 2,190,000	\$ 2,190,000			\$ 2,190,000
Expenses	15%	\$ 32,850,000				\$ -
Machines	7.5%	\$ 16,425,000		\$ 16,425,000		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 16,425,000	\$ 16,425,000		\$ 16,425,000	\$ -
Wages - No. Employees =	375					
Salary	\$ 25,000	\$ 9,375,000				
Fringes	30%	\$ 2,812,500				
SS/MC-ER	7.65%	\$ 717,188				
Total Employee Cost	5.89%	\$ 12,904,688				
Less Fringes	30%	\$ 2,812,500	\$ 2,812,500	\$ -	\$ 2,812,500	\$ -
Less SS/MC	15.3%	\$ 1,434,375		\$ 1,434,375		\$ -
Less FIT	12%	\$ 1,125,000		\$ 1,125,000		\$ -
Less SIT	3%	\$ 281,250	\$ 281,250		\$ 56,250	\$ 225,000
Net Employee Wages		\$ 7,251,563	\$ 7,251,563		\$ 7,251,563	\$ -
Net Track Owner Share	25.4%	\$ 55,532,813	\$ 55,532,813		\$ 13,883,203	\$ 41,649,609
				\$ 31,248,375		\$ 113,487,609
Net Impact on Region/State*			\$ (31,248,375)		\$ (144,735,984)	
* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue <b>bolded</b> which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.						
Net state impact is calculated by subtracting revenue leaving Kansas from the total of <b>bolded</b> gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).						
Net local impact is similarly calculated by subtracting revenues leaving the Wichita area to the State of Kansas and revenues going out of state from the total <b>bolded</b> gaming revenue.						

<b>JUDGE CITY, KANSAS</b>						
<b>SLOTS AT DODGE CITY</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Dodge City Area</b>	<b>Leaving Dodge City/Staying in KS</b>
<b>Total Revenue</b>			\$ 62,050,000	\$ 46,537,500	\$ 15,512,500	
Revenue Sharing - State	31%	\$ 19,345,000	\$ 19,345,000		\$ 967,250	\$ 18,377,750
Revenue Sharing - Local	3%	\$ 1,861,500	\$ 1,861,500		\$ 1,861,500	\$ -
Race Purses/Breed Assoc.	14%	\$ 8,687,000	\$ 5,212,200	\$ 3,474,800	\$ 2,606,100	\$ 2,606,100
Charitable Fund	1%	\$ 620,500	\$ 620,500		\$ 310,250	\$ 310,250
Problem Gaming Fund	1%	\$ 620,500	\$ 620,500		\$ 620,500	\$ -
Fair Racing	1%	\$ 620,500	\$ 620,500			\$ 620,500
Expenses	15%	\$ 9,307,500				\$ -
Machines	7.5%	\$ 4,653,750		\$ 4,653,750		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 4,653,750	\$ 4,653,750		\$ 4,653,750	\$ -
Wages - No. Employees =	150					
Salary	\$ 25,000	\$ 3,750,000				
Fringes	30%	\$ 1,125,000				
SS/MC-ER	7.65%	\$ 286,875				
Total Employee Cost	8.32%	\$ 5,161,875				
Less Fringes	30%	\$ 1,125,000	\$ 1,125,000		\$ 1,125,000	\$ -
Less SS/MC	15.3%	\$ 573,750		\$ 573,750		\$ -
Less FIT	12%	\$ 450,000		\$ 450,000		\$ -
Less SIT	3%	\$ 112,500	\$ 112,500		\$ 5,625	\$ 106,875
Net Employee Wages		\$ 2,900,625	\$ 2,900,625		\$ 2,900,625	\$ -
Net Track Owner Share	25.5%	\$ 15,825,625	\$ 15,825,625		\$ 3,956,406	\$ 11,869,219
				\$ 9,152,300		\$ 33,890,694
Net Impact on Region/State*			\$ (9,152,300)		\$ (43,042,994)	
<p>* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue <b>bolded</b> which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.</p> <p>Net state impact is calculated by subtracting revenue leaving Kansas from the total of <b>bolded</b> gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).</p> <p>Net local impact is similarly calculated by subtracting revenues leaving the Dodge City area to the State of Kansas and revenues going out of state from the total <b>bolded</b> gaming revenue.</p>						

