

Approved: 3-1-10
Date

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on February 9, 2010, in Room 144-S of the Capitol.

All members were present.

Committee staff present:

Jason Long, Office of the Revisor of Statutes
Julian Efind, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Connie Burns, Committee Assistant

Conferees appearing before the Committee:

Senator Kelsey
Jeff Boerger, Kansas Speedway
Karen Bailey, Penn National Gaming
Don Greenwell, The Builders' Association
Ronald Hein, Prairie Band Potawatomi Nation
David Kendrick, Greater Kansas City Building and Construction Trades Council, AFL-CIO
Cindy Cash, Kansas City Kansas Area Chamber of Commerce
Janis Hellard, The Sumner County Economic development Commission
Chad Manspeaker, Laborers' Local Union #1290
Stuart Little, Aristocrat Technologies, Inc.
Mark Kahrs, Stand Up for Kansas
Mike Taylor, Unified Government Wyandotte County
Doug Lawrence, Kansas Greyhound Association

Others attending:

See attached list.

Introduction of bills:

Senator Morris requested a bill introduction that will allow school districts to extend the life of school buses from 20 years to 25 years.

Senator Morris moved that this request should be introduced as a committee bill. Senator Reitz seconded the motion. The motion carried.

SB 401 - Amendments to the Kansas expanded lottery act

Chairman Brungardt opened the hearing on **SB 401**.

Opponents:

Senator Kelsey, spoke in opposition to the bill. (Attachment 1) Senator Kelsey opposes reopening the gambling debate, and stated that **SB 66** was written by the gambling industry for the gambling industry.

Jeff Boerger, President, Kansas Speedway, and Karen Bailey, Director Public Affairs, Penn National Gaming, (Attachment 2) appeared in opposition to the bill. Mr. Boerger and Ms. Bailey stated that Kansas Entertainment has successfully negotiated their contract with the State under the current rules of **SB 66** and would expect the racetrack owners to do the same. As the financial markets turned down, destination casino developers adjusted their proposals, but were still able to meet the criteria set forth by KELA. Changing the rules for racetrack owners by giving them a preferential tax rate is simply not fair nor does it make good business sense for the State of Kansas, which is their partner in this project, too. Elevation drawings were provided. (Attachment 3)

Don Greenwell, President, The Builders' Association, provided testimony in opposition to the bill.

CONTINUATION SHEET

Minutes of the Senate Federal and State Affairs Committee at 10:30 a.m. on February 9, 2010, in Room 144-S of the Capitol.

(Attachment 4) The adoption of this proposal will delay, or even jeopardize, the much anticipated construction of a destination Hollywood Casino near the Kansas Speedway in Wyandotte County.

Ronald Hein, Prairie Band Potawatomi Nation, spoke in opposition to the bill. (Attachment 5) The passage of the expanded gambling act by the legislature threatens the progress made in northeast Kansas, and represents a backward step not only in the progress of Native Americans, but also in the relationship between the state and the Tribal communities.

David Kendrick, Greater Kansas City Building and Construction Trades Council, AFL-CIO, provided testimony in opposition to the bill. (Attachment 6) Mr. Kendrick stated The Building Trades Council opposes any legislation that puts at risk the development, the thousands of jobs, millions of dollars of payroll and taxes to all levels of the economy in the State of Kansas.

Cindy Cash, President, Kansas City Kansas Area Chamber of Commerce, spoke in opposition to the bill and stated that there are serious concerns that any bill introduced at this time which re-opens the gaming issue has the potential to damage the hard won potential revenues **SB 66** enacted in 2007 will generate for the State of Kansas and Wyandotte. (Attachment 7)

Janis Hellard, Director, The Sumner County Economic Development Commission, testified in opposition to the bill. (Attachment 8) Ms. Hellard stated the concerns relate to the portion of the bill that provides for another vote in Sedgwick County regarding slots at the race track; if the bill moves forward it would be putting at risk the creation of 800-900 jobs that will come with the building of a casino/resort in the South-Central Gaming Zone. The passage could halt the negotiation process already taking place on the contract for a casino/resort in our South-Central Gaming Zone.

Chad Manspeaker, Public Affairs Director, Laborers' Local Union #1290, spoke in opposition to the bill. (Attachment 9) Mr. Manspeaker stated that the Laborers' Local Union's main concern would be loss of jobs and the potential of putting the Speedway Casino project in jeopardy.

Stuart Little, Aristocrat Technologies, Inc., testified not opposing the bill, but would like to request an amendment if the bill advances. (Attachment 10) The amendment is to Section 9 (b) of the bill.

Mark Kahrs, Chairman, Stand Up for Kansas, appeared in opposition to the bill. (Attachment 11) Stand Up for Kansas is a state-wide coalition of grassroots citizens who oppose the expansion of gambling in Kansas and urged the committee to vote no on the bill.

Mike Taylor, Unified Government Wyandotte County, spoke in opposition to the bill. (Attachment 12) The bill proposes changing the fundamental financial landscape of the gaming law. The Unified Government has always been supportive of The Woodlands, but there is no indication that the implementation of the bill would result in the track re-opening with a full slate of greyhound and horse racing and slots in a "racino."

Written Testimony in opposition was provided by the following:

Bob Jacobi, Executive Director, Labor Management Council of Great Kansas City (Attachment 13)

Linda Leeper, President/CEO, Shawnee Chamber of Commerce (Attachment 14)

Andy Sanchez, Executive Secretary-Treasurer, Kansas AFL-CIO (Attachment 15)

Ashley Sherard, Vice-President, Lenexa Chamber of Commerce (Attachment 16)

Jennifer Bruning, Vice President of Government Affairs, Overland Park Chamber of Commerce (Attachment 17)

Teresa Watson, Board of County Commissioners of Sumner County (Attachment 18)

CONTINUATION SHEET

Minutes of the Senate Federal and State Affairs Committee at 10:30 a.m. on February 9, 2010, in Room 144-S of the Capitol.

Kent Hixson, City Administrator, Mulvane, Kansas (Attachment 19)

Charles A. Morgan III, Self, Mulvane, Kansas (Attachment 20)

Linda Parker, Self, Mulvane, Kansas (Attachment 21)

Tim McKee, Olathe Chamber of Commerce (Attachment 22)

The Chairman opened the meeting to questions. The committee asked where in the previous bill is it stated that there can only be one election, and not allowing a second chance for another election, and how the numbers fall out in the bill.

Doug Lawrence, Kansas Greyhound Association, stood for questions and made a couple of points on the provisions in the contract for the managers.

Chairman Brungardt closed the hearing on **SB 401**.

The next meeting is scheduled for February 10, 2010. The meeting was adjourned at 11:35 a.m.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

GUEST LIST

DATE 2-9-10

NAME	REPRESENTING
Janis Hellard	Sumner Co Economic Development
Rob Johnson	Federico Consulting
Beth Felski	Olathe Chamber of Commerce
Jay Hall	KRGC
George Wenzel	Ruffin Company
John Rottenberg JOHN ROTTENBERG	KS ENTERTAINMENT
Doug Sellas	City of Frisco
Karen Bane	SCED
Stephen R. Bate (Mon-wah)	PRairie Band Potawatomi Nation
Pope Sherrin	PRAIRIE BAND Potawatomi Nation
Ryan Dyer	PRPN
Whitney Dugg	KS Entertainment, LLC
Amy Camp	WMS
JEFF BOERLER	KE
James DeLong	TURNER
BRIAN WILSON	KE
DAVID KENDRICK	BUILDING TRADES COUNCIL
CINDY CASH	KANSAS CITY KANSAS Chamber
Don Greenwell	The Builders' Assoc
Karen Bailey	Penn National / Kansas Entertainment
Marty Nauman	Kansas Entertainment
Ed Van Pelt	Lottery
Dave Hemen	Stand Up For Kana.
DAN MORGAN	Builders' Assn.
Bill Snee	KS Entertainment LLC
Levi Henry	Sandstone Group LLC
MIKE TAYLOR	UNITED GOVERNOR/WYANDOTTE CO.

STATE OF KANSAS

1

DICK KELSEY
STATE SENATOR, 26RD DISTRICT
24047 W. MACARTHUR
GODDARD, KANSAS 67052

STATE CAPITOL 541-E
300 S.W. 10TH AVENUE
TOPEKA, KANSAS 66612
(785) 296-7367
dandd@carrollswab.com



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
COMMERCE
FINANCIAL INSTITUTIONS AND INSURANCE
PUBLIC HEALTH AND WELFARE

Testimony: By Senator Dick Kelsey

Senate Federal and State Affairs Committee

Re: Senate Bill 401

Thank you for the opportunity to speak. I oppose reopening the gambling debate. I served in the House when the 96 page amendment was dropped on the floor with no advance opportunity for anyone of us to read and see. Senate bill 66 was written by the gambling industry for the gambling industry. They are the ones who put the percentages and rules in the law.

Sedgwick County clearly rejected expanded gambling after a hard fought election. The people of Sedgwick County do not want to reopen this can of worms. It is not right to change the rules half way through the game. If we change the rules now what does that do to people who have already played by the rules and signed contracts.

Please vote no on SB 401

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Dick Kelsey', written over a horizontal line.

Senator Dick Kelsey

Sn Fed & State
Attachment 1

2-9-10



February 9, 2010

Chairman Pete Brungardt
Members of the Committee on Federal and State Affairs
Kansas Senate
Topeka, Kansas 66612

Re: Testimony as submitted for February 9, 2010 Hearing

Kansas Speedway – Jeff Boerger, President, Kansas Speedway

Good morning Chairman Brungardt and members of the Committee. My name is Jeff Boerger and I am the President of Kansas Speedway and one of the partners representing Kansas Entertainment, LLC – the joint venture partnership of International Speedway Corporation and Penn National Gaming – the development group chosen by the State of Kansas to develop the destination casino for the Northeast Kansas Gaming Zone.

In 2001 we opened Kansas Speedway to host major league racing including the premier NASCAR Sprint Cup Series. Kansas Speedway took a risk in western Wyandotte County and was the anchor business that launched what is today a vibrant retail and dining destination called Village West. Village West is home to Cabela’s, Nebraska Furniture Mart, The Legends, four hotel groups and numerous dining and retail businesses. And now we look forward to the creation of more than \$400 million in new investment in the Village West area with the addition of the Wizards soccer stadium and Cerner’s new office park. Of course, the biggest new development for us is our proposed destination gaming facility: Hollywood Casino at Kansas Speedway.

Each year Kansas Speedway attracts close to 500,000 visitors and generates \$242,000,000 in economic impact for the State of Kansas. Our guests fill Kansas hotels, restaurants and shops that generate millions of dollars of tax revenues back to the Kansas taxpayer. Kansas Speedway has been an outstanding corporate citizen and we have given millions of dollars to support numerous charitable organizations in Wyandotte County and the State.

