

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Nancey Harrington at 10:45 a.m. on March 12, 2003 in Room 245-N of the Capitol.

All members were present.

Committee staff present: Russell Mills, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Theresa Kiernan, Office of the Revisor
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Senator Lana Oleen
Tom Palace, Petroleum Marketers and Convenience Stores Assn.
Terry Presta, Presto Convenience Store
Dan Shapiro, Crescent Oil

Rebecca Rice, Kansas Clubs and Associates
Glen Thompson, Stand Up For Kansas
Chuck Yunker, American Legion

Larry Waldrop, Riverfalls Gaming
Doug Lawrence, Butler National Corporation _____

John McCoy, Thoroughbred Horsepeople
Gary Smith, Thoroughbred Horsepeople

Terry Leatherman, Kansas Chamber of Commerce and Industry

Others attending: Please see attached.

Chairperson Harrington opened the public hearing on:

SB 108—Authorizing video lottery machines and games at lottery retailers' facilities

Senator Lana Oleen presented information from Ralston, Pope, and Diehel, L.L.C. concerning the experience of the Louisiana Quarterhorse Association for the committee to consider. ([Attachment 1](#))

Theresa Kiernan presented the committee with an informational sheet about the four gaming bills under consideration. ([Attachment 2](#))

Russell Mills presented the committee with a comparison sheet of all of the gaming bills currently under consideration by both the House and Senate. ([Attachment 3](#))

Mr. Palace presented testimony in favor of the bill. ([Attachment 4](#))

Mr. Presta presented testimony in favor of the bill. ([Attachment 5](#))

Mr. Shapiro spoke to the committee in favor of the bill. He stated that his company and industry were currently having their fuel margins squeezed, especially on the borders of the state, and that sales are down as much as forty percent. He stated that this bill was an attempt to find a solution. He quoted an article about truckstops in Louisiana who had added slots, stating, "many owners of small retail businesses [had added the machines]...Dave Harris, owner since 1984 has found video lottery a comfort and a boon" and that his business had picked up significantly since the addition of the machines. He quoted another owner from the article as saying, "I don't know how those without video lottery have survived." In conclusion, Mr. Shapiro emphasized that this bill would give his industry new life.

Rebecca Rice provided testimony in favor of **SB 108** and in opposition to **SB 249**. ([Attachment 6](#))

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:45 a.m. on March 12, 2003 in Room 245-N of the Capitol.

Mr. Thompson presented testimony in opposition to both **SB 108** and **SB 249**. (Attachment 7) He presented a map entitled, "Approximately 85% of racetrack casino revenues would come from counties within a 50 mile radius". (Attachment 8) He also presented a bulletin entitled, "Casino Alert: Pathological gambler cost society an average of \$13,586 annually". (Attachment 9) He concluded with a chart entitled, "Net State Revenue Based on 2002 **HB 2183**". (Attachment 10)

Mr. Yunker presented testimony in opposition to **SB 108** with a suggestion for an amended version. (Attachment 11)

Chairperson Harrington closed the hearing on **SB 108**.

Chairperson Harrington opened the public hearing on:

SB 249—Authorizing operation of slot machines and other casino games at racetracks and other locations

Mr. Waldrop presented testimony in favor of the bill. (Attachment 12)

Mr. Lawrence presented testimony in favor of the bill. (Attachment 13) He also presented an informational sheet for the committee about Butler International. (Attachment 14)

Mr. McCoy presented testimony in favor of the bill. (Attachment 15)

Mr. Smith presented testimony in opposition to the bill. (Attachment 16)

Mr. Leatherman presented testimony in opposition to the bill. (Attachment 17)

The committee received copies of the fiscal notes for **SB 108** and **SB 249**, respectively. (Attachment 18) (Attachment 19)

Senator O'Connor asked staff to clarify the meaning of "video lottery machine."

Ms. Kiernan described it as a machine which would produce a token or a receipt of winnings as opposed to a slot, which pays cash automatically.

Mr. Ed Van Petten, Executive Director of the Kansas Lottery, agreed, stating that slots were cash in cash out machines while video lottery produced a voucher for winnings that would have to be collected. He also described video lottery as more interactive and offering more than one game, as opposed to slot machines which are often reel to reel with one game per machine.

Mr. Waldrop stated that one is simulation of a live game while the other is a pure chance slot machine.

In response to a question from Senator Vratil, Mr. Palace and others stated that the Lottery had experience with ticket sales and other operations, so they would feel comfortable with it controlling the industry.

Senator Gooch asked about the details of **SB 108** in regard to qualifications for being able to have the machines.

Mr. Palace responded that the bill would require a business to have existed at least three years before the addition of slots, and that his organization would have no objection to including fraternal organizations because as long as his group was included, it was happy.

Chairperson Harrington closed the hearing on **SB 249** and assigned **SB 108** and **SB 249** to a subcommittee for further examination and a recommendation to the full committee. The subcommittee was composed of Senator Lyon as Chair, Senator Gooch as Ranking Minority, and Senator O'Connor. The meeting adjourned at 12:00 p.m.