

Approved: MARCH 4, 1993
Date

MINUTES OF THE JOINT COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Chairmen, Senator Lana Oleen and Rep. Clyde Graeber, at 9:00 a.m. on January 29, 1993 in Room 313-S of the Capitol.

All members were present

Committee staff present: Mary Galligan, Legislative Research Department
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee: See list attached

Others attending: See attached list

Sen. Oleen announced the Joint Committee will hear testimony on SCR 1608 and stated each committee member should have a copy of the bill for reference. Sen. Oleen introduced Sen. Sherman Jones, Ranking Minority Leader of the Senate Federal and State Affairs Committee. Sen. Jones announced a panel will offer testimony as proponents and introduced them. They are: Honorable Joseph Steineger, Mayor of Kansas City, Kansas; Bruce Rimbo, Executive Vice President of The Woodlands; Jim Ritchie, Vice President, Corporate Development, Mirage Resorts, Inc. The three panelists presented testimony to the Joint Committee, as follows:

Honorable Joseph Steineger, (Attachment 1);
Bruce Rimbo, (Attachment 2);
Jim Ritchie, (Attachment 3)

Committee members questioned the panel regarding voting in Kansas City on Riverboat casinos, if Kansans would be given employment preferences to fill positions, and if the Mirage will pay taxes to the state. Mr. Ritchie stated the Mirage had entered into an agreement with the Kickapoos, but the tribe terminated the agreement. He cautioned that only three games are exempted from Constitutional restriction in Kansas and those are bingo, the lottery and parimutuel wagering.

Sen. Oleen stated it was time to hear from opponents and asked proponents if they would be available to answer further questions from committee members upon adjournment. The following opponents presented testimony to the committee:

Glenn O. Thompson, (Attachment 4);
Francis Wood yielded her time to Mark Harvey, Pastor, Stanley, (Attachment 5)

Lance Burr stated the Kickapoo chairman is not present today and requested the testimony be heard on Monday. Sen. Oleen stated there are a number of opponents on Monday, and they would go on the bottom of the list. Sen. Oleen asked if there were questions for either the opponents or proponents. Several members of the Joint Committee asked questions, ranging from the level of positions available at the Mirage, survey showing dollars spent at the casino and whether they came from Kansas or outside the state, and the advisability of including an amendment to allow casinos at other locations throughout the state. Both Mayor Steineger and Mr. Ritchie emphasized the advantage of building a casino in the Kansas City area, its affect on unemployment and tourism dollars to the state. Mr. Ritchie referred to a statewide survey of registered voters, where 90% said they would like a chance to vote on this issue. Mr. Rimbo expressed his concern with lower revenues for parimutuel and the fact that dollars are down and stated if The Woodlands fail, taxes it now pays will be gone.

Meeting adjourned at 10:15.



Executive Chamber
One Civic Center Plaza

City of Kansas City, Kansas

Joseph E. Steineger Jr., Mayor



Kansas City, Kansas 66101
Phone (913) 573-5010

January 29, 1993

Senator Lana Oleen, Chairperson
Senate Committee on Federal and State Affairs

Representative Clyde Graeber, Chairperson
House Committee on Federal and State Affairs

Statehouse Capitol - Room 313 South
Topeka, Kansas 66612

RE: *Support for the Proposed Resolution for a Constitutional Amendment for Casino Gaming in Kansas City, Kansas*

Dear Chairperson Oleen and Chairperson Graeber
and Members of the Joint Committee on Federal and State Affairs:

The City of Kansas City, Kansas appreciates the opportunity to address the committee on proposed Constitutional Amendment to allow casino gaming in Kansas City, Kansas. The City's number one of priority for the 1993 legislative session is to provide increased employment opportunities, tourism and tax revenues by the establishment of a themed casino destination entertainment resort at the current Woodland's racing facility in Kansas City, Kansas.

With Missouri's approval of riverboat gambling and the anticipated changes in its law including such options as the removal of gaming limits and the addition of land based facilities, the State of Kansas needs to be aggressive in developing an economic proposal for competing for these entertainment dollars. If casinos in Kansas City, Missouri become a reality, our existing pari-mutuel operations would be adversely affected. The proposed casino development in Kansas City, Kansas, if approved by a vote of the people, would serve to protect and enhance current Kansas gaming jobs and revenues and the investment that has previously been made in our community.

To meet the competition with Missouri, and to assist the pari-mutuel industry in Kansas, specifically, the Woodlands Racing facility, the City is seeking a constitutional amendment for a state regulated casino resort within our corporate limits. This proposal represents a unique opportunity to make Kansas City a destination resort, attracting visitors from across the Midwest to a world class entertainment, convention and hotel facility. With this type of facility, Kansas will be able to compete nationally for millions of tourists' dollars.

A recent poll completed in early December showed that out of 881 registered Kansas voters surveyed, 93 percent of the people want to vote on the issue of casino-style gaming in the State. The poll showed that 62 percent of the people favor legislation authorizing this project to create new jobs and raise additional revenues to support state funded programs and assist the existing parimutuel industry in Kansas.

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Preliminary plans call for the construction of a \$ 300 million entertainment complex that reflects Kansas history which will include a 500 room hotel facility, retail shopping, fine restaurants, entertainment entities such as movie theaters and bowling alleys, and of course, a casino. It is anticipated that the facility would become the center for country western entertainment across the Midwest. Consideration is also being given for a rodeo and equestrian arena which would attract horsemen from across the United States.

The proposed facility would generate an estimated \$ 50 million in new state tax revenues for funding critical state funded programs and supporting the existing pari-mutuel industry in Kansas. In addition to any state imposed gaming tax, the State and the City could benefit from an additional \$5.0 million in sales taxes plus additional motor fuels, hotel guest and liquor taxes and added tourism dollars. The entertainment facility is estimated to attract between 15,000 to 20,000 daily visitors.

Preliminary plans call for the construction of a \$ 300 million entertainment complex that reflects Kansas history and which will include a 500 room hotel facility, retail shopping, fine restaurants, entertainment entities such as movie theaters and bowling alleys, and of course, a casino. It is anticipated that the facility would become the center for country western entertainment across the Midwest. Consideration is also being given for a rodeo and equestrian arena which would attract horsemen from across the United States.

It is estimated that the proposed facility could generate as many as 10,000 new jobs with an annual payroll of \$ 170 to \$ 180 million with an estimated \$ 3.2 million in Kansas income taxes. This would become Kansas City's largest employer and could significantly reduce our present unemployment. Furthermore, this project would reverse the present trend of layoffs and unemployment and become a catalyst for economic development.

Most importantly, the City wants to protect the parimutuel interests across the State, especially the Woodlands, and the investment they have made to the community. The City strongly advocates that a portion of the proceeds of the proposed casino gaming tax on the gross revenues of the casino be used to supplement the existing horse and greyhound racing purses for the existing parimutuel industry in Kansas. This is critical to protect the interest of one of the most important Kansas industries, agri-business.

In summary, as the Mayor of a community that faces a major economic development threat from our competing sister city across the Missouri River, it is critical that as Kansans we aggressively the potential loss for all of Kansas with imminent riverboat gambling in Missouri. Missouri's recent bold stance in support of riverboat gambling and in the very near future, land based casinos, have placed the State of Kansas in a dangerous financial position. More precisely, this new and nearby competition places our States's \$ 14.0 million tax revenue stream from the existing \$ 650 million horse and greyhound gaming industry in serious jeopardy.

To protect against such a loss, the solution can be simple: The Kansas Legislature can lead the way by approving a constitutional referendum to take gaming to a higher revenue generating level for all Kansans. Kansans need to voice their vote on the opportunity for increased jobs, tax dollars, and to protect the existing parimutuel industry in the State. I believe there is no longer the basic question of whether new gaming facilities will be built. The question is only of what quality they will be, where they will be built, and who will benefit directly from revenues and jobs they create.