On December 1, 2009 the Kansas Lottery Gaming Facility Review Board unanimously approved Kansas Entertainment, LLC to build a destination casino for the Northeast Gaming Zone. The partnership of Penn National Gaming and Kansas Speedway Development Corporation will build a first class destination casino for Kansas and the Kansas City market. The initial investment is \$386 million, with an anticipated workforce of over one thousand full time employees and approximately 1,700 construction jobs over the next year-and-a-half of construction, scheduled to begin in June, 2010. We are three days away

Sn Fed & State
Attachment 2

2-9-10

from receiving final approval from the Kansas Racing and Gaming Commission, allowing us to move forward in confidence with our proposed project in Kansas City, Kansas.

Penn National Gaming – Karen Bailey, Director, Public Affairs

Thank you Jeff and thank you Mr. Chairman and the members of the Committee, I appreciate the opportunity to speak to you today about Penn National and the pending project we have in Kansas City, Kansas. My name is Karen Bailey and I am Director of Public Affairs for Penn National Gaming. Penn National has been in Kansas since day one of the discussions regarding what is today the Kansas Expanded Lottery Act, and we worked hard to support its passage. In just a few days we anticipate we will receive the final go ahead from the Racing and Gaming Commission to bring us one step closer to making our investment become a reality.

As Jeff mentioned in his comments, we are standing at the precipice of a major investment. A development of what we think will be the pride of the State and our local community. We've come a long way since the passage of KELA, having successfully navigated two rounds of the application process in the Northeast Zone. When the Hollywood Casino at Kansas Speedway opens, we will be the second casino in operation in the state with the largest investment, largest revenue stream for the state and the greatest number of employees. Our \$386 million initial investment is anticipated to be only the first phase of our development. This investment total could increase to almost \$500 million. However, the bill you have before you today puts at risk this level of investment and also jeopardizes the addition of a second NASCAR Sprint Series race, as well as more than 1,000 new jobs and approximately 1,700 construction jobs – all of which benefit the State. And jeopardizing our development doesn't just affect Penn National and the Kansas Speedway, it jeopardizes the local hoteliers who anticipate filling their rooms with visitors to the casino. It jeopardizes the local businesses in Village West who stand to gain from the over 430,000 tourists that we anticipate will visit Hollywood Casino at Kansas Speedway each year.

To be clear, our concern is not over the relief of South East Kansas is seeking. We understand perhaps better than anyone the economic challenges they face in finding a casino operator for that zone. We have successfully negotiated our contract with the State under the current rules of SB66 and we would expect the racetrack owners to do the same. We respectfully ask the members of this committee to oppose SB401.

Speedway – Jeff Boerger, President, Kansas Speedway

It's important to note the opposition to SB401 by Kansas Entertainment, LLC pertains only to the provisions that change the rules of engagement for the Woodlands Pari-mutuel Racetrack, located approximately 3 miles from our property. When gaming developers, including the racetrack owners, supported SB66 nearly four years ago we all understood and agreed to the terms laid out in the legislation. As the financial markets turned down, we as destination casino developers adjusted our proposals but were still able to meet the criteria set forth by KELA. Changing the rules for a racetrack owners by giving them a preferential tax rate is simply not fair nor does it make good business sense for the State of Kansas, which is our partner in this project, too.

Kansas Entertainment has committed to spend \$386 million over the course of the next 18 months on a first class destination casino that includes 2,300 slot positions, 86 table games, restaurants and

entertainment lounges. In addition, Kansas Speedway has agreed to seek a second NASCAR Sprint Cup Series race as well as to construct a new road course racetrack that will host a Grand-Am event.

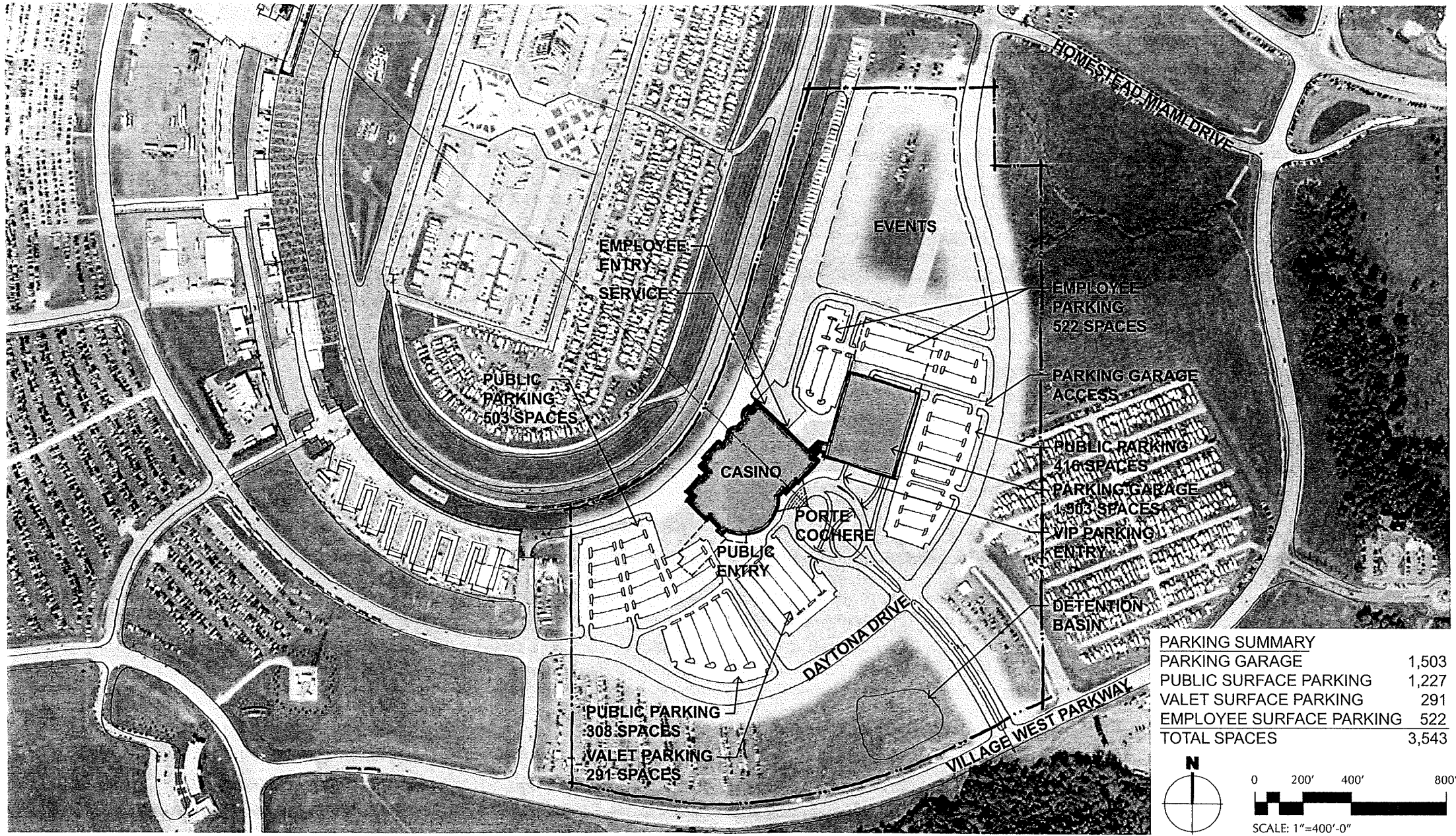
We consider the proposed legislation unjust, since SB66 (the Kansas Expanded Lottery Act) was heavily debated prior to its passage in April 2007 and provided for slot machines at the pari-mutuel facilities. We also believe a further risk of SB401 progressing would be the potential for an amendment to *restrict* gaming under SB66, thus hurting the State's potential for *any* gaming revenue. SB66 did provide for slots and competition at the Woodlands, but at a 40% base tax rate for the state's share not a 22% base tax rate for the state share as this new legislation would do.

Kansas Speedway and Penn National Gaming are opposed to SB401 since it would unfairly enhance the competitive position of The Woodlands, near Kansas Speedway. No business likes regulatory uncertainty. The Kansas Legislature has historically shown its wisdom on carefully resisting such uncertainty and we would urge this committee to carry on that tradition.

Before I close, I'd like to make one point very clear. We have heard rumors around the Capitol that some have suggested our opposition to SB401 is due to "troubles with our financing". This couldn't be further from the truth. As I mentioned earlier, our two companies have two of the strongest balance sheets in our industry. To suggest otherwise is simply not true. We have a strong financial plan and are ready to move forward once final approvals have been made and certainty has been achieved.

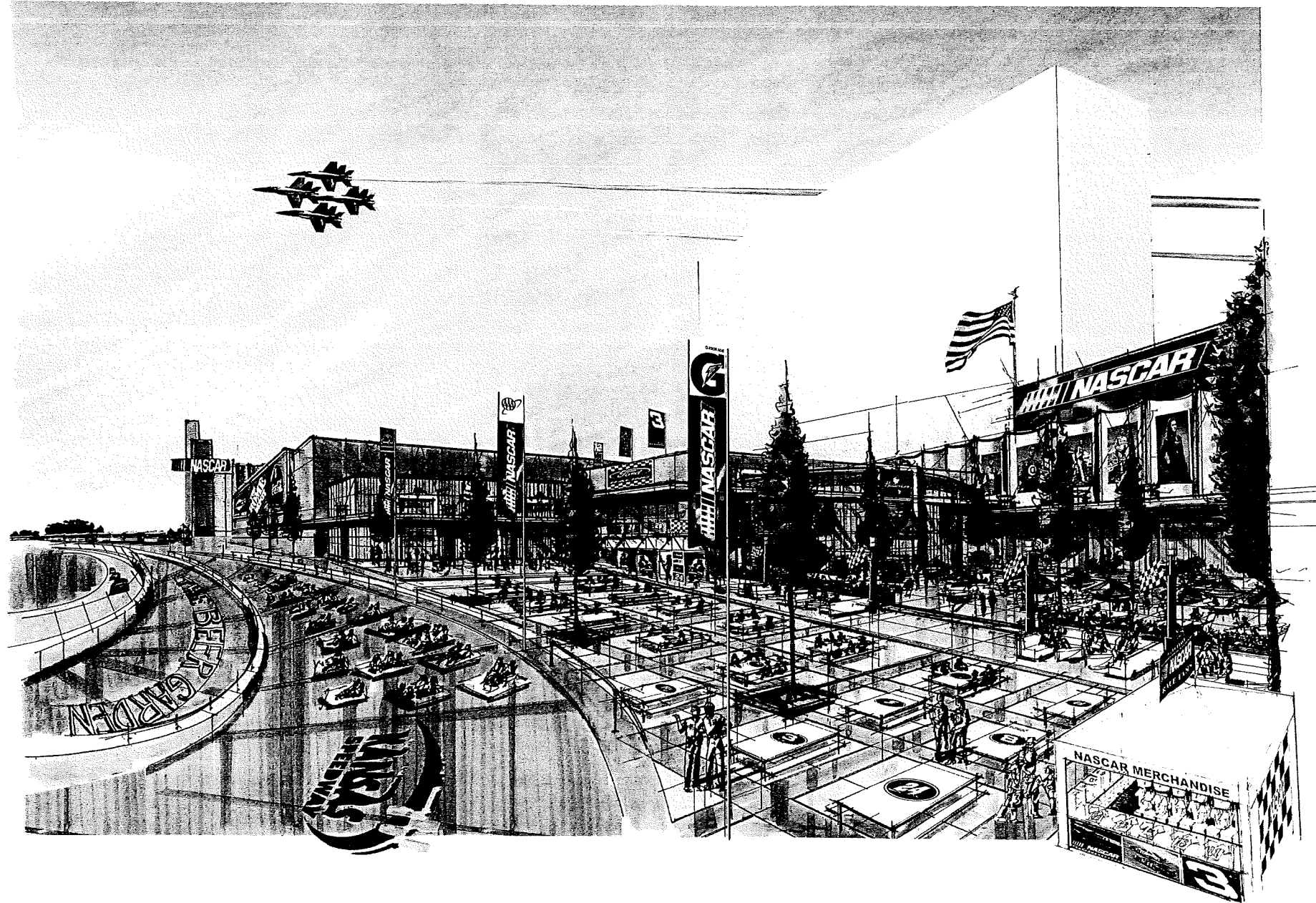
On behalf of Kansas Entertainment, we urge you to oppose SB401.

