

Approved: 4-29-06

Date

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 8:00 a.m. on March 10, 2006 in Room 313-S of the Capitol.

All members were present except:

Senator Kay O'Connor - excused

Committee staff present:

Athena Andaya, Kansas Legislative Research Department  
Dennis Hodgins, Kansas Legislative Research Department  
Mary Ann Torrence, Revisor of Statutes Office  
Connie Burns, Committee Secretary

Conferees appearing before the committee:

Senator Barone  
Matt All, Chief Counsel to the Governor  
Paul Treadwell, Kansas Quarter Horse Racing Association  
Steven Ward, Kansas Greyhound Association  
Don Denney, Unified government of Wyandotte County  
Jeff Thorpe, Boot Hill, Inc  
Debra Teufel, Sumner County Economic Development Commission  
George Wingert, Ruffin Companies  
Larry Waldrop, Riverfalls Gaming  
Pam Davis, Kansas Thoroughbred Association  
Ralph Snyder, American Legion  
Dee Stuart  
Glenn Thompson, Stand Up for Kansas  
Laura Mata  
Ron Hein, Kansas Tribal Economic Development Association  
Lana Oleen, Kansas Tribal Economic Development Association  
Joyce Markam, Kansas Problem Gambling Coalition  
Kim Winn, League of Kansas Municipalities  
Randall Allen, Kansas Association of Counties

Others attending:

See attached list.

**SB 587 - Kansas expanded lottery act; authorizing casinos, electronic and video gaming and other games at certain locations**

Chairman Brungardt opened the hearing on SB 587.

**Proponents:**

Senator Barone, appeared before the committee with concerns in support of the bill. (Attachment 1) Concerns with the bill pertaining to "conflict of interest" provisions contained in sections 31 and 48. These provisions apply to any member of the Kansas Legislature and a wide range of relatives including "parent, grandparent, brother, sister, child, son-in-law, daughter-in-law, grandchild, uncle, aunt, parent-in-law, brother-in-law," and urged the committee to correct the bill at some point in the process before it becomes law.

Matt All, Chief Counsel to the Governor, spoke in support of the bill. (Attachment 2) The bill authorizes a higher number of electronic gaming devices for the parimutuel tracks, a strong regulatory structure to prevent wrongdoing in the casinos and tracks because of being state owned and operated, and to prevent those who would oversee and authorize the gaming from benefitting financially.

Paul Treadwell, Kansas Quarter Horse Racing Association, spoke in support of the bill. (Attachment 3) By passing the bill Kansas will be competitive with those states that have gaming, and Kansas will see huge increases in the racing and breeding industry of horses and greyhounds.

Steven Ward, Kansas Greyhound Association, stood in support of the bill. ([Attachment 4](#)) The bill will provide an opportunity for our state to rebuild the Greyhound Industry in Kansas, and bring home some of the best greyhound operators in the nation.

Don Denney, Unified Government of Wyandotte County, testified in support of the bill ([Attachment 5](#)) The Unified Government supports the bill because they believe it not only contains a safeguard for specific communities by requiring a vote of the people, but also provide the checks and balances that will provide strong oversight and accountability. The bill's provisions would benefit The Woodlands, which was at one time the #1 tourist attraction in the State of Kansas.

Jeff Thorpe, Boot Hill Gaming, Inc. spoke in favor of the bill. ([Attachment 6](#)) Boot Hill Gaming strongly supports the requirement for a local referendum to clearly determine the positions of the citizens on expanded gaming and believe this is the first step in future plans for a full destination gaming facility in Dodge City.

Debra Teufel, Sumner County Economic Development Commission, testified in support with an amendment to the bill. ([Attachment 7](#)) She asked that the committee consider an amendment to include Sumner county as a nonexclusive gaming zone in South central Kansas.

George Wingert, on behalf of Phil Ruffin of the Ruffin Companies, spoke in support of the bill. ([Attachment 8](#)) The bill provides an important opportunity to benefit the state through new investment, increased employment, recapture of revenues lost to other states, funding for education and property tax relief and expansion of the greyhound industry.

Larry Waldrop, Riverfalls Gaming, testified in support of the bill. ([Attachment 9](#)) The bill has many provisions of "state owned and operated" gaming that currently exist in Delaware, New York and Rhode Island; in these states, the state owns the business of gaming, and provides a central computer system that monitors the games the state owns, and they control the revenue that is derived from these games. The state of Kansas will not be the only state to own and operate gaming, and wanted this point clarified.

Pam Davis, Kansas Thoroughbreds Association spoke in favor of the bill. ([Attachment 10](#)) The bill will have tremendous impact on gaming at the race tracks and on the agribusiness aspect of the race horse industry. Kansas is a great place to raise horses and it is a must that there be quarantined live racing in the bill.

Ralph Snyder, American Legion, testified in general support of the bill. ([Attachment 11](#)) The American Legion requests the bill be amended to include those local veteran and fraternal organization with Class "A" private club licenses the opportunity to offer their members five video lottery machines.

Dee Stuart, Mayor of Park City, appeared in support of the bill. ([Attachment 12](#)) The bill provides the least in terms of financial benefit to local and state government and asks the committee to amend the bill to include positive economic development for central Kansas.

Clark Stewart, Butler National Corporation ([Attachment 13](#)) and Larry Seckington, Kansas Racing ,L.L.C. ([Attachment 14](#)) provided written testimony in support of the bill.

### **Opponents:**

Glenn Thompson, Stand Up for Kansas, spoke in opposition to the bill. ([Attachment 15](#)) On behalf of Stand Up for Kansas, a state-wide coalition of grassroots citizens who oppose the expansion of gambling in Kansas for the following reasons:

- The state should not be in the casino business
- Subsidizing the dying pari-mutuel racing industry with slot machines is bad public policy
- This bill completely ignores the recommendations of the KS Lottery study
- The casinos would create thousands of new pathological gamblers, particularly in south-central Kansas, and cost Kansas citizens millions of dollars
- Why is the state leaving millions of dollars on the table
- Surrounding counties have no voice in the referendums
- Putting casino income into funds bypasses the appropriation process

Laura Mata, appeared as an opponent to the bill. ([Attachment 16](#)) Ms. Mata felt that Harvey County

would be left without jobs, without tourism, without educational excellence, without opportunity, without hope simply because the states choice is to support a failing dog track with slots and not a destination casino.

Ron Hein, Kansas Tribal Economic Development Association, testified in opposition to the bill. (Attachment 17) Mr. Hein stated that in estimating revenue benefits to the state of Kansas from gaming that the committee should consider the impact on Lottery revenues, bingo revenues, on charities running bingo operations, the impact on tax revenue and economic benefits of other businesses in the state who will lose business to the expansion of gaming. His studies show that the economy of our Tribes will be seriously impacted by expanded gaming. The state should not make any recommendation for expanded gaming without determining how much of the revenue generated by expanded gaming will come from dollars already being spent at other businesses within the state, and how much state and local tax revenues will be lost from those businesses.

Lana Oleen, Kansas Tribal Economic Development Association, appeared in opposition to the bill. (Attachment 18) Ms. Oleen felt the bill proposed flatly ignores what the Governor's Committee on Gaming and the state Lottery's market study by Christiansen Capital Advisors, LLS (CCA) recommended; and that extensive private discussions have been held among legislative sponsors of expanded gaming, track owner representatives and other gaming interests over the past two weeks, and those closed door discussions have significantly reshaped proposed legislation which legislative leaders have touted as their product, and purportedly, not the gaming industry's as in past years. The following changes were made to the legislator's initial proposal through those private sessions:

- State revenues reduced, track owner revenue increased
- Where the Gaming revenue goes
- Exclusivity fees for tracks reduced
- Increased slots at Wichita track
- No advance machine payment
- Breed association windfall
- Destination casino in Kansas City doubtful
- Public preferences ignored

Bob Johannes, Bowling Center Proprietor, provided written testimony in opposition to the bill. (Attachment 19)

**Neutral/Informational:**

Joyce Markam, Kansas Problem Gambling Coalition, appeared neutral on the bill. (Attachment 20) The Coalition is neither for nor against expanded gambling in the state but committed to assuring that adequate financing is present for treatment and prevention of problem gaming, and express its appreciation for including 1% of the proceeds generated from the bill for that purpose.

Kimberly Winn, League of Kansas Municipalities, appeared neutral on the bill. (Attachment 21) The League does not have a position on any type of gaming bill, however, does take a position on demand transfers and the reinstatement of the local ad valorem tax reduction fund (LAVTR) monies which were taken from cities and counties several years ago, and applauds the Legislature for considering the reinstatement of these monies and supports the reinstatement of the demand transfers and the LAVTR monies.

Randall Allen, Kansas Association of Counties, appeared neutral on the bill. (Attachment 22) KAC has never adopted a position for or against gaming in Kansas, however, KAC enthusiastically supports restored funding of the Local Ad Valorem Tax Reduction Fund (LAVTR) program.

A Department of Revenue run was provided by Senator Hensley with the latest numbers calculated from the bill. (Attachment 23)

Chairman Brungardt closed the hearing on SB 587.

The Chairman stated that this bill will be worked March 14, 2006.

The meeting was adjourned at 9:30 am. The next scheduled meeting is March 14, 2006.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE  
GUEST LIST

DATE 3-10-06

NAME	REPRESENTING
Yves Wenzel	Ruffin Comp.
<del>Paul Hensley</del>	<del>ORCA</del>
Kit Mady	LGR
Ron Hein	PBAN
Doug Lawrence	KS Greyhound Assn
Steve Ward	KS Greyhound Assoc
Tracy Willey	KGA
JEFF THORPE	East Hill GAMING
Jack Foster	KTA
DONNIE MOLDEN	KTA
Pam Davis	Kansas Thoroughbred Assoc.
STEPHEN MARTINO	PRBC
JOHN C. BOTTENBERG	The Woodlands
LARRY Seckington	woodlands
Vern Waldrop	River Falls
Kevin Barone	Chisholm Creek Ventures, LLC
Denny Burgess	KTA
D. Whitehead	Kickapoo Tribe
Paul Assmann	KTA
Gary Smith	KHA
John W. Pinegar	Builer National Corporation
Rick DUKSTDA	GRAND CO- CVB
Rozelle Ramirez	Kickapoo Tribe
John Thomas	Kickapoo Tribe
Judy Shaw	Isle of Capri

**SENATE FEDERAL AND STATE AFFAIRS COMMITTEE  
GUEST LIST**

DATE 3-10-06

NAME	REPRESENTING
Bob Johnson	Kansas Bowling Proprietors
Theresa Ereed	KAKE-TV
Jim White-Huff	KB AFL-CIO
Don DENNEY	Unified Government Wyandotte County
MIKE PETERSEN	SENATE
Russ Brasley	KICKAPOO TRIBE
KEVIN GRAHAM	A.G.
Frank Durrill	Council of Gamblers
Albert Johnson	KQHRP
David R. Corbin	KDOR
Ryan Dyer	Prarie Band Potawatomi Nation
Brad Harrison	KFB
RONALD RICHEY	ME
LEE A. SMITH	KQHRA, Eureka Downs, KHA
GARRY E. STWALLEY	KQHRA
<del>John Stover</del>	KQHRA, KHA Eureka Downs
Joe Trudwell	KQHRA
Gregory D. Ceeles	KQHRA
Madison Lee Russell	KQHRA
Tony C. Russell	KQHRA
Bob Stuart	City of Park City
Laura Mata	Self
David A. White	PARK CITY
Gene Kalston	KQHRA
J.P. SMALL	KQHRA



# State of Kansas

## Senate Chamber

## COMMITTEE ASSIGNMENTS

JIM BARONE  
STATE SENATOR, THIRTEENTH DISTRICT  
CRAWFORD, CHEROKEE AND BOURBON COUNTIES

RANKING MINORITY: WAYS & MEANS  
MEMBER: COMMERCE  
ECONOMIC DEVELOPMENT  
FINANCIAL INSTITUTIONS AND INSURANCE  
BUDGET  
KANSAS SECURITY  
STATE BUILDING CONSTRUCTION  
MEMBER: NCSL EDUCATION, LABOR & WORKFORCE DEVELOPMENT

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## Democratic Caucus Chairman

ROOM 181-E, STATE CAPITOL  
TOPEKA, KANSAS 66612-1504  
(785) 296-7370  
1-800-432-3924

### TESTIMONY TO SENATE FEDERAL AND STATE AFFAIRS COMMITTEE SENATE BILL 587 MARCH 10, 2006 SENATOR JIM BARONE

Mr. Chairman, Members of the Committee:

I stand before you as a long term proponent of expanded gaming in Kansas and as a proponent of SB 587. In fact, I have voted for every expanded gaming proposal that has come before me. However, that is not to say that I don't have serious concerns with the present bill. I do believe changes are appropriate to this bill just as amendments were made to most bills in the past.

One of my major concerns has been well documented in the press, sometimes accurately and sometimes not so accurately. These concerns center around the "conflict of interest" provisions contained in sections 31 and 48. Section 31 contains the words "to have any financial interest, directly or indirectly .....in any business which sells goods or services .....to the lottery gaming facility manager....." These provisions in the proposed bill apply to any member of the Kansas Legislature and a wide range of relatives including "parent, grandparent, brother, sister, child, son-in-law, daughter-in-law, grandchild, uncle, aunt, parent-in-law, brother-in-law or sister-in-law."

I question the real purpose of these provisions and wonder how they can be enforced. In order to study and enforce these provisions it appears to me that detailed financial disclosure information must be obtained from all legislators and the above named family members. I really question if we want to go that far and the impact such onerous conditions will have on public service.

Testimony of Senator Jim Barone  
Federal and State Affairs Committee re SB 587  
March 10, 2006

A strict interpretation of the law, and I believe our laws should be strictly enforced, would most likely find that any legislator whose family member owned stock in, for example, WalMart, AT&T or Westar Energy, would be, in fact, committing a crime if any lottery gaming facility manager purchased any goods or products from WalMart or telephone service from AT&T or electric service from Westar Energy. Other examples too numerous to cite are very similar.

I can exert very little financial control in my own household, most of you know that Donita runs it, and I guarantee you that very few, if any of us, can exert strict financial control over adult family members not residing in our households. How are we to know what their business activities are?

My conclusions are based upon the attached memo provided by the Revisors Office. I would urge the legislature to consider my testimony and the attached in order to be sure that the bill language reflects the true intent of the group that had the bill drafted.

If my concerns strike any cord at all, I would hope to see the bill corrected at some point in the process before it becomes law.

Thank you for your time and attention.


Attachment (1)



## Office of Revisor of Statutes

Statehouse, Suite 322-S  
300 S.W. 10th Avenue  
Topeka, Kansas 66612-1592  
Telephone: 785-296-5239 FAX: 785-296-6668  
email: maryt@rs.state.ks.us

### MEMORANDUM

**To:** Senator Jim Barone  
**From:** Mary Torrence, Senior Assistant Revisor of Statutes   
**Date:** March 9, 2006  
**Subject:** Conflict of Interest Provisions of Senate Bill No. 587

Section 31 (pages 33 and 34) and subsection (b) of section 48 (page 44) of Senate Bill No. 587 would impose restrictions on involvement by legislators and their relatives in gaming operations under the bill. You have asked about the application of these provisions to legislators and their families. The following are situations you have posed, together with my response:

(1) A legislator owns stock in a business, such as AT&T or WalMart, which sells goods or services to a lottery gaming facility manager. Section 31 would prohibit this because the language prohibits a legislator from having a direct or indirect financial interest in a business which sells goods or services to a gaming facility manager.

(2) A legislator's brother-in-law races greyhounds at a racetrack facility. Section 48 (b) would prohibit a legislator's brother-in-law from having a direct or indirect financial interest in a racetrack facility. While the situation you posed might be interpreted to be a violation of this provision, criminal laws must be narrowly construed so it is doubtful that this would be prohibited.

(3) A legislator retires in 2007 and the legislator's step-grandchild in 2010 accepts employment as a waiter at a restaurant which is part of the development associated with a lottery gaming facility. Section 31 would prohibit this because it prohibits certain step-relatives from holding any paid position with ancillary lottery gaming facility operations (restaurants, hotels, entertainment facilities, etc.) within five years after the legislator leaves the legislature.



# KANSAS

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

## Testimony on Senate Bill 587

**MATTHEW D. ALL**  
Chief Counsel to the Governor

**Before the SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS**  
**Friday, March 10, 2006**

Mister Chairman and Members of the Committee:

Thank you for allowing me to speak today on Senate Bill 587, a consensus plan to create jobs, encourage investment, and strengthen Kansas schools. For too long, Kansans have taken their gaming dollars to Missouri, Iowa, and elsewhere. It is time to keep those dollars here in Kansas and put them to work for us, to help our economy grow and to help shore up our schools.

I have already briefed the committee on the plan, and so I won't go over the entire bill again today. I would, however, like to point out a few of the plan's significant features.

First, although the bill authorizes a higher number of electronic gaming devices for our parimutuel tracks than previous bills, in reality the Lottery director is unlikely to reach that limit, particularly during the first five years. The two-tiered structure for determining the state's take of the machine revenue will give the Lottery director an incentive to place fewer machines, in order to keep the per machine income high. Rather than just adding machines to produce greater revenue, the Lottery director will seek whatever number of machines produces the highest daily revenue. Even without the two-tiered structure, we believe it is unlikely that the Lottery director would put all 7,000 machines into operation, given the size and characteristics of the potential gaming market in Kansas.

Second, this bill represents a substantial step forward from previous bills in the oversight and regulation of gaming. Gaming need not bring the reality of

corruption, but it will always bring the potential for it. Given the unusual characteristics of this sort of gaming—specifically, that it is state-owned and operated—it is essential that we have a strong regulatory structure to prevent wrongdoing in the casinos and at the tracks, and to prevent those who would oversee and authorize the gaming from benefiting financially from it. We believe this bill does that, both by adding an agency with a purely regulatory role and by setting up strict rules for who may benefit from the gaming. Although there may be ways to adjust those features somewhat, we urge you not to back away from the intent and strength of those provisions.

Finally, for those who want to see the Kansas economy grow and Kansas schools be strengthened, and who believe limited gaming can help us do both of those things, we urge you to avoid the mistake we have made, year after year, on this issue. There are many ways to structure gaming, and reasonable people can disagree on exactly how to do it. Some states have chosen casinos, others have chosen tracks, and they have structured their markets in various shapes and sizes. We can debate the differences among these plans endlessly, and that is healthy. But making the perfect the enemy of the good is not healthy. We hope those who support some gaming in some form can find enough to like about this approach to move it forward.

The question is what is right for Kansas right now, under today's circumstances. Given our need for revenue, the precarious health of our parimutuel industry, and the gaming dollars leaving this state every day, we believe SB 587 is right for Kansas, and we urge you to support it.

# The Kansas Quarter Horse Racing Association

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

March 10, 2006

## TESTIMONY IN SUPPORT 2006 SENATE BILL 587

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

Hello my name is Paul Treadwell, I am the President of the **Kansas Quarter Horse Racing Association**. Kansas has a long history and tradition of horse and greyhound racing. This industry has and continues to play an important role in our agricultural economy as well as our state's available entertainment activities.

When Kansas voters approved changing our Constitution to permit the lottery and parimutuel racing, they intended to permit gaming activities carefully regulated by our State which would return a benefit to taxpayers. Parimutuel racing, once the state's top tourist attraction, generated millions of dollars for our state government. Today those gaming dollars and the tourists who brought them are leaving the state for Missouri riverboats, Native American casinos, Iowa and Oklahoma. The state and its taxpayers receive nothing from those nearby gambling facilities while at the same time deposits of parimutuel gaming revenues have continued to decline.

The state of Oklahoma passed a gaming bill in November of 2004. Those funds were designated to education. The state of Oklahoma, as well as the state of Kansas, has come to realize that their public education system is not adequately funded. The public education system is the most important program that the state funds and help administrate. This not only keeps small towns and urban communities with strong economic development, but the children that are produced in that system are certainly the future of our state.

Secondly this state needs economic development, this bill provides several avenues for that to happen. One avenue is to increase breeding and racing of greyhounds and horses in the state of Kansas which will provide funds for economic development and support in small communities and rural areas in our state. It will also bring in a new industry with the casinos that will hire thousands of workers, create needed construction jobs and cause an influx of tourism in the state, which will help to create millions of dollars of additional revenue for the businesses in the state of Kansas.

We must not continue to export our gaming dollars to Missouri, Iowa and Oklahoma. We must keep those dollars in Kansas to help fund education and improve racing and breeding in Kansas and to build a new industry with the casinos. We as a racing industry are barely surviving due to the intense competition from Iowa, New Mexico, Louisiana and now Oklahoma, with their supply of funds from gaming in their states. By passing this bill we will be competitive with those states and we'll see huge increases in the racing and breeding industry of horses and greyhounds.

But the greatest benefit that this bill has is that it makes approximately \$100 million in state funds available for the education system in Kansas, this means that we will save \$100 million in taxes. When you increase these taxes locally or by state the people of Kansas will have to pay that money. So I strongly encourage you to stop the gaming dollars going to other states and keep those moneys here in Kansas.

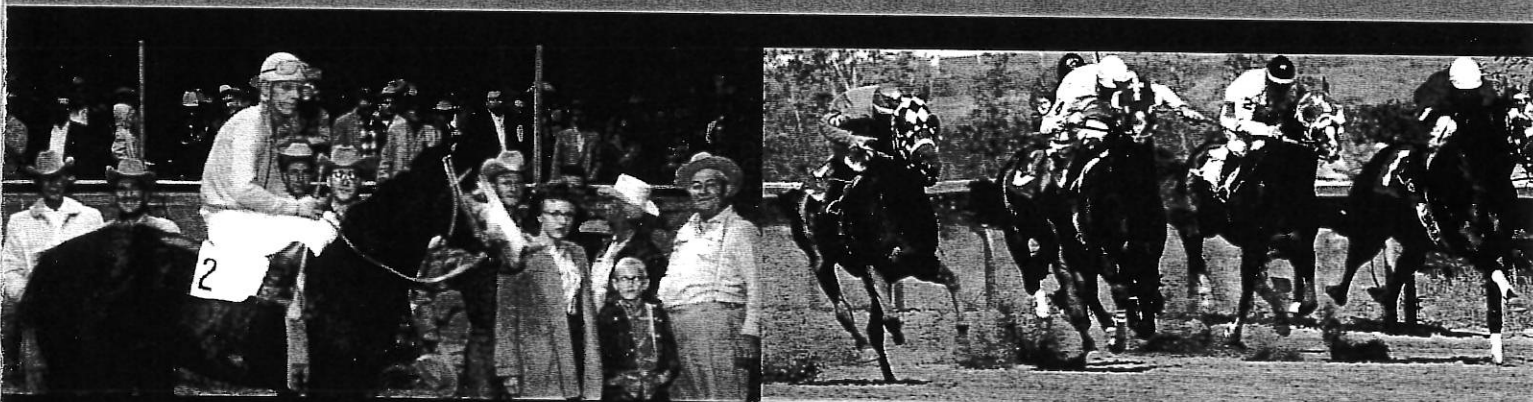
The time has come to allow Kansans to enjoy expanded gaming, which we already have, and permit us to capture a substantial amount of revenue for our state's general fund currently going elsewhere. Let's finally keep those revenues at home.  
**PLEASE SUPPORT SB 587.** Thank you.

Paul Treadwell  
President  
Kansas Quarter Horse Racing Association

Sen Fed & State Affairs  
3-10-06  
Attachment 3

A Kansas Heritage  
A Living Legacy

# The Kansas Horse Racing Industry



[www.kansaswins.org](http://www.kansaswins.org)

## A Kansas Heritage

Kansas has a long history of champions in the horse racing industry. Many world champions were raised in Kansas or called Kansas their home while racing or winning races like the Kentucky Derby, All American Futurity, Kansas Futurity and many more.

A leading state in the production of race horses, ranking in the top ten states nationally over the past four decades.

Owners, trainers, breeders and jockeys from Kansas have also earned national achievements. The only jockey to ever win the Triple Crown of quarter horse racing was born and raised in the Kansas, where members of his family continue their operations within the industry. The current president of the American Quarter Horse Association and its 350,000 current members, as well as three past presidents, are from Kansas.

### Milestones in the Kansas Horse Racing Industry

- 1872 Eureka Downs offers its first horse race, making it one of the oldest running tracks in the nation.
- 1904 Anthony Downs offers live horse and greyhound racing
- 1938 Lawrin, born and raised in Kansas, won the 64th running of the Kentucky Derby for Herbert Woolf. Lawrin was foaled in Johnson County
- 1949 Parimutuel Wagering at racetracks first proposed
- 1950 The Kansas Futurity, for years known as the 2nd leg of quarter horse racing's Triple Crown, first ran in Meade, Kansas.
- 1982 Eureka native Billy Hunt rides "Special Effort" to win quarter horse racing's triple crown. The only horse to win all three triple crown events.
- 1986 Parimutuel Wagering at racetracks approved by Kansas voters
- 1989 The Woodlands, the only dual horse and greyhound track in North America opens in Kansas City
- 2003 Perfect Drift, raised by William Reed of Kansas City, Kansas places third in the Kentucky Derby. Today the Kentucky Derby contender can be found stabled in Johnson County
- 2005 Teller Cartel, owned in part by Gene Ralston of Topeka, won the All American Futurity in Ruidoso, New Mexico, picking up the winner's check of \$1 million.

# A Living Legacy

Racetracks in Kansas have a long-standing position of importance in the Kansas Horse Racing Industry.

## **Eureka Downs** | Eureka, KS ■ Opened 1872

**130 years of history.** Eureka Downs offers live horse racing in a spring meet that begins on the first weekend of May and concludes on the Fourth of July. The annual meet brings a flood of horse racing enthusiasts, and is a crucial segment of the Greenwood County Economy. Eureka Downs also serves throughout the year as an important training facility for all horse breeds.

## **Anthony Downs** | Anthony, KS ■ Opened 1904

Associated with the Harper County Fair, Anthony Downs offers a unique card that features both Horse *and* Greyhound Racing and plays a special role in our racing history.

## **The Woodlands** | Kansas City, KS ■ Opened 1989

Dual Horse and Greyhound racetrack facility, only one of its kind in North America.

Total Economic Impact on Kansas	
■ Initial Track Investment:	\$60 Million
■ Agricultural Impact:	\$24 Million
■ Direct Operation impact:	\$36 Million
<b>TOTAL IMPACT:</b>	<b>\$120 Million</b>

The racetracks at Eureka and Anthony play very important roles in the overall scheme of the industry. They are what minor league ball teams are to the majors. They offer a place to develop young horses for future competition while giving older horses a place to race that may not be quite competitive enough to participate in other states. The larger the need at the tracks for horses, the greater the need to supply them at the breeding farms. The production cost of these horses is circulated directly back into the agricultural community of Kansas.

Expanding the Kansas Lottery to allow video lottery terminals at live racing facilities will save an important agricultural industry, while creating new jobs and adding hundreds of millions of dollars to the Kansas Economy.

It is a critical moment for the live racing industry. Your action now can save this important industry AND grow our economy.

