

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on March 21, 2006 in Room 123-S of the Capitol.

All members were present except:

David Wysong- unexcused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department

Helen Pedigo, Revisor of Statutes

Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Dr. William Thompson, University of Nevada, Las Vegas

Others attending:

See attached list.

Chairperson Brownlee introduced Dr. William Thompson of the University of Nevada at Las Vegas, Nevada to give a presentation on the Economic Impact of Gaming in the state of Kansas. Dr. Thompson presented written copy of his presentation. (Attachment 1) Dr. Thompson opened by stating he is a professor and past chair of the Public Administration Department at the University of Nevada, Las Vegas. He also stated he has published many books and papers on gambling and has many other credits to his name. He then began a review of his written presentation. Dr. Thompson stated under the right conditions gambling can be a tool for economic development and to generate revenue for the state, but if not under the right conditions, it can have very negative impacts on the state.

Dr. Thompson stated an expanded gaming approach that concentrates on economic development creates a positive impact on the state and local communities. Such an approach is also critical to insure that expanded gaming facilities will be competitive in already existing markets. As with any economic expansion, there are resulting social costs and business effects. Kansas can minimize the negative aspects of expanded gaming to local communities and to the state with strategy that maximized capital investment. He stated that Kansas City and Southeast Kansas would be prime locations for expanded gaming in Kansas. The environment for positive economic impacts from expanded gaming exists in those communities and for the State. Large casinos with the right mix of slot machines at pari-mutual tracks in border communities like Kansas City and Southeast Kansas can generate a substantial positive economic impact.

He further stated the expanded gaming approach which has a higher capital investment in destination casino facilities, a reasonable state revenue share and limited slots at tracks generate more and better jobs and have a much more positive economic impact on the state than an expanded gaming approach which relies too heavily on slot machines at pari-mutal tracks and casinos with a higher state revenue share. Placing slot machines at tracks in communities where there is no existing gaming market produces very negative impacts for those communities and the state. They will not attract more horse or dog players (one that bets), the dog and horse players will become slot machine players.

He also stated there will be issues with compulsive or problem gambling. Those costs are real and should not be ignored. Kansas already faces those costs in communities with gaming nearby, such as Northeast and Southeast Kansas. Adding gaming facilities in those communities would not significantly increase the costs of problem gaming. In communities like Wichita and Dodge City where there are not gaming facilities nearby, in addition to significant negative economic impacts of gaming facilities there would also be high social costs.

In closing his presentation, Dr. Thompson referred the Committee to the Economic Impact Summaries section of his written presentation. A discussion with the Committee followed. Senator Wagle joined the discussion asking Dr. Thompson if he meant after a period of time less money would be put in the slot machines. Dr. Thompson stated in Wichita and Dodge City the reason the slots would not do well is because it would be a new market and with those types of markets the problem with compulsive gambling was greater and therefore, the impact would be negative. Senator Barone entered the discussion asking Dr. Thompson if he was being sponsored today by any one in Kansas. Mr. Thompson stated he was being compensated by the three tribes making the gaming proposal, through their attorney. Senator Jordan entered the discussion asking about an assumption Dr. Thompson made earlier in his presentation. Dr. Thompson stated you need a draw

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on March 21, 2006 in Room 123-S of the Capitol.

to complement your casinos stating that Cabela's would be a good draw. Senator Jordan stated he was challenging Dr. Thompson's statement because one of the river boat casinos in Kansas City has closed even with Cabela's being open. Dr. Thompson stated what he is trying to say is, you can bring in people from other areas and other states and it will have positive economic returns. In order to do so, you must have complements to your casinos. He stated he was using Cabela's as only one example of the many draws that Kansas City has. Senator Reitz entered the discussion regarding the economy of Nevada and the remarks Dr. Thompson made earlier in his presentation regarding Nevada having a problem. Dr. Thompson stated they had too much money and had to figure a way to give some of it back to the citizens of Nevada, that was the problem he was referring to. Senator Reitz asked about the manufacturing in Nevada. Dr. Thompson stated Nevada is only a 3% manufacturing state. They are considered a service industry state. Senator Schodorf entered the discussion regarding new slot machine parlors in Wichita and Dodge City. She asked what if there was a destination casino there also. He stated they would be fighting an upward battle because of the geographic barrier between those locations and any population center. Senator Brownlee entered the discussion referring to sin and corruption. Mr. Thompson stated there is trouble with bribes but not from the casino's. The casino's get what they want because it is a gambling industry state. Corruption is something to guard against. Chairperson Brownlee also asked if there were any states that owned their own casino. He stated not in the United States.

Chairperson Brownlee stated the Committee will start tomorrow with working **HB 2928-Leave from employment for victims of domestic violence or sexual assault**, and apologized to anyone who came today regarding the bill.

Meeting adjourned at 9:30 a.m. with the next scheduled meeting March 22, 2006 at 8:30 a.m. in room 123S.