

# STAND UP FOR KANSAS

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

## Testimony to Senate Federal and State Affairs Committee on SB 237, SB 241 and SB 319

February 1, 2012

Good morning Chairman Brungardt and members of the committee. I am Mark Kahrs, chair of Stand Up For Kansas, a state-wide coalition of grassroots citizens who oppose the expansion of gambling in Kansas. I am also representing NO CASINOS in Sedgwick County, a division of Stand Up For Kansas. This South-Central Kansas coalition of business, community and religious leaders successfully defeated two ballot initiatives in August 2007 that would have permitted a casino in Sedgwick County and slot machines at the Wichita Greyhound Park.

Thank you for this opportunity to speak on the key issues associated with SB 237, SB 241 and SB 319. **We urge you to oppose these bills.**

### 1. SEDGWICK COUNTY HAS ALREADY VOTED

After a lengthy debate in Sedgwick County in the summer of 2007, expanded gambling lost at the polls, **fair and square**. A record turnout of over one hundred thousand voters cast their ballots. Proponents and opponents expended over \$1.5 million on advertising and promotions.

Kansas has a long history of declaring finality in elections. On special ballot initiatives proponents get only one referendum. If they win or lose, the decision of voters is final. Let's respect the will of the voters.

Proponents argue that the original ballot language was confusing and voters didn't understand the question. This is an argument made often by the losing side of an initiative. The facts are, in 2007, the gambling industry wrote Senate Bill 66, including the ballot language in the bill. To argue now that the average voter was confused is a smoke screen and an insult to Sedgwick County voters. A majority of voters voted against expanded gambling, plain and simple.

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 on this same issue. There was broad community-wide opposition to the ballot initiatives in 2007, only five years ago. Opponents included thousands of grassroots citizens, the religious community, 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. Nothing has changed, except gamblers now have easy access to a state-owned casino, just a few feet south of the Sedgwick County line.

Sn Fed & State  
Attachment 5

2-1-12

## **2. SLOT MACHINES AT RACE TRACKS WOULD CREATE LITTLE ECONOMIC DEVELOPMENT FOR THE STATE OR LOCAL COMMUNITY**

Racetrack slot-machine casinos (so-called racinos) obtain most revenue from gamblers living within the local area. Minimum cost facilities with few frills and amenities provide little incentive for attracting tourists. (See attached article, "The lifeblood of Parx casino in Bucks is low-roller locals.")

Slot machines at racetracks would increase tourism very little, while reducing the revenue and quality of state-owned destination casinos. A study commissioned by the Kansas Lottery estimated 91% of the revenue from slot machines at The Woodlands would come from gamblers living within 25 miles of the track.<sup>1</sup>

## **3. SB 319 PERMITS SIMULCAST-BETTING PARLORS IN EVERY COUNTY**

Present statutes limit the number of days a county fair association can conduct simulcast racing and wagering to no more than twice the number of days the association conducts live racing. Section 14 of SB 319 eliminates this requirement for live racing. (page 21, lines 1-5). So, every county fair association in the state could conduct simulcast racing and wagering, year-round, without a track, without live racing. Presently, Kansas has 66 county fair associations, all of which would qualify for simulcast-betting parlors. This would certainly increase if SB 319 is enacted.

## **4. CHANGING THE SOURCE OF FUNDING FOR PROBLEM GAMBLING IS BAD PUBLIC POLICY**

SB 319 changes the source of funding from parimutuel wagering and slot machines at tracks for the problem gambling and addictions grant fund. Specifically, the 2% of income from slot machines at tracks presently allocated to the problem gambling and addictions grant fund is deleted (page 14, lines 37-39) and replaced with a portion of the tax on parimutuel wagering (page 18, lines 2-5). We do not know the financial impact of this change. But, we do know that most gambling addictions will come from the fast action of slot machines, not wagering on parimutuel races. Funds for preventing and minimizing these addictions should come from income from the gambling causing the problem.

### **EIGHT ARE ENOUGH!**

Last Sunday, an editorial in the Topeka Capital Journal stated, "The Problem Gambling Coalition reports that since the state casino in Sumner County's recent opening, calls to the statewide problem gambling hotline have doubled. The hotline received 526 calls in November and 993 in December."