Kansas Horse Racing Industry Facts

- 7,783 Horses associated with live racing industry
- \$272 Million Investment in Land, Equipment and Livestock
- 1,351 Employed directly
- \$103 Million annual direct economic impact
- \$375 Million total economic impact
- Presence in nearly every county in Kansas



For more information about the economic impact calculations, including the studies used to establish those values, go to: [www.kansaswins.org](http://www.kansaswins.org)

**Paid for by: Kansas Quarter Horse Racing Association**

PO Box 228

Eureka, KS 67045



The **POWER** of Agriculture,

**EXCITEMENT** of racing,

bringing **OPPORTUNITY** for All Kansans



[www.kansaswins.org](http://www.kansaswins.org)

## The **POWER** of Agriculture

Our state's Horse and Greyhound Industry spreads border to border.

Breeding, raising and training thoroughbreds, quarter horses and greyhounds is a big business in Kansas. This agri-business involves every county. Local communities benefit directly from more than 2,000 direct jobs, and the purchase of critical supplies and services that add hundreds of millions of dollars to our economy.

The horse and greyhound business is about winning! These animals are bred to run like the wind and compete to the end. Inside each greyhound, quarter horse and thoroughbred beats the heart of a champion.

Today, our live racing industry is hurting. Our racetracks have not been allowed to fully compete with Missouri riverboats and tribal casinos in Kansas and Oklahoma. The result: Opportunities for Kansas-Bred quarter horses, thoroughbreds and greyhounds are fast slipping away.

Kansas has some of the top live racing breeders and trainers in the country, but they must take their animals to other states to compete for the best purses. Kansas loses millions of dollars in the process, and we are slowly losing an industry, which is critically important to our state.

In Iowa, adding slot machines to existing racetracks nearly doubled the size of the Horse industry. The same thing happened in West Virginia, New Mexico, Delaware, Rhode Island, Oklahoma and soon in Arkansas.

The success in surrounding states comes at a staggering loss to Kansas.

Expanding the Kansas Lottery to allow slot machines at existing racetracks will bring millions of dollars in new investment back to our state. It will also add 3,000 new jobs to the rural economies where these agri-businesses are located.

Most importantly, it will maintain and expand an important industry in our state.

## Greyhound Industry

Kansas is the international leader in the racing greyhound industry. The National Greyhound Association (NGA) is located in Abilene, Kansas. There are over 40 greyhound farms in Dickinson County alone. These, as well as other operators spread throughout Kansas are recognized as the best in the world. They raise greyhounds that compete and win in 18 states and generate more than \$35 million in purses and stake money that is brought back to our state.

In 2003, a Kansas bred greyhound was sold for a record \$70,000 at the NGA Fall Meet in Abilene. This dog was immediately shipped to Wheeling, West Virginia to race at a track where purses are supplemented by slot machines.

Greyhound Industry Facts	
■	23,786 Active Greyhounds in Kansas
■	\$60 Million Investment in Land and Livestock
■	1,300 employed directly
■	\$90 Million annual direct economic impact
■	\$150 Million total economic impact
■	Presence in nearly every county in Kansas

## Horse Racing Industry

Kansas has a long history of champions in the Horse Racing industry. Many world champions were raised in Kansas or called Kansas their home while racing and winning races like the Kentucky Derby, The All American Futurity, the Kansas Futurity and many more. In fact, Kentucky Derby winner Lawrin was foaled Johnson County.

A leading state in the production of racehorses, ranking in the top ten states nationally over the past four decades. The 2006 president of the American Quarter Horse Association and its 350,000 current members, as well as three past presidents, are from Kansas.

Horse Racing Industry Facts	
■	7,783 Horses associated with live racing industry
■	\$272 Million Investment in Land, Equipment and Livestock
■	1,351 Employed directly
■	\$103 Million annual direct economic impact
■	\$375 Million total economic impact
■	Presence in nearly every county in Kansas

## The **EXCITEMENT** of Live Racing

Years are invested in raising and training horses and greyhounds to become champions. But without a racetrack these well-trained athletes can't compete to win.

Kansas racetracks are entertainment centers that draw more than half a million visitors a year, AND an agri-business marketplace for all Kansans.

The crowds come to watch the thrill of greyhounds jostling for position at the rail, thoroughbreds thundering down the backstretch and quarter horses bolting to the finish line. They come to watch WINNERS.

In truth, Kansas Wins.

The Kansas horse and greyhound tracks deliver quality entertainment, one of the best, most exciting floor shows around, and they do it all the while pumping millions of dollars into the state's economy.

In the stables and kennels at the tracks you will find millions of dollars of agricultural products in the form of greyhounds, quarter horses and thoroughbreds.

In the grandstands, Kansans as well as visitors from around the country, come for a night of food, entertainment and winning.

While visitors enjoy the entertainment of finely tuned athletes racing to win, the tracks pay millions of dollars in purses to race winners. Those purses boost the agriculture side of live races and add millions of dollars in the rural economy of our state.

As business leaders in their community, the tracks employ more than 500 people, pay millions of dollars in taxes, and spend millions more buying local products and services.

Today, Missouri riverboats and tribal casinos in Kansas and Oklahoma are hurting our racetracks. And that hurts all Kansans.

**Wichita Greyhound Park** | Wichita, KS ■ Opened 1989

Employment: 150

Offers Year Round Live Greyhound Racing and Simulcast Wagering.

Total Economic Impact on Kansas	
■ Initial Track Investment:	\$30 Million
■ Agricultural Impact:	\$ 8 Million
■ Direct Operation impact:	\$34 Million
<b>TOTAL IMPACT:</b>	<b>\$72 Million</b>



Charitable Contributions since 1997: \$5.5 Million  
 #4 Tourist Destination in Sedgwick County

**The Woodlands** | Kansas City, KS ■ Opened 1989

Employment: 240

Dual Horse and Greyhound racetrack facility, only one of its kind in North America.

Total Economic Impact on Kansas	
■ Initial Track Investment:	\$60 Million
■ Agricultural Impact:	\$24 Million
■ Direct Operation impact:	\$36 Million
<b>TOTAL IMPACT:</b>	<b>\$120 Million</b>

the  
WOODLANDS



*Kansas City, Kansas*

Charitable Contributions since 1992: \$3.2 Million

Holds national record for highest single performance greyhound handle: \$1,457,609.

**FAIR ASSOCIATION RACETRACKS**

**Eureka Downs** | Eureka, KS ■ Opened 1872

**130 years of history.** Eureka Downs offers live horse racing in a spring meet that begins on the first weekend in May and concludes on the Fourth of July. The annual meet brings a flood of horse racing enthusiasts, and is a crucial segment of the Greenwood County Economy.

**Anthony Downs** | Anthony, KS ■ Opened 1904

Associated with the Harper County Fair, Anthony Downs offers a unique card that features both Horse *and* Greyhound Racing and plays a special role in our racing history.

## OPPORTUNITIES for All Kansans!

### **Jobs**

3,000 new jobs spread all across Kansas.

Created through dramatic expansion of the agricultural businesses associated with the Greyhound and Horse racing industries. These jobs will touch nearly every county in Kansas and affect a multitude of local businesses in those counties.

500 new jobs at existing racetrack facilities.

From reopening the Cawthorne racetrack in Crawford County, to hundreds of new jobs at existing racing facilities in Kansas City, Wichita, Eureka and Anthony.

### **Investment:**

Track facilities will expand and improve their facilities to offer new games. The investment will include upgrades to existing facilities and additional buildings to support and expand their operations. The expansion will also mean more goods and services purchased in the local community.

Horse and Greyhound breeders and operators will also expand their investment in equipment, facilities and racing livestock. Increasing purses at Kansas racetracks will also encourage investors in other states to return our state and make new investments here. Those same operators and investors will increase their spending for goods and services necessary for their industry.

### **Recaptured Dollars for Kansas:**

Expansion at the existing racetrack facilities will help the state recapture dollars being spent at Missouri riverboats and Oklahoma tribal casinos. Those dollars will flow back into the Kansas economy, and make more money available to the state to reduce taxes or fund critical state programs without raising taxes.

## The Bottom Line...

	Today	<i>With Gaming at Tracks</i>
Horse Industry	\$375 Million	\$475 Million
Greyhound Industry	\$150 Million	\$250 Million
Racetracks	\$192 Million	\$425 Million
	\$717 Million	<b>1.15 BILLION DOLLARS</b> <b>PLUS</b> <b>\$150 MILLION in recaptured</b> <b>State revenues!</b>

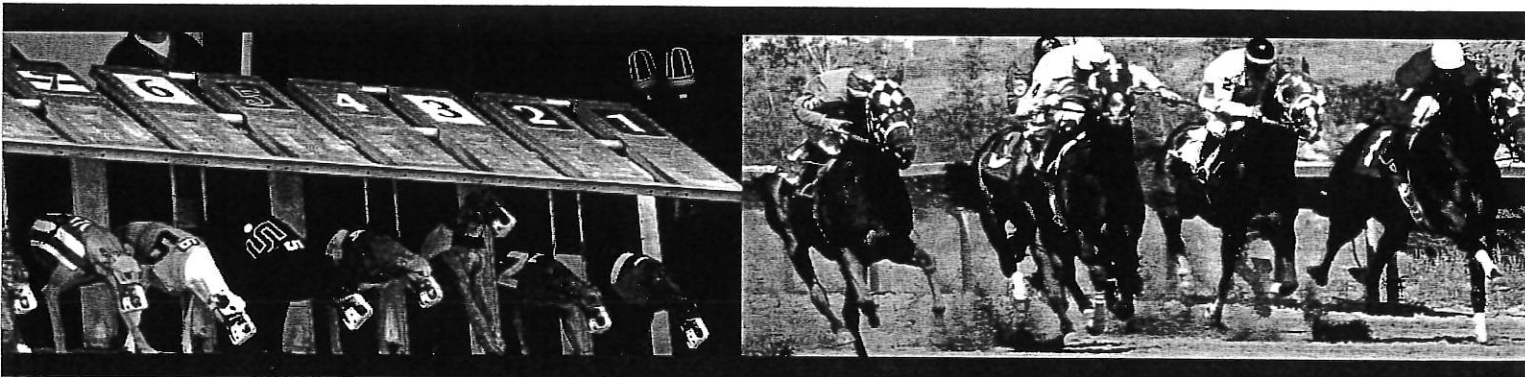
That's nearly **\$600 Million** in new economic benefit for all Kansans!



Expanding the Kansas Lottery to allow video lottery terminals at live racing facilities will save an important agricultural industry, while creating new jobs and adding hundreds of millions of dollars to the Kansas economy.

Today, with Missouri riverboats and tribal casinos in Kansas and Oklahoma, Kansans already have access to all forms of gaming. Yet most of those facilities don't contribute to our state's economy, while hurting an important industry in our state.

It is a critical moment for the live racing industry. Your action now can save this important industry AND grow our economy.



For more information about the economic impact calculations, including the studies used to establish those values, go to: [www.kansaswins.org](http://www.kansaswins.org)

Paid for by KansasWins! Coalition.



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Kansas Greyhound Association  
711 Old Hwy 40  
Abilene, Ks 67410

Testimony in support of SB 587

March 10, 2006

From: Steven Ward, President

To: Senator Brungardt and Members of the Senate Federal and State Affairs Committee

The Kansas Greyhound Association SUPPORTS SB 587. We appreciate the hard work that went into development of this bill. While there are some provisions that cause us concern, in consideration of the total bill we believe this legislation is fair to all parties involved, and is good public policy. It will provide an opportunity for our state to rebuild the Greyhound Industry in Kansas, and bring home some of the best greyhound operators in the nation.

Kansans have a long history of success in the greyhound industry nationwide. While that success continues today, our operators are increasingly faced with tough choices about where they should operate. Many have moved major portions of their operations to states like Iowa, West Virginia and Florida.

The principal reason is larger purses as the result of supplements paid at tracks which have been allowed to install slot machines. In many of those states, special purse supplements are paid to dogs bred and registered in that state. Kansas breeders and operators must consider the value of locating their operations in those other states in order to qualify for the larger purses. That's bad news for Kansas when the best and the brightest in our industry pull up stakes and move to Iowa or West Virginia for example.

SB 587 will revive the live racing industry in Kansas. Adding electronic gaming machines at the tracks will allow those facilities to compete against existing Missouri Riverboats, and tribal casinos in Oklahoma and Kansas. Purses will increase, and a program to encourage Kansas bred greyhounds to compete in Kansas, will combine make our state attractive for greyhound operators.

Bringing Kansas Greyhound operators back to Kansas means more income tax collections, property tax collections, and jobs. Taxes and jobs that are being lost to other states right now.

There are several provisions in this bill important to our industry:

1. Days of racing requirements in section 15 beginning on page 21 establish a minimum number of greyhound races to be run at each track operating electronic gaming machines. Because the tracks are the marketplace for the greyhounds bred and raised in Kansas, the more races held means more opportunities for greyhound operators to race.
2. Purse Supplements in section 16 beginning on page 23 establish a participation in the electronic gaming machine revenues. Studies show that live racing at a track INCREASES the gaming machine revenues and benefits the state. High quality live racing requires higher purses, because higher purses attract better greyhounds and operators. Better racing improves the entertainment value of the live racing. Think of live racing as an exciting and entertaining floor show. The better the show, the bigger the crowds.
3. Section 36 (b) on page 36 creates the Kansas greyhound breeding development fund, which is a program which enhances purses for Kansas Bred Greyhounds. These enhancements encourage Kansans to bring their dogs back to our state to race, and increase the market value of Kansas Bred Greyhounds. Kansas has some of the best breeders and operators in the nation, those operators generate millions of dollars in economic activity in our state. We need to keep them here, and encourage them to expand and grow their business in our state. This section is crucial to that effort.

In addition to these provisions it is important to recognize that the pari-mutuel race tracks in our state are our partners. They provide the marketplace for our agricultural product. In order for our industry to be successful, the tracks need a business model that works financially. They need adequate returns on their investment and the opportunity to compete with other gaming interests on a level playing field.

We are encouraged by the opportunities provided by SB 587, and ask for your favorable consideration of this important legislation.



# Testimony

Unified Government Public Relations  
701 N. 7<sup>th</sup> Street, Room 620  
Kansas City, Kansas 66101

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

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## Senate Bill 587 Kansas Expanded Lottery Act

Delivered to Senate Federal and State Affairs Committee March 10, 2006

Every year since 1991, local government in Wyandotte County has lobbied the Kansas Legislature for expanded gaming in Kansas, and most specifically, the opportunity for a first-class destination casino in Wyandotte County. In 1996, the Citizens of Wyandotte County sent a very clear mandate when 82% of the electorate overwhelmingly said they supported expanded casino gaming in their community. Today, the issue of expanded gaming is still a mandate of the people of Wyandotte County.

For 16 years opponents of gaming have stood before the Legislature saying casino gaming would be detrimental to the Kansas economy. The Unified Government of Wyandotte County/Kansas City, Kansas also believes casino gaming is detrimental to the Kansas economy, but not for the same reason as the opponents of casino gaming. The State of Kansas is losing millions of Kansas dollars to the State of Missouri. A January 12, 2005 story in the *Kansas City Star* states: ***“Gamblers left \$688.5 million at Kansas City’s four riverboats in 2005. The 1.7% increase from 2004 lifted the local casino industry to its 11<sup>th</sup> consecutive year of growth.”***

A very large portion of this money came from Citizens of Kansas. Previous studies show that hundreds of thousands of Kansans frequent casinos that **do not benefit the State of Kansas**. This statement begs the question: How many hundreds of millions of dollars that could benefit the State of Kansas has been lost to other states because Kansas does not allow expanded casino gaming?

In the past five years, Wyandotte County has established itself as a destination vacation point. Quality entertainment and retail shopping is bringing an estimated 10 million people a year to Village West – the home of the top tourist attraction in the State of Kansas. The same 10 million people also have the opportunity to take the short drive from Village West to a Missouri casino. The fact is that the Missouri casinos are not having a negative impact on Village West; nor is Village West having a negative impact on the Missouri casinos. Both destination tourist points are thriving. A casino in Wyandotte County would not only further the community as a destination vacation point, but it would also enable a good portion of money now going to Missouri casinos to go for the benefit of Kansas.

Sen Fed & State Affairs  
3-10-06  
Attachment 5

What effect do casinos have in the State of Missouri? According to the Missouri Gaming Commission, the casino industry there generated a record \$1.5 billion in 2005; and **a record \$414 million in Missouri taxes were paid in 2005.** A total of \$271 million was used for education in Missouri.

What effect does a Missouri casino have for a local community? According to North Kansas City Mayor Gene Bruns, having Harrah's there has enabled his community to "virtually reinvent ourselves with a long list of civic improvements ranging from a \$15 million community center to new police and fire equipment." Argosy Casino in Riverside has enabled that community to build a new city hall, begin major infrastructure improvements and better position the community for further economic development. The future for Kansas City area casinos appears to be bright as exemplified by Harrah's recent \$126 million expansion, the Isle of Capri recently announced an \$85 million expansion, the Argosy is in the midst of a \$75 million hotel expansion, and Ameristar will complete a \$22 million makeover later this year. The State of Kansas and local communities that have a casino can have similar success stories.

The Unified Government supports SB 587 because we believe it not only contains a safeguard for specific communities by requiring a vote of the people, but it also provides the checks and balances that will provide strong oversight and accountability. We also support SB 587 because of its provisions that would benefit The Woodlands, which was at one time the #1 tourist attraction in the State of Kansas.

Casino gaming is wanted in Wyandotte County. It makes sense for our community, and it makes sense for the State of Kansas to benefit from casino gaming in Wyandotte County. It is time for the State of Kansas to benefit from a thriving industry that is benefiting greatly from Kansas dollars. It is time for the State of Kansas to benefit from a thriving industry that benefits hundreds of millions of dollars from tourists. The Unified Government of Wyandotte County/Kansas City, Kansas, and its Citizens, urge you to give strong consideration in supporting SB 587.



# Testimony before the Senate Federal and State Affairs Committee

March 10, 2006

By:

Jeff Thorpe  
Board of Directors - Boot Hill Museum, Inc.  
&  
President, Boot Hill Gaming, Inc.

Chairman Brungardt, Vice Chairman Reitz and Committee Members:

Boot Hill Museum, through its subsidiary Boot Hill Gaming, speaks today in support of Senate Bill No. 587 to allow for expanded gaming in the State of Kansas.

Dodge City appreciates the kind reception by the Chair and Committee members in hearing our testimony in support of expanded gaming, specifically as it relates to Southwest Kansas.

What defines Boot Hill Gaming, Inc. is that it is a wholly owned subsidiary (100%) of Boot Hill Museum, Inc. a non-profit 501-c(3). Boot Hill Museum is the hub of Dodge City's presentation of its old west heritage. Boot Hill Gaming was created for the sole purpose to develop the opportunity of a destination gaming facility in Dodge City. Our goal is increased tourism in SW Kansas – enhanced tax revenues - create new jobs – and to direct profits to Boot Hill Museum, which will be used to further its mission in delivering an old-west experience to our visitors. There are no private investors – gaming is a project of the people of Dodge City and Ford County, Kansas.

For us, this is simply family business – develop a partnership that will increase tourism, economic development in Kansas, and generate new revenue streams for the State, regional, and local levels. Governor Sebelius, spoke to Dodge City residents and stated that her administration will *“look to partnerships with local communities for tourism and travel as a strategy for growing this economy”*. As one of Kansas' primary tourism destination sites, we are in agreement. Dodge City is a brand name known throughout the world.

The challenge to your committee is to consider positive impacts of expanded gaming and adopt sound public policy that will accomplish the following:

- ❑ **New revenue streams to the State of Kansas,**
- ❑ **enhance entertainment opportunities in Kansas communities,**
- ❑ **enhance economic opportunities in Kansas communities, and**
- ❑ **provide a sustainable, realistic business model.**

Boot Hill Gaming has a sustainable business model that effectively achieves each of these objectives.

### ○ **Create New Revenue Streams to the State of Kansas**

Based on conservative financial models, the proposed Boot Hill Gaming pari-mutuel gaming complex would create new revenue streams to state general funds, state and southwest Kansas tourism, and local City-County municipalities.

### ○ **Enhance Entertainment Opportunities in Kansas Communities**

In 1997 Ford County voters said that it would become the entertainment capital of SW Kansas and voters made a commitment to that goal when over 70% approved a one-half cent sales tax to build entertainment facilities. Today, we have a nationally recognized motor-speedway complex, state-of-the-art baseball and soccer fields, and improved concert-arena facilities.

This '*entertainment facility*' sales tax had no sunset and included a voter commitment to fund a \$30 Million Convention/Special Events Center that is currently in the development stages. Ford County voters reaffirmed their commitment to this entertainment and tourism development tax in November 2004, again without a sunset. These '*entertainment facility*' sales taxes would not be directly used in the capital development of a pari-mutuel – slot machine facility, but will contribute significantly in the partnership development of related tourism and entertainment infrastructure.

It is a model of public-private partnership in the development of a destination gaming/convention complex. The local voter approved a \$30 Million convention/special event center – a natural companion to a State owned and operated gaming facilities and the private development of Hotel facilities. Expanded gaming and pari-mutuel opportunities compliment the investment platform Dodge City and Ford County citizens have already made in their community and our objective to be the center of regional entertainment facilities.

Old west history clearly involved gaming parlors and games of chance. Dodge City has been a destination site in Kansas since 1872 and we're proud of our worldwide brand name. A gaming-convention complex is a comfortable companion to Dodge's invitation to revisit the legend and our promise of '*Old West – New Excitement*'.

○ **Enhance Economic Opportunities in Kansas Communities**

Dodge City needs to diversify from its concentration of employment in agricultural and meat processing industries. Tourism and entertainment represent a large segment of our economic base and provide significant opportunities for expansion.

With a capitalized investment between \$55–70 Million to complete a pari-mutuel gaming complex, and up to as much as \$30 Million in local sales tax for development of a Convention/special events Center, Dodge City expects to add over 300 new jobs with estimated annual payrolls of nearly \$8 Million.

In addition, Non-lodging tourism spending is projected to increase by \$2,592,960 and gross lodging sales to increase by \$1,728,640.

Dodge City has proposed that a percentage of gross gaming revenues may be dedicated to fund the development of a grant pool, administered through the Kansas Department of Commerce Travel and Tourism Development Division, for member-entities of *'Wild West Country'*, an unfunded regional tourism group comprised of 22 counties in southwest Kansas. We believe that by funding such grant-pool, members of this southwest Kansas tourism coalition will effectively gain a participatory ownership in the Dodge City gaming complex that directly enhances the tourism and economic development projects in their individual communities. In other words, each member-entity has the opportunity to directly benefit from expanded gaming through funding of their local individual tourism and economic development activities. Collectively, this enhances Kansas' ability to develop regional tourism themes that will significantly benefit all southwest Kansas communities.

○ **Provide a Sustainable, Realistic Business Model**

Dodge City has long maintained a seasoned tourism infrastructure through Boot Hill Museum, who greets over 90,000 visitors per year; a very active Convention and Visitors Bureau who coordinates our marketing and delivery of first class community services, and a Chamber of Commerce-Economic Development Corporation who continuously measure and guide our community development.

- Dodge City has assets in place to be a significant partner in a pari-mutuel gaming complex.
- Dodge City has several sites identified that are either already public owned, or available for siting of a track and entertainment complex.
- Dodge City is very experienced in the development and management of tourism services and companion industries.
- Dodge City has brought together a primary team of City, County, Economic Development Corporation, Community Facilities Advisory Board, Boot Hill Museum and Boot Hill Gaming representatives to facilitate the local control and success of an expanded gaming complex in our community.

Simply, Dodge City is prepared to expand its tourism services through the implementation of expanded gaming with probably the least difficulty of any city in

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

- **Summary**

Boot Hill Gaming strongly supports the requirement for a local referendum to clearly determine the positions of the citizens on expanded gaming.

Dodge City wants to stress to the Committee the value of Kansas approving legislation providing for expanded gaming. While we understand the complexity and confusion attached to many past proposals for expanded gaming, none of that exists with this presentation by Dodge City. Boot Hill Museum, through its subsidiary Boot Hill Gaming, is the non-profit partnership that maximizes the return to the public and we believe SB-587 is the first step in our future plan for a full destination gaming facility.

We provide a clear, concise proposal for the approval of a pari-mutuel gaming facility that is a partnership between our local community – the State of Kansas – and private development. We believe our proposal sets the standard for meeting the challenges of creating new revenue streams, enhancing entertainment and economic opportunities, and being based on a solid business platform.

**Gaming and Dodge City. It's very simple – it just fits!**





# Sumner County Economic Development Commission

Physical Address: 123 N. Jefferson, Wellington, Kansas 67152  
Mailing Address: P. O. Box 279, Wellington, Kansas 67152  
Office Phone Number: (620) 326-8779 Office Fax Number: (620) 326-6544  
Email Address: [scedc@co.sumner.ks.us](mailto:scedc@co.sumner.ks.us)  
Website: [www.gosumner.com](http://www.gosumner.com)

To: Honorable Senator Pete Brungardt  
Chairman, Federal and State Affairs Committee  
From: Debra Teufel, Director Sumner County Economic Development Commission  
Date: March 9, 2006  
Re: Senate Bill 587

**2006  
BOARD OF  
DIRECTORS**

◇ ◇ ◇

*Cathy Sheets*

*Stan Gilliland*

*Chad Bartelson*

*Bob Wall*

*Joe Dickey*

*Kent Hixson*

*David Carr*

*Larry Simpson*

*Marvin White*

*Alan Brundage*

*Pam Schneider*

**DIRECTOR**

◇ ◇ ◇

*Debra L. Teufel*

Thank you for allowing us to testify before you regarding Senate Bill 587. We ask to appear to present our support for expanding gaming in this State, however we would like to present our case for amending this bill to include language to establish Sumner County as a nonexclusive gaming zone in Southcentral Kansas.

One of the most important issues to Sumner County voters in recent months has involved the topic of a destination resort casino. On October 17, 2005, the Sumner County Commissioners held a public meeting in Wellington, Kansas and voted unanimously to hold a county referendum to allow our voters the opportunity to speak on the matter of bringing a destination resort casino to our area. This referendum was based on language in the Governor's Gaming Committee Report from 2003, which stated that any expansion of gaming should be contingent on the approval of the site's home community.

On December 20, 2005, the results of the Special Advisory Mail Ballot Election were tabulated and 63% of the voters overwhelmingly responded yes to the following question: "Do you support a destination resort casino in Sumner County, Kansas, in the event such is legally permitted by the State and is otherwise deemed in the best interest of the county by the Board of County Commissioners?" The official results were 4,842 in favor, 2,838 against.

The Governor's Gaming Committee Report states that, "The state should expand gaming in the form of a large destination casino. It should be an attractive setting and include restaurants, a hotel, and entertainment venues for shows and concerts.... The destination casino approach would maximize the benefits and minimize the costs of gaming."

A destination casino in Sumner County, based on the bill, would be of the highest quality. We envision a resort type facility that would include a hotel, a large convention center, restaurants, spa, retail amenities, a water park and a casino that would be big enough for an estimated 1.5 million visitors a year. This would allow us to attract regional as well as national conventions and have a place to bring in large scale entertainment events to our area.