<b>SCENARIO 2: KANSAS CITY</b>						
<b>TRIBAL CASINO GAMING REVENUE</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Kansas City Area</b>	<b>Leaving Kansas City/Staying in KS</b>
Total Revenue		\$ 235,300,000	\$ 164,710,000	\$ 70,590,000		
Existing Market Revenue			<b>\$ 82,355,000</b>	<b>\$ 35,295,000</b>		
New Market Revenue			<b>\$ 82,355,000</b>	<b>\$ 35,295,000</b>		
State of Kansas	20%	\$ 47,060,000	\$ 47,060,000		\$ 9,412,000	\$ 37,648,000
Local Government	4%	\$ 9,412,000	\$ 9,412,000		\$ 9,412,000	\$ -
Regulation	1%	\$ 2,353,000	\$ 2,353,000		\$ 1,176,500	\$ 1,176,500
Problem Gaming	1%	\$ 2,353,000	\$ 2,353,000		\$ 2,353,000	\$ -
Building/Utilities	11%	\$ 25,883,000	\$ 25,883,000		\$ 25,883,000	\$ -
Gaming Supply/Machines	7%	\$ 16,471,000		\$ 16,471,000		\$ -
Other Supply	4%	\$ 9,412,000	\$ 9,412,000		\$ 9,412,000	\$ -
Advertising/Comps	7%	\$ 16,471,000	\$ 8,235,500	\$ 8,235,500	\$ 8,235,500	\$ -
General Administration	2%	\$ 4,706,000	\$ 4,706,000		\$ 4,706,000	\$ -
Wages - No. of employees =	1,367					
Salary	\$ 30,000	\$ 40,996,007				
Fringes	30%	\$ 12,298,802				
SS/MC-ER	7.65%	\$ 3,136,195				
Total Employee Cost		\$ 56,431,004				
Less Fringes	30%	\$ 12,298,802	\$ 7,994,221	\$ 4,304,581	\$ 7,994,221	\$ -
Less SS/MC	15.3%	\$ 6,272,389		\$ 6,272,389		\$ -
Less FIT	12%	\$ 7,200,000		\$ 7,200,000		\$ -
Less SIT	3%	\$ 1,800,000	\$ 1,800,000		\$ 360,000	\$ 1,440,000
Net Employee Wages		\$ 28,859,813	\$ 18,758,878	\$ 10,100,934	\$ 18,758,878	\$ -
Tribal Share	19%	\$ 44,707,000	\$ 44,707,000		\$ 11,176,750	\$ 33,530,250
				\$ 52,584,404		\$ 73,794,750
Net Impact on Region/State*			\$ 100,360,596		\$ 26,565,846	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Kansas City area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