With calls for help from addicted gamblers approaching 1,000 calls per month, and another casino (in Wyandotte Co.) beginning operation this week, we certainly don't need slot machines at racetracks. **EIGHT CASINOS IN THE STATE - FIVE INDIAN CASINOS AND THREE STATE-OWNED CASINOS -- ARE ENOUGH!**

**We urge you to oppose these three bills.**

<sup>1</sup> "The Feasibility of Electronic and/or Casino Gaming in Kansas, Final Report," Prepared by Sebastian Sinclair, President, Christiansen Capital Advisors, LLC and Behavior Research Center, for The Kansa Lottery, March 9, 2004, p. 61

## The lifeblood of Parx casino in Bucks is low-roller locals

By Monica Yant Kinney  
Philadelphia Inquirer Columnist  
Sun, Mar. 7, 2010

Las Vegas uses volcanoes, Emeril Lagasse, and spa treatments to make losing seem fun. Philadelphia's casino "experience" is shaping up to be neither entertaining nor exotic, defined instead by hot dogs, cigarettes, and convenience.

For proof, head to Bensalem, where Parx - formerly called Philadelphia Park Racetrack - made \$400 million last year. Impressive for a not-spot plopped among strip malls.

Inside the smoke-filled slots box, much of what casino bosses took for granted has changed. Gone are the days of wooing "whales" and dissing grannies in fanny packs. Parx president Dave Jonas says his revenue comes almost exclusively from local low rollers.

"We underestimated significantly how many trips our customers were going to make," Jonas said at last month's Pennsylvania Gaming Congress in Valley Forge.

"When I was in Atlantic City, to have 12 to 15 trips out of customers, they were VIPs," Jonas said. At Parx, "it's not uncommon for us to have 150 to 200 trips."

Moderator Michael Pollock, a well-regarded casino analyst, paused to digest the statistic. "You said 150 to 200 times a year," he repeated. "That's three to four times a week, essentially."

"Yes," Jonas confirmed, most of his players fit that profile. In fact, because Parx players tend to live within 20 miles of Street Road, many go even more frequently. "We have customers," Jonas boasted, "who give us \$25, \$30 five times a week."

### A new way of life

Besides work and the gym, there's no place I go three to five times a week. And, beyond Target and Wegmans, nowhere I drop as much cash.

Jonas should be proud of Parx's haul. But if frequency can portend problem gambling, should he - and we - worry about thousands of people who've made playing a way of daily life? It didn't take much to lure them, beyond proximity, free valet parking, and \$50 comps. "If you live 15 minutes away, you really don't need a room," Jonas told the casino group. His customers "come in, grab a hot dog or maybe a chicken sandwich," gamble three hours, "then go home and sleep in their own bed."

This I had to see to believe. For expert observation, I took C.P. Mirarchi and Kevin Gregan on a field trip last week to Parx.

Mirarchi is a lawyer-turned-counselor ([www.thegamblingcounselor.com](http://www.thegamblingcounselor.com)) who treats fellow gambling addicts through Genesis Counseling Centers, based in Collingswood. Gregan is Mirarchi's boss, a veteran clinician who diagnosed his own addictive potential after "losing the baby's diaper money" in a poker game.

Neither man had been in a casino in years. Both did double takes at the full house we found on a Wednesday at 11 a.m.

### Chasing the dream

"You can see that people who may not be doing anything are out doing something that breathes life into them," Gregan noted. "But at the same time, they're watching their money disappear. How many of these people can truly afford to be participating in this activity?"

If most Parx players go three times a week, what to make of the guy who tells me he's there twice a day? Regularity won't automatically breed depravity, but surely everyone knows the house always wins.

"Everybody in there is one pull away from a different lifestyle, one pull away from the dream," Mirarchi said from experience. "The hardest thing for any addict to do is give up that dream."

We tried to get lunch, but Parx's steak house serves only dinner, and the Foodies counter steps away from the casino floor didn't entice.

"This," Mirarchi marveled, "is the McDonald's of gambling." Fast food offers familiarity close to home. So does Parx.