We do not want the small scale casinos which we see immediately south of us in Oklahoma, nor do we want to only expand gaming in Southcentral Kansas through venues such as slot machines at a facility that will do little to attract new visitors to our state. We want to be the home to a development that could be of the utmost quality to attract new tourism and recreational visitors to our state.

Our voters supported a destination development for several reasons, primarily, job growth, tax relief, trade capture, and tourism. There are obvious economic benefits to a project of this nature. We measure our projects based on job creation, diversification of the employment base, capital investment, and potential for increased trade. This project will accomplish all of these, bringing in over 1500 jobs to Sumner County which has struggled during past years due to the high concentration of aviation manufacturing jobs.

Sumner County has long been known as the Wheat Capital of the World, but in recent years with declining commodity prices, and increasing costs of operation, our agriculture based community has suffered. Sumner County is also home to numerous suppliers and subcontractors to the Wichita manufacturing community, however we need to diversify our employment so that we are not the hardest hit when this industry struggles, for example when our unemployment levels skyrocketed to over 11% in recent years. Over 4,000 Sumner County residents commute outside of our county for employment, a trend that we would like to reverse. We are making major strides to now bring in new job opportunities through our existing employers and recruitment opportunities.

However, the opportunity for Sumner County to be the chosen site for a destination casino would not only bring in jobs, it would also bring in 1.5 million visitors. Our location on I-35, a transportation corridor for over 18,000 vehicles per day, would be perfect to capture the travelers that use this highway to travel through our state. We want to be the destination for the travelers, not just another place that they drive through on their way to visit our neighboring states. These visitors would spend money in the area, which could result in new spin off businesses, increasing the trade capture of the region and reducing our economic leakage. Our current loss of trade to our neighboring counties is 53%. A project like this could help balance the trade capture of the region and help offset the loss that Sumner County is currently experiencing.

I cannot stress enough how important the new visitors to our county could help our existing businesses, who today struggle to survive on the sales they are able to make within our population base of roughly 26,000. Inevitably, many of the new visitors that a casino would bring in will circulate spending throughout other businesses in our community and the entire region. The added payroll potentially worth over \$60 million will also employ local residents, circulating more spending to all of our existing businesses in the region, and stabilizing our employment base.

It is important to note that Sumner County voters supported this project because of the increased capital investment it would bring to our county. Our current assessed valuation is roughly \$161 million. This project would be a \$300 million capital investment which would grow our tax base and stabilize property taxes for our residents in a county that has one of the highest tax levies in the region.

Resolutions of support have been adopted by the Sumner County Commission, Wellington City Council, Sumner County Economic Development Commission, and the Wellington Area Chamber of Commerce. However, we are not alone in our request to bring this project to Sumner County. A Resolution of support has been adopted by our neighbors to the east, the Cowley County Commission. The Winfield Chamber of Commerce has voiced support as well.

Furthermore, the Regional Economic Area Partnership, REAP, made up of 31 cities and counties in South Central Kansas, has adopted the following position statement on this subject which states, "If state lawmakers authorize an expansion of casino gaming in the state, REAP believes that Southcentral Kansas should not be foreclosed from casino development through legislative action, but allow for citizen initiative and home rule authority to determine local projects." We hope you will take this support into consideration today.

Southcentral Kansas, and Sumner County specifically, as a border county to Oklahoma, are no different than other border counties such as Crawford, Cherokee and Wyandotte Counties who have been included in language in the proposed bill.

Southcentral Kansas is the prime target market for the Oklahoma casinos. In total there are 42 gaming establishments within 100 miles of our border, with two new large casinos under development within 20 miles. These casinos make no secret that their target market is Kansas residents. We are reminded of this daily in our local newspapers, radio ads, area billboards, and even television advertising.

The Native Lights casino opening soon, just 3 miles south of Arkansas City, was one of the top advertisers during the prime television slots during the Super Bowl this year, and their radio and billboard ads are a constant reminder that Kansans will be their prime targets. Today we are exporting tourism and gaming dollars out of Kansas at an alarming rate. During a February 2006 license plate survey at the Kaw Nation Southwind Casino at Newkirk, Oklahoma, 58% of the cars were from Kansas. With this we also lose money from fuel, tobacco, and food sales.

In addition, tour buses leave our region weekly for out of state gaming destinations. According to a report in the Wichita Business Journal an estimated 12,000 people per year catch one of the weekly trips from Wichita to the Indian casinos. If each person spends only \$50 per trip, that's \$600,000 leaving the area each year. These numbers do not include all of the senior citizen bus trips that depart from other small area communities. We need to reverse this trend, keeping these dollars in Kansas and bringing conventions & tours TO OUR STATE, helping our local attractions. Let's stop EXPORTING our dollars!! You are all familiar with the term OUTSOURCING. Currently we are outsourcing our gaming and tourism to our neighboring states and to the Indian reservation casinos.

The bottom line is Kansas is LOSING REVENUE. Sumner County faces the same issues as the other counties included in this bill. The solution to this is not simply slots at a race track because that provides very few new jobs and new revenue. The solution is to build a DESTINATION RESORT CASINO in Sumner County that will be an attraction bringing in NEW visitors, and providing a quality place for our residents that already choose gaming as a form of entertainment. A destination casino would attract conventions and new business to the State of Kansas.

Of course we have not mentioned the impact this will have on funding for education and other needs in our state. It has been estimated that a destination casino in our area would generate roughly \$50 million annually for the State.

Furthermore, this ties directly to the affordable airfares initiative that is important to us all. We are all faced with the price tag of higher airfares if we do not come up with funding at the local and state level to help keep airfares in check. Our cities and counties are being asked to help fund this program; however, we have to have new revenue coming in to do this. This project would help us do just that, without raising taxes. Plus, let's face it, one of the top destinations out of Mid Continent airport is Las Vegas. We know we cannot compete with Las Vegas, but we could reverse some of this trend, and bring in conventions to our state if we have a destination resort casino in the area, helping to grow the incoming passenger count at Mid Continent and assist in alleviating that need for subsidies.

It is also important to mention the impact to Kansas and to the border county businesses as a result of the Oklahoma Powerball Lottery. In 2004, Oklahoma voters approved sale of Powerball Lottery tickets which went into effect in January of 2006. Previously Sumner County convenience stores sold in excess of \$10,000 per day in lottery tickets to Oklahoma residents. Since January, recent reports show that border convenience stores are suffering with sales of sometimes only \$200 per day. Statewide, Kansas is estimated to lose roughly \$12-15 million annually from Powerball sales in Oklahoma. Where will we replace this lost revenue for our State? Where can our local businesses make up this loss of revenue? These are more reasons that Sumner County needs to be included in Senate Bill 587.

We cannot afford to expand gaming only in areas such as Wyandotte, Crawford, and Ford Counties, while only placing slot machines at the Wichita Greyhound Park in South Central KS. Sumner County as part of the Wichita MSA, the states largest metropolitan area and should not be ignored in our request to be included in this bill. We cannot ignore the economic basis for building a destination resort casino in Sumner County to stop the leakage of dollars that are flowing into Oklahoma every day and the ability to attract new visitors and spending to the State of Kansas.

If we do not include Sumner County in this bill, the State of Kansas is leaving money on the table, and shortchanging the economic growth of our area, while continuing to export over 1/3 of the State's potential gaming dollars to other states. Today we have all of the issues that come with gaming, without any of the benefits and revenue.

In conclusion, the Sumner County Commissioners took the right steps to pave the way for this project, allowing our citizens to decide if they support a destination resort casino in our county. Sumner County voters overwhelmingly said YES. I cannot stress enough the amount of gaming revenue that our State is losing every day. Our region is exporting gaming dollars to outside gaming influences, and in return the State of Kansas has to face the consequences, receiving none of the revenue. If Sumner County is not included in a bill to expand gaming, it is the entire State that loses. We ask that you consider an amendment to include Sumner County as a nonexclusive gaming zone in Southcentral Kansas in Senate Bill 587. We sincerely thank you for your consideration of our request.

7a

CERTIFICATE OF CANVASS  
Special Advisory Election  
12/20/2005

STATE OF KANSAS )  
COUNTY OF SUMNER )

The Board of County Commissioners, acting as the Board of Canvassers met at 8:30 a.m., on the 22<sup>nd</sup> day of December 2005 in the Sumner County Commissioners' Board Room to canvass the votes cast in the Special Advisory Mail Ballot Election held on the 20<sup>th</sup> day of December 2005 with the following present:

Jim D. Newell, Commissioner 2<sup>nd</sup> District  
Eldon Gracy, Commissioner, 3<sup>rd</sup> District  
Jon Bristor

The returns of the election were presented to the Board as received from the official conducting the election. The provisional ballots were reviewed and counted, if allowed.

The Board proceeded to canvass the vote and found the results of the election to be true and exact as tabulated.

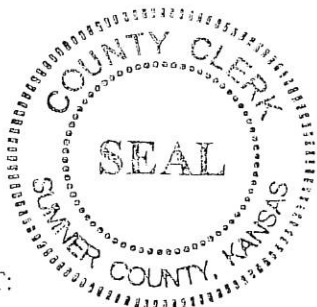
Yes = 4,842                      No = 2,838

The Special Advisory Question submitted was the following:

DO YOU SUPPORT A DESTINATION RESORT CASINO IN SUMNER COUNTY, KANSAS,  
IN THE EVENT SUCH IS LEGALLY PERMITTED BY THE STATE AND IS OTHERWISE  
DEEMED IN THE BEST INTEREST OF THE COUNTY BY THE BOARD OF COUNTY  
COMMISSIONERS?

The undersigned hereby certify that the foregoing results are shown by the finalized abstract of election returns.

Dated this 22<sup>nd</sup> day of December 2005.



ATTEST:

*Shane J. Shields*

Shane J. Shields  
Sumner County Clerk & Election Officer

*Jim D. Newell*  
\_\_\_\_\_  
Jim D. Newell, Commissioner 2<sup>nd</sup> District

*Eldon Gracy*  
\_\_\_\_\_  
Eldon Gracy, Commission, 3<sup>rd</sup> District

*Jon Bristor*  
\_\_\_\_\_  
Jon Bristor

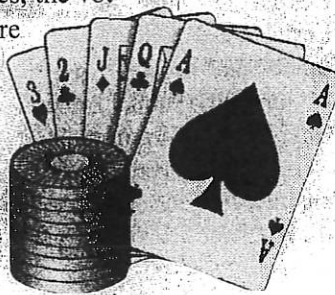
# lead

## Sumner County tops casino vote

By **DUSTI FANSLER**  
The Wellington Daily News

Of the three counties vying for a proposed destination resort and casino, Sumner County has pulled into a clear lead based solely on the numbers.

In both Marion and Harvey counties, the voters were evenly divided on the controversial



issue.

Results released Thursday show Marion County voters turning down the proposal by exactly 200 votes — 2,577 to 2,377 — a vote of 52 percent against and 48 percent for the casino.

In Harvey County, numbers were merely switched, with 51 percent in favor of a casino and 48 percent against. A total 373 votes carried the majority in Harvey County in results tallied last week.

However, Sumner County voters showed a clear majority in favor of the casino issue with a vote in favor by 63 percent and against by 37 percent.

Harvey County voters did turn in the most ballots to their clerk's office, with a total of 12,433 votes cast on the issue. Marion County voters had the lowest return with just under 5,000 votes cast.

The return in Sumner County

## Wellington *Daily* News

Friday, Dec. 23, 2005

www.wgtdailynews.com

### Clear from page one

reached 7,680, but Sumner County Clerk Shane Shields says his office sent out over twice that amount.

Sumner County sent out 17,081 ballots to the county, which has a total population near 26,000. Of those returned, 168 were ruled invalid, primarily because they were unsigned.

Shields said 4,439 ballots were returned as undeliverable, a problem he expected. Shields says he believes a vast majority of those voters have moved out of the county, but he said he still cannot remove those voters without following

a lengthy process detailed by the 1993 voter registration act.

"To remove someone from our files, we almost have to have direct contact with that voter," Shields said.

Shields said a number of those which were returned were also due to voters not registering by their mailing address, which had not been a problem until the county did its first mail-out ballot.

**Resolution 2006-02**

**RESOLUTION IN SUPPORT OF THE PROPOSED  
DESTINATION RESORT CASINO IN SUMNER  
COUNTY, KANSAS**

**A RESOLUTION asking for the support from area legislators, elected officials in neighboring cities and counties, regional economic development partners, including the board of the Regional Economic Area Partnership (REAP) and the Greater Wichita Economic Development Coalition for a proposed destination resort casino in Sumner County, Kansas.**

**WHEREAS,** the Board of Sumner County Commissioners gave the people of Sumner County the opportunity to vote on a destination resort casino; and

**WHEREAS,** the citizens of Sumner County voted overwhelmingly by a 2-1 margin in support of a destination resort casino sending a clear message they would like to see this project come to Sumner County; and

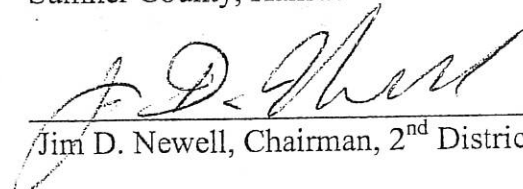
**WHEREAS,** the Board of County Commissioners, respecting their elected office and position to uphold the will of the people; and

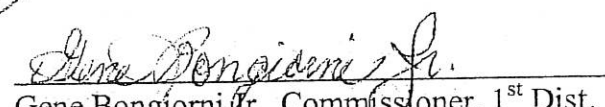
**WHEREAS,** the Board of County Commissioners deems this destination resort casino project in the best of interest of Sumner County and all of South Central Kansas,

**NOW, THEREFORE,** the Board of County Commissioners of Sumner County, Kansas, supports and endorses a bill in the Kansas Legislature that would expand gaming in the specific counties that have held favorable, public referendums and asks that all south central Kansas legislators exercise their authority and support such legislation as well.

Adopted and approved by the Board of County Commissioners of Sumner County, Kansas, on the 10<sup>th</sup> day of January, 2006.

Board of County Commissioners  
Sumner County, Kansas


  
\_\_\_\_\_  
Jim D. Newell, Chairman, 2<sup>nd</sup> District

  
\_\_\_\_\_  
Gene Bongiorno Jr., Commissioner, 1<sup>st</sup> Dist.

  
\_\_\_\_\_  
Eldon Gracy, Commissioner, 3<sup>rd</sup> Dist.



Attest

  
\_\_\_\_\_  
Shane J. Shields, County Clerk



RESOLUTION NO. 5070

A RESOLUTION ACKNOWLEDGING VOTERS SUPPORT OF A PROPOSED  
DESTINATION CASINO IN SUMNER COUNTY, KANSAS

WHEREAS, the Board of County Commissioners gave the citizens of Sumner County, Kansas the opportunity to vote in favor of a Destination Resort Casino being located in Sumner County, Kansas; and

WHEREAS, the citizens of Sumner County, Kansas voted 4,842 to 2,838 in support of said Destination Resort Casino being located in Sumner County, Kansas; and

WHEREAS, the council of the City of Wellington, Kansas acknowledges the outcome of said vote and requests any State legislators representing the citizens of the City of Wellington, Kansas, to take into consideration said vote when voting on any bill submitted to the Kansas legislature expanding gaming in the State of Kansas.

ADOPTED BY THE COUNCIL of the City of Wellington, Kansas this 7<sup>th</sup> day of February, 2006.



Stanley A. Gilliland

Stanley Gilliland, Mayor

ATTEST:

Rose M. Miller

Rose M. Miller, City Clerk

Form Approved:

Michael C. Brown

Michael C. Brown, City Attorney

# RESOLUTION IN SUPPORT OF THE PROPOSED DESTINATION RESORT CASINO IN SUMNER COUNTY, KANSAS

A RESOLUTION asking for the support from Kansas legislators, elected officials in neighboring cities and counties, regional economic development partners, including the board of the Regional Economic Area Partnership (REAP) and the Greater Wichita Economic Development Coalition for a proposed destination resort casino in Sumner County, Kansas.

WHEREAS, the Board of Sumner County Commissioners gave the people of Sumner County the opportunity to vote on a destination resort casino; and

WHEREAS, the citizens of Sumner County voted overwhelmingly by a 2-1 margin in support of a destination resort casino sending a clear message they would like to see this project come to Sumner County; and

WHEREAS, the Board of County Commissioners deems this destination resort casino project in the best of interest of Sumner County and all of South Central Kansas,

WHEREAS, the Board of the Sumner County Economic Development Commission recognizes the positive economic benefits of this project including increased visitors, increased sales tax capture, increased job opportunities, additional residents, and the increased tax base that a project of this magnitude could bring to our community,

NOW, THEREFORE, the Board of the Sumner County Economic Development Commission supports and endorses a bill in the Kansas Legislature that would expand gaming in the specific counties that have held positive, public referendums and asks that Kansas legislators exercise their authority and support such legislation as well.

Adopted and approved by the Sumner County Economic Development Commission, on the 7<sup>th</sup> day of February, 2006.



Chad Bartelson, Chairman

Sumner County Economic Development Commission

**RESOLUTION IN SUPPORT OF THE PROPOSED  
DESTINATION RESORT CASINO IN SUMNER  
COUNTY, KANSAS**

**A RESOLUTION** asking for the support from Kansas legislators for a proposed destination resort casino in Sumner County, Kansas.

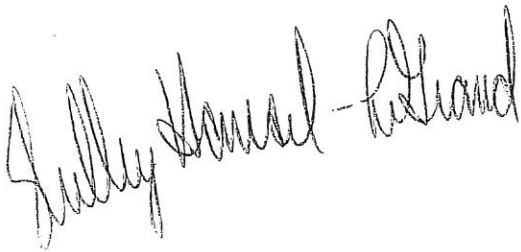
**WHEREAS**, the Board of Sumner County Commissioners gave the people of Sumner County the opportunity to vote on a destination resort casino and registered voters approved of this project overwhelmingly by a 2-1 margin in support of a destination resort casino sending a clear message they would like to see this project come to Sumner County; and

**WHEREAS**, the Board of the Wellington Area Chamber of Commerce recognizes the positive economic benefits of this project including increased visitors, increased sales tax capture, increased job opportunities, additional residents, and the increased tax base that a project of this magnitude could bring to our community,

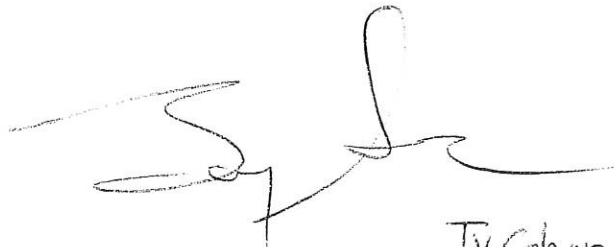
**WHEREAS**, we support our economic development partner, the Sumner County Economic Development Coalition, in this endeavor,

**NOW, THEREFORE**, the Board of the Wellington Area Chamber of Commerce, supports and endorses a bill in the Kansas Legislature that would expand gaming in the specific counties that have held positive, public referendums and asks that Kansas legislators exercise their authority and support such legislation as well.

Adopted and approved by the Board of the Wellington Area Chamber of Commerce, on the 7<sup>th</sup> day of February 2006.



Shelley Hansel-LeGrand,  
Executive Director, Wellington  
Chamber



Ty Sober,  
Chamber Board President

**RESOLUTION NO. 2006-03  
BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF COWLEY COUNTY, KANSAS**

**RESOLUTION IN SUPPORT OF THE PROPOSED DESTINATION RESORT CASINO  
IN SUMNER COUNTY, KANSAS**

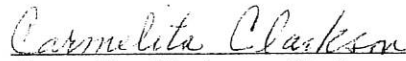
**WHEREAS**, the Board of Sumner County Commissioners gave the people of Sumner County the opportunity to vote on a destination resort casino and our neighbors in Sumner County voted overwhelmingly by a 2-1 margin in support of a destination resort casino sending a clear message they would like to see this project come to South Central Kansas and Sumner County; and


**WHEREAS**, the Board of County Commissioners of Cowley County, Kansas recognizes the positive economic benefits of this project including increased visitors, increased sales tax capture, increased job opportunities, additional residents, and the increased tax base that a project of this magnitude could bring to our region; and

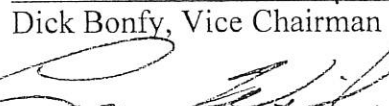
**WHEREAS**, we support our regional economic development partners, the Sumner County Economic Development Coalition, and the Wellington Area Chamber of Commerce, in this endeavor.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of County Commissioners of Cowley County, Kansas to document that they support and endorse a bill in the Kansas Legislature that would expand gaming in the specific counties that have held positive, public referendums and asks that all south central Kansas legislators exercise their authority and support such legislation as well.


Adopted and approved on this 7<sup>th</sup> day of February 2006.

  
Carmelita Clarkson, Chairman

  
Dick Bonfy, Vice Chairman

  
Gary Wilson, Commissioner

**ATTEST:**

  
Karen D. Brooks, County Clerk

**De** eufel

---

**From:** Winfield Chamber [ceo@winfieldpartners.org]  
**Sent:** Tuesday, February 21, 2006 4:39 PM  
**To:** dteufel@co.sumner.ks.us  
**Cc:** Bruce Schwyhart  
**Subject:** Winfield Chamber position on casino

Debra,

Our board did not vote on a specific resolution, but the consensus is that our Chamber believes that, if expanded gaming is a possibility, Sumner County should certainly have the opportunity for a casino site. Bruce Schwyhart will be writing a letter to our Legislators stating that position, and I'll make sure you get a copy.

Thanks again for hosting us last week. It was good to share regional information.

Talk soon,  
Seth

**Subject:** REAP Summary of Feb. 13, 2006 Meeting

At the *February 13, 2006* meeting of REAP the following motions were adopted:

**Legislative positions adopted:**

*Proposal to Exempt Machinery and Equipment (M&E) from Personal Property Tax:*

REAP supports incentives for economic development but believes such incentives should be subject to local control. The proposed exemption for machinery and equipment violates home rule authority and forces local governments to bear the entire cost of the exemption. If state lawmakers want to enact this exemption, state government should underwrite the cost of the exemption or should authorize cities and counties to adopt the exemption through home rule.

*Proposal to Authorize Casino Gaming:*

If state lawmakers authorize an expansion of casino gaming in the state, REAP believes that South Central Kansas should not be foreclosed from casino development through legislative action, but allow for citizen initiative and home rule authority to determine local projects.

*Note: It was stressed that both positions are an encouragement for home rule authority and local control.*

**Air Service Special Voluntary Assessment Option:**

REAP adopted the proposal to serve as the conduit for funds for air service funds from the State of Kansas. REAP also adopted a voluntary assessment model, per the Economic Development Committee recommendation, to contribute to the required \$1.67 million local match.

**Budget Revision:**

The budget was revised to reflect changes relating to reduction in revenues and accurate reflection of carryover funds from 2005.

**Executive Officer:**

REAP officially designated Joe Yager as Executive Officer.

If you have any questions please let me know.

JSY

*Joseph S Yager*

Public Affairs Associate  
Center for Urban Studies  
Wichita State University  
1845 Fairmount, Box 155  
Wichita KS 67260-0155  
(316) 978-6542  
joe.yager@wichita.edu



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**Exclusive Survey Show  
Voters Want Casinos**

14 December 2005

KANSAS -- As reported by KWCH Eyewitness News: "Voters in three Kansas counties will soon know whether they want a destination casino. But our exclusive scientific survey shows there's overwhelming support.

"Here's how the polling numbers break down. In Harvey County, 58 percent of registered voters say they would support a destination casino. In Marion County, support is at 55 percent. But the biggest support may be south of Wichita in Sumner County. There, 67 percent of voters say they would support a casino in their county.

"But state lawmakers would still need to approve expanded gambling in order to allow casinos in. Counties hope showing support for gaming will influence lawmakers when they return to Topeka in January for the start of the legislative session.

"Casino backers are pleased by the polling numbers..."

[<<<Back](#)

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# Opinions

## Courier Views

### Support Sumner County casino

Cowley County should support Sumner County's bid for a casino.

Whether one likes casinos or loathes them, we should not stick our heads in the sand as they pop up around us.

Sumner County, our neighbor to the west, wants one.

This is what a firm majority there said in an advisory vote.

Neither Rep. Bill McCreary of Wellington nor Sen. Greta Goodwin of Winfield, the two principal lawmakers who serve the people of Sumner County, supports a casino there.

Indeed, others of us have reservations about state authorized casinos.

But the state's new-found responsibility for school finance puts us a choice to us: either we accept casinos, raise state taxes or neglect public education.

The only sensible, doable choice right now is casinos.

A new casino is being built on Indian land in Kay County, Oklahoma, just across the border. Another is in the works there.

Local property taxpayers have a dog in this hunt.

The way things are going in Topeka, there is likely to be pressure to raise local property taxes in small school districts.

There are a lot of those in Cowley County.

Our friends in Sumner County want a resolution of support from the Cowley County commission for their efforts to land a casino.

They should have it.



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Wichita Eagle

### A casino makes economic sense

Someone recently wrote how a casino in this area would not bring a financial gain to the area ("Adding casinos won't add dollars," Jan. 18 Reader Views). All that would happen, the letter writer said, is that local people would spend money at the casino instead of at the movies or restaurants.

That would be true if the local people never left their local area. However, all one needs to do is look at the ads in the Sunday Travel section of The Eagle. One travel company lists five buses weekly to Topeka. Do you think those buses leave here empty? They represent an unknown amount of dollars being sucked out of our area.

Then there is the tremendous possibility of outside money coming into our area and not just being spent gambling but also at hotels, restaurants, shopping. Get the idea?

If the worry is about the costs of addiction — and it's a real concern — that addiction is already here with no funding from the existing casino interests to help pay for any addiction recovery. With nontribal casinos, monies could be earmarked for the state treasury and assistance for addiction recovery.

GENE FUHR  
Wichita



## Go, fight, win -- Sumner County

### TRAVELER VIEWS

---

Keep plugging away, Sumner County.

Your fight to build a huge casino-resort development just off I-35 near Wellington is an uphill, painful fight, but it's a good one.

Stay the course.

It may not happen this year, or even this decade. Sedgwick County may finally see the wisdom of building a casino resort facility closer to Wichita, which would scuttle your plans.

But you never know. Wichita-area lawmakers may dicker around long enough for you to gain momentum.

Right now, neither Sen. Greta Goodwin nor Rep. Bill McCreary, who both represent you in Topeka, support the idea. That's too bad.

But you have a strong majority of Sumner County voters behind you. And you have a strong sales pitch - 1,500 jobs averaging \$12 per hour and 1.5 million visitors per year.

This project is worth the fight, even if potential developers and operators are exaggerating the benefits somewhat.

You appear to have the Cowley County Commission's support. That's a good start. Build on it.

Your argument is sound - area residents are already gambling across the state line in Oklahoma. In fact the Pawnee Nation expects to build a large casino-resort less than 10 miles south of Arkansas City.

We need to keep some of that revenue in Kansas and get tax benefits from it.

Keep plugging away, Sumner County.

## Our view

### Economic boom

The gaming industry has become more than simply an entertainment past-time, it has emerged as an economic mainstay.