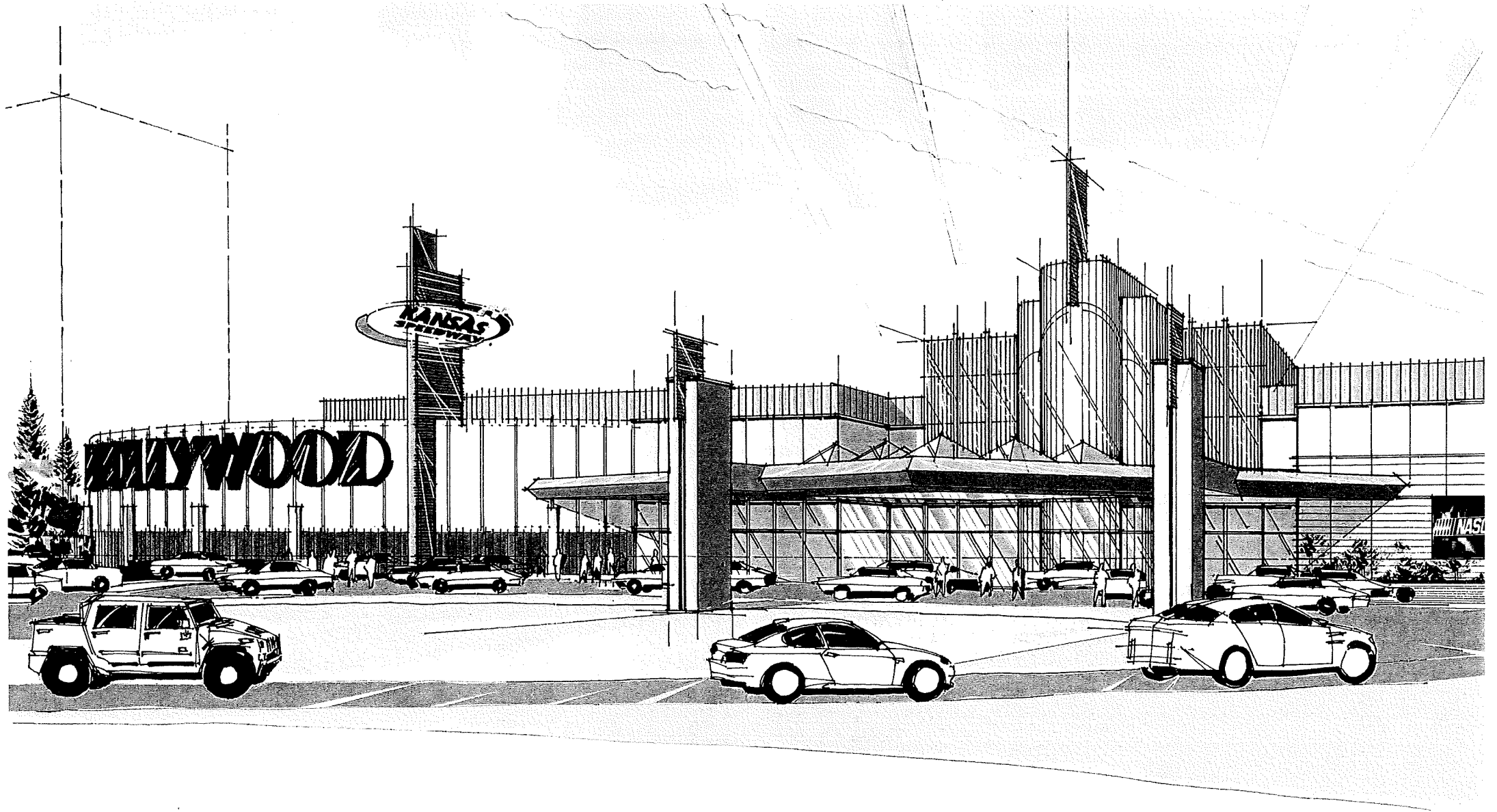
Thank you for your time and attention today.

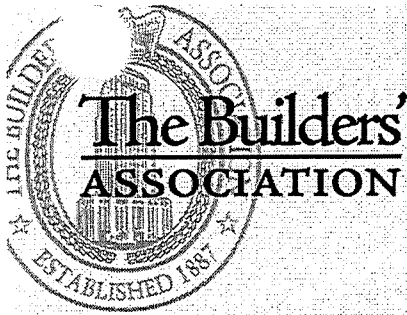


PARKING SUMMARY

PARKING GARAGE	1,503
PUBLIC SURFACE PARKING	1,227
VALET SURFACE PARKING	291
EMPLOYEE SURFACE PARKING	522
TOTAL SPACES	3,543







TESTIMONY FOR THE FEDERAL & STATE AFFAIRS
COMMITTEE OF THE KANSAS SENATE
REGARDING SENATE BILL 401

Don Greenwell, President
The Builders' Association / Kansas City Chapter, AGC
February 9, 2010

Mr. Chairman and members of the Federal & State Affairs Committee, my name is Don Greenwell. I am president of The Builders' Association and the Kansas City Building Chapter of the Associated General Contractors (AGC). On behalf of more than 500 Kansas City area general contractor, subcontractor and supplier members of The Builders' Association who perform commercial and industrial building construction in the state, I respectfully urge your opposition to Senate Bill 401.

We are especially concerned that adoption of this proposal will delay, or even jeopardize, the much anticipated construction of a destination Hollywood Casino near the Kansas Speedway in Wyandotte County. Mired in a steep economic downturn, our industry has looked forward to the start of construction on this project with great anticipation. Construction is currently expected to start later this year on the first phase of this important project.

Simply stated, our members and their employees need this work. At 22.7%, the national unemployment rate for construction workers is the highest of any industry in the country. In the Kansas City metropolitan area, hours worked in the commercial construction industry have dropped by nearly 20% from 2008 to 2009, and the outlook for improvement in the near future is dim. Construction of this casino project and subsequent work near the Kansas Speedway is sorely needed right now by an industry going through some tough economic times.

I urge this committee to oppose Senate Bill 401 and not pass it favorably out of committee. Thank you for your consideration of our position on this legislation and for your support of the area's construction industry during this trying time.

HEIN LAW FIRM, CHARTERED

5845 SW 29th Street, Topeka, KS 66614-2462

Phone: (785) 273-1441

Fax: (785) 273-9243

*Ronald R. Hein
Attorney-at-Law*

Email: rhein@hwchtd.com

**Testimony re: SB 401
Senate Federal and State Affairs Committee
Presented by Ronald R. Hein
on behalf of
Prairie Band Potawatomi Nation
February 9, 2010**

Mr. Chairman, Members of the Committee:

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

PBPN opposes SB 401. The PBPN has traditionally opposed expansion of state gaming, in light of the fact that the Federal Indian Gaming Regulatory Act was enacted in order to provide economic development opportunities to native American Indian Nations. When the Governor refused to negotiate with the Kansas federally recognized native American Indian Nations to provide expanded gaming in Wyandotte County and Southeast Kansas, and instead opted for the State to conduct such gaming, the net affect was to deprive the Native American Tribes of the economic development granted by the federal government. Our Tribe has been a stellar example of what can occur when Tribes were given the opportunity to engage in Tribal gaming. The Tribal unemployment rate dropped from as high as 78% to as low as 6-7%. The Tribe established a Head Start program, developed a law enforcement center, EMS services, a fire department, housing, an elderly program, and numerous other programs beneficial not only to the Tribal members, but to the community and citizens of Northeast Kansas.

The passage of the expanded gambling act by the legislature threatens the progress made in northeast Kansas, and represents a backward step not only in the progress of Native Americans, but in the relationship between the state and the Tribal communities.

When the expanded gaming legislation has been considered over the years, I have had an opportunity to testify on numerous occasions. I have cited what has occurred with gambling historically, and I made some predictions for the future. Many of those predictions are now proving to be accurate.

Ten years ago I predicted that if gambling expansion passed, it would be a slippery-slope, and that the gambling promoters would always need more. Gambling can be an insatiable addiction, and gambling legislation tends to become more expansive.

My specific prediction was that if gambling passed, the promoters of gambling would come BACK to the legislature within years, seeking tweaks in the rules to permit them a larger share of the pie (higher takes for the gamblers, and giving government a smaller share of the take), and seeking reductions in their responsibilities under the law.

I predicted that if gaming expansion passed, that horse and dog racing would be diminished.

I predicted that if gaming expansion passed, that Missouri would authorize additional gambling, and would eliminate some of their restrictions on gambling, in order to remain competitive with Kansas.

I predicted that if gambling expansion passed, that there would be an increase in problem gambling, and increases in social ills, and the costs for dealing with those social ills.

And what do we have today? The gambling promoters are back—seeking a larger share of the pie, asking the state to take a smaller share of the take. They are also asking to reduce THEIR responsibilities pursuant to the act THEY wrote. They also want a “do over” on the election in Wichita. Their bill didn’t allow for re-votes when they thought they would win, and they were afraid that the anti-gambling folks would keep wanting another vote to take away the casinos. Once they “won” the vote, they didn’t want to have another election. But what happened? They LOST. So now, the gambling promoters want to change the rules. Now, they want a re-vote. The gambling promoters WROTE the law, they lobbied for this law (bad as it is), and they should now have to live with this law.