<b>PRE CASINO - SLOTS AT WOODLANDS</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Kansas City Area</b>	<b>Leaving Kansas City/Staying in KS</b>
Total Revenue		\$ 56,940,000	\$ 39,858,000	\$ 17,082,000		
Existing Market Revenue			<b>\$ 19,929,000</b>	<b>\$ 8,541,000</b>		
New Market Revenue			\$ 19,929,000	\$ 8,541,000		
Revenue Sharing - State	45%	\$ 25,623,000	\$ 25,623,000		\$ 5,124,600	\$ 20,498,400
Revenue Sharing - Local	3%	\$ 1,708,200	\$ 1,708,200		\$ 1,708,200	\$ -
Race Purses/Breed Assoc.	14%	\$ 7,971,600	\$ 4,782,960	\$ 3,188,640	\$ 2,391,480	\$ 2,391,480
Charitable Fund	1%	\$ 569,400	\$ 569,400		\$ 284,700	\$ 284,700
Problem Gaming Fund	1%	\$ 569,400	\$ 569,400		\$ 569,400	\$ -
Fair Racing	1%	\$ 569,400	\$ 569,400			\$ 569,400
Expenses	15%	\$ 8,541,000				\$ -
Machines	7.5%	\$ 4,270,500		\$ 4,270,500		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 4,270,500	\$ 4,270,500		\$ 4,270,500	\$ -
Wages - No. Employees =	90					
Salary	\$ 25,000	\$ 2,250,000				
Fringes	30%	\$ 675,000				
SS/MC-ER	7.65%	\$ 172,125				
Total Employee Cost	5.44%	\$ 3,097,125				
Less Fringes	30%	\$ 675,000	\$ 438,750	\$ 236,250	\$ 438,750	\$ -
Less SS/MC	15.3%	\$ 344,250		\$ 344,250		\$ -
Less FIT	12%	\$ 270,000		\$ 270,000		\$ -
Less SIT	3%	\$ 67,500	\$ 67,500		\$ 13,500	\$ 54,000
Net Employee Wages		\$ 1,740,375	\$ 1,131,244	\$ 609,131	\$ 1,131,244	\$ -
Net Track Owner Share	15%	\$ 8,290,875	\$ 2,072,719	\$ 6,218,156	\$ 2,072,719	\$ -
				\$ 15,136,928		\$ 23,797,980
Net Impact on Region/State*			\$ 21,874,073		\$ (1,923,908)	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Kansas City area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

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<b>POST CASINO - SLOTS AT WOODLANDS</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Kansas City Area</b>	<b>Leaving Kansas City/Staying in KS</b>
Total Revenue		\$ 56,940,000	\$ 39,858,000	\$ 17,082,000		
Existing Market Revenue			<b>\$ 19,929,000</b>	<b>\$ 8,541,000</b>		
New Market Revenue			\$ 19,929,000	\$ 8,541,000		
Revenue Sharing - State	45%	\$ 25,623,000	\$ 25,623,000		\$ 5,124,600	\$ 20,498,400
Revenue Sharing - Local	3%	\$ 1,708,200	\$ 1,708,200		\$ 1,708,200	\$ -
Race Purses/Breed Assoc.	14%	\$ 7,971,600	\$ 4,782,960	\$ 3,188,640	\$ 2,391,480	\$ 2,391,480
Charitable Fund	1%	\$ 569,400	\$ 569,400		\$ 284,700	\$ 284,700
Problem Gaming Fund	1%	\$ 569,400	\$ 569,400		\$ 569,400	\$ -
Fair Racing	1%	\$ 569,400	\$ 569,400			\$ 569,400
Expenses	15%	\$ 8,541,000				\$ -
Machines	7.5%	\$ 4,270,500		\$ 4,270,500		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 4,270,500	\$ 4,270,500		\$ 4,270,500	\$ -
Wages - No. Employees =	90					
Salary	\$ 25,000	\$ 2,250,000				
Fringes	30%	\$ 675,000				
SS/MC-ER	7.65%	\$ 172,125				
Total Employee Cost	5.44%	\$ 3,097,125				
Less Fringes	30%	\$ 675,000	\$ 438,750	\$ 236,250	\$ 438,750	\$ -
Less SS/MC	15.3%	\$ 344,250		\$ 344,250		\$ -
Less FIT	12%	\$ 270,000		\$ 270,000		\$ -
Less SIT	3%	\$ 67,500	\$ 67,500		\$ 13,500	\$ 54,000
Net Employee Wages		\$ 1,740,375	\$ 1,131,244	\$ 609,131	\$ 1,131,244	\$ -
Net Track Owner Share	15%	\$ 8,290,875	\$ 2,072,719	\$ 6,218,156	\$ 2,072,719	\$ -
				\$ 15,136,928		\$ 23,797,980
Net Impact on Region/State*			\$ 21,874,073		\$ (1,923,908)	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Kansas City area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.