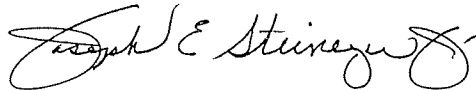
Testimony for Joint Committee of Federal and State Affairs
January 29, 1993
Page 3 of 3

I urge you as Legislators of our State to be aggressive in this matter, because the risks of not approving the proposed referendum are enormous. Not only will Kansas overlook precious new tax revenues and tourism dollars generated by such a world-class facility, but the Missouri based facilities threaten the very survival of our premier parimutuel facility, The Woodlands.

Immediate action on your part will save The Woodlands, the City's third largest employer. The proposed casino entertainment complex development would generate \$ 50.0 million in new state revenues and as many as 10,000 new employment opportunities. With the upcoming February 2 vote in the Kansas City, Missouri area for local riverboat gambling, it is critical that Kansas proceeds to place Kansas on the map as a leader in tourism.

Your support for allowing Kansans to vote on this issue is needed.

Sincerely,



Joseph E. Steineger, Jr.
Mayor of Kansas City, Kansas

cc: Members of the Wyandotte County Delegation

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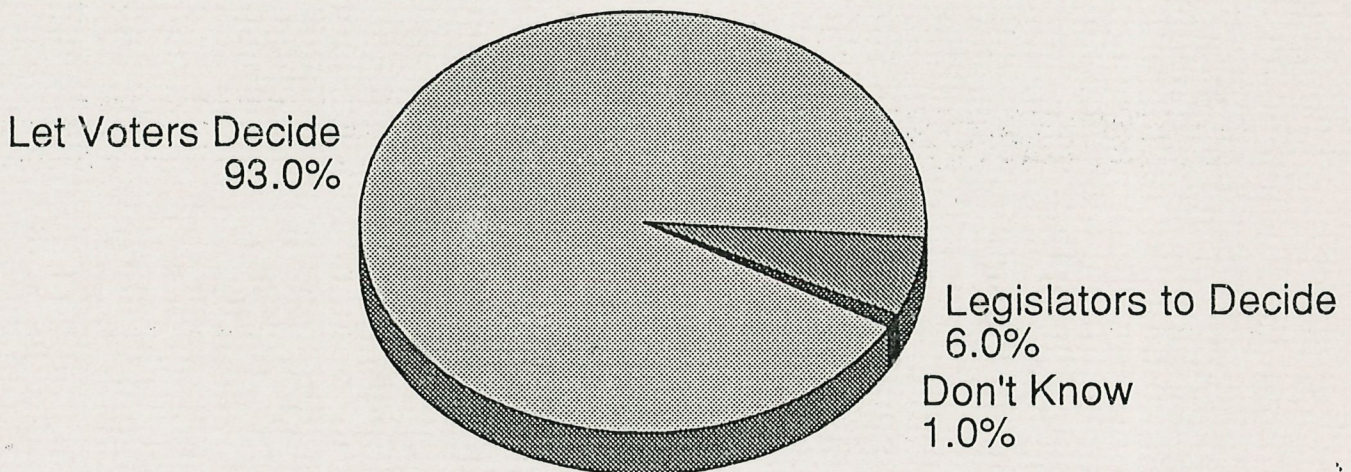


**DIRECT
IMPACT**

Referendum & Project Support

The survey shows almost unanimous public support for a constitutional referendum which would allow a single, state-regulated destination resort with casino gaming in the Kansas City, Kansas area. No matter their opinion on the proposed resort, virtually all voters want the opportunity to vote on the issue themselves, rather than having legislators decide it for them. The question was asked...

In next January's legislative session, a proposal will be considered to put a referendum on the ballot, asking the voters to approve Casino-Style Gaming in Kansas. From what you have heard about it, do you feel legislators should decide for themselves about allowing Casino-Style Gaming, or do you feel that legislators should refer this to the ballot; so that voters can decide on this issue ?



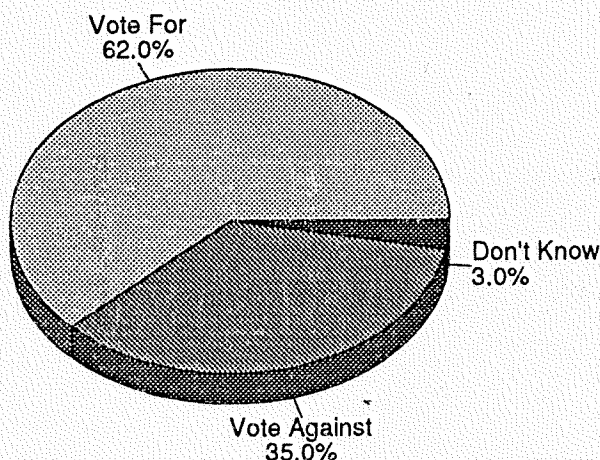
THE DIRECT IMPACT COMPANY

108 NORTH ALFRED STREET ■ ALEXANDRIA, VA 22314 ■ (703) 684-1245 ■ FAX (703) 684-1249

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A ballot question was asked to determine the likely outcome if a referendum on the subject were to be held. The question revealed voters would approve the proposal by a margin of over 27 percent, a landslide by any analyst's standards.

Kansas may be voting to allow a single resort, including Casino-Style Gaming under state control, and also including family entertainment facilities. If approved, this Kansas resort would create 10,000 new jobs and a payroll of 170 million dollars and would pay 50 million dollars in new funding each year dedicated to education and senior citizens programs. From what you have heard about it, would you vote for or against this proposal ?

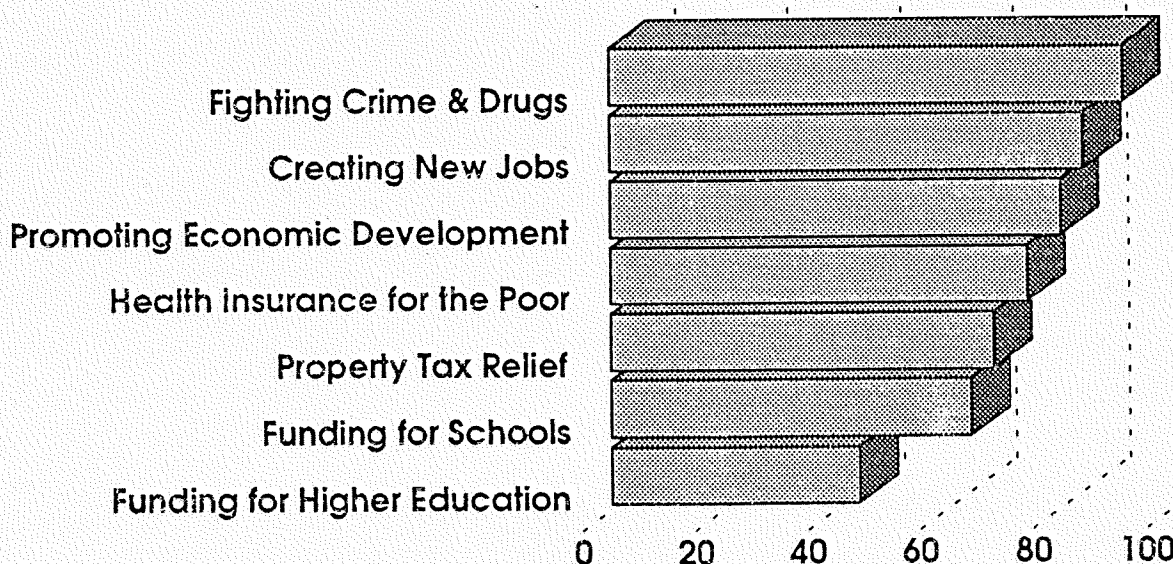


In addition, a series of questions was asked to see how the voters would react to different parts of the proposal, in an attempt to confirm the validity of the ballot question's result. These questions showed almost two-thirds of the voters consistently favoring the proposal, with between 59 and 67 percent indicating support for various aspects of the project. Again, this data suggests the measure should pass handily.

Reasons For Public Support

As the data cited shows, the specific benefits provided by the Mirage Resorts, Inc. proposal are extremely attractive to Kansans. However, there is a more important, underlying reason for voter support - a desire for increased or higher quality government services, without higher taxes. Voters prefer increasing the state tax on horse and greyhound racing and allowing casino gaming as the preferred methods of increasing state revenues.