A destination casino in Sumner County would be an economic boom this area would enjoy for years to come.

Such an investment here would be a powerful economic development tool.

The smaller the region the more likely the project will be a benefit to the region for the simple reason that the smaller the region, the more likely the visitors will come from outside of the region.

A new casino placed in a market that is not already saturated, will yield positive economic benefits to its host economy.

It's true, the vast majority of gamblers lose money. The question is, where does the money go?

While most casino patrons lose money, the revenues go to the casino and its stockholders; the employees; related businesses; as well as county, state and federal governments.

Las Vegas, for example, has more casinos than any other city in the nation — and it also has a booming economy. Nevada has led the nation in job growth for more than a decade.

Smaller markets can see economic growth as well.

This issue isn't simply about gambling. It is about the future and economic success of Sumner County and Wellington.

Once the majority speaks through the ballot box, our elected leaders need to stand with us and be our voice.

Are casinos linked to social and economic costs? Yes. Sadly, these problems already exist in society with or without a casino nearby.

Will a casino provide social and economic benefits to Sumner County? Yes.

## Be logical

To the Editor,

To respond to the ad by the Casino Free Coalition, I'm hopeful the voter who read the inflammatory ad will be intelligent enough to see through the statistics, which have been taken from other context for the sole purpose of inciting negative reaction.

Why would anyone spend millions of dollars to build a casino only to lure the 8,000 people out of Wellington to gamble?

This casino won't market Sumner County to support this facility, but it will draw visitors to Wellington.

Visitors who will spend money here.

If this coalition against gambling is so worried about our Wellington residents, why aren't they trying to stop the buses regularly leaving Wellington to gamble (and spend money) in Topeka? What about local residents who drive to Kansas City or Oklahoma? You can bet those areas benefit from the Sumner County money spent there. I'll bet there are even Sumner County residents who are gambling online, and what about those lottery players?

Let's be logical — if someone wants to gamble, they will do it whether there is a casino nearby or not.

Don't be misled by the scare tactics, look at the facts to make a decision to keep Wellington alive and growing. Mail that 'yes' vote!

Linda Martinez  
Wellington

The conversation around my house has been has turned to politics lately, especially since last month's casino vote.

My wife was in favor of the idea from the get-go, but is really pounding the drum now that Sumner County voters overwhelming support the idea of a destination casino locating here.

Now she's worried that despite the majority desire to invest in this effort, our legislators will never approve it.

"I don't believe the rumors, because I believe in democracy and have faith that our representatives do indeed represent us, and hear our voices," she said.

In the event that she may be wrong, she offers the following thoughts on some of the major points surrounding this project:

**Economic Development.** "We desperately need an economic boost. Despite efforts of local businessmen and residents, our towns are dying," she began. "I encourage you to stroll our main streets and see the countless empty storefronts. Compare the face of our communities to years past — it's sad and there does not appear to be much hope on the horizon."

**Population.** "In Wellington alone, according to census reports our population has dropped from 8,647 in 2000 to an estimated 8,299 in 2003. That's an average of 116 people per year leaving Wellington," she pointed out. "It may seem trivial, but that is a significant number of residents for our small town to loose annually. Our schools are reporting a lower enrollment rate, and with a loss of industry, jobs and population, our younger community members have nothing to return to after college and often look elsewhere to start their families."

**Supply and demand.** "Numerous Sumner County residents, as well as hundreds of other Kansas residents, take their money out of Kansas and spend it at casinos, resorts, restaurants and entertainment hot-spots every day," she said, raising her voice and eyebrows to emphasis the point. "If in doubt, pick up the Sunday Wichita Eagle and look at the number of businesses that offer tours to gaming desti-



## Rick Horn

*On the horn*

nations. There is a reason these businesses advertise every week."

I didn't like the Wichita Eagle part, but I continued to listen.

"There are airlines in Wichita that only fly between Wichita and gaming destinations. Personally, I am surprised by the number of people who head to Oklahoma and Missouri to gamble every weekend," she continued. "There

is no way we can deny that millions of dollars are leaving Kansas every year because we do not offer what people want. Not only are people leaving Kansas, no one is coming here either!"

Here she points out the fact that according to the federal government's office

on Travel and Tourism Industries, not a single Kansas town appears in the top 50 visited cities in the United States.

**Personal choice.** "A number of people bring up the morality of taking on such a project.

Morality is a personal characteristic, and defining one's morals should be a personal choice," she said. "We have the right to decide for ourselves what we do in our free time."

**Societal ills.** "There are those who believe if we build this destination resort casino, we will create a population that is addicted to gambling. Granted, gambling will be more accessible, but isn't it possible that these individuals already live among us? They just chose to drive out of state every weekend," she says.

In short, she believes the positive far outweighs the negative when considering this project.

"This could mean thousands of jobs and millions of dollars for Sumner County and the State of Kansas," she pleaded. "It could also mean problems, but in order to address these problems we will need to create even more jobs! There are even large federal grants available to treat many of the potential problems that could arise from this type of project."

"Write a letter to the editor," I said.

"You'd never print it," she shot back.

"Yes dear, you're probably right," I said looking for my remote control. "You're always right."

1-03-06 WDN

Wichita Eagle, The (KS)

December 27, 2005

Section: OPINION

Edition: main

Page: 6A

Memo: Eagle Editorials

## WELCOME

### STATE SHOULD HEED PRO-CASINO VOTES

Sedgwick County's leaders prefer to remain spectators in the crucial state-level debate about the future of **casino** gambling in Kansas, hoping they can catch up later.

But at least the people of two south-central Kansas counties now have spoken in mail-in advisory referendums, signaling their interest in a destination **casino** for the jobs, tax relief and diversion it would offer. That should command some attention for this part of the state when the Legislature resumes its consideration next year of whether or how to expand gambling in Kansas.

That also should put an end to legislative efforts to cut the Wichita area out of any statewide **casino** plan.

Now, it's not just data-crunching consultants and Oklahoma tribal **casino** marketers who've noted that south-central Kansas is a prime market for any new **casinos**; some area residents have said so, too, and not just in opinion polls.

Of course, others also said "no." Marion County's low population density and distance from a major population center made it the longest of shots to win state approval anyway, and its officials had been the most ambivalent about whether to hold an election at all. And sure enough, voters rejected a **casino** 2,577 to 2,377 last week. That's that.

But that outcome still leaves the two others - a win with a strong 2,004-vote margin in Sumner County and a narrower affirmative vote in Harvey County by 373 votes. Those counties now join Wyandotte, Crawford and Geary counties in having taken ballots favoring a local **casino**.

The inspiration for the area votes was specific and complete with pretty pictures - a \$300 million destination **casino**, first proposed for Park City, involving the Iowa Tribe of Kansas and Nebraska, the Mashantucket Pequot Tribal Nation and former Wichita Mayor Bob Knight.

Though Knight stimulated the **casino** talk in the region, the compelling reasons to act are bigger than one project. For two: Many Kansans already willingly spend their dollars gambling; they just do it at tribal and out-of-state **casinos** that do not benefit their state or communities. And the pressure will be especially intense in the 2006 Legislature to find new money to fund K-12 schools and cover soaring Medicaid costs.

Will lawmakers care about any of these votes? They don't have to. But they should. If public will means anything, the fact that voters in five total Kansas counties have now said they'd welcome a local **casino** should not be ignored in Topeka.

- For the editorial board, Rhonda Holman

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# Native Lights Casino hopes to open next month

By DAVID A. SEATON  
*The Traveler*

A new casino south of Ark City should open by next month, the casino's manager said recently.

Mario Hernandez said last week that the Native Lights Casino is getting final approvals from the National Indian Gaming Commission. The state of Oklahoma also must complete criminal background checks of casino workers, he said.

He hopes the Tonkawa-owned facility can open before March.

"We don't want to open up until we are on the right track and in compliance," Hernandez said.

The casino has been advertising for months on the radio in the Wichita area. The tribe also is running television advertisements and has erected billboards in Wichita to entice that large population to what could become a mini-Las Vegas between Arkansas City and Newkirk along U.S. 77.

The Kaw Nation east of Newkirk recently

expanded its casino to add table games; the Pawnee Nation plans a huge casino-resort just west of the Tonkawa site, also on Indian-owned land.

Hernandez said getting the necessary approvals for running a water line underneath the Burlington Northern Santa Fe rail line took some time. The gaming commission is exhaustive in reviewing financial processes, he added.

"You have to track everything," he said. "There can be no shortages or overages of money."

The casino will have 550 to 700 machines and two tables each of black jack and poker, Hernandez said. There will be a concession area and a bar with six TVs. The casino hopes to have live entertainment Friday and Saturday nights.

"We have 10 to 15 people drive by here every day and ask, 'Are you open yet,'" he said.

Hernandez said he doesn't think Native

## CASINO

*See page three*

## Casino

*from page one*

**Our Web site:**  
www.arkcity.net  
**Our phone**  
620-442-4200  
**Our fax**  
620-442-7483  
**E-mail:**  
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Lights will compete directly with the much larger Pawnee Nation project. Tonkawa "will get the run off from it anyway," he said.

A Pawnee Tribe official said Tuesday that groundbreaking could occur in April with an opening in early 2007. The Pawnee are waiting on gaming commission approval to start construction, said Roger Foster, the tribe's development corporation manager.

"We're just waiting for the top dogs to sign off on it," he said.

Studies of the area have shown no environmental problems such as burial sites, or negative public comment that would hold up the project, he said.

The Pawnee plan a casino with

1,200 gaming machines, 24 table games and a 150-room hotel and three restaurants; a steakhouse, buffet and bar and grill. That's phase 1.

Phase 2 includes a golf course and event center and other projects if things go well, Foster said. Lakes Entertainment, which runs the televised World Poker Tour, has been hired to build the facility.

Phase 1 requires 1,200 jobs starting at roughly \$7 an hour, Foster said, not including tips. The Pawnee tribe's estimated 3,000 members will have opportunities to work at the facility but Foster said he expects 90 percent of the workers to come from surrounding

cities.

"Hopefully, everybody is thinking about growth," he said. "I know Ark City is."

The tribe also will continue talks with Arkansas City officials about the need for fire protection Foster added.

Foster said he had heard about conceptual plans in Sumner County to bring an even larger casino development there. That would need legislative approval, however, unlike the tribal casino in Oklahoma.

"It helps to get there first," Foster said. But "if you're afraid of competition in Indian gaming you're going to be in trouble."

# Tribe eyes area near AC for new casino

## Resort would include hotel and golf course

By From staff and wire reports

A proposed gambling resort about five miles south of Arkansas City would include a casino, hotel and golf course. It is expected to draw much of its business from southern Kansas

The Pawnee Nation plans to build the resort on 800 acres adjoining the old Chilocco Indian School.

The casino site is south of the school's vacant buildings, and the resort would be visible from U.S. 77, said Roger Foster, the tribe's development corporation manager.

A 150-room hotel would be built near a casino housing 1,200 electronic gambling machines, he said.

The tribe is waiting on federal and state approval, but construction could start within weeks, Foster said. The tribe hopes to open the facility in spring 2006. Oklahoma voters last year approved an act that allows new types of gambling machines and permits card games.

Foster said the facility will feature a level of Class 3 gaming that includes more than the bingo-style games currently offered in the area, he said. Blackjack and roulette tables will be allowed, although players cannot bet against the house.

It's not ready for some excitement up there, Foster said Monday. It's going to be a pretty nice project. It's going to be first class.

The tribe has signed a contract for three gaming operations with a Minnesota company. Under the agreement, Lakes Entertainment would develop and manage the Chilocco casino and a much smaller one in what is now a tribe-owned gas station about nine miles south of Pawnee, Okla.

The tribe also would install about 65 machines in a convenience store in Pawnee, Foster said.

All three locations have been in federal trust since at least 1988, allowing the tribe to bypass a strict federal land review process for building a casino, he said.

The Chilocco location seemingly would draw much of its business from southern Kansas, which has no casinos. Industry experts say northern Oklahoma is a relatively untapped casino hotbed.

The casino, if built, presents an opportunity to draw visitors to Arkansas City's downtown, concerts and museums, said Jeanne Richardson, director of the convention and visitors bureau.

We can sure grab those people and bring them up here by the busload, Richardson said

The Pawnees are among six tribes with land in trust at the old Chilocco site. Others are the Kaws, Cherokees, Poncas, Tonkawas and Otoe-Missourias.

The Tonkawas have had a proposal to build a casino along U.S. 77, but development has stalled for months. The Pawnee project is about a quarter mile west of the Tonkawa site, Foster said.

All but the Cherokee Nation have 816 acres at the school location. The Cherokees have the remainder, about 4,000 acres, said Wanda Stone, a Kaw nation council member.

Stone said an agreement preventing any tribe from opening a business on its Chilocco land that would hurt any of the other tribes has been in place for years. The Kaw Nation has a small operation at Newkirk.

What would just kill our casino, Stone said. I don't think anything was ever put in writing, but it's just been an understanding.

Foster said he thought that at one time, Pawnee members had consulted other tribes about the casino plan.

They are moving forward, he said.

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## Gambling south of the border

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### *Casinos building up in Oklahoma*

**By FOSS FARRAR**  
*Traveler Staff Writer*

Plans for two new casinos near the old Chilocco Indian School and a casino expansion this week in Newkirk could create a sort of mini-Las Vegas just south of Arkansas City, those developing the projects say.

The casino plans, which include hotels, restaurants, golf courses and an event center, could transform the Chilocco area into a destination resort centered around gaming and stimulate the area's economy. "Especially in the case of Ark City, businesses will start to see a lot of traffic," predicted Don Lanners, of Dream Catching Gaming in Las Vegas.

#### **Tonkawa**

Lanners' company has signed a management agreement with the Tonkawa tribe to operate the tribe's casino currently under construction. It features a 22,500 square-foot facility on the west side of U.S. 77 between Arkansas City and Newkirk.

Lanners added that he expects the National Indian Gaming Commission to approve the agreement. "Weather permitting, it will be open by the end of the year," he said.

Anthony Street, chairman of the Tonkawa tribe, said he is excited that construction of the casino is under way.

"I've been working on this project for five years," Street said. "It's been a trying and learning experience. Everything is working well. The state of Oklahoma is working with us."

The Tonkawa casino will have 550 electric games -- both Class 2 and Class 3 type -- including blackjack and poker, Lanners said.

"Long-term plans with all the acreage to the north, south and west of the facility, is to expand the casino, add a hotel and numerous restaurants," he said.

Plans are to make the area a destination resort that will include a golf course and pool, Lanners said. "Eventually, we hope to bring people here to spend a night or two, relax, play golf and sit by the pool."

Lanners doesn't view the other nearby casinos as competing businesses, but as assets for the Tonkawa casino plan.

"Here in Vegas, there is intense competition," he said. "But out there, the additional facilities give people more of a reason to come to the area. They're going to go where they feel lucky."

#### **Pawnee**

A development manager for the Pawnee Nation, which plans to begin construction soon on a casino just west of the Tonkawa site, agrees that other tribal gaming establishments nearby are a plus.

Competition from the Tonkawa casino does not worry the Pawnees, said Roger Foster, the Pawnee tribal development corporation manager. The casinos expect to attract people within a 50 mile radius. "It adds to the whole," Foster said, "making this a big area to give people a bigger selection."

The Pawnee site is just west of the Tonkawa location. Phase 1 includes 1,200 gaming machines and a 150-room hotel. Phase 2 includes a golf course and event center and will develop depending on the success of the first phase, Foster said.

The Pawnees have signed an agreement with Lakes Entertainment Inc., of Minnetonka, Minn., to build their project. Construction will begin as soon as the National Indian Gaming Association gives



its expected approval.

Representatives of the Pawnees and Lakes Entertainment will discuss the project next Tuesday at 10 a.m. at Newkirk High School and at 10 a.m. Wednesday at a place to be announced in Arkansas City, Foster said.

### **Kaw**

In Newkirk, a ground-breaking ceremony was held Tuesday for an expansion of the Kaw Nation Casino.

The expansion will more than double the number of gaming machines, said Ron Feazle, executive director of the casino. A substantial number of table games including blackjack and poker will be added.

The new facility will feature enhanced cashier stations for faster service, he said. High-stakes bingo will continue to be offered as a part of the gaming.

Kaw Enterprise Development Authority operates the casino, in addition to Kaw smoke shops in Newkirk and Ponca City, the Kanza Travel Plaza at Braman, Okla., and Woodridge Market in Ponca City.

Lanners said the casinos should have a positive residual effect for Arkansas City, Newkirk, Ponca City and other towns in the area.

"Some people may think that the tribes are going to make all the money," he said. "No, not necessarily. The tribes are going to need to bring in employees."

### **Chilocco revival?**

Donna Jones Flood, a 1955 Chilocco graduate, said that school alumni could tie in their plan to revive the abandoned campus with the building of the new casinos. The Chilocco property could be used as a recreation area where children spend time while their parents visit the casinos.

"Everyone has something different they see for Chilocco," Flood said. "But the five tribes will have to make that decision."

After the school closed in 1980, the land, originally part of the Cherokee Nation, was divided between five tribes -- the Otoe, Kaw, Ponca, Pawnee and Tonkawa.

Landers said he hadn't yet toured Chilocco but he understood it was a "nice facility." He sees "tremendous potential" for working with the all the tribes if they decide to turn the campus into a recreation facility.

"We want (the casino) to be adult entertainment -- a full resort, all the amenities," he said. "But it would be great to get everyone together on this project for the benefit of all the tribes."

Above: Foreman JB Cooper works at the site of one of the new Tonkawa Casino south of Arkansas City this week.

## Casino, resort hotel planned near Chilocco

### From Wire and Arkansas City Traveler Reports

A proposed gambling resort about five miles south of Arkansas City would include a casino, hotel and golf course and expects to draw much of its business from southern Kansas.

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"That would just kill our casino," Stone said. "I don't think anything was ever put in writing, but it's just been an understanding."

Foster said he thought that at one time Pawnee members had consulted other tribes about the casino plan. "We are moving forward," he added.



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**Arkansas City Tribal Casino Opens Soon**

9 February 2006

ARKANSAS CITY, Kansas – As reported by the Arkansas City News: "A new casino south of Ark City should open by next month, the casino's manager said recently.

"Mario Hernandez said last week that the Native Lights Casino is getting final approvals from the National Indian Gaming Commission. The state of Oklahoma also must complete criminal background checks of casino workers, he said.

"He hopes the Tonkawa-owned facility can open before March.

"...The casino has been advertising for months on the radio in the Wichita area. The tribe also is running television advertisements and has erected billboards in Wichita to entice that large population to what could become a mini-Las Vegas between Arkansas City and Newkirk along U.S. 77.

"...The casino will have 550 to 700 machines and two tables each of black jack and poker, Hernandez said. There will be a concession area and a bar with six TVs. The casino hopes to have live entertainment Friday and Saturday nights..."



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# Oklahoma Adults Take 1.32 Million Casino Gambling Trips in 2002 According to National Survey

**HARRAH'S ENTERTAINMENT LOGO**  
Harrah's Entertainment, Inc. logo. (PRNewsFoto)[JL]  
LAS VEGAS, NV USA 12/20/2002



State Gamblers Average 3.2 Casino Trips Per Year;  
Oklahoma Indian Casinos and Las Vegas are Top Destinations

LAS VEGAS, Sept. 26 /PRNewswire-FirstCall/ -- Nearly 413,000 Oklahoma adults gambled at a casino in 2002. The findings are reported in Profile of the American Casino Gambler: Harrah's Survey 2003, a comprehensive study of gaming enthusiasts in the United States which includes specific data on gamblers in Oklahoma and the Oklahoma City DMA (Designated Market Area).

(Logo: <http://www.newscom.com/cgi-bin/prnh/20021220/LAF055LOGO>)

Oklahoma casino players averaged 3.2 casino trips to gamble in 2002 - a total of 1,321,000 casino visits for the year.

The Survey, commissioned by Harrah's Entertainment, Inc. (NYSE: HET), is available at <http://www.harrahs.com>. The findings are based on three nationwide studies - The Roper Reports, conducted by Roper ASW, and the U.S. Gaming Panel and A Night In The Life Of A Casino Gambler, both conducted by NFO WorldGroup.

The top casino destinations for Oklahoma gamblers were Oklahoma Indian casinos and Las Vegas, which captured 29 and 16 percent of all casino trips respectively.

Gamblers from the Oklahoma City DMA made a total of 685,000 casino visits in 2002. The 208,000 Oklahoma City-area casino players took an average of 3.3 annual trips.

The casino gambling participation rate (percent of adult population that gambled in a casino in the last 12 months) was 17.2 percent in Oklahoma and 18 percent in Oklahoma City. The national participation rate was 26 percent.

"The Harrah's Survey findings should inform the public policy discussion about gaming in Oklahoma," said Gary Loveman, president and CEO of Harrah's. "A large number of Oklahoma citizens as well as residents in surrounding states partake in casino entertainment and would enjoy a broader choice in gaming destinations closer to where they live. Gambling dollars along with hotel and entertainment spending are flowing to other states, when they could be boosting tax revenues, jobs and capital investment in Oklahoma."

← OKC Target market

## NATIONAL HIGHLIGHTS FROM THE HARRAH'S SURVEY

### Casino Visitation

- More than a quarter of Americans age 21 and older - 26 percent or 51.2 million - gambled at a casino in 2002.
- The number of casino trips in 2002 was 297.2 million.
- On average, gamblers visited a casino about once every two months - 5.8 trips per year.

### Player Demographics

- The median household income of casino gamblers - \$50,716 - is more than 73 percent higher than that of the overall U.S. population - \$42,228.

- Americans in upper income brackets have the highest casino gambling participation rates (percentage of adults who gambled at least once in a casino in the last 12 months) and those in the lowest income brackets have the lowest rates. More than a third - 34 percent - of individuals with annual household incomes in excess of \$95,000 gambled in a casino in 2002, while only 21 percent of those with annual incomes of less than \$35,000 gambled in a casino.
- The typical casino player is middle-aged and more likely to be female. The median age of casino gamblers is 47. The male-female ratio of casino gamblers is 46 percent/54 percent.
- Among Americans, the highest casino gambling participation rate is in the 51 to 65 age group (30 percent of casino gamblers).
- Casino players are more likely than non-gamblers - 46 percent versus 41 percent - to hold white-collar jobs.

#### Where Casino Players Live

Five states generated more than one-third of casino trips in the United States during 2002, with 17 percent of casino trips originating in California alone. Other findings include:

- Illinois generated the second-most casino trips (15,020,000); Nevada, New York, Michigan, New Jersey, Texas, Louisiana, Florida and Missouri round out the top 10 states.
- Florida became a top 10 state for the first time, supplying 10.5 million casino trips (4 percent of the U.S. market share) despite a lack of convenient gaming destinations for residents.
- 31 states each generated more than 2 million casino trips last year. Arkansas (roughly 2.2 million trips) was added to the list in 2002.
- The highest casino gambling participation rates occur among residents living in the West (35 percent) and North Central (29 percent) census regions.
- Of the 26 states with casino participation rates greater than the national average of 26 percent, only nine are east of the Mississippi.

#### Money Management

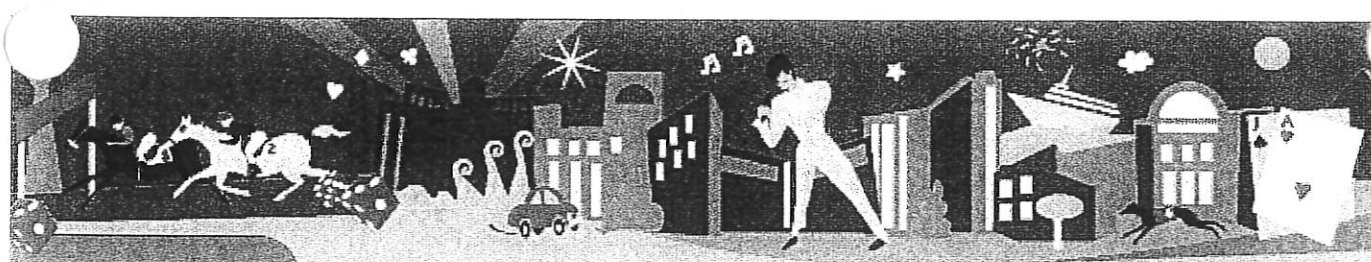
Casino gamblers tend to be more experienced investors, and their financial portfolios are more varied than those of non-gamblers.

- 39 percent of casino gamblers view themselves as intermediate or knowledgeable investors (versus 29 percent of non-gamblers).
- Gamblers like relatively aggressive investment options that provide a greater opportunity for long-term earnings, including mutual funds and stocks. The biggest differences between gamblers and non-gamblers occur in retirement/pension plan investing (50 percent of gamblers versus 40 percent of non-gamblers) and mutual fund investing (23 percent versus 15 percent).
- 46 percent of gamblers share the main responsibility for investment decisions with someone else in their household as opposed to 38 percent of non-gamblers, who are more likely to say someone else has most or all of the responsibility.

#### Travel & Entertainment

Casino players tend to be more active and willing to try new things when it comes to travel and entertainment.

- 51 percent of gamblers go out for entertainment at least twice a week (versus 37 percent of non-gamblers).
- Gamblers average 7.6 meals out a month versus 6.6 for non-gamblers.
- Based on reported travel activities in the past year, gamblers are far more likely to engage in a variety of vacation and outdoor experiences: trip to the lake/shore/beach (64 percent for gamblers vs. 49 percent for non-gamblers); took a camping/hiking trip (26 percent vs. 16 percent); took a trip to a historical site inside U.S. (25 percent vs. 18 percent); went on resort vacation (24 percent vs. 8

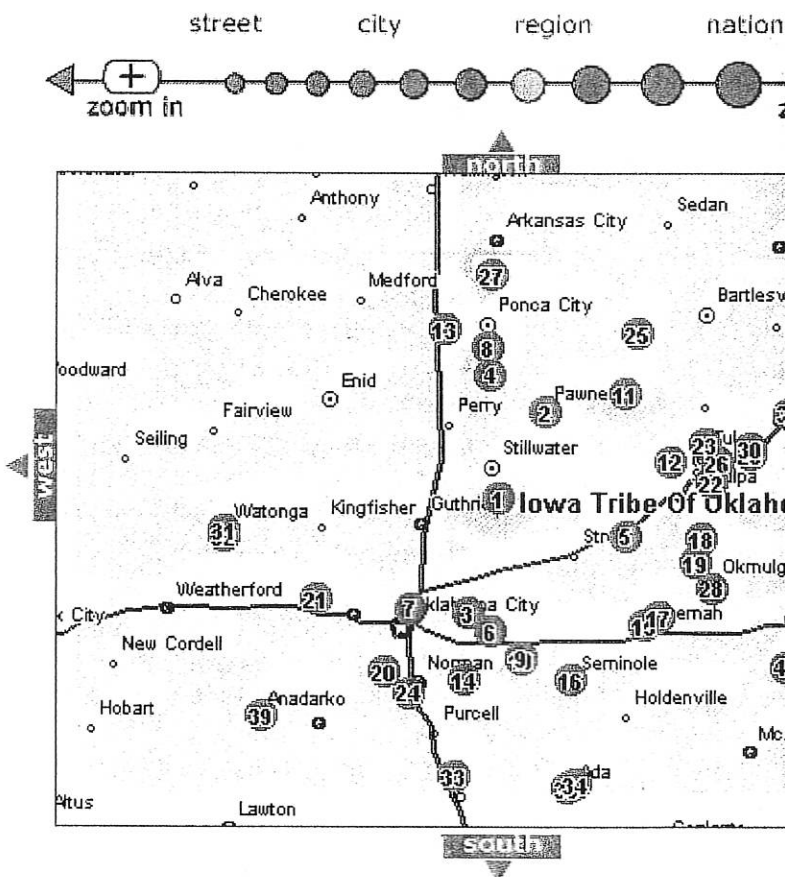


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## Casinos Near Iowa Tribe Of Oklahoma



**Crown Vegas**  
ONLINE CASINO

**\$222**  
**FREE**  
On 1st deposit

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**Club Dice**

**\$500**  
**FREE**  
CLICK TO PLAY

Click a point on the map to-  Recenter Map  Recenter Map and Zoom In.