<b>SCENARIO 2: SE KANSAS</b>						
<b>TRIBAL CASINO GAMING REVENUE</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>SE KS Area</b>	<b>Leaving SE KS/Staying in KS</b>
Total Revenue		\$ 240,800,000	\$ 48,160,000	\$ 192,640,000		
Existing Market Revenue			<b>\$ 12,040,000</b>	<b>\$ 48,160,000</b>		
New Market Revenue			\$ 36,120,000	<b>\$ 144,480,000</b>		
State of Kansas	20%	\$ 48,160,000	\$ 48,160,000		\$ 2,408,000	\$ 45,752,000
Local Government	4%	\$ 9,632,000	\$ 9,632,000		\$ 9,632,000	\$ -
Regulation	1%	\$ 2,408,000	\$ 2,408,000		\$ 1,204,000	\$ 1,204,000
Problem Gaming	1%	\$ 2,408,000	\$ 2,408,000		\$ 2,408,000	\$ -
Building/Utilities	11%	\$ 26,488,000	\$ 26,488,000		\$ 26,488,000	\$ -
Gaming Supply/Machines	7%	\$ 16,856,000		\$ 16,856,000		\$ -
Other Supply	4%	\$ 9,632,000	\$ 9,632,000		\$ 9,632,000	\$ -
Advertising/Comps	7%	\$ 16,856,000	\$ 8,428,000	\$ 8,428,000	\$ 8,428,000	\$ -
General Administration	2%	\$ 4,816,000	\$ 4,816,000		\$ 4,816,000	\$ -
Wages - No. of employees =	1,398					
Salary	\$ 30,000	\$ 41,954,265				
Fringes	30%	\$ 12,586,279				
SS/MC-ER	7.65%	\$ 3,209,501				
Total Employee Cost		\$ 57,750,046				
Less Fringes	30%	\$ 12,586,279	\$ 8,181,082	\$ 4,405,198	\$ 8,181,082	\$ -
Less SS/MC	15.3%	\$ 6,419,003		\$ 6,419,003		\$ -
Less FIT	12%	\$ 7,200,000		\$ 7,200,000		\$ -
Less SIT	3%	\$ 1,800,000	\$ 1,800,000		\$ 90,000	\$ 1,710,000
Net Employee Wages		\$ 29,744,764	\$ 14,872,382	\$ 14,872,382	\$ 14,872,382	\$ -
Tribal Share	19%	\$ 45,752,000	\$ 45,752,000		\$ 11,438,000	\$ 34,314,000
				\$ 58,180,582		\$ 82,980,000
Net Impact on Region/State*			\$ 146,499,418		\$ 63,519,418	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Frontenac area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

<b>PRE CASINO - SLOTS AT FRONTENAC</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Frontenac Area</b>	<b>Leaving Frontenac/ Staying in KS</b>
Total Revenue		\$ 74,460,000	\$ 52,122,000	\$ 22,338,000		
Existing Market Revenue			<b>\$ 3,723,000</b>	<b>\$ 14,892,000</b>		
New Market Revenue			\$ 11,169,000	<b>\$ 44,676,000</b>		
Revenue Sharing - State	45%	\$ 33,507,000	\$ 33,507,000		\$ 1,675,350	\$ 31,831,650
Revenue Sharing - Local	3%	\$ 2,233,800	\$ 2,233,800		\$ 2,233,800	\$ -
Race Purses/Breed Assoc.	14%	\$ 10,424,400	\$ 6,254,640	\$ 4,169,760	\$ 3,127,320	\$ 3,127,320
Charitable Fund	1%	\$ 744,600	\$ 744,600		\$ 372,300	\$ 372,300
Problem Gaming Fund	1%	\$ 744,600	\$ 744,600		\$ 744,600	\$ -
Fair Racing	1%	\$ 744,600	\$ 744,600			\$ 744,600
Expenses	15%	\$ 11,169,000				\$ -
Machines	7.5%	\$ 5,584,500		\$ 5,584,500		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 5,584,500	\$ 5,584,500		\$ 5,584,500	\$ -
Wages - No. Employees =	90					
Salary	\$ 25,000	\$ 2,250,000				
Fringes	30%	\$ 675,000				
SS/MC-ER	7.65%	\$ 172,125				
Total Employee Cost	4.16%	\$ 3,097,125				
Less Fringes	30%	\$ 675,000	\$ 438,750	\$ 236,250	\$ 438,750	\$ -
Less SS/MC	15.3%	\$ 344,250		\$ 344,250		\$ -
Less FIT	12%	\$ 270,000		\$ 270,000		\$ -
Less SIT	3%	\$ 67,500	\$ 67,500		\$ 3,375	\$ 64,125
Net Employee Wages		\$ 1,740,375	\$ 870,188	\$ 870,188	\$ 870,188	\$ -
Net Track Owner Share	16%	\$ 11,794,875	\$ 11,794,875		\$ 2,948,719	\$ 8,846,156
				\$ 11,474,948		\$ 44,986,151
Net Impact on Region/State*			<b>\$ 51,816,053</b>		<b>\$ 6,829,901</b>	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Kansas City area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.