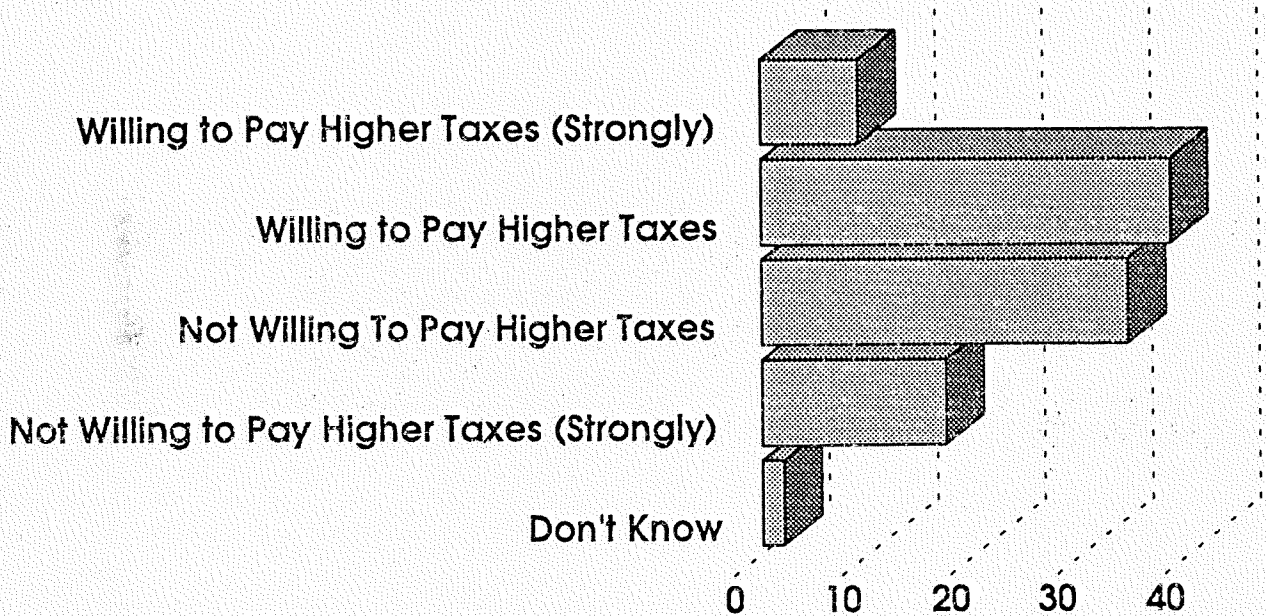
Respondents were asked to rate the importance of addressing seven different issues. The percentage of respondents rating each as Important (7 - 10 on a 10 point scale) follow.



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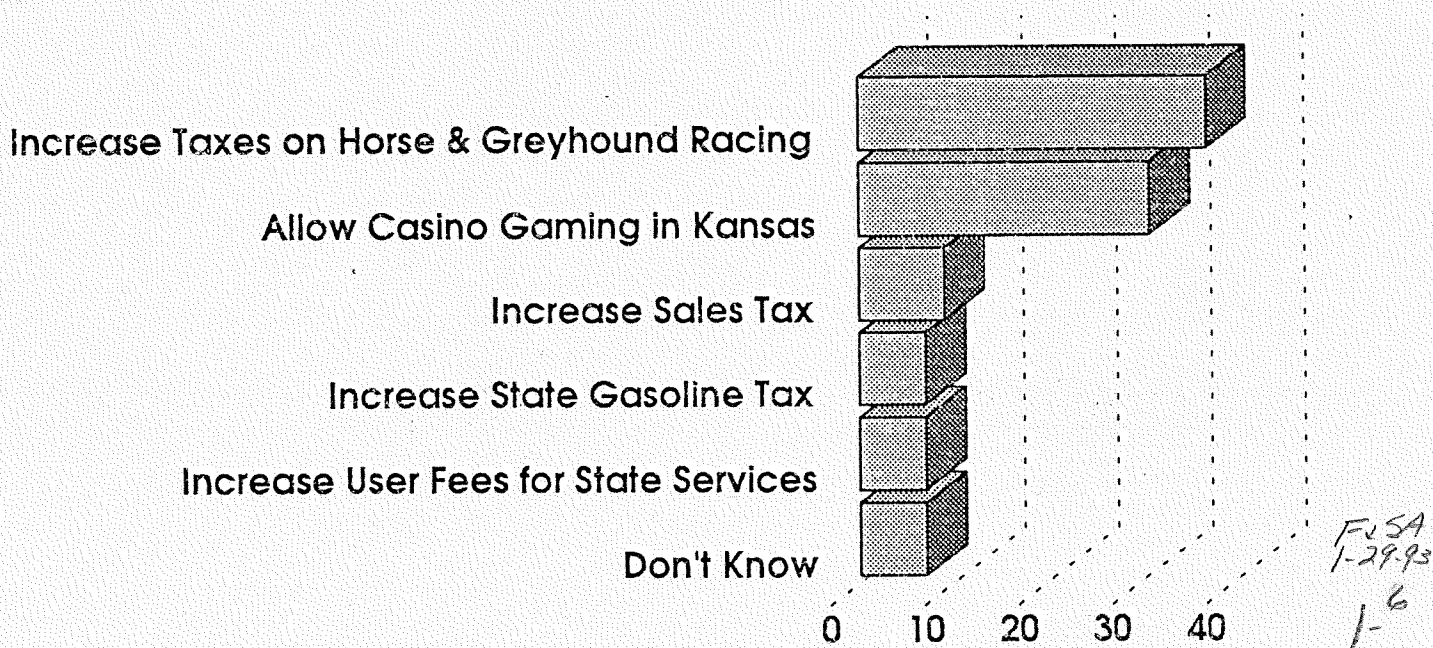
However, immediately after this series of questions, voters were asked if they would be willing to pay higher taxes to help fund the programs they cited as important. Over one-half of the respondents were unwilling to pay higher taxes for programs to address issues they had just cited as important.

As you have probably heard, the Kansas constitution requires the state budget to be balanced every year. In order to fund the programs we have just discussed, would you be willing to pay an increase in taxes, or would you not be willing to pay higher taxes ?



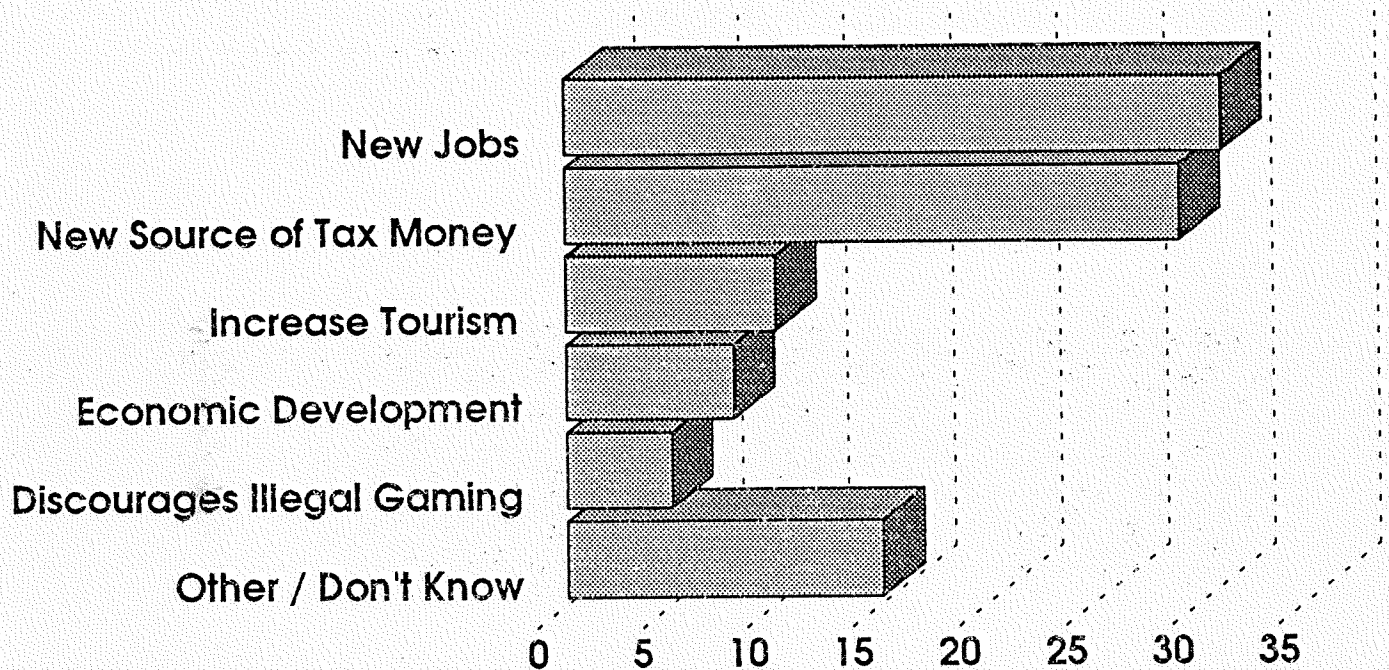
Respondent opinion on the alternative sources of revenue were then tested. Increasing state taxes on horse and greyhound racing from 3% to 5% ranked first, closely followed by allowing casino gaming in Kansas.