Center Map on Casino

### There are 42 casinos within 100 miles of Iowa Tribe Of Oklahoma

Map #	Distance (miles)	Casino
1	0.5	<u>Cimarron Bingo Casino</u> West Freeman Avenue, Perkins, OK
2	28.3	<u>Pawnee Trading Post</u> 291 Agency Road, Pawnee, OK
3	33.6	<u>Kickapoo Conoco Station</u> 25200 East Highway 62, Harrah, OK

4	36.1	<u>7 Clans Paradise Casino</u> 7500 Highway 177, Red Rock, OK
5	37.2	<u>Bristow Indian Bingo</u> 121 West Lincoln, Bristow, OK
6	37.7	<u>Kickapoo Casino</u> 25230 East Highway 62, McLoud, OK
7	39.8	<u>Remington Park</u> One Remington Place, Oklahoma City, OK
8	44	<u>Blue Star Gaming and Casino</u> 20 White Eagle Drive, Ponca City, OK
9	45.4	<u>Sac and Fox Casino</u> 42008 Westech Road, Shawnee, OK
10	45.9	<u>Fire Lake Casino</u> 41207 Hardesty Road, Shawnee, OK
11	46.8	<u>Million Dollar Elm Casino - Hominy</u> 3 1/2 Miles North on Highway 9, Hominy, OK
12	49.5	<u>Million Dollar Elm Casino - Sand Springs</u> 301 North Blackjack Drive, Sand Springs, OK
13	51.2	<u>Tonkawa Tribal Bingo</u> 1000 Allen Drive, Tonkawa, OK
14	52.5	<u>Thunderbird Wild Wild West Casino</u> 15700 East State Highway 9, Norman, OK
15	54.4	<u>Thlopthlocco Tribal Town Gaming Center and Casino</u> Interstate 40, Exit 227, Okemah, OK
16	55	<u>Mystic Winds Casino</u> Interstate 40 and Highway 99,, Seminole, OK
17	56.1	<u>Creek Nation Casino Okemah</u> 110 South Woodguthrie, Okemah, OK
18	57.9	<u>Duck Creek Casino</u> 10085 Ferguson Road, Beggs, OK
19	58.1	<u>Creek Nation Travel Plaza</u> 2800 North Wood Drive, Okmulgee, OK
20	59.1	<u>Newcastle Gaming Center</u> 2457 Highway 62 Service Road, Newcastle, OK
21	59.2	<u>Lucky Star Casino - Concho</u> 7777 North Highway 81, Concho, OK
22	59.9	<u>Creek Nation Casino Tulsa</u> 1616 East 81st Street, Tulsa, OK
23	60.1	<u>Osage Million Dollar Elm Casino</u> 951 West 36th Street North, Tulsa, OK
24	60.9	<u>Goldsby Gaming Center</u> 1038 West Sycamore Road, Norman, OK
		<u>Osage Nation Pawhuska Casino</u>

25	61.3	Highway 99 and 15th Street, Pawhuska, OK
26	62.5	<u>Fair Meadows at Tulsa</u> 4609 East 21st Street, Tulsa, OK
27	64.7	<u>Kaw Nation Casino</u> 5640 North LaCann Drive, Newkirk, OK
28	65	<u>Creek Nation Casino Okmulgee</u> 1901 North Wood Drive, Okmulgee, OK
29	72	<u>Cherokee Casino Resort</u> 1102 North 193rd East Avenue, Catoosa, OK
30	72.4	<u>Cherokee Nation Outpost Tobacco Shop</u> 44 North 193rd East Avenue, Catoosa, OK
31	77.9	<u>Feather Warrior Casino</u> 1407 South Clarence Nash, Watonga, OK
32	78.5	<u>Watonga Bingo and Smoke Shop</u> Highway 270/281 South, Watonga, OK
33	80.3	<u>Washita Gaming Center</u> Interstate 35, Exit 79, Paoli, OK
34	84.1	<u>Ada Gaming Center</u> 1500 North Country Club Road, Ada, OK
35	84.9	<u>Ada Travel Stop</u> 201 Latta Road, Ada, OK
36	85.3	<u>Catoosa Smoke Shop</u> Exit 193 off Highway 412, Catoosa, OK
37	87.3	<u>Will Rogers Downs</u> 20900 South 4200 Road, Claremore, OK
38	91.4	<u>Checotah Indian Community Bingo</u> 830 North Broadway, Checotah, OK
39	91.5	<u>Gold River Bingo and Casino</u> Highway 281, Anadarko, OK
40	92.9	<u>Creek Nation Muskogee Bingo</u> 3420 West Peak Boulevard, Muskogee, OK
41	93.9	<u>Eufaula Indian Community Casino</u> 806 West Forest Avenue, Eufaula, OK
42	96.4	<u>Muskogee Travel Plaza</u> 3420 1/2 West Peak Boulevard, Muskogee, OK

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## Kansas Lottery Could Take A Hit

Cara Kumari

 Okla. Lottery Could Cost Kansas

Oct. 11

Wednesday a neighboring state will start up its own lottery.

Oklahoma is hoping education will be the big winner, but will Kansas end up losing out?

To say the Cenex in South Haven sells a lot of lottery tickets is an understatement.

It's the first convenience store on I-35 in the state and most of its business comes from south of the state line. Cenex Employee Mark Lunn says the store has a customer who comes up twice a week with a thousand dollars worth of premade tickets.

Many of the customers, like David Culver, drive two hours from Oklahoma City

He say, "I usually save up my change and like every thirty days I'll come up here and put the gas money in and use the rest of the money to buy tickets."

According to Kansas Lottery Officials Oklahomans spend 12 to 15 million dollars a year in Kansas on lottery tickets.

That's about 5 to 6 percent of the state's total lottery sales.

But soon boxes in places like Blackwell, Oklahoma will be filled with scratcher tickets.

Oklahoma is starting up its lottery on Wednesday.

The state is starting with instant tickets.

But, in January it will become a Powerball state.

Kansas lottery officials don't expect a big impact on sales until then.

Lunn says he expects to lose business, but he doesn't think the Oklahoma lottery will put him out of business.

"It will probably hurt some of our snack foods and, of course, they gas up when they get here to turn around and go home."

**Find this article at:**

<http://www.kake.com/home/headlines/1777976.html>

## Oklahoma residents get Powerball lottery

by Dana Hertneky

KSN News

Updated: Jan 13, 2006, 9:26am CST

**WICHITA, Kansas** - Oklahoma residents no longer need to come to Kansas to buy their Powerball tickets after tickets went on sale there for the first time Thursday morning. That means less money for Kansas.

A small South Haven convenience store was one of the busiest lotto retailers in the state. Located just across the state line and right on the turnpike, it was the first stop for out-of-state residents hoping to get lucky with the Powerball.



"I've seen people come in here and buy \$1,000. Come clear up from Texas," said Fred Lindon, Oklahoma resident.

Now it seems all that has changed.

"It is a big difference. Today, there's not very many people here but usually it's just packed with people," said Tina Gressel, South Haven resident.

On the busiest lottery days, the line would wind all the way around the store with people waiting as long as two hours to buy a Powerball ticket. While they were there, they would buy some snacks, a drink, maybe even some gas. Now stores like that will be losing that revenue.

"It is going to cut down on what their sales are here, no doubt about it," said Gressel.

The state will be losing too. The Kansas Lottery used to collect \$12 to \$15 million from Oklahoma residents.

"Obviously, Powerball sales in Oklahoma are going to have an impact here in Kansas in our sales. We're anticipating a \$4 to \$5 million dollar hit annually," said Sally Lunsford, Kansas Lottery.

State lottery officials are hoping some Oklahomans will keep coming to Kansas out of tradition and others will be tempted by scratch tickets that offer a better payout. Still, the odds are that many customers and their money are gone for good.

Story link: <http://www.ksn.com/news/stories/10836930.html>



THE BEST CASINO EXPERIENCE  
IN NORTH CENTRAL OKLAHOMA

WEDNESDAYS

1PM-3PM

7PM-9PM

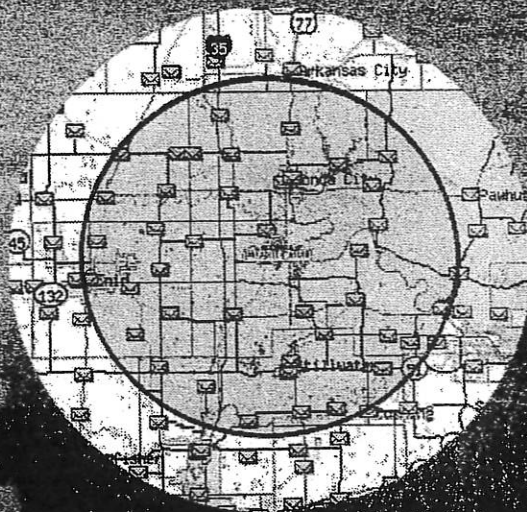
\$5 MATCH PLAY

WAGER LEVEL

LESS THAN

50 MILES

50  
MILE  
CLUB



Wellington Daily News Jun 19, 06

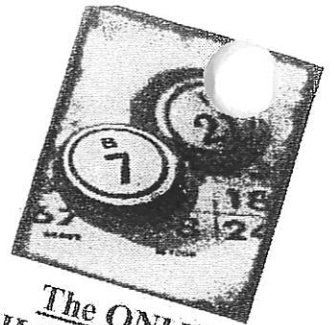
Wellington Daily News

Jan 18, 06

E. Mulvane News Jan. 19, 2006

# South Wind KAW NATION CASINO

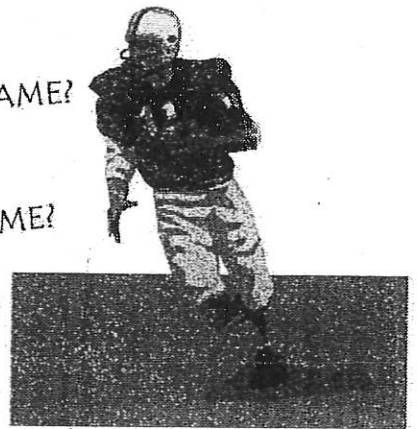
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**HIGH STAKES BINGO**  
in the region

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Join us on February 5th at 10 am for our **BIG GAME BINGO** Session.

The Buy-in is \$40 Dollars and the games pay \$1000 Dollars!

Also get a **FREE PACK** with your buy-in that pays \$500 Dollars!

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# Local companies hope Super bowl ads pay off

BY KEN VANDRUFF

As Lisa Elliott planned the 2006 advertising campaign for Intrust Bank, the idea of buying time during the Super Bowl never crossed her mind.

That changed the Thursday before the big game when she received a proposal from KAKE-TV.

"It was just the opportunity to get in there with all of those other major advertisers, those national advertisers, in a local time slot for a very low cost," says Elliott, Intrust's director of marketing.

She bought one 30-second spot during the post-game portion of the telecast for \$1,000, which she calls "very inexpensive," even though it cost more than the bank's other television advertising.

Intrust was one of 18 advertisers that bought at least one of the 24 slots that ABC made available to KAKE and other ABC affiliates.

Associated made the buy for Intrust. Colleen Fountain, media director, says she was offered rates from \$1,000 to \$5,000, depending on when the spot aired during the telecast.

National advertising rates were reported at \$2.4 million for a 30-second spot and Nielsen Market Research estimates 141.4 million people tuned in for at least a portion of the game in which the Pittsburgh Steelers beat the Seattle Seahawks 21 to 10.

Other local advertisers taking advantage of the Super Bowl audience included two law firms, Hustler Turf Equipment and Native Lights Casino of the Tonkawa Tribe in Newkirk, Okla.

The Super Bowl is as much about the commercials as it is about the game. Some experts say the game is actually secondary.

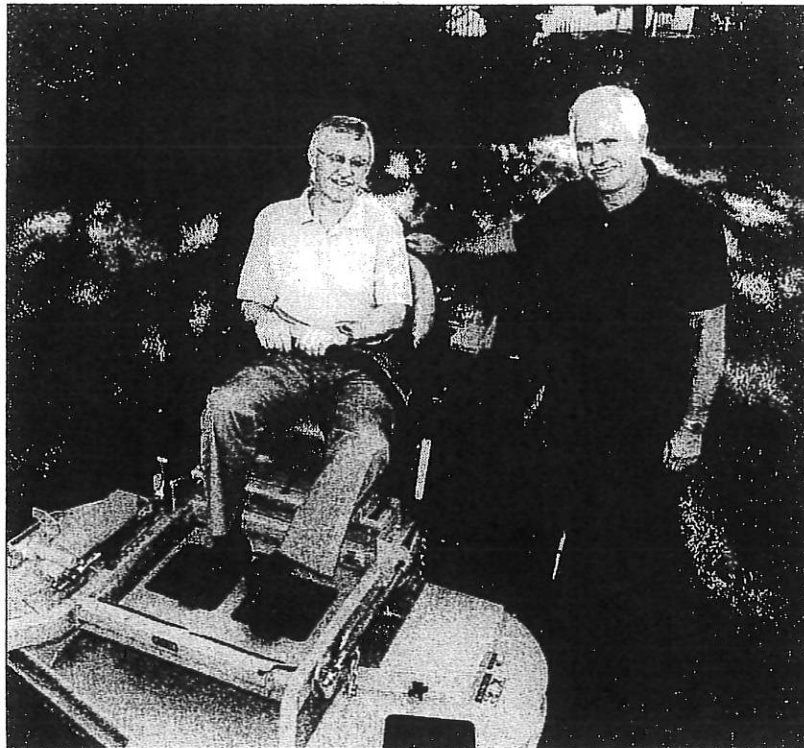
"Over the last few years, people have become attuned to watching those commercials because they don't want to miss one of those really good ones," says Cindy Claycomb, associate professor of marketing and entrepreneurship at Wichita State University. "On other shows, they might not. They might flip through channels or get something to drink."

Claycomb

Local television stations set advertising rates based on audience ratings and...

## 'End of the rainbow'

Local television stations set advertising rates based on audience ratings and...



**Excel Industries Vice President Bob Mullet, left, and President Paul Mullet. Excel was one of seven local firms to run TV ads during ABC's Super Bowl telecast.**

FILE PHOTO

### Wichita area Super Bowl advertisers

- Dillons Food Stores.
- Hustler Turf Equipment.
- Intrust Bank.
- Hammond, Zongker & Farris LLC.
- Pistotnik Law Offices.
- CleanTech Disaster Restoration.
- Native Lights Casino of the Tonkawa Tribe, Newkirk, Okla.

and new technology," Frye says. "In order for it to be seen by those who may not watch KAKE on a regular basis, the Super Bowl is a great venue for that."

Native Lights Casino paid \$3,000 for a 15-second ad that aired during halftime. Jarrett Lessert, a Wichita-based marketing consultant who bought the casino's ad, has been marketing the casino in the area since 2005, trying to drive home the message that Native Lights is the closest casino to Wichita.

"That was the gold at the end of the rainbow. It was the biggest thing we could do," Lessert says. "That was the best penetration I've had with anything I've used to this point."

Officials at Excel Industries Inc. in Hesston, a Metro Award honoree that builds Hustler lawn mowers, decided to experiment by spending \$11,500 for six ads spread out from pre-game through post-game coverage.

"We felt like a lot of people are going to be

watching it," says Paul Mullet, Excel's president. "And the time of year is pretty good as well, right before mowing season."

The company offset its expense by dividing the cost with three Hustler dealers on a 75 percent to 25 percent basis.

Advertising Sunday on the Super Bowl is no guarantee that phones will ring Monday morning.

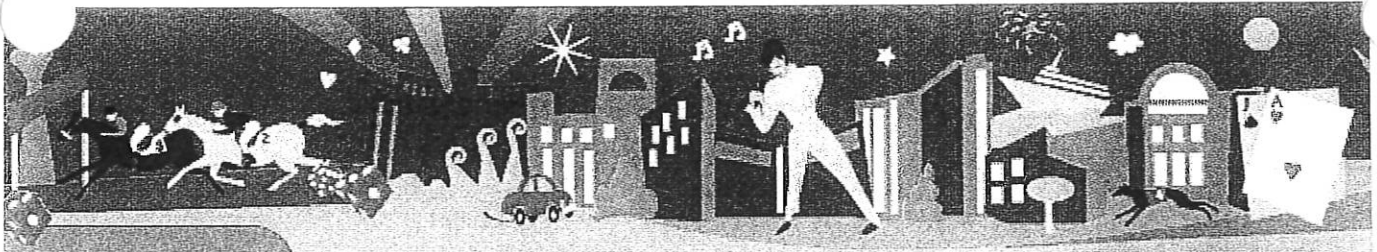
"My daughter was at a friend's house ... and she said, 'Hey, we saw Hustler on there,'" says Ken Rainey, Excel's advertising manager. "A lot of people have noticed. Now if they'll buy lawn mowers ..."

It's difficult to tie bottom line dollars to advertising, Claycomb says. The best a company can do is catalog specific changes made in its advertising plan then look to see if revenue changes at the end of the year.

Elliott says she doesn't expect a rush of new customers just because Intrust advertised during the Super Bowl, but she is willing to look at next year's game.

"It was something we couldn't really pass up," she says. "It's always nice to have the opportunity to buy those local windows during high-profile televised events."

REACH KEN VANDRUFF at 266-6172 or on the Web at kvandruff@bizjournals.com.

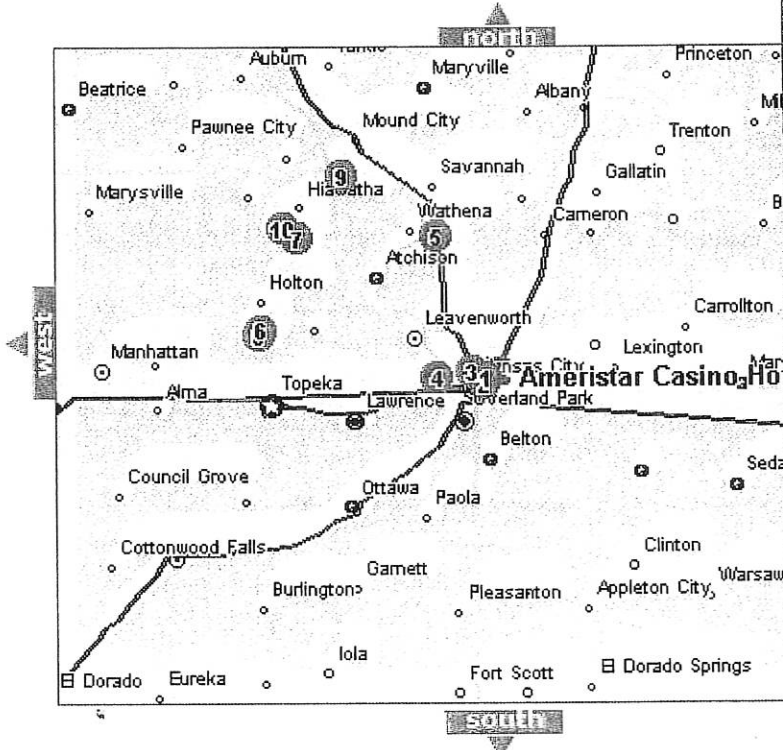
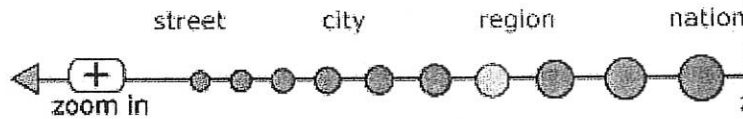


Casino City Home

World Gambling

Gambling

## Casinos Near Ameristar Casino Hotel - Kansas City



Click a point on the map to- Recenter Map Recenter Map and Zoom In.

Center Map on Casino

### There are 11 casinos within 100 miles of Ameristar Casino Hotel - Kansas City

Map #	Distance (miles)	Casino
1	3.8	Harrah's North Kansas City Casino & Hotel 1 Riverboat Drive, North Kansas City, MO
2	5.1	Isle of Capri Casino - Kansas Riverboat Casino 1800 East Front Street, Kansas City, MO
		Argosy Casino - Kansas City

3	7.8	777 Northwest Argosy Parkway, Riverside, MO
4	17.4	<u>The Woodlands</u> 9700 Leavenworth Road, Kansas City, KS
5	43.7	<u>Terrible□s St. Jo Frontier Casino</u> 777 Winners Circle, St. Joseph, MO
6	68.6	<u>Potawatomi Nation Bingo</u> 16277 Q Road, Mayetta, KS
7	68.8	<u>Golden Eagle Casino</u> 1121 Goldfinch Road, Horton, KS
8	68.9	<u>Harrah's Prairie Band Casino</u> 12305 150th Road, Mayetta, KS
9	71.8	<u>Casino White Cloud</u> 777 Jackpot Drive, White Cloud, KS
10	74.1	<u>Sac &amp; Fox Casino</u> 1322 US Highway 75, Powhattan, KS
11	93.5	<u>Isle of Capri Casino - Boonville</u> 100 Isle of Capri Boulevard, Boonville, MO

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# W I C H I T A BUSINESS JOURNAL

## LATEST NEWS

Wichita Business Journal - 1:10 PM CST Friday

### Kansas City-area casino revenue rises

Kansas City Business Journal

The Kansas City area's four casinos posted combined revenue of \$60.8 million in January, up 9 percent from \$55.7 million a year earlier, the Missouri Gaming Commission reported Friday.

Ameristar Casino & Hotel Kansas City led area casinos in January with revenue of \$22.8 million, up 12 percent from \$20.4 million a year earlier. The casino had 353,093 customers in January, up 7 percent from 329,435 a last year.

Harrah's North Kansas City Casino & Hotel posted revenue of \$17.2 million, up 18 percent from \$14.6 million a year earlier. The casino had 298,985 customers, up 25 percent from 239,174 last year.

Argosy Casino reported revenue of \$13.1 million, up 2 percent from \$12.8 million a year earlier. The casino had 185,655 customers, down 6 percent from 197,408 last year.

Isle of Capri Casino posted revenue of \$7.8 million, down 3 percent from \$8 million a year earlier. The casino had 170,230 customers, up 2 percent from 167,599 last year.

A Canadian developer is interested in building a casino and hotel in downtown Wichita. The proposal has several regulatory hurdles, including changes in Kansas state law.

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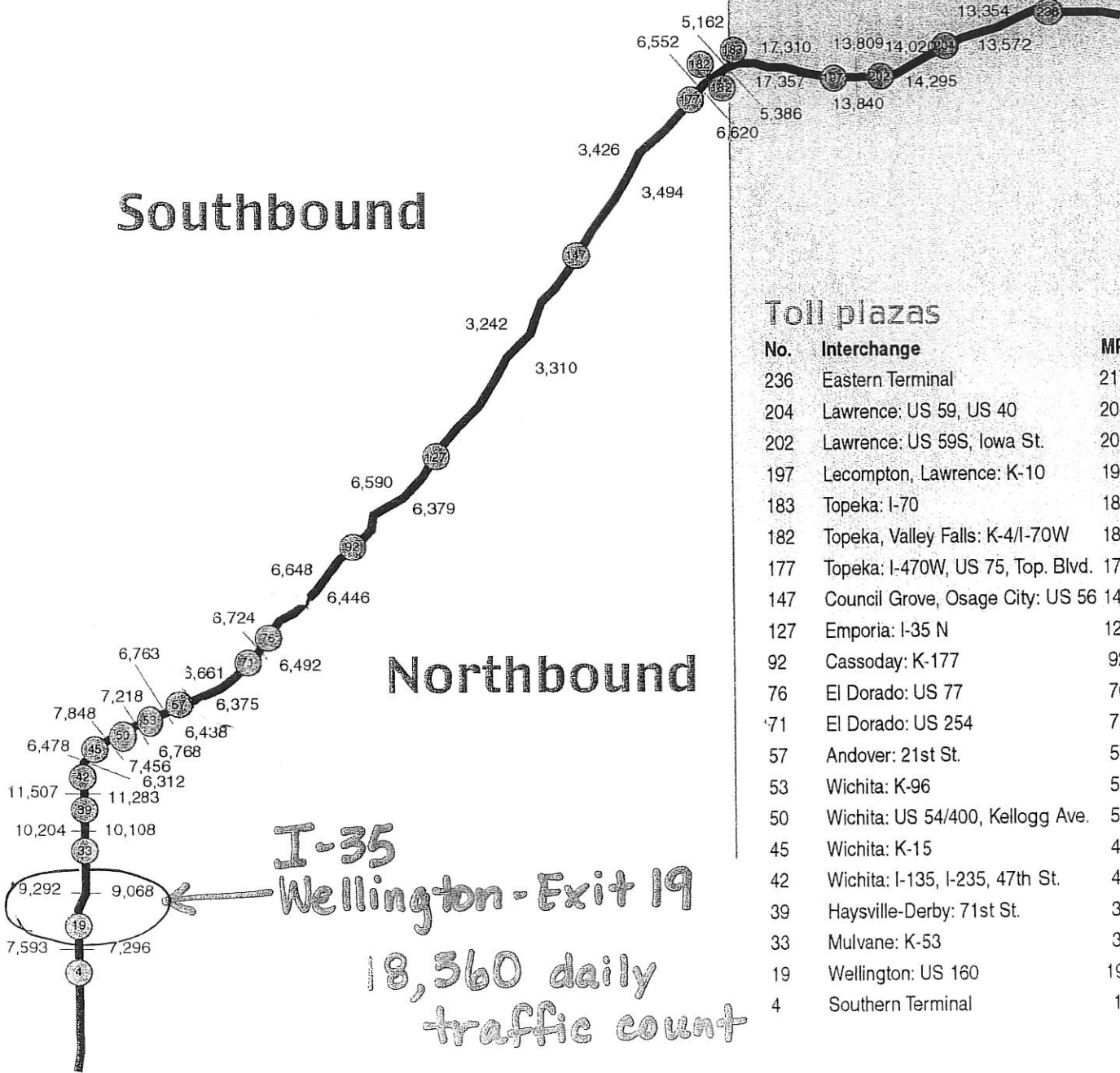
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# Average Daily Traffic

Southbound

Northbound



## Toll plazas

No.	Interchange	MP
236	Eastern Terminal	217
204	Lawrence: US 59, US 40	204
202	Lawrence: US 59S, Iowa St.	202
197	Lecompton, Lawrence: K-10	197
183	Topeka: I-70	183
182	Topeka, Valley Falls: K-4/I-70W	182
177	Topeka: I-470W, US 75, Top. Blvd.	177
147	Council Grove, Osage City: US 56	147
127	Emporia: I-35 N	127
92	Cassoday: K-177	92
76	El Dorado: US 77	76
71	El Dorado: US 254	71
57	Andover: 21st St.	57
53	Wichita: K-96	53
50	Wichita: US 54/400, Kellogg Ave.	50
45	Wichita: K-15	45
42	Wichita: I-135, I-235, 47th St.	42
39	Haysville-Derby: 71st St.	39
33	Mulvane: K-53	33
19	Wellington: US 160	19.5
4	Southern Terminal	17

I-35  
Wellington-Exit 19

18,360 daily traffic count



Testimony on behalf of Phil Ruffin of the Ruffin Companies  
By George Wingert

In support of SB 587  
March 9, 2006

Chairman Brungardt and Committee Members:

We recognize, and appreciate the hard work that has gone into this legislation and know that it has not been easy to put together.