This legislature should stand up for the majority of the citizens of Sedgwick County who voted no, and should NOT have to have another election. A conferee for the bill indicated the voters were confused, but they opposed an amendment to the bill that would have made the issue more clear. They were involved in writing how the election issue was stated, and they should not be able to complain that they did it wrong now. If this legislature approves this bill, they will be telling the citizens of this state “your vote doesn’t count”.

The Legislature should also realize that IF the gambling expansion bill that was passed is to work, the destination gambling facilities contemplated by that act MUST be permitted to attract tourists from out of state. SB 401 will promote NON-DESTINATION slot parlors, which will make it MORE difficult for the destination gambling facilities to attract tourists to Kansas. The gambling casinos will be forced to spend money competing with the local slots parlors, rather than by promoting tourism. And if there is no tourism, then the gambling is simply sucking money out of the Kansas economy, and is stealing from one tax-paying business to put it in the hands of the gambling interests. The gambling interests may pay taxes, too, but there will be no new net income to the state

SB 401 may be good for the people who own the parimutuel tracks, but SB 401 will be bad for the destination gambling facilities, and it will be bad for Kansas.

On behalf of the PBPN, I respectfully request that this committee vote No on SB 401.

I have attached to my testimony a copy of testimony which I gave years ago, predicting how the gambling interests would continue to come back to the legislature seeking more and more, once the state began on this slippery slope. I encourage you to read my predictions, and I think you will find that what I predicted the gambling promoters would do has indeed come true.

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

Prediction Excerpts from Previous Ron Hein Testimony
on Behalf of Prairie Band Potawatomi Nation (2002 and Prior)
Regarding the Slippery Slope of Gambling

It has been said before that if we do not learn from history, we will be doomed to repeat it. We have much to learn from the history of gaming from what has occurred with parimutuel gambling in Kansas, and with gaming in Missouri. This history should help us predict what will happen with gaming in Kansas should this legislation be enacted.

First of all, once the state legislature starts down the slippery slope of gaming expansion, it becomes a slope upon which the legislature cannot dig in its heels and stop itself from falling further.

It would be to the committee's benefit to review the history of parimutuel gaming in Kansas. I was around when the legislature approved parimutuel gaming with a combined dog and horse track proposal. At that time, the experts were all contending that such a track would be doomed to failure. That was the experience of other tracks throughout the nation. However, the promoters of gaming who were going to build the track argued that was not the case, and this was the one track that was going to be successful. Within a year or two, reality began to set in. The bill of goods that everyone had been sold suddenly needed to be changed a little bit in order for parimutuel gaming to survive. What followed was a number of years of additional requests to the legislature to change the rules because otherwise parimutuel gaming was not going to be able to remain successful.

Over the years, the legislature responded by changing this and that, tweaking the percentages of distribution of funds, and other items at the request of the parimutuel track owners. I can't remember all the changes, but I believe there were changes to the distribution percentages, changes on the number of days horse racing had to occur, and eventually in the approval of simulcasting. Today, we are hearing the same verse. *Deja vu*. If the state is to save parimutuel gaming, they have to have slot machines at the tracks.

During this same period of time, there has been an on-going reduction in the amount of revenue generated for the state of Kansas. (From approximately \$9.5 million in FY 1991 to approximately \$425,000 in FY 2001.)

So given the slippery slope of gaming, the question should be asked, "If legislation being considered by the committee is passed this session, how quickly will it be changed, and how will it be changed?"

One of the other observations that can be made of this slippery slope of state gaming is how quickly other groups are interested in participating if you are going to have two individuals who happen to own parimutuel tracks benefit from such legislation. Their first question, and it is a good one, is: "Why should only the two individuals who own the parimutuel tracks be permitted to benefit economically from gaming?" They also ask, "Why should our businesses, or our fund-raising programs be forced to suffer from this additional competition?"

The end result: the legislature is presented proposals by the bowling proprietors, the veteran's organizations, the convenience store owners, and others who argue, "If the state is going to authorize slots, then give us the opportunity to operate slot machines as well. Why just grant a state monopoly to two individuals?" Those issues may be decided this session, but they will continue on into the future. The slippery slope continues.

The other phenomenon of the slippery slope is that the competition will not stand still. If legislation is passed to allow slots in Wyandotte County, is Missouri simply going to stand still and not respond to the competition? Once again, looking at the history of Missouri gaming: there have been repeated changes in the Missouri law at the request of gaming operators in order to insure that gaming continues to exist in Missouri. The legislature has continually been asked to change the rules. Nobody believes that the rules are set in concrete. If Kansas is successful in getting gaming approved, Missouri will, possibly before the end of the legislative session, but probably before a Kansas casino would actually be built, review their options to insure that their casinos are at a competitive advantage to those in Kansas. What will happen in Kansas if that occurs?

One logical prediction based upon the past history of parimutuel gaming in Kansas and of gaming in Missouri, is that the gaming operators will be back before the Kansas Legislature seeking "tweaking" of the Kansas statutes so that they are able to "compete" and to be able to continue to exist. The slippery slope continues.

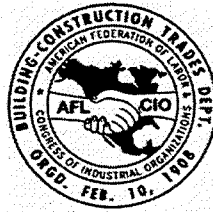
Greater Kansas City Building and Construction Trades Council, AFL-CIO

Affiliated With the Building and Construction Trades Department

400 SOUTH MAIN

INDEPENDENCE, MISSOURI 64050

Terry Akins
President
Gary Eagan
Vice President
Kevin Sexton
Treasurer



David Kendrick
Secretary-Business Manager
Garry Kemp
Executive Vice President
Victor Callahan
Education Director

February 8, 2010

- Boilermakers No. 83
- Bricklayers No. 15
- Carpet & Linoleum
- Layers No. 1179
- Cement Masons &
Plasterers No. 518
- Electricians No. 124
- Elevator Constructors No. 12
- Glaziers No. 558
- Heat and Frost Insulators No. 27
- Insulation Production Workers No. 1
- Painters District Council No. 3
- Pipe Fitters No. 533
- Plumbers No. 8
- Roofers No. 20
- Sheet Metal Workers No. 2
- Sign Painters No. 820
- Sprinklerfitters No. 314
- Sprinklerfitters No. 669
- Teamsters No. 541

Chairman Pete Brungardt
Members of the Committee on Federal and State Affairs
Kansas Senate
Topeka, Kansas 66612

Dear Mr. Chairman and Members of the Committee:

The Building Trades Council supports the efforts of the Kansas legislature to craft business development initiatives.

Because of the current Kansas Expanded Lottery Act we also want to recognize the investments made by the community and developers under this current law. We look forward to the economic development potentials upon final approval by the State's governing body.

In consideration of this, we oppose any legislation that puts at risk this development, the thousands of jobs, millions of dollars of payroll and taxes to all levels of the economy in the State of Kansas.

For these reasons we oppose SB 401.

Respectfully,

David Kendrick, Business Representative
Greater Kansas City Building and Construction Trades Council, AFL-CIO

**KANSAS CITY KANSAS AREA CHAMBER OF COMMERCE
CINDY CASH, PRESIDENT/CEO**

TESTIMONY IN OPPOSITION OF SENATE BILL 401

TO: Chairman Pete Brungardt and members of the committee

My name is Cindy Cash and I am the president of the Kansas City Kansas Area Chamber of Commerce.

On behalf of the Kansas City Kansas Area Chamber of Commerce I am here in opposition to Senate Bill 401.

We are seriously concerned any bill introduced at this time which re-opens the gaming issue has the potential to damage the hard won potential revenues SB66 enacted in 2007 will generate for the State of Kansas and Wyandotte County.

We as a state and in my own local community are in need of enhanced revenues. The current expanded gaming bill Senate Bill 66 passed into law in 2007 has given my community the opportunity for one of four destination resort casinos. I truly believe we are within days of the final green light needed to make this happen with two outstanding partners, Penn National and Kansas Speedway/International Speedway Corporation coming together as Kansas Entertainment to build the Hollywood Casino. They will generate substantial revenue for the state and revenue for the Wyandotte County community – all three cities will share in the revenues coming to the county. The state obviously needs the revenue this exciting new business will create.

The Hollywood Casino will provide well over 2,000 construction and then permanent jobs. These are jobs that are needed as our country and our state slowly comes out of the major recession we have experienced. Our construction industry desperately needs jobs to get their workers back to work. Our whole economy needs this sector working so they are able to pay mortgages, bills and eventually purchase the goods and services that will in turn help other industries come back from the recession.

On a local level, this will be yet another piece of the tourism package Wyandotte County offers to visitors from throughout the region. This will give previous visitors another reason to come back and new visitors another reason to visit. The tourism industry generates tax revenues in many different sectors which again benefits many.

On another level, the Hollywood Casino would bring the economic benefits of a second NASCAR cup race and a whole new sport through the creation of a motocross track at Kansas Speedway. These too would bring additional visitors and revenues.

The Hollywood Casino and the additional enhancements to Kansas Speedway also add revenue not only to the state coffers and my community, but the communities around us.

I am very grateful for the similar positions my chamber peers in Johnson County have taken on this matter as they too see the benefits from the Hollywood Casino and all it would bring with it. The Hollywood Casino anticipates a \$110 million dollar impact per year on the Kansas City Metropolitan community. Many people will benefit from this new business with jobs and new business.

This is also an issue of fairness. How can we change the rules on this new entity, Kansas Entertainment before they even get their operating license, let alone open? This bill would send a message to business of an unstable regulatory environment.

And finally, how can we take the chance to risk losing this new business and the opportunity when we need the revenues the most?

For these reasons, the Kansas City Kansas Area Chamber of Commerce urges you not to advance Senate Bill 401.

We greatly support the work the Legislature made in passing Senate Bill 66 in 2007 and ask that it be preserved and that Senate Bill 401 not be advanced out of this committee.

Thank you for your consideration.

(8)

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
Website: www.gosummer.com

To: Honorable Senator Brungardt, Chairman
Members of the Committee on Federal and State Affairs

Date: February 9, 2010

2010
BOARD OF
DIRECTORS

Re: SB 401

◇◇◇

Leo Schiltz
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◇◇◇

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Director

Jean Orton
Administrative
Assistant

Chairman, Members of the Committee, thank you for allowing me to testify before you regarding Senate Bill 401. The Sumner County Economic Development Commission would like to present our concerns regarding this bill as it is currently written. Our concern relates to the portion of this bill that provides for another vote in Sedgwick County regarding slots at the race track. Last year when I came before this committee on this same issue, you had already decided a revote in Sedgwick County should not be allowed to take place. I hope you will arrive at that same conclusion this year.