In addition to taxes, the state of Kansas could increase revenues in several other ways. Of the following list of alternative measures, which one do you feel would be the best ?



Voters find the economic and tax benefits of casino gaming very appealing in a period when the public feels the need for increased funding for many state priorities.

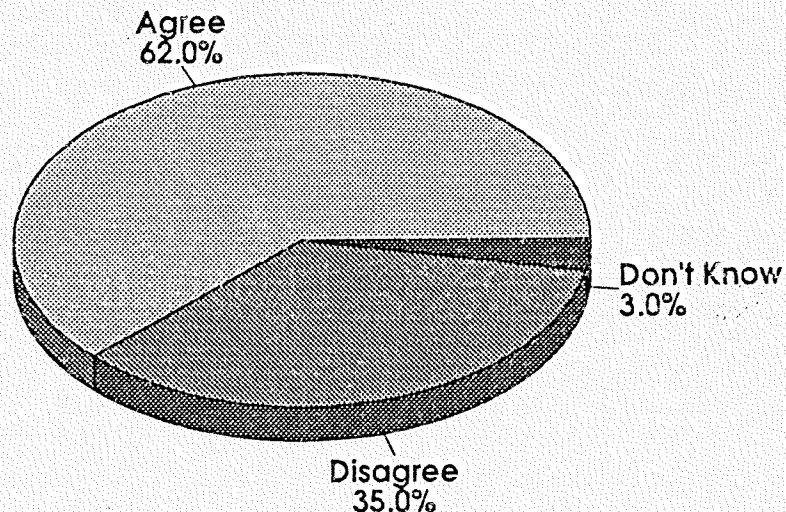
In talking to us, people have mentioned a number of advantages that allowing casino-style gaming in Kansas might have. Of the following list, which would be most important as far as you are concerned.



Other Issues

Given the gaming which has been authorized in adjacent states, we sought to measure public support for the proposal based on its ability to attract visitors who might go elsewhere to vacation. Again, over six in ten voters agreed that Kansas should allow casino-style gaming in order to attract tourists.

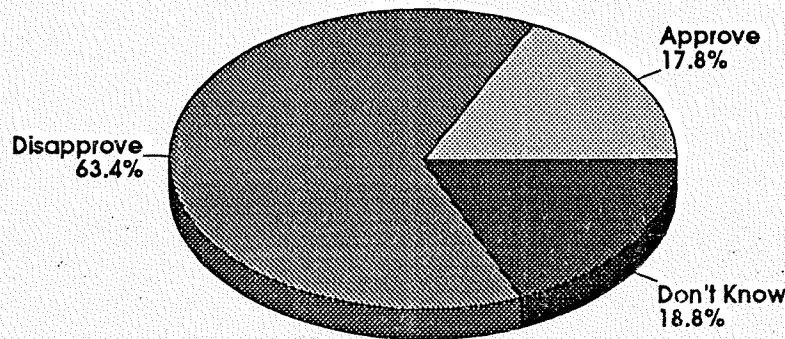
As you may know, gaming in some form is already allowed in many states like Illinois, Iowa, Missouri and Colorado, while Oklahoma and Nebraska will decide about this in the very near future, and Kansas City, Missouri will have a vote on riverboat gaming on February 2, 1993. In view of this, do you agree or disagree that Kansas should also allow casino-style gaming in order to be able to attract tourists ?



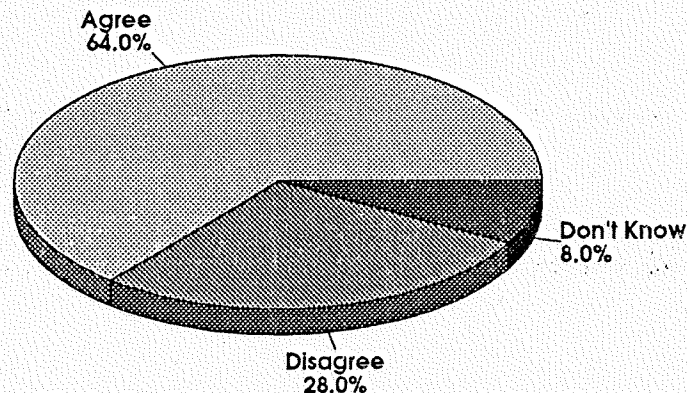
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Finally, two questions were asked to ascertain voters' opinions toward Indian ownership of casino-style gaming facilities. As you can see, voters strongly support more broad ownership of such facilities as well as state regulation and taxation of the privately-owned casino facilities.

Because they are regulated by the federal government, under current law only Kansas Indian Nations can own casinos in Kansas, while other people cannot. Do you approve or disapprove of this situation ?



Indian casinos operating in Kansas will not pay taxes to the state of Kansas. Some people have pointed out that since Indian nations are going to operate casinos in Kansas, the state should also allow other people to operate casino-style gaming resorts as well, so that the state can regulate these and use them to fund education and senior programs. Do you agree or disagree with this point of view ?



Conclusion

Not surprisingly, voter awareness of the Kansas Casino Gaming Proposal has increased substantially since the survey was conducted last fall. Importantly, voter support for the proposed development has also surged, suggesting that as voters learn more about the specifics of the proposal, they are more and more likely to be supportive.

The public sentiment on issues surrounding the proposed development are clear. Over nine out of every ten voters want the proposal put on a referendum vote, and a consistent two-thirds of the voters indicated they would cast their ballots for the project.

This memorandum summarizes the conclusions drawn from a Voter / Consumer Research survey of 881 registered Kansas voters conducted in December 1992, which is accurate to within 3.3 percent, with a 95 percent degree of confidence.

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Attach. 2



TESTIMONY OF BRUCE RIMBO
EXECUTIVE VICE PRESIDENT
OF THE WOODLANDS

Thank you for the opportunity to speak before you today. My name is Bruce Rimbo. I am Executive Vice President of The Woodlands and President of Hubbard Enterprises and I am here to speak in support of the resolution before you to give the citizens of the Kansas the right to vote on whether they want a first class destination resort that includes casino gaming in Kansas City, Kansas.

The Woodlands has entered into an agreement with Kansas City, Kansas and Mirage Resorts to construct such a destination resort. It will include a 500 room hotel, an equestrian center complete with rodeo and cutting facilities, a stage for some of the finest country western entertainers in the country, a recreational vehicle park and, what the Mirage calls, the "La Costa" of truck stops so that every trucker going east or west across America will make Kansas City a "must" stop. The Woodlands is very pleased to be involved with a company that showcases family entertainment, a resort that is not just a casino. Riverboats are just casinos...this will be a complex the entire family can enjoy, a place I will be proud to share with my 12-year-old daughter.

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All of this will create jobs...lots of jobs. A total of 2,000 jobs will result during the two years of construction and The Woodlands/Mirage partnership has agreed to enter into a Kansas City Works agreement with labor leaders as was done for construction of The Woodlands. Another 4,000 direct jobs at the complex itself and an additional 5,000 to 6,000 supporting jobs will result from this project. And these are not fast food jobs but quality jobs with quality compensation and benefits. The complex will generate \$30, \$40, \$50 million in gaming tax revenues alone to the state.