While there are parts of the bill that need clarification we conceptually support SB587 as a workable plan.

This bill provides an important opportunity to benefit the state through new investment, increased employment, recapture of revenues lost to other states, funding for education and property tax relief, and expansion of the greyhound industry.

Mr. Ruffin wants the best facilities for our community and state, and will work hard with the Lottery and the Racing and Gaming Commission to make sure that our projects will be first class.

It is important to understand that this is a business decision that must be made and the return on invested capital is an important consideration in planning and building facilities.

You may be assured that we have the financial capabilities with a highly experienced staff with many years of experience in the business and are willing to make a significant investment in this project. The state will be proud to have a part in the first class facility that we will provide.

Passage of this legislation is an important step in making Kansas competitive with the surrounding states. We believe the plan is good for the state of Kansas and our communities.

A handwritten signature in blue ink, appearing to read 'George Wingert', is written over the bottom right portion of the text.

018 50760  
R1 05800010  
1800 FURFUS  
MCHS 40800000  
018 50760  
MCHS 40800000

Sen Fed & State Affairs  
3-10-06  
Attachment 8

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

**Before the Senate Federal and State Affairs Committee  
March 10, 2006**

**Chairman Brungardt and members of the Committee, I thank you for the opportunity to address you concerning this very important issue today. I would also at this time like to thank the other proponents that have come together as a unified coalition in support of this bill. We look forward for the opportunity to submit our proposal for a "Destination Casino Resort" in Wyandotte County.**

**In the past several years of testimony before this committee, I have outlined the many features of a "Destination Casino Resort", so I will not go into that detail today, I will assure you that our company and its partners are prepared to invest in excess of \$250 Million dollars to develop a facility that will not only recapture dollars for the state that are currently being expended in adjoining states, but one that will attract visitors from thru out the Midwest and beyond.**

**There are two issues I would like to point out to the committee that I feel are misrepresented at times and not understood by many in the gaming debate.**

**The first issue is that this gaming bill is not about whether to allow Kansans to gamble or not. Kansans are already gambling and gambling already exists in Kansas, be it the tribal facilities or the casinos located on the borders of Missouri and Oklahoma. The true question before the legislature with this bill is "will Kansas benefit from gaming that takes place in the state", recapture dollars that are currently going to the Missouri education system and generate much needed new revenue to the state's general fund.**

**The second issue is the debate over the question if the state should be in the gaming business. Some opponents will tell you that Kansas would be the only state in the union to own gaming. The state is already in the gambling business with the lottery and Club Keno and there are three other states in the union that own the business of gaming.**

**This bill has many provisions of "state owned and operated" gaming that currently exist in Delaware, New York and Rhode Island. In these states, as it would be in Kansas, private developers would make the necessary capital investment to provide the facilities and under a management agreement with the state, these developers / operators manage the facilities for the state. In these states, the state owns the business of gaming, they provide a central computer system that monitors the games the state owns and they control the revenue that is derived from these games.**

**The state of Kansas will not be the only state to own and operated gaming.**

**Thank you for the time to clarify these to points before you this morning.**



Thoroughbreds  
Pam Davis  
15400 Rock Creek Rd.  
Westmoreland, KS 66549  
Home phone 785-457-2863

10

March 10, 2006

Dear Chairman Brungardt and members of the Federal and State Affairs Committee:

Please accept our report and our published information. Our association is behind the proposed senate bill SB547. We hope that you consider the tremendous impact that the gaming at the race tracks will have on the agribusiness aspect of the race horse industry.

Kansas is great place to raise horses! Please, keep in mind that for every \$1.00 that is spent increases to at least \$7.00. Our neighboring states are enjoying the benefit of the slots at the race tracks.

Our industry needs to grow and it certainly needs your support by passing this bill.

Sincerely,

Pam Davis, KTA Board Member

Good morning-

My name is Pam Davis, Westmoreland, in Pottawatomie County. I am currently employed at the College of Veterinary Medicine at Kansas State University in the Department of Anatomy & Physiology where I have been for 29 years. I have been a member of the Kansas Thoroughbred Assoc. since it began 20 years ago. I raise Thoroughbred race horses. I am also involved with 4-H as President of the State Horse Parent Action Committee and also currently a member of the Rural Agricultural Leadership Class, KARL Class VII.

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

Since 1989 to 2005 there has been a change in number of horses Thoroughbred and Quarter Horses put into the Kansas Bred Program. Starting with 3230 and falling to 252, when you compare these numbers with states that have recently added alternative earning the numbers of mares bred and stallions standing in those states have increased. These numbers greatly impact the equine industry in our state. With every mare bred there are usually 2 or 3 offspring too young to race, at home. All these animals have to be fed and cared for in order for them to develop into athletes. This fact impacts our agricultural business and Ag related occupations.

Your feed and tack stores, farriers, veterinarians, custom hay producers, accountants, trainers, grooms, haulers, race tracks, training centers, and state agencies, all of these allow and supply jobs to our state.

As reported in the 1996 KS Equine Survey, 35.3 million dollars was spent on feed alone. Equipment purchased was 15.6 million.

Just think of the dollars generated in property and sales tax. These dollars support local communities and the state.

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

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

As the racing industry gets stronger, that means the potential to generate dollars. We would bet that those dollars would go right back into the

equine operation to expand and develop the farm's program, whether it be breeding or racing these horses.

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

Another positive impact of the income from the racing industry is supporting equine and canine research at Kansas State. Since, 1990 to 2005 there has been over 2.6 million dollars spent as reported in the KS Racing Commission's annual report. This research has had a positive impact on our future veterinarians' education and has been major benefit to understanding our equine and canine athletes.

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

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

For the first time all the breed associations <sup>are</sup> ~~am~~ united in the effort to expand and improve our racing and breeding environment. It is a **MUST** that we have quarantined live racing in any bill that is put forth. Let's take this opportunity to make the breeding and racing industry strong. This can only happen with the support of you, our legislators.

# Kansas Horse Racing Industry

➤ 270 Million Dollar Investment

➤ 103 Million Dollar Annual  
Economic Impact



➤ 1300 Jobs

➤ 1600 Kansas Owners

***"IT'S AS BIG AS YOU THINK!"***

POPULATION SURVEY OF THE  
KANSAS RACE HORSE INDUSTRY

INTRODUCTION

This report is based on 351 questionnaires sent to owners of Kansas race horses, compiled from the membership records of the Kansas Quarter Horse Racing Association, (KQHRA), the Kansas Thoroughbred Association, (KTA), and the Kansas Horsemen's association, (KHA), which is the Kansas Bred registration agency. There were 160 usable responses to the questionnaire for a response rate of 46% from horse racing farms and ranches located in 55 of the 105 counties in the State of Kansas. The population did not include racetrack operations, tourism or commercial/industry support service providers.

The questions on the survey consisted of the following: (1) County in which the horses are located; (2) number of horses of Racing age; (3) number of Breeding stock horses; (4) number of Full Time employees; and (5) number of Part Time employees.

The survey was conducted by mail during the period commencing on January 6, 2005 and concluded on January 25, 2005. Considering the unusually high response rate of 46%, the results should provide reasonably accurate estimates of numbers and economic impact to the agricultural industry in the State of Kansas. Quoting from the 2003 Equine survey by the Pennsylvania Department of Agriculture and Pennsylvania State University "By recognizing all the breeding farms and stables, land, equipment, facilities and products necessary to produce and use horses, one begins to understand how the horses and people involved represent an influential industry. Finding a rival in



complexity would be a challenge”. Such is the case with the horse racing industry in Kansas.

### SURVEY RESULTS

Table #1 Basic Facts about the Kansas Race Horse Industry:

Number of Horses	7783
Number of Owners/Breeders	1615
Number of Employees (JOBS)	994

**Kansas Horse Racing Property Value:**

Value of Kansas Horses	\$23,349,000.00
Value of Real Estate & Equipment	<u>\$248,724,762.00</u>
<b>Total Kansas Horse Racing Property Value</b>	<b>\$272,073,762.00</b>

**Annual Kansas Horse Racing Expenditures:**

Value of Feed & Hay	\$4,319,565.00
Bedding	\$1,183,016.00
Vitamins & Supplements	\$716,036.00
Supplies, Tack & Equipment	\$1,486,553.00
Training and Boarding	\$5,549,279.00
Farrier	\$1,159,667.00
Veterinary	\$2,926,408.00
Horse Transportation	\$902,828.00
Wages	\$15,200,199.00
Advertising	\$583,725.00
Car & Truck Maintenance	\$1,019,573.00
Insurance	\$1,836,788.00
Office Supplies	\$264,622.00
Facility Maintenance	\$980,658.00
Travel and Accommodations	\$918,394.00
Utilities	\$965,092.00
Dues and Subscriptions	\$171,226.00
Other Operating Expense	<u>\$3,183,247.00</u>
<b>TOTAL</b>	<b>\$43,366,876.00</b>

Values shown in Table #1, above, are compiled from surveys conducted most recently by the Pennsylvania Department of Agriculture and Pennsylvania State University, May 2003 and The American Horse Council, Washington, D.C., 1996, as adjusted by numbers for the State of Kansas. Each survey cited used the economic impact software program IMPLAN (Impact Analysis for Planning). The IMPLAN model

is used extensively throughout the United State to determine economic effects of 528 industries.

Economic multipliers, Table #2, below, are used to translate the economic DIRECT impact into the TOTAL ECONOMIC IMPACT; the multiplier gives an estimate of the additional economic activity generated by a change in output. This is the so-called “ripple effect” or “spin off” of direct economic activity generated.

Based on the IMPLAN model, the Kansas horse racing industry multipliers are as follows:

Table #2 Application of IMPLAN Economic Multipliers:

	ACTUAL/MILLIONS	MULTI.	IMPACT/MILLIONS
Industry Out Put	\$43,366,000.00	\$1.75	\$75,890,500.00
Employment (Jobs)	994	1.36	1351
Labor Income (Wages)	\$15,200,000.00	\$1.81	<u>\$27,512,000.00</u>
ANNUAL ECONOMIC IMPACT ON KANSAS AGRICULTURE			<b>\$103,402,500.00</b>

THE KANSAS HORSE RACING INDUSTRY

IT'S AS BIG AS YOU THINK

Compiled and Distributed by  
WEELBORG FARM  
CANTON, KS.

MEMBER OF: KANSAS QUARTER HORSE RACING ASSOCIATION  
KANSAS THOROUGHBRED ASSOCIATION  
KANSAS HORSEMEN'S ASSOCIATION

# Senate Bill 587

Testimony Presented

By

**Ralph Snyder, Assistant Adjutant  
The American Legion Department of Kansas  
March 10, 2006**

Thank you for providing me this opportunity to present testimony on Senate Bill 587 on behalf of The American Legion Department of Kansas. Our organization is well aware of the need to raise additional funds for the State of Kansas and we feel the best method is to provide new, voluntary sources of income such as increased gaming thus we are in general support of Senate Bill 587.

However history has shown that every time gaming opportunities in Kansas have increased non-profit organizations such as veteran and fraternal organizations have suffered both in the long and short term. The lottery, horse and dog tracks and Native American casinos have each cut into the ability of local veteran, fraternal and civic organization's ability to raise funds to support their local programs through their Bingo. I do not have the figures available today but I am certain the Department of Revenue can provide you with information which shows both the decline in Bingo licenses and revenue generated for the State each time gaming has been expanded in Kansas.

The American Legion respectfully requests that Senate Bill 587 be amended to include those local veteran and fraternal organizations with Class "A" private club licenses the opportunity to offer their members, and guests of their members, five video lottery machines. All we are asking for is the ability to provide our private club members five machines and thereby lesson the impact the current provisions SB 587 will have on our local Posts and Lodges, and their local programs. That does not mean every American Legion Post in the State of Kansas would have five video lottery machines; fewer than one hundred of our Posts have Class "A" Club licenses and even fewer will want the machines. Fewer still operate seven days a week and if you factor in a local "county option" which we recommend, even fewer machines would be in operation. Further not all location's traffic will support or justify five machines even if they operate seven days a week. For example: here in Topeka there would be a maximum of 45 machines; in Junction City and Hays the maximum would be 30 each. Again those are maximums and in reality over stated in the number that would actually be in operation.

Representatives of our organizations have met with the Kansas Lottery and while not endorsing the concept of our getting the machines, we have been told that based on the number of our local organizations which serve as Lottery retailers, many of our facilities could be up and running in a matter of weeks. Thus generating income for the State and our programs far sooner than most others.

Currently the House Select Committee on Veterans Affairs is working on a grant program to fund the Veterans Services operations of The American Legion and VFW. Frankly the initial grants being considered fall short of what is truly needed to restore the

services to veterans in obtaining their earned federal benefits that have been under funded for the past several years.

We propose a portion of the proceeds generated at our local facilities and by our members be used to supplement those grants. It is our goal to first restore services to all veterans formerly funded in full by the State and perhaps limit the amount of future grants. Therefore we propose the following division of revenue generated by video lottery terminals located in Class "A" private clubs:

STATE OF KANSAS

Regulation.....	1.00%
Problem Gambler Fund.....	.50%
State General Fund.....	<u>36.50%</u>
Total to the State of Kansas.....	38.00%
Counties.....	1.00%
Cities.....	<u>1.00%</u>
Total to Government Entities.....	40.00%
Vendors* .....	15.00%
Veterans Programs** .....	10.00%
Licensee .....	<u>35.00%</u>
Total to Vendors, Veterans Programs & Licensees.....	60.00%

\*Vendor can be the State of Kansas or a private licensed vendor to include Class "A" Non-profit Private Club licensee.

\*\*These funds would be deposited with the Lottery Commission for distribution to the State Headquarters of those veterans' service organizations receiving grants for their veteran's service programs.



12  
City of Park City  
6110 North Hydraulic  
Park City, KS 67219-2499  
316.744.2026 • fax 316.744.3865

Good Morning Chairman and members of the Committee. My name is Dee Stuart and I am the Mayor of Park City. I am here today to talk to you about SB587 - The Expanded Gaming Bill. Although we support the concept of expanded gaming in this state, we have issues with the current bill. Of the proposals made over the last two years, this bill provides the least in terms of financial benefit to local and state governments.

In November of 2004, the City Council of the City of Park City passed a memorandum of understanding with a small Indian tribe from northeast Kansas that they would support their efforts to bring economic development to Park City and prosperity to their members through a destination casino. Since that time the proposal has changed, but our desire for that economic development has not. That project would have brought \$300 million in fully taxable property to Sedgwick County, 2500 permanent full time jobs, and thousands of visitors to our area. Visitors who would have spent tourist dollars, not only at the casino with its theaters, restaurants, and hotels, but at other attractions in the area, some of which are struggling to survive.

Property tax dollars from this casino could have paid for the addition needed to the Sedgwick County Jail and helped keep homeowners taxes down. \$50 million up front money would have been paid to the State of Kansas, presumably for education funding.

But, the Sedgwick County Commission decided that the people of Sedgwick County could wait until after a bill had passed the legislature to allow a vote. The developers of the Park City Casino offered to stand the expense of a referendum; the County Commissioners ignored the stated conditions of the Governor and legislative leaders because they thought they knew better. Some of them will not be thinking for the County this time next year.

So now what do we have? What kind of plan is before you? What share of the expanded gaming in this bill will benefit south central Kansas?

2500 slot machines in a failing dogtrack, if, if a referendum passes. While over 60% of the people in Sedgwick County support a destination casino, a vote for a racino could turn out differently. The excitement of a big casino is not the same as that of a dogtrack.

If a county is not to be allowed a destination casino without a vote, how is this kind of development different? And what constitutes a destination casino? The owner of that track has stated that he plans to build a hotel and maybe a Gilley's nightclub. If hotels, nightclubs and other entertainment alongside the gambling don't make a destination casino, what does? This plan is a poor substitute for the one we supported. This bill proposes further enriching a wealthy man; ours provides several thousand jobs to benefit working people and economic development to benefit an entire region.



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Rather than keeping the busloads of retirees traveling out of Sedgwick County, we will see all of the problems that we already have, all of the social ills, compounded without the revenues needed to deal with them.

You've heard the statistics, the projections, the arguments. I think you would probably not be debating expanded gaming now if you weren't forced into it by the need for education money. But if you're going to have to do it, consider doing it right. Create jobs, bring a permanent increase in property tax revenues, let us build a shining example of what Kansans with vision can do.

We couldn't vote for what we wanted and now we could be told what we'll get.

I appeal to your sense of fairness and ask that you amend this bill to include *positive* economic development for central Kansas.

Dee Stuart  
Mayor, City of Park City



# Butler National Corporation

19920 WEST 161st STREET OLATHE, KANSAS 66062-2700 U.S.A.

**Testimony to the  
Senate Committee on Federal & State Affairs  
Senate Bill No. 587  
Clark Stewart  
March 8, 2006**

Mr. Chairman and members of the committee thank you for allowing me to enter testimony relating to expansion of gaming in Kansas. I am Clark Stewart, President and Chief Executive Officer of Butler National Corporation.

I was born in Nashville, Kansas, educated in Kansas' public schools and graduated from the University of Kansas. I have lived in several Kansas communities. My wife is a native of Ness County, Kansas and we live in Olathe. Kansas is our home. It always has been.

Butler National is a Kansas Corporation based in Olathe, with facilities in Newton and Wichita. Butler National was the 2002 Kansas Exporter of the year. The company operates in the aerospace and services business segments. The aerospace segment includes manufacture of switching equipment for aircraft, aircraft fuel tank protection devices, and structural modifications to business and commercial aircraft. The service segment includes electronic monitoring of water pumping stations, temporary employee services, architectural and engineering services, and gaming management services.

In the past few years, I have had an opportunity to observe state government. It is clear the State is challenged to provide additional funds for public education, Medicaid, unfunded federal mandates and general government. The need for additional state revenue is real.

New revenue sources are badly needed. Property taxes, income taxes, sales taxes and other fees could be increased to generate needed funds. However, as a businessman, I am sensitive about those possibilities. Why? Kansas businesses and individuals are already paying enough in state taxes. If we're to be competitive in a world economy, Kansas must have tax policy that stimulates the retention of jobs, creation of new jobs, expansion of existing businesses and establishing new businesses of all sizes in communities throughout Kansas.

Expansion of gaming will create a new revenue stream of funding. Gaming is not foreign to our state. The Kansas Lottery has generated millions and millions of dollars to the general fund. For a number of years Indian gaming facilities have successfully been in operation. Neighboring states, Colorado, Oklahoma and Missouri all have gaming facilities. During the current fiscal year, it is estimated Missouri will generate approximately One Billion Dollars in funds for its state government. Kansans frequent the Missouri riverboats. That's lost revenue to Kansas. As policy makers, you know gaming is in Kansas. Properly regulated and governed, expansion of gaming in Kansas will generate needed dollars to the state general fund. Its time to seriously consider expansion of gaming.

Thank you again for the opportunity to enter testimony.

**KANSAS RACING, L.L.C.**  
**P.O. Box 385**  
**St. Joseph, Missouri 64502**  
**816/233-8285 ... Fax: 816/233-8240**  
*LARRY SECKINGTON*

Senate Federal & State Affairs Committee

Mr. Chairman and Members of the Committee:

On behalf of Kansas Racing, L.L.C., owner of the Woodlands Horse & Dog Track in Kansas City, Kansas, we want to thank you for the opportunity to address the committee concerning the Kansas Expanded Lottery Act. We would also like to thank the many people who worked long and hard to draft this legislation.

We have carefully reviewed the proposed legislation. It is obvious that the drafters diligently balanced the desires of all affected interests, including the State of Kansas, in the provisions of this bill. We believe this balancing of interests has produced a bill that is fair to all parties in all aspects, including regulatory oversight and division of revenue. We support this bill and sincerely hope that other gaming operators and managers and the horse and dog industries will support it also. While some may not have gotten everything they want, this bill is as fair and equitable as any gaming legislation that has been proposed over the last eight years.

We encourage each member of this committee to fully endorse this legislation and would hope that it will pass into law without any amendments.

Thank you again for your time and your support.

3/10/06





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## Testimony To Senate Federal and State Affairs Committee On Senate Bill 587

Glenn O. Thompson  
Executive Director, Stand Up For Kansas  
March 10, 2006

### Introduction

Good morning Chairman Brungardt and members of this committee. Thank you for this opportunity to speak at this public hearing. I am speaking on behalf of Stand Up For Kansas, a state-wide coalition of grassroots citizens who oppose the expansion of gambling in Kansas. We urge you to oppose Senate Bill 587 for the following reasons.

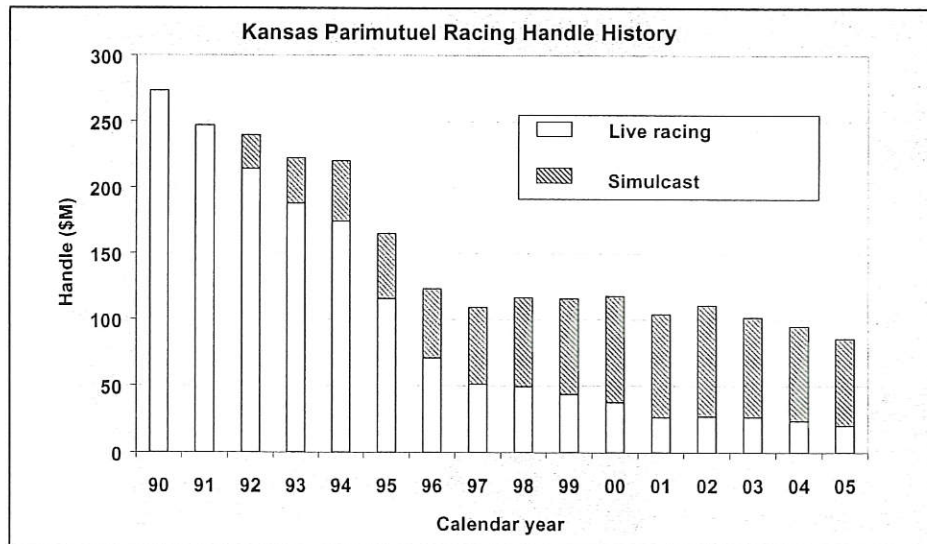
#### **1. The state should not be in the casino business.**

The state would own, operate, regulate and police the casinos, encouraging corruption of government officials. How can the state regulate and police the casinos it owns? This is a recipe for disaster. That's why no other state is in the casino business.

#### **2. Subsidizing the dying parimutuel racing industry with slot machines is bad public policy.**

Why should the state subsidize the parimutuel racing industry with slot machines at the tracks? The state has not propped up any other industry by expanding gambling.

Live parimutuel racing is a dying industry throughout America. And, Kansas is no exception, as shown in the chart below.



Since 1990, when parimutuel racing was introduced, the live handle (amount bet) at Kansas parimutuel racetracks has decreased from \$273 M to \$20 M, an average decrease of 15% per year.

Racetrack owners and breeders said simulcasting would stop the hemorrhaging. So, legislators approved simulcasting in 1992. But, simulcasting had no noticeable impact on attendance at live races, and the handle continued to decline.

Now, the governor and senate leaders are proposing this bill to prop up a dying industry.

But, leading economics scholars who study the gambling industry say slot machines at tracks in other states, such as Iowa, Delaware, Louisiana, New Mexico, New York, Rhode Island and West Virginia, have had little impact on attendance at live races.<sup>1</sup>

**Bill Eadington, an economics professor at the Univ. of Nevada at Reno says "... there's little evidence of crossover between patrons of the slot machines and bettors at the horse track."<sup>1</sup>**

And, Bill Thompson, an economics professor at the Univ. of Nevada at Las Vegas says putting casinos at racetracks "does nothing but prop up an ailing industry and line the pockets of track owners."<sup>1</sup>

### **3. This bill completely ignores the recommendations of the Ks. Lottery study**

The Governor's Gaming Committee questioned the market estimates of gambling proponents and recommended the state commission an independent study. So, in 2003, the Ks. Lottery commissioned Christiansen Capital Advisors (CCA), the premier consulting firm on casino economics, to study the Kansas gambling market and to recommend the most attractive venues for expanding gambling.

The CCA final report was very clear on several key points:

- The Kansas City market is very competitive, with little unsatisfied demand for gaming. (p. 6)
- The Kansas City market can not support more than one destination casino. (p. 7)
- "... there is a limit to the gambling demand in Kansas City and in other Kansas markets, even less competed ones such as Wichita. Adding racino facilities (slots at racetracks) to these markets does little to increase market demand; primarily, this option redistributes a slightly larger pie among more facilities." (p. 8)
- "Machines at the Woodlands and Wichita Greyhound Park, and to a lesser extent, in Pittsburg, would limit the amount of capital that can responsibly be invested in destination casinos that share these markets." (p. 8)

**Nevertheless, this bill does exactly what CCA recommended the state not do. It permits 7,000 slot machines at the three existing tracks and a new track in Ford County. Although the bill has no breakdown on how these 7,000 slot machines are to be distributed, the spreadsheet presented at a previous committee meeting shows 2,000 machines at the Woodlands, more machines than three of the KC Missouri riverboats, as shown in the table on the next page.**

### Kansas City Missouri Riverboat Casinos - FY 2005 Financial Performance<sup>2</sup>

Casino	Adjusted Gross Receipts (AGR) (\$M)	AGR from slot machines (\$M)	% AGR from slot machines	Slot machines	Daily win per machine (\$)
Ameristar/KC	245	213	87%	3003	194
Harrah's/North KC	185	159	86%	1701	256
Argosy/Riverside	150	131	87%	1748	205
Isle of Capri/KC	101	89	88%	1550	157
Total	681	592	87%	8002	203

CCA estimated that a quality full-service destination resort, offering attractions other than gaming, would have an annual revenue of **\$288 million, if slot machines are not permitted at the Woodlands**. The 2000 machines at the Woodlands would have a revenue of about \$146 million. So, the annual revenue for a destination casino in the area would be no more than **\$150 million to \$175 million**. Since a general rule of thumb in the casino industry is that the capital investment in a casino should not exceed the annual revenue, **why would any prudent business person invest \$235 million up front (as required by the bill) in a destination casino in the Kansas City area, if the estimated revenue is no more than \$150 million to \$175 million.**

The large number of slot machines permitted at Wichita Greyhound Park (2,500) and Camptown (1,000) would have similar adverse impacts on destination casinos in those areas.