In the testimony you heard from the proponents of this bill, they told you this bill was all about job creation. As an economic development commission, we are all about creating jobs and that is why we are here to object to this bill. If this bill is allowed to move forward it would be putting at risk the creation of 800-900 jobs that will come with the building of a casino/resort in the South-Central Gaming Zone. Passage of this bill would also be putting at risk the jobs created during construction and the jobs that will come with the additional development that is proposed around the casino. It could jeopardize the revenue stream that all these developments would bring to the State and Local Governments. If this bill is sent forward with a new vote allowed for slots at the track in the South-Central Zone, it could halt the negotiation process already taking place on the contract for a casino/resort in our Zone. Please do not jeopardize the process already underway, so a casino/resort can soon become a reality. The faster they can build, the faster we can all begin to reap the benefits of the jobs, revenue and capital investment.

Proponents also tried to tell you the voters in Sedgwick County were confused on what they were voting on. The voters of Sedgwick County were strongly against both expanded gaming questions in their county. The citizens of Sedgwick County had their opportunity to vote on this issue and they voted NO. The gaming proponents had their opportunity to present their case to the voters and did so with huge ad campaigns. The voters said NO. If there has to be a clause in the bill that circumvents the Sedgwick County Commissioners from having a say on whether or not a new vote is taken, it shows that the bill proposers are still seeking special treatment. Asking for 5,000 voters to sign a petition in a county of 480,000 is only requiring 1% of the voters to be in favor of the revote and in favor of spending tax dollars to do this. If another vote is allowed it sends the message to the voters in Sedgwick County that their vote did not count. And it sends the message to the voters in Sumner County that all their work to bring this project to our county was for nothing.

SCEDC
Committed to Improving the Economy of Sumner County

Sn Fed & State
Attachment 8

2-9-10

February 8, 2010

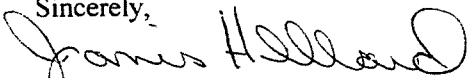
Page 2

Besides the gaming revenue, the total economic impact of the South Central Gaming Zone Destination Casino in terms of items such as new construction, job creation, property taxes, sales taxes, bed taxes, and additional development around and in support of the casino will be a great benefit to the State of Kansas. It was the intent of Senate Bill 66 to not just recirculate Kansas dollars but to capture dollars from outside the State. The South Central Gaming Zone Destination Resort Casino project will be located on I-35 and able to capture the traffic traveling through our State, giving them a reason to stop and stay awhile rather than just drive through Kansas on their way to somewhere else.

One of the great things that evolved from Senate Bill 66 was the potential to help rural Kansas Counties. In the more rural gaming zones, economic development opportunities were going to take place where these opportunities are not as readily available as in other counties. Not only does this have the potential to help the host counties but the surrounding rural counties as well. With the revote in Sedgwick County this opportunity could be lost for the South Central Region rural counties. Our counties are suffering greatly. Many of the small communities in Sumner and surrounding counties are in danger of losing their schools because of declining enrollment. Businesses are closing as there are not enough customers. We need economic development in these rural counties. More jobs mean more citizens moving into our area, which means more students in the schools and more customers for our businesses. Sumner County has one of the highest unemployment rates in the State. The potential for 800-900 jobs in Sumner County would help the entire South Central region and the State of Kansas.

Thank you for your time in giving this issue careful consideration. We hope this testimony has been helpful to you in understanding our concerns regarding this bill and the consequences we foresee should this be enacted as law. Consider the impact that the Dodge City casino is already having. That development is not as large as the one that will be built in the South-Central Zone nor does it have the potential customer base and trade pull factor our Zone has. Please consider how the capital investment, job creation, taxes and tourism will impact this State. The Casinos are businesses that the State has not had to offer huge incentives nor will it require the local governments to pay for infrastructure. The opportunity to have such a project comes along very rarely, if ever. The casino developers are making a long term commitment to this State and will provide the State with funding and jobs for our citizens for years to come. Please do not allow a revote in Sedgwick County and put in jeopardy the casino project in the South Central Gaming Zone.

Sincerely,



James Hellard, Director

Conferee - Chad Manspeaker
Representing - Laborers' Local Union #1290
Subject - Speaking Opposition to SB 401

Good Morning Senators

Thank you for the opportunity to speak before you today. My name is Chad Manspeaker and I am the Public Affairs Director for the Laborers' Local Union #1290. Chairman Brungardt should have received a letter from the leaders of our Local voicing their opposition to this bill if anyone needs a copy of the letter I would be happy to provide it to you. Our opposition to this bill is based around one simple concern. Jobs.

The men and women of our local union and of the greater community of Wyandotte county are currently experiencing unemployment that has exceeded ten percent, the highest in the state. From my office I can hear one of our business reps report to member after member that there is no work. I personally have been assisting our members with unemployment problems, something our local rarely had to do in the past.

Our issues with SB 401 stem from concerns that have been expressed to us by the development partners, Penn National Gaming Inc. and International Speedway Corp. The specific concern they pointed to was the lower taxing rate for the para-mutual tracks and the competitive advantage this would give those facilities. Amending the gaming bill at this point is the equivalent of placing bets after the cards are dealt. Kansas Entertainment has done its due diligence as it has proceeded through the application process. I am not aware of, from any of the meetings that I attended, an analysis of how having a para-mutual facility near by would affect the proposed casino at the Speedway. All the numbers that were put in front of the community, gaming commission and different governing bodies were figured without competition on this side of the border.

Laborers' 1290 would be happy to see the great facility that Wyandotte county has for para-mutual racing reopen but we don't want that opening to come with to hefty a price tag. Our members and many of the men and women of Wyandotte County are ready to get back to work now. The construction phase alone will create 2000 jobs. 2000 jobs at a time when they are desperately needed. I would ask the committee to proceed with caution. At this time we can not be supportive of legislation that could potentially put this project in jeopardy.

Thank you again for your time and opportunity to speak. I am happy to answer any questions that I may be able to.

(10)

STUART J. LITTLE, Ph.D.
Little Government Relations, LLC

Senate Federal and State Affairs Committee

Testimony on Senate Bill 401

February 9, 2010

Chairman Brungardt and Members of the Committee.

My name is Stuart Little and I appear today on behalf of Aristocrat Technologies, Inc. (referred to as "ATI" hereafter), a subsidiary of Aristocrat Leisure Ltd. (referred to as "ALL" hereafter), a publicly traded company based in Sydney, Australia. Aristocrat Technologies Inc is based in Las Vegas, Nevada.

The Aristocrat Group of Companies designs, manufactures, markets, and sells gaming machines, progressive systems, and casino management systems. ATI's customers include licensed Class III gaming establishments in North America, Latin America, and the Caribbean. ATI has sales and support centers in Minneapolis, Minnesota; Gulfport, Mississippi; Atlantic City, New Jersey; and Reno, Nevada.

We are not opposed to Senate Bill 401. If Senate Bill 401 is to advance, however, we are requesting an amendment to Section 9 (b) of the bill.

The bill's new language in Section 9 (b) specifies certification requirements for electronic gaming machine manufacturers, technology providers and computer system providers "*subject to the jurisdiction of the United States securities and exchange commission.*" The bill also specifies in Section 9 (b) that "*in the case of an institutional investor in a publicly traded company, the certification requirement shall provide a procedure for issuance of waivers of the background investigation requirement.*"

As is the case in other jurisdictions in the United States, we would like the language "*or equivalent foreign securities law*" inserted after the proposed "*securities or exchange commission.*" Because ALL, the parent of ATI, is publicly traded on the Australian Securities Exchange ("the ASX"), the addition of this language would mirror other States in North America and other countries throughout the world in which Aristocrat operates, and allow the Kansas Gaming Commission to ensure all vendors are provided with an opportunity to seek a waiver from the background investigation on behalf of their institutional investors, irrespective of the country in which they are publicly traded.

In support of Aristocrat's proposed changes, we note the Australian Stock Exchange (ASX) is a regulated commercial organization that monitors specific aspects of the businesses of other organizations (for example, the governance of listed companies and the on-exchange or on-market trade execution by brokers). The ASX does so as a condition of the licences it has been granted by Government to conduct its own commercial undertakings.

The ASX has established Operating Rules that set out the terms on which ASX operates its markets and facilities and provides related services, the way those facilities and services operate, the roles of each party, as well as the rights and obligations of entities that participate in those markets and use these services (market infrastructure).

Corporations Law in Australia requires companies to notify a publicly traded company through the ASX when it becomes the beneficial owner of over 5% of the issued capital and then any movements of more than 1% or a sale under 5%. From this notification, Aristocrat then proceeds to prepare the necessary waiver applications across the jurisdictions in which it operates.

Where shares are managed by investment companies, commonly known in the USA as "Street names" and in Australia as "nominee or custodian companies", they do not own the shares in ALL rather the underlying owners are the institutional investors who have declared their ownership over 5% as just mentioned.

This ownership as you can imagine changes on a daily basis depending on activity of the underlying owners. To ensure compliance with the 0.5% requirement, we would need to force all nominee and custodian companies that manage over 0.5% of the shares to disclose their holdings on a daily basis. This would be a cost and time prohibitive process that would result in significant disruption to ALL's institutional investors who all hold current licenses to operate in the financial services industry.

I would be happy to stand for questions at the appropriate time.

11

STAND UP FOR KANSAS

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

Testimony to Senate Federal and State Affairs Committee Senate Bill 401

Mark A. Kahrs
Stand Up For Kansas
Chairman
February 9th, 2010

Good morning Chairman Brungardt and members of the committee. I thank you for this opportunity to speak on behalf of Stand Up For Kansas, a state-wide coalition of grassroots citizens who oppose the expansion of gambling in Kansas. I also appear on behalf of NO CASINOS in Sedgwick County which is a division of Stand Up For Kansas, a South-Central Kansas coalition of business, community and religious leaders who successfully defeated two ballot initiatives in August of 2007 that would have allowed a state run and operated casino in Sedgwick County and state run and operated slot machines at the Wichita Greyhound Park.

We urge you to VOTE NO on Senate Bill 401.

I. SEDGWICK COUNTY ELECTION:

A. Sedgwick County Has Already Voted:

After a lengthy and hearty debate two summers ago, expanded gambling lost at the polls in Sedgwick County, fair and square. We experienced a record turnout of over one hundred thousand voters with the expenditure of over \$1.5 million dollars. On election day quality of life along with higher quality of economic development won. Only the casino gambling industry has the arrogance to believe that they alone have the right to come back again to the voters of Sedgwick County and seek another vote on the issue until they secure the vote they desire. If they had won, would they support an effort on our behalf to have another vote? Or, if another vote was granted and they won, would we get a chance to ask for a best two out of three? On special ballot initiatives proponents get one vote and if they lose it's decided. Kansas has a long history of declaring finality in elections. Let's respect the will of the voters.