But putting all of those forecasts aside, I am frightened for the future of The Woodlands and the 800 people and families that rely on it for employment, if the citizens of Kansas are not given the opportunity to vote on this issue. Soon, riverboats that are nothing more than floating casinos will be running into each other up and down the Missouri river. I am told that as many as six will be operating within four to 20 miles of The Woodlands in the next two years. Just yesterday legislation that allows these riverboats to become land-based casinos passed a Missouri legislative committee by a 17-0 vote. The threat is very, very real.

The Woodlands has been a major economic contributor to the state of Kansas since our opening in 1989. We're the second largest attraction in the entire Kansas City metro area and the third largest employer in Kansas City, Kansas. We've paid more than \$46 million in taxes....\$47,000 in taxes every day we open our doors. We've contributed some \$2 million to local charities. But I don't need to take up your valuable time with statistics.

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What I do want to tell you about is what makes The Woodlands so special. It's the people...our employees. I've attached a letter we received from a gentleman in St. Louis and I would like to share part of it with you.

He writes: "I would like to fully explain what makes us drive a total of seven hours every other week, when we could easily drive 30 minutes to our local track. In June, we made the trip to Kansas to go to The Woodlands. The minute we pulled on the parking lot, we knew something was different about The Woodlands. The parking attendant greeted us with a smile and a 'luck be with you'. The valet looked us in the eye, smiled and said, 'good luck'. We waited in line to pay our admission. My wife was in a cast. We were approached by a Security Guard, Mr. Blankenship. He offered my wife his stool to sit on while we waited...The atmosphere was lively. There was music! The track announcer was having a good time. We loved the action....The food was wonderful! The service, excellent!...Two weeks later, we went back again. We got the same waiter, a young man named Sam. To our surprise, he remembered what we drank. The weekend in between we went to our local track. It was like being doused with cold water."

That's what The Woodlands is about--people. But The Woodlands...no, the people at the The Woodlands, are threatened because no one else in the state faces the competition from riverboats that we do in Kansas City, Kansas. Sometimes I think we do a disservice when we say 800 jobs could be lost because those jobs represent people...people with names. Bill Blankenship...a 69-year-old security guard who relies on his job to supplement the social security he receives. Sam Miller...the waiter who works weekends because he needs two jobs to make ends meet. Ann Waitley...our supervisor of program sales who couldn't find work for two years before applying at The Woodlands because she liked the enthusiasm our employees demonstrate.

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The names could go on and on. These people deserve the opportunity to let all Kansans vote on their future. If Missouri can let its citizens vote on riverboats, surely Kansas can do the same with this resolution.

The Woodlands, on behalf of its 800 employees, asks you to support this resolution with an affirmative vote. Thank you.



Contemporary Carpet Contractors

Take care of them when they call.

December 21, 1992

Mr. R. D. Hubbard
Hollywood Park
Post Office Box 369
Inglewood, California 90306

Dear Mr. Hubbard,

On August 10, the last day of dog racing at the Woodlands in Kansas City, you were kind enough to introduce yourself to us. We are the couple that drove from St. Louis every other week to spend the week-end at the Woodlands. We mentioned that we would be coming to Los Angeles and would be spending some time at Hollywood Park. We have not been to Hollywood Park since you took over from Marjorie Everett. You said to let you know when we would be there and you would show us some of the changes you've made. We will be in Los Angeles from January 15 to January 24. We would like to see you again. We will call you in a week to see if our plans fit your schedule.

When we met you at the Woodlands, we complimented you on the operation of the Woodlands. There wasn't a lot of time so we were not able to fully explain what makes us drive a total of 7 hours every other week, when we could easily drive 30 minutes to our local track. In case we miss you on our trip, we would like to elaborate.

In June, we made the trip to Kansas to go to the Woodlands. The minute we pulled on the parking lot, we knew something was different about the Woodlands. The Parking Attendant greeted us with a smile and a "Luck be with you". The Valet looked us in the eye, smiled and said, "Good Luck". We waited in line to pay our admission. My wife was in a cast. We were approached by a Security Guard, Mr. Blankenship. He offered my Wife his stool to sit on while we waited. We paid our admission and again, more smiles, more good luck wishes. We went to the Kennel Club. The Hostess was friendly. Our Waiter was friendly. The Mutuel Clerks were friendly and efficient. The atmosphere was lively. There was music! The Track Announcer was having a good time! We loved the action! We bet the dogs, Aksarben and Hollywood. We stayed for the evening program. We had a great time! The food was wonderful! The service, excellent!

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We went back the next day. Two weeks later, we went back again. We got the same Waiter, a young man named Sam. To our surprise, he remembered what we drank. The week-end in between we went to our local track (Fairmont). It was like being doused with cold water.

We believe there are two ways to compete in today's market. One way is by reducing costs, the other is by giving the customer the very best in service. You have taken the second approach, and we, as patrons of the racetracks, recognize it and appreciate it. I just wish others would recognize that the way to boost attendance is by giving the fans all the action and good service they want, and quit blaming the Casinos and Lottery for their failure. In short, Mr. Hubbard, we like what you are doing and we intend to patronize your facilities whenever possible.

Hoping to see you in January.

Sincerely,



Lew Felberbaum

Telephone:

Home - 314 949 8808

Office - 314 291 4077

Attach. 3

TESTIMONY OF MR. JIM RITCHIE
VICE PRESIDENT , CORPORATE DEVELOPMENT
MIRAGE RESORTS, INC.
JANUARY 29, 1993

Good morning Madam Chair and members of these Committees.
I appreciate your interest in the issue before us and your willingness to convene this joint panel.

I am Jim Ritchie, Executive Vice President for Corporate Development, Mirage Resorts, Incorporated. Attached is a copy of my biographical sketch for your further review.

If permitted by Kansas law, Mirage Resorts Inc., would develop a world-class entertainment and resort complex located at the Woodlands racetrack in Kansas City, Kansas. The resort would include a hotel, restaurants, retail shopping, convention facilities, entertainment, a rodeo and equestrian arena and a casino.

Designed to incorporate a mid-western theme, the resort would attract tourists, conventions and families on vacation from outside of Kansas.

Mirage Resorts, Inc., operates the world's most successful casinos. Yet, our development philosophy is based on the premise that customers require more than gaming. They want a vacation experience with an array of attractions and entertainment options.

Mirage Resorts Inc., is one of the most successful publicly traded casino companies. Our company's stock is listed on the New York Stock Exchange with current assets of approximately \$1.5 billion.

Steve Wynn serves as Chairman of the Board and Chief Executive Officer of Mirage Resorts Inc., and his biography is also attached to my statement.

Mirage is eager to be a developer in Kansas, if the City of Kansas City the Woodlands is successful in convincing the Kansas Legislature to allow the people of Kansas to consider a constitutional amendment permitting casino gaming, and if that amendment is approved by Kansas voters.

Kansas City is an extremely exciting market for our company. Market studies demonstrate that this proposed project, designed, operated and managed by the Mirage and the Woodlands would be a sound and profitable, long-term investment for our company.

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We're delighted to have the unanimous support for this project from the City Council and the Mayor of Kansas City, Kansas.

They have demonstrated complete support for what we hope will soon be a wonderful, new development.

The Woodlands and the Mirage proposed development is a totally integrated facility estimated to cost approximately \$300 million to construct.

In addition, the resort will create 10,000 permanent jobs with an annual payroll of approximately \$170 million.

For the state of Kansas, the legislation before you includes a gaming tax, imposed by the legislature, which would generate between \$40 and \$50 million in state revenues.

The issue before you this morning, is one of determining whether the state of Kansas and its future gaming policies are to be directly influenced by the voters of Kansas.

That is to say, if Kansas voters will be allowed to consider casino gaming as they vote this April.

Clearly, numerous public opinion polls demonstrate the strong interest which exists among Kansans on this right to vote issue. This, I am certain, is also reflected in the communities you each have with your constituents.

We appreciate your interest and your thoughtful consideration of this matter. And we look forward to be of any assistance you might need during your deliberations.