#### **4. The casinos would create thousands of new pathological gamblers, particularly in south-central Kansas, and cost Kansas citizens millions of dollars**

Accessibility is a key contributor to gambling addiction. The 1999 final report of the National Gambling Impact Study Commission states, "*... the presence of a gambling facility within 50 miles roughly doubles the prevalence of addicted gamblers.*"<sup>3</sup>

After casinos were introduced in Iowa in 1989 the number of problem and pathological gamblers increased from **1.7% to 5.4%** during the subsequent six years.<sup>4</sup>

Social costs for new pathological gamblers in the state would be in the hundreds of millions of dollars. Economists estimate that, on the average, a pathological gambler costs society over \$13,000 per year for crime, business expense, unemployment, money from family and friends, illness, social services, bankruptcy and other family costs.<sup>5</sup> For example, last year a former school superintendent in a small town 70 miles northeast of Kansas City confessed to stealing over \$844,000 from his school district to satisfy his gambling addiction problem.<sup>6</sup>

A study commissioned by the Wichita Downtown Development Corporation estimated a casino in Sedgwick County would create between **5,200 and 7,800 new pathological gamblers**.<sup>7</sup> In addition, tens of thousands of family members and other citizens -- spouses, children, parents, brothers and sisters, friends, and employers -- would become entangled in the addiction webs. The study concluded that the social cost for the new pathological gamblers would range "between \$71 and \$106 million,"<sup>8</sup> twice as much as the state would receive from the casino revenue.

## **5. Why is the state leaving millions of dollars on the table?**

Other states are beginning to realize that casino licenses are very valuable commodities. For example, last year the Isle of Capri paid the state of Illinois over \$500 million (128% of estimated annual revenue) for a riverboat casino license. Several other bids were about the same.

Why then is the casino manager at Wichita Greyhound Park required to pay only \$10 million for a gaming privilege fee, since 2500 slot machines at the casino would provide a revenue of about \$182 million. How was this privilege fee determined?

Furthermore, if the Woodlands racetrack has 2,000 slot machines, the revenue will be about \$146 million. Why is the casino manager not paying any gaming privilege fee?

And, why is the casino manager at Camptown Greyhound Park not paying any gaming privilege fee? One-thousand slot machines at the track casino would produce a revenue of about \$73 million annually.

## **6. Surrounding counties have no voice in the referendums**

At least 75% of the casino revenue will come from gamblers living within the surrounding 50-mile radius region. So, most of the revenue will come from the home county and the surrounding contiguous counties. Nevertheless, the surrounding counties will have no voice in the referendums. We urge you amend the bill to include both the home county and the contiguous Kansas counties in the referendums.

## **7. Putting casino income into funds bypasses the appropriation process**

The bill requires 1% of machine income from the racetrack casinos be put into a new fund, the Kansas charitable gaming fund, and 1% be put into an existing Kansas horse fair racing benefit fund. (p. 23)

Since these casinos are going to be owned and operated by the state, paying a portion of the machine income into these funds is bypassing the appropriation process. This money should be put into the state general fund and then appropriated through the normal process.

## **Conclusion**

In summary, this bill is bad public policy. We urge you to oppose it.

- 
- 1 "Experts on Gambling Say Racinos Have Unconvincing Track Record," The Sunday Challenger (of KY), Feb. 20, 2006
  - 2 Missouri Gaming Commission FY 2005 Annual Report
  - 3 Final Report, The National gambling Impact Study Commission, June 1999, p. 4-4
  - 4 Final report, "Economic & social impact analysis for a proposed casino & hotel," GVA Marquette Advisors, April 2004, Study commissioned by Wichita Downtown Development Corp., p. VII-9
  - 5 Earl L. Grinols and David B. Mustard, "Business Profitability versus Social Profitability: Evaluating Industries with Externalities, The Case of Casinos, Managerial and Decision Economics, Vol. 22, Nbr. 1-3, Jan.- May 2001.
  - 6 "Ex-superintendent admits losing school's \$844,478 on gambling," by Mark Morris, *The Kansas City Star*, Mar. 9, 2005.
  - 7 Final report, "Economic & social impact analysis for a proposed casino & hotel," GVA Marquette Advisors, April 2004, Study commissioned by Wichita Downtown Development Corp., p. VII-9
  - 8 *Ibid.*

Chairman Brungardt

To: ~~Connie Burns~~ Fax: 785-368-6365 (Rm 522S)  
From: Laura Mata Phone: 316-215-4144

### Remarks of Laura Mata for Federal and State Affairs – Gaming Hearing

My name is Laura Mata. I live in Newton, Kansas. My county(Harvey County) held an election on casino gaming. The referendum passed in Harvey County, one of the most conservative counties in the Midwest. A referendum also passed in Sumner Co., and the citizens of Sedgwick Co. were not even allowed the privilege of voting. Somehow the strong message of support for casino gaming in our area is not getting across to the policy makers. We have the support of the people, the support of three state senators from our area, the support of numerous House of Representative members, and the oft spoken support of the Governor for casino gaming in our region and still somehow we get left out of the bill. What's going on?? Why is the entire gaming policy of the state of Kansas being developed around a failed industry—dog track racing? The future of our state, the future of our school children, the future of tourism, the future of our tax base, the future of jobs hangs in the balance, and some of you persist in trying to rescue a dead industry—dog track racing. Your choices are clear, raise taxes or pass casino gaming. Why would you bypass the region of the state that your own report, the Christensen Report, says is the best area for casino gaming in the entire state, and try to stuff a dog track with slots down our throats! The people are not stupid. A billionaire dog track owner who has made massive political donations to most of the legislature and the Governor has a bigger and more important voice with this body than do the school children of this state and the tax payers of this state. I and the people of my region, south-central Kansas are extremely disappointed in you. Blame the court, blame the school districts who sued the state, blame the other political party, blame anybody but yourselves, but in the end the citizens of this state and south-central Kansas will not be fooled. The blame for our current state of affairs resides right here under this dome. You can and must do better. Do not leave out south-central Kansas once again. Do not leave us without jobs, without tourism, without educational excellence, without opportunity, without hope simply because one “big dog” dog track owner has a loud bark!! Or will you pay attention to the people for whom you work, the tax paying, hard working voters of this state?

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Ronald R. Hein  
Attorney-at-Law  
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**Testimony re: SB 587**  
**Senate Federal and State Affairs Committee**  
**Presented by Ronald R. Hein**  
**on behalf of**  
**Kansas Tribal Economic Development Association**  
**March 10, 2006**

My name is Ron Hein, and I am legislative counsel for Prairie Band Potawatomi Nation (PBPB), but this morning I have been authorized to present testimony on behalf of Kansas Tribal Economic Development Association (KTEDA).

KTEDA opposes SB587.

## **Gaming History and the Slippery Slope**

We have much to learn from the history of gaming from what has occurred with parimutuel gambling in Kansas, and with gaming in Missouri. Once the state starts down the slippery slope of casino gaming, the state will not be able to stop itself from falling further into expanded gaming as more groups and areas of the state demand to be included. If the intent of this legislation is to insure that everyone in the state is within close proximity to a gaming machine, then this bill fulfills that expansive intent.

A review of the history of parimutuel gaming in Kansas will demonstrate that even this massive gambling bill is probably not the end of efforts to expand gaming in Kansas. Gaming is likely to be a legislative issue every year for the next ten years as proponents seek greater and greater benefits, less and less restrictions, and more and more money. The legislature should not be deceived that even this massive of a gambling bill will put an end to expanded gambling.

## **Gaming Expansions Effect upon Economic Development and the State**

In estimating revenue benefits to the state of Kansas from gaming, this committee should take into consideration the impact on Lottery revenues, the impact on bingo revenues, the impact on charities running bingo operations, and the impact on tax revenue and economic benefits of other businesses in the state who will lose business to the expansion of gaming. Also, our own studies show that the economy of our Tribes will be seriously impacted by expanded gaming.

Our studies also indicate that of the total market for gaming in Kansas, the majority of such market will consist of revenues now committed to existing Kansas businesses, not new "economic development" generated from out of state sources.

The legislature should not make any recommendation for expanded gaming without determining how much of the revenue generated by expanded gaming will come from dollars already being spent at other businesses within the state, and how much state and local tax revenues will be lost from those businesses.

## Governor's Gaming Committee Findings

The Governor's Gaming Committee spent a great deal of time researching gambling in the summer of 2004. Among other things, they made some findings as set out below:

**"The state should expand gaming in the form of a large destination casino. ...The state should avoid "convenience gaming," in which the gaming facilities would merely redistribute dollars within the region. ...The best location in Kansas for a destination casino is Wyandotte County...A destination casino should not be established outside of Wyandotte County without convincing and significant evidence of such a venture's viability."**

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

The Governor's Gaming Committee also noted the following:

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

## Process

This bill deals with an issue which is extremely significant to the vast majority of the public who either support or oppose gaming, which is extremely complicated for a number of reasons, and which is legally complicated due to the unique wording of the Kansas Constitution regarding casino gambling.

Given that the gaming promoters had at least 8 weeks to work and re-work this bill, this has been a short amount of time to read and analyze the bill which is significantly different from legislation in previous years. I understand that this bill was written by a select number of people in secret meetings to which the public and news media were not invited over a period of at least 8 weeks. It is possible that this bill has been developed over the entire past year. A speedy process can leave the impression with the public that there are aspects of this bill which cannot stand the scrutiny and light of open government and deliberate public policy debate.

I question whether there is sufficient time to address the numerous policy issues which should be addressed by this Legislature prior to this state becoming the first state in the nation to attempt to own and operate casinos. I will touch on just a small number of problems with this bill.

I would also note for the record, that although we oppose the expansion of State gambling, **IF** the State is going to expand gambling that is truly state-owned and operated, the State should hire outside consultants, conduct a thorough **public** study of the best terms for the State, and then write its own legislation which truly benefits the State rather than the gambling interests.

### **SB 587 Is Not the Way To Expand Gaming**

1. **Governor's Gaming Committee** SB 587 does not meet the findings or the recommendations of the Governor's Gaming Committee. The Governor's Gaming Report clearly supported a destination casino in Wyandotte County with limited slots at the tracks.

2. **SB 587 Promotes Slots Parlors vs. Destination Casinos** SB 587 moves in a completely different direction by focusing on the slots at the tracks, and then assuming that destination casinos will be built, which will detract from the slots activity. Destination casinos will have to compete with the heavy numbers of slots that have been authorized for the parimutuel tracks if they are in a non-exclusive zone. This will have the effect of reducing the amount of revenue which will be available for the "destination" casinos and will mean that those casinos will, by necessity, be built smaller. This bill may just jeopardize their status as a destination casino, or may jeopardize their construction.

3. **Economic and Ethical Risks** SB 587 is dangerous because of the economic and ethical risks that are created, as noted by the Governor's Gaming Committee, with **one** state-owned casino, let alone with the plethora of casinos and slots provided for in this bill. This bill will allow for two casinos and four pari-mutuel slot parlors. **This bill is gambling everywhere.** This bill virtually assures the state that gambling will be competing with other tax-paying businesses, and that the vast majority of the money "earned" from gambling will be sucked out of the Kansas economy. This will virtually guarantee an adverse economic impact on state revenues from existing businesses in the state.

4. **Reductions Benefit Gambling Interests** An original hand out of the bill distributed within the last few weeks indicated that there would be an initial "exclusive gaming zone license fee" in the amount of \$25 million in Sedgwick County and in the amount of \$15 million in Ford County. For some reason, the senators who wrote the bill have since reduced those fees to the state of Kansas to \$10 million and \$3 million. At a time when the state of Kansas ostensibly needs more money for school funding and other expenditures, a reduction in those fees seems to warrant some explanation.

5. **Exclusivity** This bill contains provisions for exclusivity, both in the fact that gaming is being applied exclusively to three parimutuel track operators, and to the extent that the bill provides for "exclusive gaming zones". I think the Governor's chief counsel has raised concerns about such exclusivity in past hearings and raises the question as to whether the Governor has changed her mind on that issue, and that "exclusivity" is no longer a policy concern for her as it relates to gambling.

6. **Spreadsheet Errors** There appear to be mathematics errors in the estimated tax revenue on the spreadsheet passed out by Matt All to the committee. The total revenues do not appear to add correctly.



7. **Explainer** Referring to Sec. 27 of the bill explainer, the state's share of gross for gaming revenue on the first \$150 when added with the other revenue distributions under that act, only totals 90%. That means there is a missing 10% (at least on the first \$150 of average daily net). That 10% apparently goes to the facility manager, which means that the facility manager's share can be larger than the State's (the ostensible "owner" of the gaming operation) share. I would question the public policy of such an arrangement. This also raises constitutional questions as to who is truly the owner and operator of these machines.

8. **Accelerated Payment** This bill also requires the managers of each parimutuel facility to pay the State of Kansas \$15,000 per machine in accelerated gaming revenues. Previous legislation have indicated that these would be "up front" payments. This bill provides that the payments will be made one month before the end of the fiscal year in which the management agreement was entered or in which the facility opens. As there is a credit against the "accelerated gaming revenue" payment of all amounts allocated to the state, as noted in Matt All's spreadsheet, there is very little revenue that is actually an "accelerated payment". This works very favorably to the benefit of the parimutuel track owners but works to the detriment of the state, which could have invested the accelerated payment and made interest during that period of time (up to one year).

9. **State's Share of Revenue Too Low** The state's share of the revenue from the parimutuel tracks can certainly be higher than what is provided in this bill. The state taking a smaller share might be to permit the facility managers to make more profits and to build facilities apart from the Tracks. However, that would seem to be inconsistent with the intent of the proponents of expanded gaming, who for years have argued that Kansas needs slots at the tracks in order to "save the tracks".

10. **Lost State Revenue** I would ask the committee to look at Matt All's spreadsheet which was presented to you on Tuesday. On the front side, you will remember, is the amount of revenue that will be generated for the state by this legislation. You will note the back is blank. The back **should** contain the analysis of **how much revenue will be lost** to the state of Kansas by such widespread expansion of gaming. You will note from the front page that the gross gaming revenue, (i.e. the amount that will be lost by the gamblers at the various facilities) set out in this legislation, amounts to \$727 million, or **three quarters of a billion dollars**.

What should be on the back of that spreadsheet is how much of that three quarters of a billion dollars is being removed from the Kansas economy. Dollars which are already being spent with other businesses in the state, whether they be restaurants, community theaters, bowling alleys, movie theaters, car dealerships or any other recreational or non-recreational activities which will lose business. What should also be on the back of that spreadsheet is **how many taxes will not be paid by those businesses** as their revenue decreases by this same three quarters of a billion dollars. Those lost state revenues will include **sales taxes, income taxes, property taxes, and employment taxes**. In addition, the back of the spreadsheet should reflect the amount of revenue that will be lost by the State Lottery. Then, there could be reflected on the spreadsheet the **net revenue to the state** that would demonstrate how much money would be generated after losses from other sources.

March 10, 2006

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And, since there seems to be a significant concern about state general fund funding in the out years, I would note the bill would further reduce the amount going to the SGF by 25% because of the local ad valorem revenue sharing.

11. **Experience** Last year, the Senate unanimously adopted an amendment that any company seeking to operate any of the gaming facilities needed to have at least three years experience in operating Class III gaming. That policy made good sense because, generally the State of Kansas, when it is entering into contracts, especially multi-million dollar contracts, is able to expect the best and the most talented vendors to respond to requests for proposals on such contracts. It strikes me as odd that such requirement was retained as to destination casinos, but was eliminated as to the new parimutuel track in Ford County.

The bill structures a procedure whereby an operator with no experience can attempt to build a race track, without demonstrate any experience at operating Class III gaming. Nor is there a provision that this company demonstrate that they have had any experience at parimutuel track operations either. It would strike me that if there is going to be a new parimutuel track built in Kansas, which would certainly be contrary to the rest of the nation, sit would at least seem to make sense that the state of Kansas would require that the new track operator have at least three years experience in operating Class III gaming for the purposes of operating slots at the tracks, and at least three years experience in parimutuel track operations prior to getting a license to operate a new parimutuel track.

12. **Confidentiality** A provision in this bill makes all financial records of the manager confidential except for the net revenue to the state. The amount of money the managers profits under this bill are kept secret from the news media, the public, and the legislature. Will the profits be \$30,000,000 per year? \$50,000,000 per year? The public won't know. The public needs to know so that they can assess whether this bill is a good deal for the state, who is supposed to be the owner and the operator of the gaming operation. The legislature has never asked this question to determine this "dirty little secret" as to how much money will be ciphered off from the state to benefit the gaming operators. The revenue going to operators is nothing like money going to retailers who sell lottery tickets. The public should have the right to see how much they are getting, and what they are doing in return for the profits that they will be making when the Constitution requires the slots to be "state-owned and operated".

### **Constitutionality--State-Owned and Operated**

The Governor's committee was very clear that the state must "own and operate" the gaming as required by the Kansas Constitution. By regulating operations, using "managing contracts" rather than "certificates of authority" as in previous years, and by using "certification" processes rather than "licensing" for the operators may be an attempt to camouflage the fact that this bill still uses a license and regulate approach rather than a state-owned and operated model, does not render this legislation "state-owned and operated". It is constitutionality still in question.

The Kansas Constitution clearly states that casino gaming, as a lottery, must be owned and operated by the state of Kansas. This is to be distinguished from parimutuel racing which can be conducted constitutionally so long as it is "licensed and regulated by the state". From a policy perspective, if the state is going to initiate state-owned and operated gaming, why doesn't it simply establish state-owned and operated gaming, rather than using the machinations of entering into the elaborate, so-called management contracts

March 10, 2006

Page 6

which result in significant revenues being paid to private enterprises that is not consistent with the level of services which they are providing to the state of Kansas.

**If Gaming Must Be Expanded, How Should the State Expand Gaming**

If gaming is to be expanded in Kansas, it should involve Tribal Gaming (including a Tribal destination casino in Wyandotte County if coupled with closure of such Tribes' existing casinos); it should be restricted (both in number of communities and number of slot machines); and it should be structured permanently to solve the issue for the future, most preferably through a constitutional amendment. Gaming should not be omnipresent, nor should it be substituted for or operated to the detriment of other businesses which have made Kansas great.

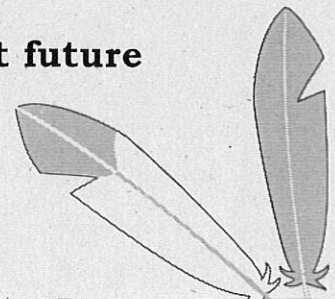
Thank you very much for permitting me to testify, and I will be happy to yield to questions.



**Testimony on SB 587  
Senate Federal and State Affairs Committee  
Submitted by Lana Oleen, Spokesperson  
Kansas Tribal Economic Development Association  
March 10, 2006**

**TEN MAJOR AREAS OF CONCERN IN SENATE BILL 587**

- I. Moving Target / bill explanations keep changing**
- II. Dispel the idea / bill is much different from others**
- III. Continuing similarity, however...is greed...and at the expense of the State of Kansas**
- IV. This is a race track/slots bill – not a Kansas City/destination casino bill**
- V. Follow any expert advice? – NO!**
- VI. State puts itself on a deadline? Isn't it "in charge"?**
- VII. Some entities skate on scrutiny**
- VIII. What bars an applicant for state certification?**
- IX. Regulatory system lags behind**
- X. No one goes away – this doesn't control or limit future expansion of gaming across Kansas**



WHAT PUBLIC HEARINGS WOULD REVEAL ABOUT SB 587

Extensive private discussions have been held among legislative sponsors of expanded gaming, track owner representatives and other gaming interests over the past two weeks. Those closed door discussions have significantly reshaped proposed legislation which legislative leaders have touted as their product, and purportedly, not the gaming industry's, as in past years.

The following changes were made to the legislator's initial proposal through those private sessions:

State Revenue Reduced, Track Owner Revenue Increased

- The initial outline proposed that the state receive 40% of the gaming revenue from slot machines placed at tracks and that track owners receive 25% of gaming revenue, plus 15% for expenses, a total of 40%.
- *The actual bill proposes that for the first five years of operation track owners receive a total of nearly 50% of most of the gaming revenue and the state around 30%. This is a shift of more than \$150 million over 5 years from the state to track owners.*

Where the Gaming Revenue Goes

- Bill proponents project \$401,500,000 in gaming revenue for the first full year of operations of slots at racks, with an average drop of \$200/machine/day.
- *Under the bill, track operators will receive \$130,500,000 or 32.5% of this gaming revenue for management and lease fees, plus another 15% or \$60,000,000 for expenses, including machines. Against the track owners 47.5% take worth \$190 million, the state will receive 32.5% or \$130 million.*

Exclusivity Fees for Tracks Reduced

- The initial bill outline called for two track operators to pay the state \$27 million in market exclusivity fees.
- *The actual bill proposes that track operators pay no market exclusivity fees to the state, since track operators apparently told legislators they could not afford to pay such fees.*

Increased Slots at Wichita Track

- The initial bill outline proposed 1500 slots for Greyhound Park in Wichita which has exclusive rights to that market.

- *The new bill outline proposes 2500 slot machines for Greyhound Park, making it the de facto racino/casino for Wichita. Slot machines in Wichita increased by over 67% from the initial bill outline while the market exclusivity fee for the state disappeared and 80% of the advance machine payments vanished from the proposed bill.*

#### No Advance Machine Payment

- For years, track operators have proposed making an advance payment of \$15,000/machine, to be repaid over 5 years through reduced tax payments.
- *The bill proposes that approximately 80% of the "advance payment" be credited against amounts due the state from gaming revenues in the initial year of operation. No advance payment is made up front.*

#### Breed Association Windfall

- Breeding Associations and track purses are projected to receive \$40 million annually under the bill. Amounts in excess of \$40 million under the 14% allocated to the breeds and purses were originally slated to go to the state. With \$400 million in projected slot revenue from the tracks, this would have meant an additional \$16 million for the state.
- *Under the bill, the breeds and purses are still slated for \$40 million annually, but amounts over that from the 14% allocation now are to be distributed between track operators and the state, as part of the management agreement.*

#### Destination Casino in Kansas City Doubtful

- Casinos in Kansas City and Southeast Kansas are proposed, with an advance manager privileges fee of \$35 million required for each facility. These privilege fees are projected in FY 2007 revenues.
- *A proposed Southeast Kansas facility would operate in a much less competed market than Kansas City, but have fewer slots at tracks (2000 vs 1000) competing for the available market. The national company (with a Kansas City, Missouri riverboat facility) interested in the Southeast Kansas market also has a strong interest in stifling gaming competition in Kansas City. The bill's provisions will divide the highly competitive Kansas City market between two average non-destination gaming facilities at best, depriving Kansas City, Kansas of a true destination casino resort. The bill therefore benefits Missouri riverboats. The Southeast Kansas market will be largely captured by a well-located casino facility.*
- *A large privilege fee has been required in other jurisdictions where there is some degree of exclusivity involved in the market license. That is not the case for a Kansas City facility. The required \$35 million fee simply guarantees that Missouri*

*riverboat casinos will maintain a superior position in the Kansas City Market. It is telling that no advance fee is required of the Woodlands for 2000 slot machines, but is required for a casino.*

- *The likelihood of \$70 million in privilege fees paid to the state in FY 2007 is remote. \$35 million is possible if the national company interested in Southeast Kansas is put on a fast track to receive rights to the "state-owned and operated" casino.*

#### Public Preferences Ignored

- Kansas residents in two extensive public opinion research surveys conducted by the state's gaming market analyst and the Governor's pollster, state a strong preference for destination casino facilities and tepid support for slots at tracks.
- *The bill is slanted to allow only one destination casino in Southeast Kansas, while allowing slots at tracks to be the exclusive gaming operation in Wichita and to take a significant portion of the available Kansas City market.*

#### Conclusion

Placing 2000 slots at the Woodlands and 3500 slots at two other track venues runs diametrically opposed to

- the recommendations of Christiansen Capital Advisors, the state's market analyst and a leading gaming authority;
- the recommendations of the Governor's Committee on Gaming;
- the desires of Kansas residents as stated in extensive public opinion research conducted by Christiansen and Secrest and Associates, a national polling firm also utilized by the Governor;
- sound economic development principles for expanded gaming as articulated by Christiansen in its market study for the state.

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## **SB 587 DISREGARDS STATE MARKET STUDY AND GOVERNOR'S COMMITTEE**

The proposed bill flatly ignores what the Governor's Committee on Gaming and the State Lottery's market study by Christiansen Capital Advisors, LLS (CCA) recommended.

- The Governor's Committee on Gaming held numerous public hearing and recommended a strategy of high quality tourist destination resort casinos. The Committee also recommended that the State get independent advice about the market potential for expanded gaming.
- Christiansen Capital Advisors, internationally recognized as a top gaming market analyst, was engaged by the Kansas Lottery and made findings about the level of gaming activity each Kansas market will support, what kind of expanded gaming the public wants and what type of gaming facilities produce the best economic development.

### **Here's what the Christiansen Market Study for the State of Kansas says:**

- The preferred form of expanded gaming in Kansas is destination resort casinos.
- Destination resort facilities maximize the economic contributions of expanded gaming (jobs and the capital investment that creates jobs).
- Slots at tracks have the least support among Kansas residents for expanded gaming.
- Destination resorts are more attractive than other forms of gaming, draw customers from greater distances and take a greater share in competed markets.
- If a large new casino is built in Kansas City, the emphasis should be on non-gaming attractions which depend on a large capital investment.
- A quality full-service destination resort that offers attractions other than gaming would be well positioned to capture a significant proportion of the revenue in the Kansas City market.
- Slots at tracks minimize expanded gaming's economic contributions (jobs and capital investment) while maximizing gaming's social costs.
- Kansas City is a congested, competitive market, with little unsatisfied demand for gaming.
- Adding slots at the Woodlands does little to increase market demand; primarily this option simply redistributes the available market among more facilities.
- Putting slots at tracks limits the amount of capital that can responsibly be invested in destination casinos.



- Adding slot machines at the Woodlands erodes the market economics for a large new casino. It congests the market and makes it more difficult to finance a quality destination casino.
- 800 slots at the Woodlands drops the appropriate amount of capital investment in a resort casino at Village West by up to \$75 Million.
- Smaller capital investment translates into a less attractive casino facility with a smaller geographic reach.
- The industry rule of thumb is that invested capital in a facility should be roughly equal to expected gross gaming revenues. A destination casino without slots at the Woodlands could responsibly invest \$275-300 million. With 2000 slots at the Woodlands, the level of responsible investment in a nearby casino drops by \$100 million or more, to \$175 Million or less.