B. No Confusion On The Original Ballot Initiative Language:

The proponents have argued that the original ballot language was confusing and that there was mass confusion with the voters who didn't know what they were voting for, an argument often made by the losing side of any initiative. The facts are that the gambling industry wrote the bill and knew exactly what they were doing when they prescribed the ballot language. To argue now that the average voter was confused on the ballot initiative question is a smoke screen and an insult to Sedgwick County voters. The voters voted against expanded gambling plan and simple.

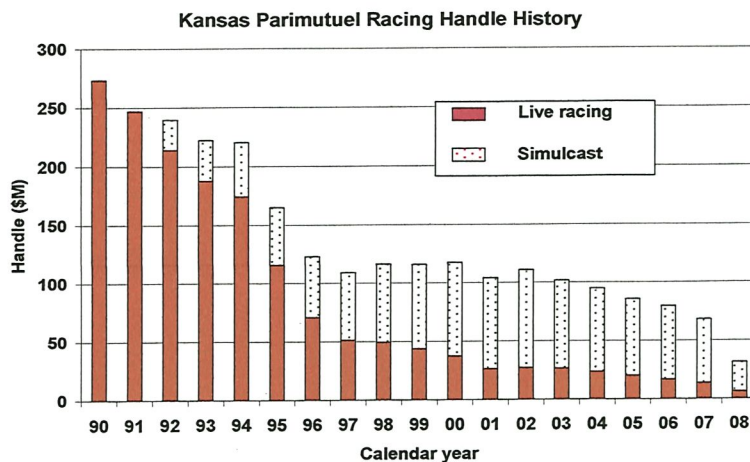
C. Please Leave Sedgwick County Alone:

With the utmost deference to the members of this committee I ask that you respect the wishes of the voters in Sedgwick County and not allow another vote to take place. There was broad community-wide opposition to the ballot initiatives two summers ago. Opposition from the grassroots, the religious community which included a diversity of protestant churches, the Catholic Bishop, and our Jewish and Muslim communities, the small-business industry, the local aviation industry, the local Chamber, local school board members including then USD 259 Superintendent Winston Brooks, the Fine Arts Community and our local newspaper The Wichita Eagle. And nothing has changed. The Wichita Eagle editorial board has stated their opposition to any effort for another vote on this issue.

II. BAILOUT FOR KANSAS PARIMUTUAL RACETRACKS:

A. Parimutual Racing Is A Dying Industry:

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



The total live handle (amount bet) at Kansas parimutual racetracks decreased from \$273M in 1990, when parimutual racing was introduced, to \$6M in 2008. Racetrack owners said simulcasting would stop the hemorrhaging. So the Kansas Legislature approved simulcasting in 1992. But, simulcasting had no noticeable impact on live racing. The live racing handle continued to decline.

Now, racetrack owners and breeders are proposing in SB 401 and HB 2516 that the state bailout this dying and antiquated industry by amending the Kansas Expanded Lottery Act to increase track owner income on slot machines from 40% to 58%.

Greyhound racing has continued its increasingly rapid decline in popularity, attendance and gambling revenue - by 42% in the last 5 years. In the last five years alone, 20 tracks have closed for live racing from the West Coast to the East, North and South:

Apache Greyhound Park (AZ), Multnomah Greyhound Park (OR), Plainfield Greyhound Park (CT), Geneva Lakes (WI), Shoreline Star (CT), Cloverleaf (CO), Jacksonville Kennel Club (FL), Tampa Greyhound Park (FL), Wichita Greyhound Park (KS), Corpus Christi (TX), The Woodlands (KS), Hinsdale (NH), Mile High (CO), Belmont (NH), Seabrook (NH), Wonderland (MA), Valley Park (TX), Phoenix (AZ), Dairyland (WI), and Raynham Park (MA).

The New Hampshire House Local and Regulated Revenues committee said the state spends more regulating live racing than it collects in revenue from the races themselves, contributing to the full NH House voting on January 13, 2010 to ban live dog racing. The same thing could happen in Kansas.

As of January 2010, there are 23 operational tracks, 13 of which are in Florida. Due to continued public education and advocacy coupled with the economic spiraling of this dying industry, more closures can be expected, and racing seasons contracted of any remaining tracks.

B. State by State Analysis:

- ◆ In thirty-six (36) states, commercial dog racing is ***per se illegal***.
- ◆ In six (6) states, **all dog tracks have closed and ceased live racing, but a prohibitory statute has yet to be enacted**. Those states are Oregon, Connecticut, Kansas, Colorado, New Hampshire and Wisconsin
- ◆ In just eight (8) states, pari-mutuel dog racing **remains legal and operational**.
- ◆ The following are the **most recent states to pass legislation prohibiting dog racing**: Maine (1993), Virginia (1995), Vermont (1995), Idaho (1996),

Washington (1996), Nevada (1997), North Carolina (1998), Pennsylvania (2004) and Massachusetts (2010).

C. Slot Machines Have Little Impact On Live Races:

Slot machines at tracks in Delaware, Louisiana, New Mexico, New York, Rhode Island and West Virginia had little impact on live races, according to leading economics scholars who study the industry.

Bill Thompson, an economics professor at the University 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."¹ And, Bill Eadington, an economics professor at the University of Nevada at Reno says "while the casino portions make a lot of money, they have done little to stimulate interest in horseracing, and so far there's little evidence of crossover between patrons of the slot machines and bettors at the horse track."¹

D. Why Choose Winners And Losers With Kansas Industries?:

Bailing out the Kansas parimutual racing industry is akin to bailing out the horse and buggy industry after the turn of the twentieth century. Why should the Kansas Legislature start down the road of bailing out failed business plans?

Allowing this special bailout for the Kansas parimutual racetracks will only open the door for other struggling industries and businesses to come to the Kansas Legislature in future years hat in hand wanting their own slot machines. We could see mini casinos on every corner in every city and township across Kansas.

III. CONCLUSION:

The voters of Sedgwick County have already **debated, voted on and wisely rejected** slot machines at the Wichita Greyhound Park. The county has moved on, the people have spoken.

Parimutual gambling is a dying industry as evidenced in the graphs that appear in my written testimony. Nothing can resurrect the Greyhound industry because it has lost favor to other forms of gambling where the time from bet to prize is shorter. In other words, it is neither as exciting nor additive and therefore much less profitable for the gambling profiteers. It is poor public policy to prop up a dying industry with the most additive form of gambling known as the "crack cocaine" of gambling. It makes no sense at all and will only encourage other struggling Kansas industries and businesses to come before you in future years asking for their own slot machine bailout. **Let the free market take its course and put this bad idea to rest once and for all.** We urge you to oppose Senate Bill 401. Thank you.

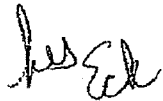
¹ "Experts on Gambling Say Racinos Have Unconvincing Track Record," The Sunday Challenger (of KY), Feb. 20, 2006

RUSTY ECK FORD

(316) 685-9211 / 7310 East Kellogg / Wichita, Kansas 67278-3250

February 2, 2010

I was very sad to see that gambling at the dog tracks has risen its ugly head again. If we're going to start bailing out failed business plans there are a lot of small businesses that could use slots right now including me. I don't how much money or clout they have but you already have state owned gambling. You're going to cut into their revenues and then you're going to have unprofitable poorly run slum casinos in five years. If you have a good business and run it right it will prosper. If the business plan and the business model is no good it will go bankrupt and should close. Nebraska used to be the horseracing capital of the Midwest, it's clear that business model has come and gone as it has been closed for a long time. There are a lot of small businesses that rely on discretionary income. Discretionary income that goes into slot machines in casinos takes away jobs from small businesses. I talked to an ex legislator in Topeka that owns a small tire shop on the way to the Indian casino north of town. He voted for gambling for the Indians way back when thinking it would bring jobs and businesses to the Topeka area. Last I talked to him he was close to closing his business because it was losing money and the people on the way to the casinos would stop and ask him if they could buy another five dollar used tire to get by for a while rather than replace the bad ones that they had on the car. He says I now firsthand understand how that discretionary income goes to gaming before it goes to small businesses. Not all people are like this but surprisingly a lot of lower income people are. Protect the state owned casinos keep gambling with them. Let business stand on its own two feet, or put in gaming like Las Vegas and let everybody get slot machines so we're all on a level playing field. As far as using job creation for an excuse, did we give gaming to any other business's that lost jobs, NO. Bring manufacturing jobs to Kansas that create wealth not take our money and ship the profits to an out-of-state owner. Thanks for your time and I trust you will make the right decisions for Kansans. I have heard nobody asked for a revote now that we have casinos coming. Car sales make up 22% of sales tax revenues in Kansas, and about 15% of the payroll. That number will drop with more discretionary income going to casinos. I see it in St. Joe Missouri which has an old casino at our old Leavenworth store when gaming came to Kansas City. I'm sure we don't need any more sales tax revenue in Kansas right now. Don't rob Peter to pay Paul we already did that with state owned casinos.



Les Eck



Testimony

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

Mike Taylor, Public Relations Director
913.573.5565 mtaylor@wycokck.org

Senate Bill 401 Kansas Expanded Lottery Act

Delivered February 5, 2010
Senate Federal and State Affairs Committee

The Unified Government opposes Senate Bill 401.

The Hollywood Casino at Kansas Speedway, a partnership of Penn National Gaming and International Speedway Corporation, has been selected for the Northeast Gaming Zone. But, the deal remains unsecured because the Racing and Gaming Commission has not completed the background checks process. Until that happens and the \$25-million privilege fee check is paid and cashed, the developers could withdraw. That's happened once before, delaying the construction of a casino in Wyandotte County more than a year.

Senate Bill 401 proposes more than a few tweaks in the expanded gaming legislation designed to get The Woodlands, Wichita Greyhound Park and Camptown Racetracks re-opened. The bill proposes changing the fundamental financial landscape of the gaming law. The Unified Government is very concerned that re-opening the gaming debate and changing the structure of the legislation will create damaging uncertainty and force our casino partners to think twice about finalizing the venture.

The citizens of Wyandotte County approved slot machines at The Woodlands Racetrack with 82% of the vote and construction of a destination casino with 80% of the vote. It is regrettable that Sedgwick County citizens might have been confused about what they were voting on. Wyandotte County citizens studied the issue and knew exactly what they were voting on. This is the wrong time to re-open the issue so Sedgwick County voters can have a second shot at getting it right.

The Unified Government has always been supportive of The Woodlands, but there is no indication that implementation of SB 401 would result in the track re-opening with a full slate of greyhound and horse racing and slots in a "racino."