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<b>POST CASINO - SLOTS AT FRONTENAC</b>			<b>Within Kansas</b>	<b>Outside Kansas</b>	<b>Frontenac Area</b>	<b>Leaving Frontenac/ Staying in KS</b>
Total Revenue		\$ 28,470,000	\$ 19,929,000	\$ 8,541,000		
Existing Market Revenue			<b>\$ 1,423,500</b>	<b>\$ 5,694,000</b>		
New Market Revenue			\$ 42,705,000	<b>\$ 17,082,000</b>		
Revenue Sharing - State	45%	\$ 12,811,500	\$ 12,811,500		\$ 640,575	\$ 12,170,925
Revenue Sharing - Local	3%	\$ 854,100	\$ 854,100		\$ 854,100	\$ -
Race Purses/Breed Assoc.	14%	\$ 3,985,800	\$ 2,391,480	\$ 1,594,320	\$ 1,195,740	\$ 1,195,740
Charitable Fund	1%	\$ 284,700	\$ 284,700		\$ 142,350	\$ 142,350
Problem Gaming Fund	1%	\$ 284,700	\$ 284,700		\$ 284,700	\$ -
Fair Racing	1%	\$ 284,700	\$ 284,700			\$ 284,700
Expenses	15%	\$ 4,270,500				\$ -
Machines	7.5%	\$ 2,135,250		\$ 2,135,250		\$ -
Other Expenses (Bldg, GA, Supplies, Regulation)	7.5%	\$ 2,135,250	\$ 2,135,250		\$ 2,135,250	\$ -
Wages - No. Employees =	90					
Salary	\$ 25,000	\$ 2,250,000				
Fringes	30%	\$ 675,000				
SS/MC-ER	7.65%	\$ 172,125				
Total Employee Cost	10.88%	\$ 3,097,125				
Less Fringes	30%	\$ 675,000	\$ 438,750	\$ 236,250	\$ 438,750	\$ -
Less SS/MC	15.3%	\$ 344,250		\$ 344,250		\$ -
Less FIT	12%	\$ 270,000		\$ 270,000		\$ -
Less SIT	3%	\$ 67,500	\$ 67,500		\$ 3,375	\$ 64,125
Net Employee Wages		\$ 1,740,375	\$ 870,188	\$ 870,188	\$ 870,188	\$ -
Net Track Owner Share	9%	\$ 2,596,875	\$ 2,596,875		\$ 649,219	\$ 1,947,656
				\$ 5,450,258		\$ 15,805,496
Net Impact on Region/State*			<b>\$ 18,749,243</b>		<b>\$ 2,943,746</b>	

\* Existing Gaming Market Revenue which will now come to a new Kansas facility PLUS new gaming revenue **bolded** which is projected to come to Kansas from Out of State (also calculated by Total Revenue Less New Gaming Market Revenue coming from Kansas) less expenditures leaving the region or state.

Net state impact is calculated by subtracting revenue leaving Kansas from the total of **bolded** gaming revenue (which represents capture of existing gaming revenue already in the market and new gaming revenue coming from out of state).

Net local impact is similarly calculated by subtracting revenues leaving the Kansas City area to the State of Kansas and revenues going out of state from the total **bolded** gaming revenue.