**Christiansen warned that substantial capital must be invested in non-gaming amenities, stating it is critical to a casino's survival prospects in the almost certainly more competitive market conditions that will develop in coming years with Missouri riverboat casinos.**

**Here's what the Governor's Committee recommended:**

- The state should expand gaming in the form of a large destination casino in Kansas City to maximize the benefits and minimize the costs of gaming.
- A destination casino should be designed to attract tourists from outside the immediate region.
- The state should avoid "convenience gaming" in which the gaming facilities merely redistribute dollars within the region (i.e., slots at tracks).
- To be successful, a Kansas City casino must provide a superior product to its Missouri competitors.
- Kansas' pari-mutuel tracks present the state with an opportunity to reap significant revenues quickly.
- Revenues from slots at tracks should go primarily to the state and to boost purses for dog and horse races.
- The presence of slot machines at tracks should not create a windfall for track owners or give them a monopoly on gaming activity.
- A limited number of video lottery terminals should be placed at the pari-mutuel tracks. 300 to 600 video lottery terminals could generate substantial revenue for

the state without significantly harming the business of the destination casino. Ideally the state should receive more than half the revenue.

### KANSAS CITY ANALYSIS

- The Kansas City riverboat gaming market today is approaching \$700 million. It will take a quality destination facility with no slots at the Woodlands to capture \$288 million in gaming revenue or 35% of a Kansas City market that increases 20% to \$840 million.
- 2000 slots at the Woodlands, would likely produce around \$110,000,000 gross gaming revenue (\$150 WMPD). Taking \$110 million from the gaming market will inevitably result in a reduced casino, an average facility, in western Wyandotte County, if such a casino facility is built at all. That is, a casino facility of \$175 million or less is all that is possible. Such a facility would not qualify nor perform as a destination resort with a wide geographic drawing power.
- The capital which can responsibly be invested for a sufficient return on investment in an average casino facility when 2000 slots are placed at the Woodlands is very likely around \$175 Million or less. This does not meet the \$200 M threshold for such a facility required in the proposed gaming plan.
- Two lesser (average) facilities (track and new casino) with few non-gaming amenities is not an optimum expanded gaming strategy for the Kansas City market. It could well be a strategy for failure. Christiansen clearly stated there is a limit to gambling demand in Kansas City which is already a heavily competed market.
- The plan for Kansas City demonstrates a fundamental lack of understanding of gaming economics. Far too many slots at the Woodlands are proposed to allow a high quality destination casino to be developed nearby at Village West.
- An average casino and 2000 slots at the Woodlands simply divides the available market and severely jeopardizes the opportunity for an average casino to be built, let alone succeed.

### **Conclusion:**

Placing 2000 slots at the Woodlands and 3500 slots at two other track venues runs diametrically opposed to

- the recommendations of Christiansen Capital Advisors, the state's market analyst and a leading gaming authority;

- the recommendations of the Governor's Committee on Gaming;
- the desires of Kansas residents as stated in extensive public opinion research conducted by Christiansen and Secrest and Associates, a national polling firm also utilized by the Governor;
- sound economic development principles for expanded gaming as articulated by Christiansen in its market study for the state.

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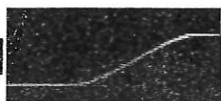
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From : Kristin Holt <kristinholt@mail.com>

[Inbox](#)

Sent : Thursday, March 9, 2006 9:10 AM

To : lanealeen@hotmail.com

Subject : KC Star Editorial

Posted on Thu, Mar. 09, 2006

## Editorials

### State-owned casinos in Kansas

# A twisted pathway to more gambling

ed tm kangamers 84

As expected, this week Kansas legislative leaders rolled out their proposal to expand gambling, even though they are not sure they have the votes to push the plan through the Senate.

Other lawmakers are entitled to be skeptical. From the beginning, this has been a classic exercise in how *not* to proceed.

Start with the fact that the Kansas Constitution bans privately owned casinos. That leaves two options: casinos owned by tribes under the Indian Gaming Act, or outright state ownership.

Gambling supporters quickly went for the latter choice, even though no other state in the nation has taken such a momentous step - and for good reasons.

The risk of corruption is considerable, and not merely the classic sort of corruption in which money finds its way into the wrong hands. Another risk is corruption of purpose stemming from the conflicting positions in which the state would find itself.

Would it be a government or a business?

Compare the complicated regulatory scheme proposed for Kansas with Missouri's relatively simple setup.

In Missouri, all the important regulatory functions for supervising gambling are performed by the state Gaming Commission.

The Kansas Senate bill, however, would erect a multijurisdictional contraption that casino operators could manipulate.

Gambling facilities would be owned by the Lottery Commission, which would screen companies to manage the casinos. But the final decision on choosing the operating companies would lie with a new Destination Casino Review Board.

Meanwhile, regulatory oversight would be vested in the Kansas Racing and Gaming Commission.

Kevin Mullally, executive director of the Missouri Gaming Commission, says the gambling industry actually prefers this sort of multitiered structure. It creates openings for operators to create conflicts over jurisdiction or revenue.

<http://by101fd.bay101.hotmail.msn.com/cgi-bin/getmsg?msg=A5DAF7D4-7254-49D6-B86...> 3/9/2006

18-9

"Everybody's afraid to give one body as much power as we have," Mullally said of the Missouri commission. "But it works."

Kansas could always amend the constitution to permit privately owned and operated casinos, supervised by a properly empowered regulator.

This newspaper opposed gambling in Missouri, as it opposes expanded gambling in Kansas. But if Kansas legislators are determined to emulate Missouri, they should proceed in a more serious and responsible way: Why not propose a constitutional amendment and let voters decide if they want more gambling?

In any event, they should drop this feckless talk of state-owned casinos.

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**Park Lanes  
Family Fun Center**

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**Ranch West  
Bowling Center**

8201 State Ave.  
Kansas City, Kansas  
Phone: 913-299-1110

March 10, 2006

Good Morning:

My name is Bob Johannes. I am testifying in opposition to Senate Bill 587 concerning expanded gaming in the state of Kansas. I am a Bowling Center Proprietor with two centers located in the Kansas City, Kansas area. I am here also representing the Kansas Bowling Proprietors Association. The main issue for the opposition is the fact that this proposal limits gaming to a few casino/race track facilities. This in effect is a government-supported monopoly. I believe any type of business, large or small, would like to have the government protect them from competition.

This proposal also ignores the impact that these types of facilities have on small entertainment businesses such as bowling centers, movie theaters, and restaurant and bar facilities, which have been a major part of the entertainment industry in the state of Kansas. The fact of the matter is that if the destination casinos or tracks wanted to add a bowling venue to attract additional customers they could. Would bowling centers be allowed to add a gaming venue to compete with them, **NO** they could not. I do not see how any of you as trusted guardians of our state economy can not see that helping create a monopoly with expanded gaming is **WRONG**.

There are over 100 bowling centers in the State of Kansas with a combined investment in excess of \$150,000,000. My two centers alone pay over \$140,000 in real estate and personal property taxes each year and an additional \$200,000 plus in sales and liquor taxes.

Bowling centers also have long been a source of fund raising throughout the state. Hundreds of thousands of dollars are raised annually for organizations each year, from little league baseball and football teams to large scale fund raisers such as El Centro in Kansas City, Kansas. Just last week El Centro held their annual fundraiser at our facility and raised in excess of \$40,000.

To allow a few "destination" casinos and/or race tracks with slot machines to operate as a state controlled monopoly protected from competition is wrong. If too much gambling is bad for Kansas society, then we should not have any additional gaming facilities, let alone create an unfair business monopoly with it.

I ask you to diligently consider the impact on long standing businesses in Kansas that will be greatly impacted by additional state controlled gaming.

Please do not move forward with Senate bill 587.

Thank you for your time.

Bob Johannes

LEGISLATIVE TESTIMONY

TO: Chairman Pete Brungardt and Members of the Senate Committee on  
Federal and State Affairs

DATE: March 10, 2006

SUBJECT: SB 587

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Mr. Chairman and Member of the Committee My name is Joyce Markham and I am the President of the Kansas Problem Gambling Coalition. Thank you for the opportunity to testify today on SB 587.

The Kansas Coalition on Problem Gambling (KCPG) is a grassroots organization that is neither for nor against expanded gambling in the state but committed to assuring that adequate financing is present for treatment and prevention of problem gaming. The Coalition would like to express its appreciation to the authors of SB 587 for including one percent of the proceeds generated from the bill for that purpose.

I am urging you to maintain this provision of the bill to assure that adequate financial support for the treatment and prevention costs associated with pathological and problem gambling accompanies legislation increasing gaming in our state. Within roughly five years of a casino being opened, communities can expect to experience an increase in bankruptcies, alcohol and drug abuse, spousal and child abuse, attempted and successful suicides, crime and imprisonment, and divorce. The State of Kansas government has a poor record of providing financial support for the social and psychological illnesses connected to gambling. We have a duty to do more.

It is estimated that there are approximately 30,638 problem gamblers in the State of Kansas.<sup>1</sup> Of these approximately 300 to 500 seek treatment each year without the resources to pay<sup>2</sup>. The pathological gambler and their family need support. They need resources to pay for treatment. Without treatment the pathological gambler and their family will continue to suffer stress related illnesses, psychological problems, and continually incur costs that ultimately are paid for by insurance or the State.

The Kansas Coalition on Problem Gambling also supports that any financial support be managed by the Addiction and Prevention Services (AAPS) division of the SRS. Pathological Gambling has been proven to be best treated within an addiction program and AAPS has prepared itself to provide increased services to the gambling affected families in Kansas.

Again thank you for the opportunity to speak today.



Pathological Gambling Supporting Data

**<sup>1</sup> How many pathological gamblers are there?**

A 1998 report from the Harvard Medical School attempted to synthesize all studies done on problem gambling in the United States and Canada. Their best estimate was that 1.6 percent of the adults in both countries had experienced pathological gambling at some point in their life, while 1.1 percent had experienced it in the past 12 months. The further estimated that an additional 3.85 percent of adults had experienced mild to moderate problems with gambling at some point in their lives but had not progressed to the pathological level.

2004 US Census Bureau: Kansas population: 2,735,502

70% of Ks. Population is adults = 1,914,851

Harvard study:

1.6% of adults are pathological gamblers = 30,638 (KS)

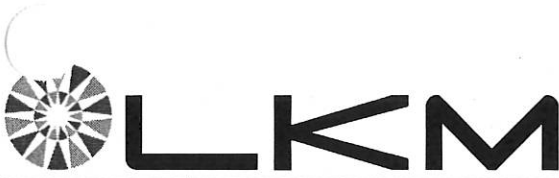
3.85% of adults are problem gamblers = 73,721 (KS)

**<sup>2</sup> Approximately 300 to 500 seek treatment each year without the resources to pay.**  
Derived from two sources; SRS data and Gambling Hotline data.

- A. Based on 12-14-05 SRS Division of Health Care Policy, Addiction and Prevention Services report that 534 clients coming into chemical dependency treatment between 7-1-2004 and 6-30-2005 feel a compulsion to gamble.
- B. The Gambling Hotline, administered by The Mental Health Consortium fields calls from gamblers attempting to access treatment. This would not constitute every person needing treatment as some people call individual practitioners or programs they know that have gambling treatment. These numbers do help recognize and support the numbers stated in the platform. They are as follows:

	#calls	#suicidal
2003	397	7
2004	416	5
2005	366	3

\*Provided by Penny Boleski, Director of Medicare and Commercial Contracts, Mental Health Consortium, 2-6-06.



League of Kansas Municipalities

300 SW 8th Avenue, Suite 100  
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Phone: (785) 354-9565  
Fax: (785) 354-4186

**To:** Senate Federal and State Affairs Committee  
**From:** Kimberly Winn, Director of Policy Development & Communications  
**Re:** Comments on SB 587  
**Date:** March 10, 2006

First I would like to thank the Committee for allowing the League to testify today concerning SB 587. The League, to our knowledge in our 96 year history, has never taken a position on any type of gambling bill. As a result, we do not have a position today on SB 587. We do, however, have a position on demand transfers and the reinstatement of the local ad valorem tax reduction fund (LAVTR) monies which were taken from cities and counties several years ago. We applaud the Kansas Legislature for considering the reinstatement of this money and are here today to support the reinstatement of the demand transfers and the LAVTR monies.

As the League does not have a position, on SB 587, we will be considering our stance on the overall legislation at the League Governing Body meeting a week from today. At that time the League Governing Body will consider what our stance should be on the entire piece of legislation. But until that time, the League is here to support the reinstatement of the demand transfers and to thank those members of the legislature who have thought of lightening the burden on local property taxpayers in Kansas. I will be happy to answer any questions you may have concerning the League's posture on this matter.



**KANSAS**  
ASSOCIATION OF  
**COUNTIES**

**TESTIMONY**  
concerning Senate Bill No. 587  
**re. Restoration of LAVTR Funds in the Gaming Bill**  
Senate Federal and State Affairs Committee  
Presented by Randall Allen, Executive Director  
Kansas Association of Counties  
March 10, 2006

Chairman Brungardt and members of the committee, thank you for the opportunity to comment on SB 587, and specifically on the section of the bill concerning property tax relief, on behalf of the Kansas Association of Counties and its 96 member counties.

To the best of my knowledge, the Kansas Association of Counties has never adopted a position for or against gaming in Kansas. As such, I will refrain from discussing the substantive merits of any proposal to expand gaming in Kansas. However, the counties of Kansas enthusiastically support restored funding of the Local Ad Valorem Tax Reduction Fund (LAVTR) program (K.S.A. 79-2959), which is addressed in SB 587. Over several decades, the LAVTR and City-County Revenue Sharing (CCRS) Programs returned state sales tax revenue to local governments to enable locally elected officials to reduce property taxes that would otherwise be required to finance essential public services.

When the LAVTR and City-County Revenue Sharing revenue transfers were suspended and then defunded a few years ago as the State's budget problems intensified, county officials were placed in the unenviable position of either cutting services to county residents or raising property taxes, or both. This had a detrimental effect to both services and to the property tax burden in Kansas counties. The restoration of a financed LAVTR program would provide new hope to counties to meet their responsibilities while controlling property tax levies. For this reason, we offer our support for the part of SB 587 which makes the restoration of LAVTR funds possible. Thank you for considering our testimony as you deliberate on this important legislation.

The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to Randall Allen or Judy Moler by calling (785) 272-2585.

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Sen Fed & State Affairs  
3-10-06  
Attachment 22

Kansas Department of Revenue

Office Policy and Research

County Name	2005	CY 2004	LAVTRF Ratio	Distribution		
	Assessed Valuation	Population Certified 7/1/05		Amount - FY 07 \$38,125,000	Amount - FY 08 \$ 35,499,000	Amount - FY 09 \$ 50,040,000
Allen	\$ 79,488,947	13,949	0.00434	\$ 165,622	\$ 154,214	\$ 217,383
Anderson	\$ 67,034,996	8,191	0.00281	\$ 107,309	\$ 99,918	\$ 140,846
Atchison	\$ 113,923,684	16,848	0.00548	\$ 208,890	\$ 194,502	\$ 274,174
Barber	\$ 73,225,639	4,999	0.00214	\$ 81,450	\$ 75,840	\$ 106,905
Barton	\$ 196,623,885	27,367	0.00905	\$ 345,025	\$ 321,261	\$ 452,854
Bourbon	\$ 84,953,824	15,066	0.00468	\$ 178,440	\$ 166,149	\$ 234,207
Brown	\$ 82,094,070	10,362	0.00353	\$ 134,414	\$ 125,155	\$ 176,421
Butler	\$ 441,998,615	61,828	0.02042	\$ 778,392	\$ 724,778	\$ 1,021,659
Chase	\$ 38,675,768	3,068	0.00123	\$ 46,894	\$ 43,664	\$ 61,549
Chautauqua	\$ 23,937,357	4,178	0.00130	\$ 49,671	\$ 46,249	\$ 65,194
Cherokee	\$ 131,174,257	21,950	0.00691	\$ 263,629	\$ 245,471	\$ 346,020
Cheyenne	\$ 40,501,431	2,979	0.00123	\$ 46,989	\$ 43,753	\$ 61,674
Clark	\$ 37,917,371	2,343	0.00105	\$ 39,951	\$ 37,200	\$ 52,437
Clay	\$ 62,171,778	8,597	0.00285	\$ 108,585	\$ 101,106	\$ 142,521
Cloud	\$ 68,626,116	9,779	0.00321	\$ 122,481	\$ 114,044	\$ 160,759
Coffey	\$ 455,842,283	8,759	0.00799	\$ 304,471	\$ 283,499	\$ 399,625
Comanche	\$ 42,159,476	1,903	0.00100	\$ 38,060	\$ 35,439	\$ 49,955
Cowley	\$ 204,004,662	35,772	0.01114	\$ 424,812	\$ 395,552	\$ 557,577
Crawford	\$ 219,819,386	38,060	0.01189	\$ 453,350	\$ 422,124	\$ 595,033
Decatur	\$ 31,715,450	3,274	0.00119	\$ 45,323	\$ 42,201	\$ 59,487
Dickinson	\$ 134,700,485	19,132	0.00629	\$ 239,842	\$ 223,322	\$ 314,799
Doniphan	\$ 65,515,538	8,062	0.00276	\$ 105,390	\$ 98,131	\$ 138,327
Douglas	\$ 1,038,091,400	102,786	0.03787	\$ 1,443,822	\$ 1,344,373	\$ 1,895,051
Edwards	\$ 43,639,549	3,308	0.00135	\$ 51,519	\$ 47,971	\$ 67,620
Elk	\$ 22,581,705	3,117	0.00103	\$ 39,389	\$ 36,676	\$ 51,700
Ellis	\$ 270,807,578	27,060	0.00994	\$ 378,881	\$ 352,784	\$ 497,290
Ellsworth	\$ 54,913,571	6,350	0.00222	\$ 84,645	\$ 78,815	\$ 111,099
Finney	\$ 470,512,179	39,271	0.01543	\$ 588,127	\$ 547,618	\$ 771,932
Ford	\$ 219,946,113	33,278	0.01076	\$ 410,092	\$ 381,845	\$ 538,256
Franklin	\$ 177,650,848	26,049	0.00849	\$ 323,716	\$ 301,418	\$ 424,885
Geary	\$ 133,854,235	25,111	0.00770	\$ 293,589	\$ 273,367	\$ 385,342
Gove	\$ 38,979,781	2,845	0.00118	\$ 45,024	\$ 41,923	\$ 59,095
Graham	\$ 42,259,364	2,745	0.00120	\$ 45,737	\$ 42,587	\$ 60,032
Grant	\$ 345,416,263	7,685	0.00630	\$ 240,206	\$ 223,661	\$ 315,277
Gray	\$ 64,041,925	5,980	0.00225	\$ 85,801	\$ 79,891	\$ 112,616
Greeley	\$ 35,431,811	1,415	0.00080	\$ 30,317	\$ 28,229	\$ 39,792
Greenwood	\$ 57,515,527	7,538	0.00254	\$ 96,692	\$ 90,032	\$ 126,911
Hamilton	\$ 72,648,427	2,654	0.00157	\$ 59,921	\$ 55,794	\$ 78,648
Harper	\$ 60,443,860	6,238	0.00227	\$ 86,362	\$ 80,413	\$ 113,352
Harvey	\$ 219,244,111	33,769	0.01086	\$ 414,193	\$ 385,664	\$ 543,639
Haskell	\$ 212,379,658	4,272	0.00377	\$ 143,586	\$ 133,696	\$ 188,460
Hodgeman	\$ 33,440,623	2,089	0.00093	\$ 35,439	\$ 32,998	\$ 46,515
Jackson	\$ 77,998,743	13,169	0.00414	\$ 157,820	\$ 146,950	\$ 207,143
Jefferson	\$ 131,678,865	18,906	0.00620	\$ 236,303	\$ 220,026	\$ 310,153
Jewell	\$ 35,882,835	3,422	0.00128	\$ 48,721	\$ 45,366	\$ 63,948
Johnson	\$ 7,171,851,084	496,691	0.21092	\$ 8,041,467	\$ 7,487,581	\$ 10,554,623
Kearny	\$ 286,362,195	4,515	0.00478	\$ 182,324	\$ 169,766	\$ 239,305
Kingman	\$ 97,822,789	8,390	0.00326	\$ 124,317	\$ 115,754	\$ 163,169
Kiowa	\$ 64,410,702	3,084	0.00157	\$ 59,748	\$ 55,633	\$ 78,421
Labette	\$ 111,921,096	22,269	0.00674	\$ 257,011	\$ 239,308	\$ 337,333
Lane	\$ 32,801,724	1,950	0.00089	\$ 33,865	\$ 31,532	\$ 44,448
Leavenworth	\$ 491,118,236	72,439	0.02357	\$ 898,777	\$ 836,870	\$ 1,179,667
Lincoln	\$ 34,888,396	3,416	0.00126	\$ 48,176	\$ 44,858	\$ 63,232

Kansas Department of Revenue

Office	Policy and Research							
Linn	\$ 161,787,466	9,775	0.00442	\$ 168,453	\$ 156,850	\$ 221,099		
Logan	\$ 40,499,541	2,827	0.00120	\$ 45,611	\$ 42,470	\$ 59,866		
Lyon	\$ 218,162,708	35,717	0.01131	\$ 431,306	\$ 401,598	\$ 566,100		
Marion	\$ 97,646,856	13,010	0.00436	\$ 166,083	\$ 154,643	\$ 217,988		
Marshall	\$ 86,109,471	10,402	0.00359	\$ 136,759	\$ 127,339	\$ 179,499		
McPherson	\$ 290,455,618	29,413	0.01075	\$ 409,900	\$ 381,667	\$ 538,004		
Meade	\$ 106,413,866	4,592	0.00247	\$ 94,153	\$ 87,668	\$ 123,578		
Miami	\$ 313,307,824	29,712	0.01112	\$ 423,895	\$ 394,697	\$ 556,372		
Mitchell	\$ 54,093,702	6,564	0.00226	\$ 86,179	\$ 80,243	\$ 113,112		
Montgomery	\$ 205,706,380	34,975	0.01098	\$ 418,433	\$ 389,612	\$ 549,203		
Morris	\$ 56,391,783	5,977	0.00215	\$ 81,996	\$ 76,348	\$ 107,622		
Morton	\$ 160,018,126	3,269	0.00285	\$ 108,641	\$ 101,158	\$ 142,594		
Nemaha	\$ 77,114,259	10,458	0.00348	\$ 132,824	\$ 123,675	\$ 174,335		
Neosho	\$ 89,926,383	16,555	0.00510	\$ 194,385	\$ 180,996	\$ 255,135		
Ness	\$ 53,189,491	3,080	0.00142	\$ 54,170	\$ 50,439	\$ 71,100		
Norton	\$ 39,807,488	5,799	0.00189	\$ 72,193	\$ 67,221	\$ 94,755		
Osage	\$ 118,232,763	17,091	0.00559	\$ 213,220	\$ 198,533	\$ 279,856		
Osborne	\$ 35,609,420	4,100	0.00144	\$ 54,728	\$ 50,959	\$ 71,832		
Ottawa	\$ 56,636,207	6,175	0.00220	\$ 83,910	\$ 78,131	\$ 110,134		
Pawnee	\$ 54,110,624	6,795	0.00232	\$ 88,280	\$ 82,199	\$ 115,869		
Phillips	\$ 47,865,995	5,583	0.00195	\$ 74,216	\$ 69,104	\$ 97,410		
Pottawatomie	\$ 368,842,391	18,871	0.00926	\$ 353,111	\$ 328,789	\$ 463,467		
Pratt	\$ 99,483,573	9,417	0.00353	\$ 134,441	\$ 125,181	\$ 176,457		
Rawlins	\$ 31,123,637	2,765	0.00106	\$ 40,419	\$ 37,635	\$ 53,051		
Reno	\$ 462,334,743	63,676	0.02112	\$ 805,177	\$ 749,717	\$ 1,056,814		
Republic	\$ 48,059,471	5,224	0.00186	\$ 71,059	\$ 66,165	\$ 93,267		
Rice	\$ 100,041,673	10,497	0.00379	\$ 144,500	\$ 134,547	\$ 189,660		
Riley	\$ 368,396,042	63,069	0.01976	\$ 753,285	\$ 701,400	\$ 988,706		
Rooks	\$ 60,887,283	5,386	0.00207	\$ 78,862	\$ 73,430	\$ 103,509		
Rush	\$ 35,386,001	3,466	0.00128	\$ 48,875	\$ 45,508	\$ 64,149		
Russell	\$ 69,707,062	6,978	0.00256	\$ 97,640	\$ 90,915	\$ 128,155		
Saline	\$ 470,197,690	53,943	0.01891	\$ 720,888	\$ 671,234	\$ 946,183		
Scott	\$ 71,727,927	4,691	0.00204	\$ 77,920	\$ 72,553	\$ 102,272		
Sedgwick	\$ 3,608,117,774	463,802	0.15695	\$ 5,983,540	\$ 5,571,402	\$ 7,853,544		
Seward	\$ 267,620,682	23,237	0.00899	\$ 342,674	\$ 319,071	\$ 449,768		
Shawnee	\$ 1,427,520,824	171,716	0.05929	\$ 2,260,590	\$ 2,104,884	\$ 2,967,080		
Sheridan	\$ 33,509,739	2,614	0.00106	\$ 40,230	\$ 37,459	\$ 52,802		
Sherman	\$ 62,001,706	6,218	0.00228	\$ 86,950	\$ 80,961	\$ 114,124		
Smith	\$ 35,998,758	4,179	0.00146	\$ 55,636	\$ 51,804	\$ 73,024		
Stafford	\$ 64,285,561	4,512	0.00190	\$ 72,623	\$ 67,621	\$ 95,319		
Stanton	\$ 102,902,175	2,374	0.00190	\$ 72,326	\$ 67,344	\$ 94,929		
Stevens	\$ 354,980,725	5,520	0.00591	\$ 225,317	\$ 209,797	\$ 295,734		
Sumner	\$ 161,163,972	25,272	0.00809	\$ 308,534	\$ 287,283	\$ 404,959		
Thomas	\$ 78,959,399	7,801	0.00288	\$ 109,665	\$ 102,111	\$ 143,938		
Trego	\$ 37,527,059	3,158	0.00124	\$ 47,142	\$ 43,895	\$ 61,875		
Wabaunsee	\$ 62,587,452	6,938	0.00246	\$ 93,762	\$ 87,303	\$ 123,064		
Wallace	\$ 28,650,993	1,579	0.00075	\$ 28,454	\$ 26,494	\$ 37,346		
Washington	\$ 56,394,616	6,107	0.00218	\$ 83,175	\$ 77,446	\$ 109,169		
Wichita	\$ 32,157,702	2,360	0.00098	\$ 37,261	\$ 34,694	\$ 48,906		
Wilson	\$ 69,865,679	9,946	0.00327	\$ 124,606	\$ 116,023	\$ 163,548		
Woodson	\$ 28,210,937	3,553	0.00121	\$ 46,119	\$ 42,943	\$ 60,533		
Wyandotte	\$ 1,110,992,382	156,487	0.05158	\$ 1,966,308	\$ 1,830,872	\$ 2,580,828		
Totals	*****	2,735,502	1.00000	\$ 38,125,000	\$ 35,499,000	\$ 50,040,000		

Formula states population makes up 65% and valuation 35% of the amount to the county.