Thank you for your time and attention.

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MIRAGE RESORTS

JAMES E. RITCHIE
EXECUTIVE VICE PRESIDENT
CORPORATE DEVELOPMENT

JAMES E. RITCHIE

Mr. Ritchie is an attorney admitted to practice in the States of California, Oklahoma and the District of Columbia. He joined the Company after a distinguished career of government service and private practice. As former Executive Director of the Presidential Commission on the Review of the National Policy Toward Gaming (1974-1977), Mr. Ritchie was responsible for all activities and functions of the Commission, including serving as liaison with Congress regarding the taxation, prohibition and regulation of gambling activities. He also served as the liaison with appropriate federal agencies, involving extensive dealings with legal gambling interests throughout the United States and abroad. Through his involvement with the Commission, Mr. Ritchie gained recognition as an expert in both domestic and international gaming industries.

Prior to Mr. Ritchie's tenure on the Commission, he served as a trial attorney for the Organized Crime and Racketeering Section of the United States Department of Justice, and was appointed Attorney in Charge of the Detroit Strike Force and subsequently of the San Francisco Strike Force. These Strike Forces operate special prosecution units to investigate and combat organized crime, and Mr. Ritchie was involved in the prosecution of major unlawful gambling operations.

Mr. Ritchie joined the company from the firm of O'Connor & Hannan of Washington, D.C., where he was a senior partner. Prior to that association, Mr. Ritchie owned his own law firm in Washington, D.C., where he specialized in areas of taxation and policy legislative issues dealing with legalized gaming in the U.S., and abroad.

Mr. Ritchie has served in the Army Judge Advocate General's Corp in excess of 30 years. The last four years Brigadier General Ritchie was assigned to the Pentagon as Assistant Judge Advocate General for Operations, prior to his retirement in June 1992.

FISA
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THE MIRAGE
POST OFFICE BOX 7777
LAS VEGAS, NV 89177-0777
(702) 791-7111

BIOGRAPHY

STEPHEN A. WYNN

Stephen Wynn, chairman of the board and chief executive officer of Mirage Resorts Incorporated, was born in New Haven, Conn. on January 27, 1942.

He was graduated with a Bachelor of Arts degree in English Literature from the University of Pennsylvania. In 1991, he was presented with an honorary Doctorate of Law degree from the University of Nevada Las Vegas.

He married Elaine Farrell Pascal in 1963, and they have two daughters, Kevin (1966) and Gillian (1969).

Mr. and Mrs. Wynn moved to Las Vegas, Nev. in 1967. Before moving, he managed the family bingo business in Maryland.

Mr. Wynn started his career in Las Vegas at the age of 25 as a slot department manager. During the ensuing years, Mr. Wynn held various casino and hotel operations positions. In addition, he owned and operated a beverage distributorship throughout Nevada until 1972.

Mr. Wynn's entrepreneurial dealings included a real estate transaction with Howard Hughes, the profits from which allowed him to begin a major investment in Golden Nugget, Inc. in 1972.

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Wynn Biography...2

Since being named president and chairman of the board in 1973, Mr. Wynn has turned the downtown Golden Nugget into a destination resort known for its elegant facilities, four-star service and headliner entertainment.

He oversaw the building of the Golden Nugget Hotel & Casino on the Boardwalk in Atlantic City in 1980 which became known for its luxurious facilities, its innovative television advertising and superstar entertainment. It was sold to Bally in 1987.

Mr. Wynn then focused his attentions on the design and development of what would become the company's flagship property, The Mirage, which opened in November, 1989. The Mirage, a destination resort with a South Seas tropical theme located in the center of the Las Vegas Strip, has become the most successful property in the history of the gaming and hospitality industries.

His latest project is a new themed resort called Treasure Island at The Mirage which is scheduled to open by the end of 1993. With its swashbuckling pirate theme, Treasure Island will stimulate the imagination of its guests with features including a "live" cannon battle between a pirate ship, The Hispaniola and a vessel from Her Majesty's Navy, The Sir Francis Drake.

For recreation, Mr. Wynn enjoys skiing, golfing, and spending time with his family.

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STAND UP FOR WICHITA



Citizens for Stable Economic Growth and Quality of Life in Wichita and Sedgwick County

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TESTIMONY BEFORE
JOINT HOUSE AND SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

regarding

PROPOSITION TO AMEND STATE CONSTITUTION TO LEGALIZE OPERATION OF A CASINO
GAMING ESTABLISHMENT IN THE CITY OF KANSAS CITY

By
Glenn O. Thompson
Cochair of Stand Up For Wichita

January 29, 1993

1. INTRODUCTION

Good morning ladies and gentlemen of the joint committee. I am Glenn Thompson, Cochair of STAND UP FOR WICHITA. For the record, I live at 7741 Killarney Court, Wichita, Kansas.

Thank you for this opportunity to speak on behalf of the 500 concerned citizens actively involved in STAND UP FOR WICHITA and the over 19,900 voters in Sedgwick County who recently signed petitions opposing casino gambling in our area. We have a deep conviction that casino gambling would have a severe adverse impact upon the economic, social and moral well-being of our county.

I am here today to urge you to oppose this proposed amendment to our state constitution. Passage of this amendment will establish a harmful precedence for the spread of casino gambling throughout the state, particularly into metropolitan areas such as Wichita.

During the next few minutes, I would like to discuss three topics related to casino gambling in our state:

- o STAND UP FOR WICHITA coalition
- o Economic impact of casino gambling
- o Social impact of casino gambling

Because of the time limitation, I will discuss only the highlights of these topics. The blue folders you received contain additional details.

2. STAND UP FOR WICHITA COALITION

In August, 1992 the Wichita City Council selected River Development Corporation as the developer for a downtown East Bank convention hotel, a complex centered around an off-reservation Indian gambling casino. As a result of this action, a coalition of concerned citizens from all walks of life formed STAND UP FOR WICHITA.

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We have a deep conviction that casino gambling would have a severe detrimental impact upon the economic, social and moral well-being of our community.

We have been engaged in a campaign to obtain signatures on two petitions opposing casino gambling in our area: one for residents of Wichita and one for residents of Sedgwick County, outside Wichita. This petition drive exceeded our greatest expectations. On December 23rd we presented to the City of Wichita the petition for a city ordinance with 17,911 signatures, 49 percent more signatures than required for a city referendum. Then on December 30th, we presented both petitions to the Sedgwick County Board of Commissioners with a total of 19,924 signatures. I have given a copy of the signed petitions to the clerk.

The STAND UP FOR WICHITA grass roots movement is demonstrating clearly that a large number of voters in Sedgwick County oppose casino gambling. In only ten weeks we collected almost 20,000 signatures. Signatures poured in at the rate of 1500 to 2000 per week. Approximately 70 percent of the citizens approached signed a petition.

3. ECONOMIC IMPACT OF GAMBLING CASINOS

Now let's look at the economic impact of gambling casinos in three areas of the country: Atlantic City, Minnesota, and the Quad Cities.

First, let's look at **Atlantic City**, the only large municipality in the U.S. with casino gambling, other than Las Vegas. Casino gambling began in Atlantic City in 1978. Since that time, casinos have failed to attract new residents to the city and many are disturbed that casinos have failed to revitalize the community.

The post-casino environment envisioned by the proponents has not been attained by independent store owners. Since the casinos are self-contained, most tourists spend their dollars within the casinos. Customers are discouraged from leaving the casinos and adjoining hotels. For example, Trump Plaza has nine restaurants, each offering outstanding selections at much less than competing restaurants in the city. There has been no trickle down effect to other businesses and many have been driven out of business. Eating and drinking places have been reduced from 243 to 146 since casinos opened in 1977.

Now let's look at **Minnesota**, a region where casinos have provided economic development for depressed rural tribes on reservations. Since the 1980s, casinos on rural reservations have grown rapidly, making Minnesota the largest Indian gaming center in the nation.