January 31, 2012

The Honorable Pete Brungardt and Members of the  
Federal and State Affairs Committee  
c/o Connie Burns, Committee Secretary  
Kansas State Capitol  
Topeka, KS

Dear Chairman Brungardt and Members of the Committee,

We are writing to express our opposition to Senate Bill 319, a bill that would authorize another referendum in Sedgwick County on slot machines at the Wichita Greyhound Park.

Sedgwick County citizens voted on this issue in 2007, only five years ago. After a lengthy debate and a record turnout, a majority of voters opposed operation of slot machines at the racetrack.

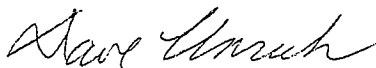
During the debate, there was broad community-wide opposition from grassroots citizens, the religious community, the small-business industry, the local aviation industry, the local Chamber, USD 259 Superintendent Winston Brooks, the Fine Arts Community and our local newspaper, The Wichita Eagle.

Another referendum on an issue that was supposedly settled such a short time ago would place an undue burden on Sedgwick County citizens and divert scarce resources from more important needs. Proponents and opponents spent over \$1.5 million and thousands of hours in 2007 on advertising and promotion. All of the funds raised by opponents were from donations from private citizens and business leaders. Another referendum on this issue would probably consume even more resources.

With the Kansas Star casino only a few feet south of the Sedgwick County line, gamblers in the county now have easy access to a casino. A second casino in this area at the Wichita Greyhound Park is not needed.

We urge you to respect the will of the voters in Sedgwick County and oppose another vote on this issue.

Thank you for your consideration,



Dave Unruh  
Commissioner – First District

January 31, 2012

The Honorable Pete Brungardt and Members of the  
Federal and State Affairs Committee  
c/o Connie Burns, Committee Secretary  
Kansas State Capitol  
Topeka, KS

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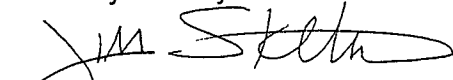
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Another referendum on an issue that was supposedly settled such a short time ago would place an undue burden on Sedgwick County citizens and divert scarce resources from more important needs. Proponents and opponents spent over \$1.5 million and thousands of hours in 2007 on advertising and promotion. All of the funds raised by opponents were from donations from private citizens and business leaders. Another referendum on this issue would probably consume even more resources.

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We urge you to respect the will of the voters in Sedgwick County and oppose another vote on this issue.

Thank you for your consideration,

  
Jim Skelton, Chair Pro Tem  
Commissioner – Fifth District

January 31, 2012

The Honorable Senator Pete Brungardt and Members of the senate Federal and State Affairs Committee

c/o Connie Burns, Committee Secretary

Kansas State Capitol

Topeka, Ks

Dear Chairman Brungardt and members of the committee,

I am writing to express my opposition to Senate Bill 319, a bill that would authorize another referendum in Sedgwick County on slot machines at the Wichita Greyhound Park.

Let me outline the reasons for my opposition.

Sedgwick County citizens voted on this issue in 2007, only five years ago. After a lengthy debate and a record turnout, a majority of voters opposed operation of slot machines at the racetrack.

During the debate, there was broad community-wide opposition from grassroots citizens, the religious community, the small-business industry, the local aviation industry, the local Chamber, USD 259 Superintendent Winston Brooks, the Fine Arts Community and our local newspaper, The Wichita Eagle.

I believe that Kansas is the only state that has adopted statewide casino gambling without voter approval. This is an outrage. The fact that the activist Kansas courts have ratified this provision by their judicial interpretation is another outrage.

In addition, I believe that Kansas is the only state that has adopted casino gambling where the state owns the casinos. I am opposed to state ownership of casinos. There should not be any expansion of gambling in this state without the statewide participation and approval by a majority of all Kansas citizens voting at a general election.

Kansas does not have a provision to protect neighboring counties from the impact of casino facilities in adjacent counties. This is another flaw in Kansas law.