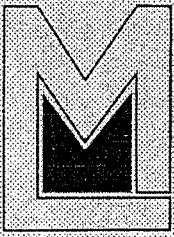
The age-old saying, "a bird in the hand is worth two in the bush," is fitting in this situation. It is fitting for the Unified Government and the State of Kansas. One casino is open in Dodge City. What will be the State's premiere destination casino in Kansas City is close, but not yet, secured. Risking the loss of the Hollywood Casino at Kansas Speedway for the longshot of re-opening shuttered racetracks or drawing a proposal for a much smaller casino in Southeast Kansas is a bad bet.

The Hollywood Casino at Kansas Speedway brings much more than gambling revenues. As part of the deal, Kansas Speedway will bring a second Sprint Cup NASCAR race to Kansas and will construct a Grand-Am road course for sports car racing. The Sprint Cup race alone is estimated to have a \$110-million economic impact.

The State of Kansas is counting on the \$25-million privilege fee from the Kansas City casino to help with the budget shortfall. If you advance SB 401, that check may never come. The Unified Government urges the committee to reject this bill.

Sn Fed & State
Attachment 12

2-9-10



Labor-Management Council of Greater Kansas City

Feb. 9, 2010

Dear Senators,

The Labor-Management Council of Greater Kansas City supports reasonable and effective economic development policies for the state of Kansas. We want to see good jobs retained and created, and in today's environment, policies that are creating such jobs are critical.

Thanks to the Kansas Expanded Lottery Act, Kansas taxpayers, job seekers and businesses are eagerly awaiting the construction and completion of the gaming project at the Kansas Speedway. After many obstacles, this vital project is close to fruition.

However, SB 401 could throw another roadblock in the way of this major boost for Kansas economic development, delaying the good jobs so essential to Kansans. While every law and policy requires occasional review, now is not the right time to revisit the gaming law just as tangible results are about to be seen. The organizations that have operated under the existing law and met its requirements should be given the opportunity to succeed before the rules are changed.

Therefore we urge you to reject SB 401 at this time. Please let me know if you have any questions. And thank you for your service in a challenging time.

Sincerely,

Bob Jacobi
Executive Director

Officers

Co-Chairs

Jim Delaney
Vice President
Turner Construction Co.

Terry Akins
Business Manager
I.B.E.W. Local 124

Vice Co-Chairs

Eric Rogers
Business Manager
Elevator Constructors Local 12

Secretary

David Kendrick
Business Manager
Greater Kansas City Building
and Construction Trades Council

Treasurer

Don Greenwell
President
Builders' Association

Executive Director

Bob Jacobi, Jr

Executive Committee

Donna Birks
President
AFL-CIO Tri-County Labor Council

John Phillips
Partner
Blackwell Sanders Peper Martin

Bridgette Williams
President
Greater Kansas City AFL-CIO

Louie Wright
President
Fire Fighters Local 42

Immediate Past Co-Chairs

Khensa Karim
Past Executive Director
SMACNA-KC

Kevin Sexton
Business Manager
Plasterers & Cement Masons
Local 518

1100 Rockhurst Road • Kansas City, MO 64110

Phone: (816) 501 4363 • Fax (816) 501 3198 • Email: bob.jacobi@rockhurst.edu

Blog: <http://labormanagementkc.typepad.com>



15100 West 67th St. | Ste. 202 | Shawnee, Kansas 66217
www.goodstartshere.com

February 5, 2010

Senator Pete Brungardt
 State Capitol, Room 136-E
 300 S.W. Tenth Avenue
 Topeka, KS 66612

RE: Opposition to SB 401

Dear Senator Brungardt,

On behalf of the GA Committee of the Shawnee Chamber of Commerce, representing over 600 business members, I am writing this letter to state our opposition to SB 401.

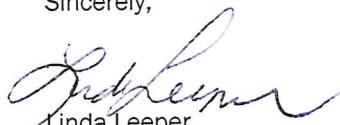
We are seriously concerned that the opening of the gambling bill will adversely affect the business competitiveness with the current SB66. If the rules are changed, projects in the development stage would be greatly disadvantaged because of SB 401's proposed reduction in tax rate. Additionally the market players and competitors could possibly change, placing the current destination casino in our local area in jeopardy.

Shawnee, as the closest large city to the Kansas Speedway/Village West development, sees the economic impact of this project as substantial for our community. In a difficult economy, where regional and state jobs and revenues are key to improvements the opening of the gaming issue should be of great concern.

In opposing SB 401, we believe it will send a right and fair message to businesses who are currently investing in our great State.

Thank you for your consideration

Sincerely,


 Linda Leeper
 President | CEO

Sn Fed & State
 Attachment 14

2-9-10



President
Steve Rooney

Executive Secretary
Treasurer
Andy Sanchez

Executive Vice
President
Bruce Tunnell

Executive Board

*Jane Carter
Kurt Chaffee
Larry Horseman
Jim Keele
Larry Landwehr
Mark Love
Kevin McClain
Roger Maack
Mike Maloney
Chad Manspeaker
Lisa Ochs
Emil Ramirez
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Deb Shepard
Mark Shughart
Richard Taylor
Brian Threadgold
Jason Vellmer*



TESTIMONY
On SB 401 Provided to the
Senate Federal and State Affairs Committee
February 9, 2010

By Andy Sanchez, Executive Secretary-Treasurer
Kansas AFL-CIO

Thank you Mr. Chairman and members of the committee. I appreciate the opportunity to share our testimony. I am providing this written testimony as opposition to SB 401. While these additional facilities could benefit the state, there is possible harm that could result by passage of the bill. SB 401 creates an atmosphere of "question" regarding gaming as a whole in Kansas at an economically bad time and the bill puts ongoing negotiations for the Kansas City area Hollywood Casino at risk.

In 2007 the passage of SB 66 provided for expanded gaming. Without SB 66 the Hollywood Casino, a Kansas Entertainment, LLC project would not be possible. So promising is the project that two developer competitors have entered into a joint venture to build the Hollywood Casino. Negotiations such as these are complicated enough and SB 401 appears to alter just too much that it jeopardizes assurances that the ongoing project in Wyandotte can go forward. Simply put, the proposed legislation comes when incredible investments are being made for our state by developers and there is much that Kansas could stand to lose.

In addition, because gaming remains a politically charged issue, any notion of changes could hinder any economic growth of this kind for our state. This comes at a time of particular strife for our state. To say that many working families are feeling insecure about where the next pay check comes from is a huge understatement. Jobs, Jobs, Jobs is not just a heckle at the AFL-CIO; it's a plan for the national economy. The plan must start at the local level. Across the nation organizations like ours are making rebuilding the middle-class a priority. SB 401 could mean the loss of jobs in an area that has been hit particularly hard by the economy.

The potential loss of something that we can almost count on compels us to respectfully request SB 401 not advance but cautiously be given further study so that the Wyandotte project is unaffected by the legislation. Thank you again committee members for the opportunity to weigh in on this bill.



The Historic Lackman-Thompson Estate

11180 Lackman Road

Lenexa, KS 66219-1236

913.888.1414

Fax 913.888.3770

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TO: Sen. Pete Brungardt, Chairman
Members, Senate Federal & State Affairs Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: February 9, 2010

RE: **SB 401 – Amendments to KS Expanded Lottery Act**

The Lenexa Chamber of Commerce appreciates the opportunity to express its concerns regarding SB 401, which would make significant changes to the Kansas Expanded Lottery Act (KELA).

We are very concerned that reopening gaming legislation and changing the framework at this time would have serious potential to derail or disadvantage the state-owned casino project in Wyandotte County that is currently in its final pre-construction stages, a project that has the potential to generate much-needed jobs and revenue for the state and for which significant private investment has already been made.

In addition, we are also concerned that, within the business community where stability is a key consideration, reopening the legislation now would send a negative message to future investors considering projects in Kansas about the potential for rules to change in the middle of the game.

Because we believe changes to the expanded lottery act as it stands today could jeopardize the Wyandotte County project and its accompanying benefits, including jobs and significant local, regional, and state tax revenues, we would respectfully ask that the Senate Federal & State Affairs Committee not recommend SB 401 favorable for passage at this time.

Thank you for your time and attention to this important matter.

Sn Fed & State
Attachment 16

2-9-10



Written Testimony in Opposition to Senate Bill 401

Submitted by Jennifer Bruning
On behalf of the Overland Park Chamber of Commerce

Senate Federal and State Affairs Committee
Tuesday, February 9th, 2010

Chairman Brungardt and Committee Members:

My name is Jennifer Bruning, and I am Vice President of Government Affairs with the Overland Park Chamber of Commerce. I am writing today on behalf of our board of directors and our nearly 1,000 member companies. I appreciate the opportunity to share written testimony in opposition to Senate Bill 401, which would amend the Kansas Expanded Lottery Act (KELA).

The Overland Park Chamber opposes public policies which would alter legislative agreements established for an economic development project before completion of the said project, thus potentially disturbing the project's investment plan strategy and creating an unfair advantage for new projects now being allowed to operate under a different set of rules. In Overland Park we are concerned that allowance of such a change would deter developers interested in building in our city from undergoing the time and effort to bring investors and an investment plan to the table if the state alone can change the project's financial picture before it is even finished.

Secondly, it has come to our attention that reopening KELA could possibly negatively influence NASCAR's proposal to bring a second Cup Series race to the Kansas Speedway. Even though the Speedway is located in Wyandotte County, the residual effects that the NASCAR Sprint Cup race has on Johnson County are enormous. Our hotels are filled with race goers, and our restaurants and retail establishments are packed. A second race would have a positive financial impact on our city, county and state, producing revenues desperately needed in our current fiscal crisis.

We all need to do our part to keep Kansas' carefully cultivated reputation as a business friendly state intact. Passage of this bill could negatively impact future economic development projects and harm our state's ability to attract and retain businesses. We urge you to oppose Senate Bill 401.

9001 W. 110th Street • Suite 150
Overland Park, Sn Fed & State
t: 913.491.3600 • w: opcha Attachment 17

Board of County Commissioners
Sumner County Courthouse
Wellington, KS 67152
620-326-5121; 326-3395
Fax 620-326-2116



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Garey Martin
1st District
Jim D. Newell
2nd District
Eldon B. Gracy
3rd District

BOARD OF COUNTY COMMISSIONERS

February 9, 2010

The Honorable Pete Brungardt, Chair
Senate Committee on Federal and State Affairs
Statehouse, Room 136-E
Topeka, Kansas 66612

RE: SB 401

Mr. Chairman and Committee,

The Board of County Commissioners of Sumner County, Kansas, appreciates the opportunity to provide this testimony in opposition to SB 401.

A casino in Sumner County is absolutely vital to economic development in this region. Following the passage of the Kansas Expanded Lottery Act in 2007, Sumner County has spent the past three years working with private developers and state and local officials, businesses and citizens to attract a high quality gaming facility to Sumner County.

