

Approved: 4-29-06
Date

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

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

All members were present except:

Senator Kay O'Connor - excused

Committee staff present:

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

Conferees appearing before the committee:

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

Others attending:

See attached list.

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

Chairman Brungardt opened the hearing on SB 587.

Proponents:

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

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

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

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

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

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

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

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

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

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

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

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

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

Opponents:

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

- The state should not be in the casino business

- Subsidizing the dying pari-mutuel racing industry with slot machines is bad public policy

- This bill completely ignores the recommendations of the KS Lottery study

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

- Why is the state leaving millions of dollars on the table

- Surrounding counties have no voice in the referendums

- Putting casino income into funds bypasses the appropriation process

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

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

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

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

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

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

Neutral/Informational:

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

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

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

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

Chairman Brungardt closed the hearing on [SB 587](#).

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

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