From 1985 to 1991 wagering in Minnesota increased from \$200 million to \$2.47 billion. In fact, in 1991:

- More money was spent on gambling than in home furnishings, appliances and electronics stores combined (\$1.8 billion)
- More money was spent on gambling than in clothing and shoe stores combined (\$1.2 billion)

The primary effect of casino gambling in Minnesota is to redistribute wealth, rather than to generate new wealth. Tribal gaming is shifting wealth to rural Minnesota, to low-income rural Indian communities and to counties with income levels well below those in the metropolitan areas.

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Most gambling dollars are coming from discretionary income --- dollars that would otherwise be spent for such things as dining out, entertainment, recreation, travel and vacations. Retail businesses are the obvious victims of this gambling frenzy, as more and more discretionary income is used for gambling rather than for the family.

Now, let's look at recent events that more closely represent the business environment of Kansas City and Wichita, although admittedly, on a much smaller scale: **THE QUAD CITIES OF IOWA AND ILLINOIS.**

Gambling began in Bettendorf and Davenport, Iowa in April 1991. But, fifteen months later the Diamond Lady and its sister ship, the Emerald Lady, pulled up anchors and sailed south to Biloxi, Mississippi. When the casinos pulled out, they left unfulfilled promises; lawsuits are in progress. Downtown development is non-existent, even though much was promised by the casinos and city officials. The casinos admit they have not been successful in attracting customers from more than 50 miles; the bulk of their customers are locals.

Bus loads are "day trippers" and do not stay overnight. They eat a box lunch on the bus, are taken directly to the casinos and, after losing their money, are returned home.

In Davenport, Iowa the Quad Cities symphony has been unable to compete with casinos. The annual fund drive is down. The Spring Pops Concert was canceled and the Winter Family Concert is in trouble. The only new businesses are pawn shops and check cashing outlets.

Velies Upscale Restaurant, Bar, Grill and Nightclub had been in business over 40 years. The year before casino gambling became legal in Iowa, revenues increased 5 1/2% and totalled \$2.5 million. When casino gambling was legalized in Iowa, their business dropped 15%; when Illinois legalized casino gambling, their business dropped an additional 35%. Their business is now closed, putting over 100 people out of work. The owner stated in no uncertain terms that casino gambling was the cause of their demise.

Most casinos in metropolitan areas draw customers and revenues from a limited area, usually from within a 50 mile radius. Consequently, they do not develop the area economically. Instead, they rob local retailers and service organizations because they take money out of circulation and out of the region. True economic development brings new money that circulates from business to business.

Professor William Thompson of the University of Nevada-Las Vegas says "The spread of gaming in America is being pushed by an industry that sees tremendous opportunities for profits ... Governments have to learn that gambling is good for economic development only if you can import the gamblers. Otherwise, government is fostering a system that merely redistributes income from the local citizens to the people who own the machines and the tables." (Source: "Governing", December 1992 issue)

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4. SOCIAL IMPACT OF CASINO GAMBLING

Next, let's look at the social impact of casino gambling. Numerous studies indicate gambling casinos have a detrimental social impact on a community. Because of the time limitation, I will not discuss this subject in any detail. However, let me call your attention to several papers in your folder.

The paper "Social Impact of Casino Gambling" summarizes compulsive gambling, organized crime and general crime in Atlantic City, Minnesota and Connecticut.

The report "How Casino Gambling Affects Law Enforcement" was published by the Illinois State Police in April of last year. This excellent report was a major contributor in the defeat of gambling casinos in Chicago.

Also enclosed is a public letter from the President of the Wichita Crime Commission to the Wichita Eagle Public Forum, opposing casino gambling in Wichita.

5. SUMMARY:

In summary, casinos do not provide economic development upon which America or any state can build a strong economic future. They do not build manufacturing industries or make existing companies more competitive. They do not generate new wealth. Casinos simply redistribute wealth from local citizens and surrounding communities to the investors who own the machines and tables. Local retail businesses and families are often the victims, as discretionary income is used for gambling rather than for family needs.

I and 19,900 other voters in Sedgwick County urge you to oppose this proposed amendment to our state constitution. Passage of this amendment will establish a harmful precedence for the spread of casino gambling throughout the state.

Thank you again for this opportunity to discuss this very important issue.

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STAND UP FOR WICHITA



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ECONOMIC IMPACT OF CASINO GAMBLING IN ATLANTIC CITY

BACKGROUND

While other communities have opened casinos and gaming houses, Atlantic City is the only large municipality (other than Las Vegas) that has undertaken a casino gambling initiative. Voters in New Jersey approved casinos for Atlantic City in 1976, hoping to reverse urban decay and bring the city back to its 1920s glory as a premier resort and tourist attraction and to restore its reputation as a desirable place to live. Casino gambling began two years later, in 1978.

ECONOMIC IMPACT

Casinos have failed to attract new residents to Atlantic City and many are disturbed that casinos have failed to revitalize the community.

Although Atlantic City casinos employed about 42,000 full-time workers in 1991, the city's population declined 20 percent from 1977 to 1990. Many casino jobs have gone to those outside the city, leaving many poor inner-city residents still unemployed. Investments have been limited to casinos and have not spilled over to housing, municipal services or businesses other than gaming.

The post-casino environment envisioned by the proponents has not been attained by independent store owners. Since the casinos are self-contained, most tourists spend their dollars within the casinos. Customers are discouraged from leaving the casinos and adjoining hotels. For example, Trump Plaza has nine restaurants, each offering outstanding selections at much less than competing restaurants in the city. There has been no trickle down effect to other businesses and many have been driven out of business. Eating and drinking places have been reduced from 243 to 146 since casinos opened in 1977.

In 1990, "only five of the twelve casinos in Atlantic City made money; and a 1991 report by the Atlantic County Division of Economic Development states that for the past two years the Atlantic City casino gaming industry's profitability levels fell to less than one percent of gross revenues.

"Atlantic City, a town noted for taking suckers, has become the biggest sucker of all. Not only does Atlantic City have a sorry record for those concerned about crime, welfare, business decline, home ownership, compulsive gambling or community atmosphere, but it has failed to bring economic development." (1)

REFERENCES

1. "How Casino Gambling Affects Law Enforcement" report by Illinois State Police, April 16, 1992
2. "Not Quite the Pot of Gold", State Legislatures, December 1992

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ECONOMIC IMPACT OF CASINO GAMBLING IN MINNESOTA

BACKGROUND

In Minnesota tribal governments started high-stakes bingo parlors on reservations in the 1980s and, later, casino-style gambling. Since that time, casinos on depressed rural reservations have grown rapidly, making Minnesota the largest Indian gaming center in the nation. Thirteen tribal casinos dot Minnesota's landscape and two more are in the planning or construction stage. Indian populations on or near these reservations range from 148 to 5,771.

ECONOMIC IMPACT

From 1985 to 1991 wagering in Minnesota increased from \$200 million to \$2.47 billion. Gambling revenues in 1991 were almost as large as the combined revenues of all Minnesota eating and drinking establishments (\$2.8 billion). In fact,

- More money was spent on gambling than in home furnishings, appliances and electronics stores (\$1.8 billion)
- More money was spent on gambling than in clothing and shoe stores (\$1.2 billion)

Minnesota retail businesses are the obvious victims of this gambling frenzy, as more and more discretionary income is used for gambling rather than for the family.

The primary effect of Minnesota gambling industries is to redistribute wealth, rather than to generate new wealth. Tribal gaming is shifting wealth to rural Minnesota, to low-income rural Indian communities and to counties with income levels well below those in the metro area. For example, about 40 percent of Mille Lacs Grand Casino gamblers come from five metropolitan counties. At least 4,300 of the 5,750 casino jobs are in rural counties. Wages are typically in the \$5 to \$8 an hour range.

Initially set up in existing buildings, casinos are now growing, with large new facilities appearing in prime tourist locations. They are prospering, providing tribes with employment and revenues for a variety of social programs and investments.

Approximately 85 percent of the customers at tribal gaming establishments are from within the state. Typical casino gamblers are middle class, blue-collar, older couples. A survey at a major tribal casino found slightly over half of the players were in the \$20,000 - 50,000 income range.