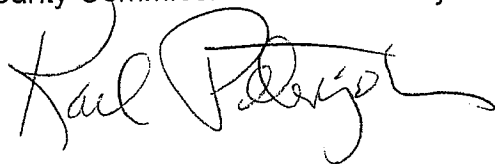
Another referendum on an issue that was supposedly settled such a short time ago would place an undue burden on Sedgwick County citizens and divert scarce resources from more important needs. The Kansas Star casino is now open and operating only a few feet south of the Sedgwick County line. Gamblers in south central Kansas now

have easy access to a state owned casino. There is no need to add a second casino in this area at the Wichita Greyhound Park.

I urge you to respect the will of the voters in Sedgwick County and oppose another vote on this issue.

Thank you for your consideration,

Sedgwick County Commissioner Karl Peterjohn

A handwritten signature in cursive script, appearing to read "Karl Peterjohn". The signature is written in black ink and is positioned below the typed name of the commissioner.

January 31, 2012

The Honorable Senator Pete Brungardt and Members of the Senate Federal and State  
Affairs Committee  
c/o Connie Burns, Committee Secretary  
Kansas State Capitol  
Topeka, KS

Dear Chairman Brungardt and members of the committee,

I am writing in regards to Senate Bill 319, a bill that would authorize another referendum in Sedgwick County on slot machines at the Wichita Greyhound Park.


I have two primary concerns I would like to relate to you with respect to this legislation. My first concern with this bill is constitutional in nature. The State of Kansas simply does not have the authority under the State constitution to own slot machines. That is an undeniable fact. Unless, of course, you are the Kansas Supreme Court bent on subverting the Kansas Constitution.

Do we have the rule of law or don't we? Does the Kansas Constitution limit the power of the State or doesn't it? How can we on one hand decry the abuses of judicial activism while on the other hand use it to justify the expansion of government in a way we all know is unconstitutional? Only the dense fog of hypocrisy can prevent us from seeing the error of our current course.

Secondly, this legislation raises the question of the proper role of government in our society. Is the ownership of slot machines a proper function of government? If so, then what about liquor stores and strip clubs? Clearly, the ownership of slot machines belongs to the private sector and their regulation belongs to the State.

If gambling activities are to be continued and/or expanded, then they need to be owned by private enterprises and market driven. The continued disregard for the rule of law and constitutionally limited government, while popular among many, is wreckless and dangerous to the survival of the republic.

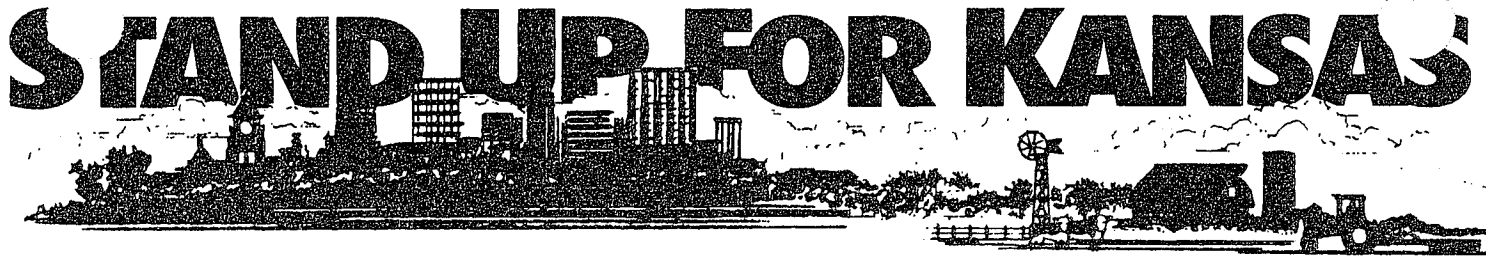
Thank you for your consideration,



Richard Ranzau

Sedgwick County Commissioner





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The Wichita Business Journal survey (January 27<sup>th</sup>, 2011) on slot machines at racetracks is closed. Voters overwhelming voted NO - I do not support slots at the tracks.

The results were as follows:

### **Business Pulse - Polls and Surveys**

#### **Slot machines at the tracks**

Would you vote to allow slot machines at Kansas dog tracks?

Yes, I support slots at the tracks. **42%**

No, I do not support slots at the tracks. **56%**

I haven't decided yet. **1%**

Other (Please comment) **1%**

Votes Cast: 1182