These diligent efforts resulted in a number of applicants vying to develop and manage a facility in Sumner County. The first applicant selected by the State of Kansas withdrew, prompting a second round of scaled-back applications. The State of Kansas is currently negotiating with a single applicant, who is working uphill against a difficult economy in an effort to make a Sumner County casino a reality.

SB 401 would allow the voters of Sedgwick County to file a petition for a special election to allow the operation of electronic gaming machines at an existing parimutuel racetrack in Sedgwick County. If the voters approved the ballot measure, the Kansas Lottery would be authorized to contract with the Wichita Greyhound Park to operate slot machines at the facility. **Passage of SB 401 would be fatal to existing efforts to develop a casino in Sumner County.**

Efforts to develop a casino in Sumner County have been hampered by the difficult economy and the plans of a Native American tribe to open a casino of its own near Wichita. The additional disincentive of a racetrack with slots in such close proximity to the Sumner County casino would likely be the final straw, prompting the developer's decision to withdraw from the Sumner County project – and from Kansas – entirely.

The south central gaming zone encompasses Sedgwick and Sumner Counties. In August 2007, Sedgwick County voters rejected casinos and slots in their county. On the other hand, 63% of Sumner County voters favored locating a casino in Sumner County. There is no reason to second guess the will of the people, and no reason to undermine development of a casino in Sumner County.

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Attachment 18

2-9-10

To: Honorable Senator Brungardt, Chairman
Members of the Committee on Federal and State Affairs

From: Kent Hixson – City Administrator, City of Mulvane, Ks.

Date: February 9, 2010

Re: Opposition to SB 401

Thank you considering my concerns regarding Senate Bill 401. The City of Mulvane city council would like to present our objections to this bill as it is currently written. Our objection relates to the portion of this bill that provides for another vote in Sedgwick County regarding slots at the race track. Last year the legislature decided a revote in Sedgwick County should not be allowed to take place. Why is it being considered again?

The casino developers are disappointed that this bill is even being considered. They feel the rules are being changed in the middle of the game. They would be wise to wait to see the results of this legislation before they sign their contracts. If we put a stop to the revote in Sedgwick they could proceed with their project instead of waiting months for an outcome. The faster they can build, the faster we can all begin to reap the benefits.

The citizens of Sedgwick County had their opportunity to vote on this issue and they voted **NO**. The race track owners had their opportunity to present their case to the voters and did so with huge ad campaigns. The voters said **NO**. **Are you now going to come back to those voters and tell them their vote did not count because someone did not like the results?**

A delay and another Sedgwick County vote could mean we will have neither a casino nor a racetrack. Starting the process over will delay the creation of jobs and the revenue to the State for several more years while our Kansas dollars will continue to flow to Oklahoma where they continue to build casinos and reap all the benefits.

Please take note of the difference in how the State’s percentage is figured at a casino as opposed to the racetracks. The casinos are paying their percentage to the State based on Gross Revenue where it is proposed the race track will pay their percentage based on the “income” from the tracks. Depending on how “income” is defined – racetracks could potentially not pay anything to the State. We all know a business can make money in reality but on paper it can show a loss. May I point out that those who wrote this bill are the same ones who wrote Senate Bill 66 – so why are these changes needed? Did they not do the calculations prior to submitting the bill to see if they could be profitable or not? The racetrack owners have not even tried to make their racetracks work, with or without slots. So how do we know if they get slots that they will be able to be profitable enough to stay open?

They thought they could be profitable with the conditions they put forth in Senate Bill 66. But now they are changing the percentages and how they want to figure the portion that will be paid to the State. So how do we know these changes will work either?

Besides the gaming revenue, the **total economic impact** of the Race Track project is far less than that of a Destination Resort Casino in terms of items such as new construction, job creation, property taxes, sales taxes, bed taxes, and additional development around and in support of the casino. We do not believe the Race Track has the potential to bring in the tourism and economic impact that a Destination Resort/Casino has.

One of the great things that evolved from Senate Bill 66 was the potential to help rural Kansas Counties. In three of the gaming zones, economic development opportunities were going to take place in rural counties that would not normally have these opportunities. Not only did it have the potential to help the host counties but the surrounding rural counties as well. How often does an opportunity like this come along for rural counties? Not often! With the revote in Sedgwick County this opportunity could be lost for the South Central Region rural counties. Our counties are suffering greatly. Many of the small communities in Sumner and surrounding counties are in danger of loosing their schools because of declining enrollment. Businesses are closing as there are not enough customers. We need economic development in these rural counties. More jobs mean more citizens moving into our area, which means more students in the schools and more customers for our businesses.

In closing we believe if you allow this bill to go forward as written, it strongly suggests to the Citizens of Kansas that what is good for a one individual is more important than the will of the people, the voters of Sedgwick and Sumner Counties. It also sends the message that what is best for the citizens of the State of Kansas and our State's economy is not of the highest priority because this bill puts a casino being built at risk of never happening.

Thank you for your time in giving this issue careful consideration. Please consider what it will mean to the State for a casino to be built in Sumner County and allow this project to keep moving forward. The capital investment, job creation, taxes and tourism that will occur will have a significant impact on this State. Please do not put the casino projects and all they have to offer in jeopardy.

Sincerely,
Kent Hixson
City Administrator
City of Mulvane, Ks.

Date: February 5, 2010

RE: SB 401

To: Honorable Senator Brungardt, Chairman
Members of the Committee on Federal and State Affairs

Obviously, Kansas has many major and often demanding issues that require genuine dedication, on the part of our elected officials, in order to make the best informed decision. For this dedication, I thank each and everyone that fills a legislative position. The Senate bill referenced above is a very important piece of legislation that needs to be struck down. Vote no.

This type of legislation would have an adverse effect on State owned Casino operations and should be defeated. You have to ask yourself if it is better for the State to have the revenue from Casino's (which tend to make money) or from dog and horse racing facilities, (which are notorious for being unprofitable). One prominent owner of a dog racing facility in Wichita has publicly said that race tracks can not be profitable with out some type of subsidy. Are you willing to subsidize this type of business from gaming profits that should be going to the State?

The language under Section 5(h) (12) of SB 401 indicates that "the State is to receive not less than 22% of the lottery gaming revenues." This is to come from the "net revenue" of dog and horse racing facilities. Excuse me, but this is a ploy to allow track owners to use revenue from gaming to offset their losses. What controls does the State have on the Track owners spending? After all, they would have all this additional money to spend on the "operation or expansion of the Track " before the State would ever see a dime. At least, if this gaming money is funneled through a State owned casino it is coming to the taxpayers based on gross income. Our State has no business passing legislation that gives an unfair advantage to one gaming operation over another, within the South Central Zone.

The track owners try to make the case that, if the vote within the counties is positive, this would improve employment within the South Central Zone. That may be true if you are looking strictly at a single business. I truly doubt that would be the case when looking at the aggregate of two gaming operations in the same Zone. It makes some sense that both facilities will employ more people but the Casino will employ less if they are not the only game in town. The Casino operators would be less likely to want to add on or grow their business if the State allows unfair competition, thus taking away the incentive for a Casino to grow the business and add additional employees. That means less chance that any business man is going to want to build a resort Casino or locate their residual business in that Zone. The informed legislator should vote no to this type of legislation.

Sedgwick County has had their opportunity to accept or reject gaming in their County. Now some may claim they did not understand what they were voting against. I contend they didn't want gaming in Sedgwick County, so they voted down both Casino gaming and slots at dog and horse tracks. This is no time to re-open SB 66 and endanger the chances for getting a resort casino in the South Central Zone. Please look into the future and vote against any type of legislation that would allow a revote in the South Central Zone.

Charles A. Morgan III
1413 N. Autumn Valley Cir
Mulvane, Ks 67110
316-777-9940 Home
316-777-1171 Work

Sn Fed & State
Attachment 20

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Senator Brungardt, Chairman
Members of the Committee on Federal and State Affairs

February 9, 2009

RE: SB 401

Dear Senator Brungardt and Committee:

I would like to address you regarding SB 401. The residents of Sumner County and residents of the City of Mulvane have worked very diligently to get a casino/resort for the South Central Zone and are know afraid that all our hard work will be for naught.

The residents of Sumner County were looking forward to the possibility of jobs being created for this zone, not a few jobs that the proponents of this bill are suggesting, but 800 to 900 jobs for our residents, which will in effect create much needed tax dollars for the States coffers. The dog and horse tracks have never generated the kind of revenue that this project has to offer, nor will they close the doors if they get angry with the State for not doing what they want, and displacing all the people who worked for them without a backward glance.

By putting this opportunity in jeopardy in this economic climate is irresponsible. We need these jobs for our citizens, revenue for the State of Kansas and our neighboring counties. Let us move this project along with haste, not let it continue to linger in the hopes that a few pennies will make a difference.

If the voters of Sedgwick County were confused by the language on the ballot, I am sorry, but do we need to waste more money for a revote every time the people say they were confused when they voted for a legislature, President, senator, or any issue? If so, we would be having a revote for every issue that came before us. Please do not use this as an excuse to slow down the progress of getting people back to work and generating revenue for the State that we so desperately need NOW.

Do not let the State of Kansas take a giant step backwards when we were just beginning to make great strides for the future of our State. This bill has the potential to jeopardize all that we have worked so hard to achieve for all Kansas citizens.

Respectfully,
Linda Parker
Mulvane, Kansas



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

Re: Senate Bill 401

Date: Tuesday, February 9, 2010

The mission of the Olathe Chamber is to be the voice of business that promotes economic development and quality of life in Olathe. Our Chamber represents about 1,500 businesses and over 2,000 member representatives. As part of our mission, the chamber supports public policy that attracts businesses and honor agreements under the terms in which they are negotiated to assure projects brought to the state of Kansas reach completion. Therefore, the Olathe Chamber would oppose SB 401 or amendments to the current expanded gaming bill (Senate Bill 66) which could harm economic business development by changing legislation in which business investments were secured.

The Olathe Chamber values the Kansas Speedway for the economic impact it has on the entire metropolitan area and Speedway races have a dramatic economic impact on our community and on the Greater Kansas City community. With every race, Speedway visitors fill Olathe hotels and spend significant outside dollars in Olathe restaurants, stores, and businesses—just as they do in cities throughout Kansas City. The development surrounding the Kansas Speedway is forecasted to generate 1750 construction jobs and over 1000 new full time jobs. SB 401 could put these jobs at risk, and in today's economy, this growth is just what Kansas needs.

Kansas continues to work towards attracting and retaining business to the state. The reputation of Kansas as business friendly is critical to the future of our growth and extremely important in future economic development. We urge you to oppose SB 401 and any amendments at this time to the Gaming Act which could negatively impact the licensing of business developments projects secured under the original SB 66.

Tim McKee
Executive Vice-President, Economic Development
Olathe Chamber of Commerce

Sn Fed & State
Attachment 22

2-9-10