In summary, most gambling dollars are coming from discretionary income --- dollars that would otherwise be spent for such things as dining out, entertainment, recreation, travel and vacations. "Gambling does not create new wealth for society; it merely shifts the service dollar from one pocket to another." (Reference 1 Expert Panel)

REFERENCE

1. High Stakes: Gambling in Minnesota, Minnesota Planning Long Range Planning Team, March 1992

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ECONOMIC IMPACT OF CASINO GAMBLING IN QUAD CITIES

BACKGROUND

In April 1989, Iowa lawmakers signed a bill allowing casino gambling on riverboats. Across the river, Illinois lawmakers followed with a similar bill soon thereafter. Gambling began in Bettendorf and Davenport in April 1991. But, in July 1992 the Diamond Lady and its sister ship, the Emerald Lady, pulled up anchors and sailed south to Biloxi, Mississippi, which approved riverboat gambling without limits on how much players can lose. The Bettendorf City Council has authorized a lawsuit to try to recover \$661,000 in subsidies to the developer. Down in Fort Madison, where the Emerald lady docked, taxpayers were left with a bill for \$2.6 million in borrowed money for a ticket center, pedestrian bridge and dock.

ECONOMIC IMPACT

When the casinos pulled out of **Bettendorf, Iowa**, they left unfulfilled promises; lawsuits are in progress. Downtown development is non existent, even though much was promised by the casinos and city officials. The casinos admit they have not been successful in attracting customers from more than 50 miles; the bulk of their customers are locals.

In **Davenport, Iowa** the Quad Cities symphony has been unable to compete with casinos. The annual fund drive is down. The Spring Pops Concert has been canceled and the Winter Family Concert is in trouble. The only new businesses are pawn shops and check cashing outlets.

When Iowa riverboat casinos opened in 1991, wagering at **Dubuque** Greyhound Park and Quad City Downs (horse racing) dropped more than 30 percent in one year. Quad City Downs closed in early 1992.

In **Rock Island, Ill.** Most of the restaurants in the area have been hurt by the casinos. Bus loads are "day trippers" and do not stay overnight. They eat a box lunch on the bus, are taken directly to the casinos and, after losing their money, are returned home.

Velies Upscale Restaurant, Bar, Grill and Nightclub had been in business over 40 years. The year before casino gambling became legal in Iowa, revenues increased 5 1/2% and totalled \$2.5 million. When casino gambling was legalized in Iowa, their business dropped 15%; when Illinois legalized casino gambling, their business dropped an additional 35%. Their business is now closed, putting over 100 people out of work. The owner stated in no uncertain terms that casino gambling was the cause of their demise.

Circa 21 Dinner Playhouse is ranked as one of the best dinner theaters in the country. They lost 20% of their business the first year casino gambling was legalized.

REFERENCES

1. Temples of Chance by David Johnston, published October 1992 by Doubleday
2. Personal notes from Ted Morris. In July, 1992 Ted talked with Quad Cities business leaders to understand the economic impact of casinos.

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SOCIAL IMPACT OF CASINO GAMBLING

Numerous studies indicate gambling casinos have a detrimental social impact on a community. Here are some consequences in Atlantic City, Minnesota and Connecticut.

COMPULSIVE GAMBLING: Some people become addicted to gambling in the same way some people become addicted to alcohol. The need for money for gambling leads to debt, thefts, fraud, embezzlement and other crime. Family life and work are increasingly disrupted, as all efforts are directed toward gambling and getting more money for gambling. The American Insurance Institute estimates that gambling today is the root of at least 40 percent of all white-collar crime.

Increased opportunities lead to increased compulsive gamblers; workers in casinos may be particularly at risk. Connecticut has a 6.3 percent gambling addiction rate, the highest of any state. In Minnesota experts believe the addiction rate could rise to 4 percent or higher because of increasing opportunities.

Gamblers Anonymous chapters have increased tenfold (5 to 47) in New Jersey and sixfold in Minneapolis-St. Paul since gambling was legalized. Studies of members indicate two-thirds conducted illegal activities to support gambling and 47 percent engaged in insurance fraud or thefts where insurance companies had to pay victims.

Teenage addiction is also increasing at an alarming rate. In New Jersey 46 percent of 11th and 12th graders have gambled in casinos, three percent weekly.

ORGANIZED CRIME: Casino gambling began in Atlantic City in 1978 largely through the efforts of Resorts International, Inc., a company that dealt with the mob and paid off political leaders to obtain political favors when it was expedient. This company had a resort in the Bahamas where a "bagman" made frequent after-hour visits to the Key Biscayne Bank where money was supposedly filtered and laundered.

GENERAL CRIME: Although the population in Atlantic City decreased 20 percent from 1977 to 1990, crime increased 230 percent, greatly overshadowing the crime increase in the United States. And the crime increase in Atlantic City was far more than in other parts of the state. Further, two-thirds of the crimes were committed within the confines of casinos. Here are the details:

Rapes	up 156% in Atlantic City vs. 50% in New Jersey
Robberies	up 159% in Atlantic City vs. 76% in New Jersey
Aggravated Assaults	up 316% in Atlantic City vs. 77% in New Jersey
Larcenies	up 451% in Atlantic City vs. 8% in New Jersey

REFERENCES

1. "How Casino Gambling Affects Law Enforcement" report by Illinois State Police, April 16, 1992
2. "Not Quite the Pot of Gold", State Legislatures, December 1992
3. Temples of Chance by David Johnston, October 1992 by Doubleday
4. High Stakes: Gambling in Minnesota, Minnesota Planning Long Range Planning Team, March 1992

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WICHITA EAGLE

11/23/92

Is a casino doom or boon for city?

In November 1952 a group of concerned business and professional leaders joined together to form the Wichita Crime Commission. Their major concern in those years was the state of the criminal justice system and how attractive Wichita had become as a city in which organized crime could flourish. As community leaders, they accepted the responsibility of "watchdog" while at the same time dedicated their efforts to the prevention of crime and enforcement of criminal laws.

Today's Wichita Crime Commission is no less concerned about organized crime becoming established in our community. Even though there have been wide, sweeping changes in the law regulating gambling in our state, we still believe casino gambling opens the door for increased and sophisticated crime that the citizens of this community are not ready to accept. For that reason, at a meeting of the Crime Commission's board of directors on Nov. 12 the decision was made to officially oppose the opening of a gambling casino in Wichita.

It is the opinion of our organization that casino gambling will encourage the influx of organized crime as well as escalation of other crimes normally associated with this kind of activity. Wichita, with a thin and strained police department, can ill afford to compound their problems. It's interesting to note that council members in support of the project publicly state they see no reason for an increase in crime, but at the same time indicate that a condition to be met by developers will include their paying for any additional police officers required.

Downtown redevelopment is very important to our city. The Wichita Crime Commission believes, however, establishing a casino with so many unknown factors is just too big a gamble for our community.

Establishing a casino with so many unknown factors is just too big a gamble for our community.

John E. Tangeman

JOHN E. TANGEMAN
President

Wichita Crime Commission, Inc.

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Attach. 5

Community Church of Stanley, Kansas

Established 1882

P.O. Box 23246, 14800 Metcalf
Stanley, Kansas 66223-0246 (913) 897-2051

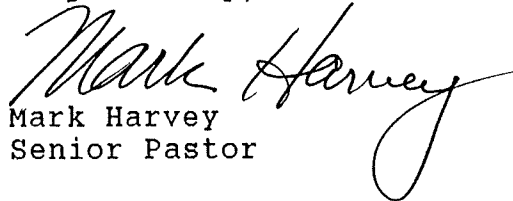
January 27, 1993

To the Representatives of the State of Kansas:

Ten years ago, a family in my church (who will remain anonymous) broke up due to the husband's compulsive gambling/drinking. He was dishonest, taking out loans for his habit, lying to his wife about the use of the money in order to get her to co-sign. Thousands of dollars worth of loans were taken out, causing massive debt. Gambling became "big time." When he deserted the family, the wife still had to pay for some of his loans. Repairs to the house, and bills were never paid on time. The gambling played a part in his not having a positive relationship with his son.

Because this is a representation of a family that faced the broken lives due to the dark side of gambling, I (as a pastor of many people) am adamantly opposed to gambling casinos in Kansas City, Kansas, or anywhere else in our state.

Respectfully,


Mark Harvey
Senior Pastor

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